



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

Interim Report 2014





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BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Kwok Tak Wang

Independent Non-executive Directors

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

COMMITTEES OF THE BOARD

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Risk Management Committee

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

AUTHORIZED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Lam Chi Ming, Francis

REGISTERED OFFICE

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

HEADQUARTERS OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Corporate Information



AUDITORS

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

COMPLIANCE ADVISER

Guosen Securities (HK) Capital Co., Ltd
42/F, Two International Finance Centre
No. 8 Finance Street
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

6898

WEBSITE FOR THE COMPANY

www.euroasia-p.com



China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the manufacturing of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. Currently, the Group has a range of extrusion dies available in our inventory to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers’ selection. Our products are sold in the People’s Republic of China (the “PRC”) market and to different countries mainly in Africa and the Middle East. For the six months ended 30 June 2014, the Group recorded revenue from the PRC, Africa and the Middle East of HK\$63.9 million, HK\$19.3 million and HK\$18.1 million, accounting for 56.7%, 17.1% and 16.1% of our total revenue respectively.

OPERATING ENVIRONMENT AND PROSPECTS

As the Company has concentrated in manufacturing of monobloc aluminum aerosol cans for the customers in overseas and the high end personal care products in PRC, decrease in the sales in the first half of this year was due to the fact that (i) the increasing competition from small-sized overseas aerosol can manufacturers; and (ii) the decrease in domestic demand of its packaging products as a result of the slowdown of consumable products which has been adversely impacted by the slowdown of the PRC economy. The board (the “Board”) of Directors (the “Directors”) expects the negative impacts on both domestic and overseas sales to continue for packaging products.

Due to the disappointing result for the first half of 2014 and the fierce competition in the aluminum aerosol cans market, the Board believes that one of the methods to maintain shareholders’ value is through expansion into other profitable businesses. As such, the Board, after assessing the experience of our current management team and the potential businesses related to aerosol cans, is currently considering profitable businesses to expand downstream into the aerosol industry. The Board believes a vertical integration strategy will allow the Group to capture downstream profit margins and gain access to downstream distribution channels. Therefore, the Group has been actively looking for potential downstream businesses for its expansion purpose.

The Group has taken measures on strengthening our research and development team and cost control in order to improve our profitability. The Board remains confident on and committed to the continuation of our mission to maintain our leading position in the PRC through innovation and expansion to capture market share so as to deliver sustainable growth and profitability to the Group.



FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2014, the Group has recorded a turnover of approximately HK\$112.6 million (2013: HK\$130.4 million), representing a decrease of approximately 13.7% as compared to the corresponding period of 2013. The decrease in revenue is mainly because of (i) the increasing competitions from small-sized overseas aerosol can manufactures; and (ii) a drop in market demand for packaging products from the Group's major customers in the PRC due to the adverse effect of the slowdown of the PRC's economy.

For the six months ended 30 June 2014, number of cans sold to PRC customers and overseas customers by the Group were approximately 35.9 million (2013: 49.2 million) and 38.8 million (2013: 41.4 million cans) respectively. The PRC customers and overseas customers contributed approximately HK\$63.9 million (2013: HK\$76.8 million) and HK\$48.8 million (2013: HK\$53.6 million) to the total revenue of the Group.

Cost of Sales

For the six months ended 30 June 2014, cost of sales of the Group amounted to approximately HK\$74.9 million (2013: HK\$80.8 million), representing a decrease of approximately 7.3% as compared to the corresponding period of 2013, and represent approximately 66.5% (2013: 62.0%) of the turnover in the period. Such change was mainly due to the decrease in the sales of higher profit margin products during the period ended 30 June 2014.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$37.8 million for the six months ended 30 June 2014 (2013: HK\$49.5 million), representing a decrease of approximately 23.6% as compared to the corresponding period of 2013. The gross profit margin decreased from approximately 38.0% for the six months ended 30 June 2013 to approximately 33.6% for the corresponding period of 2014. Such decrease was primarily due to the decrease in our sales in the PRC market, which has a higher gross profit margin as compared to overseas market.

Other Income and Gains

Other income and gains mainly comprises sale of scrap materials, bank interest income, government grants and exchange gains. For the six months ended 30 June 2014, other income and gains of the Group was approximately HK\$3.5 million (2013: HK\$6.5 million), representing a decrease of approximately HK\$3.0 million as compared to the corresponding period of 2013. Such decrease was due to (i) the decrease in sale of scrap materials of HK\$2.1 million; and (ii) decrease in fair value gains of derivative instruments of HK\$1.0 million for the six months ended 30 June 2014.

Selling and Distribution Costs

Selling and distribution costs mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, related business travel and entertainment expenses, and advertisement and promotion costs. For the six months ended 30 June 2014, selling and distribution costs was approximately HK\$5.5 million (2013: HK\$5.1 million), representing an increase of approximately 7.8% as compared to the corresponding period of 2013. The increase was primarily due to the increase in cost of transportation.



Administrative Expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, research and development expenses, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the six months ended 30 June 2014, administrative expenses was approximately HK\$19.8 million (2013: HK\$21.5 million). Excluding listing expense of HK\$10.0 million incurred in 2013, there was an increase in administrative expenses of approximately HK\$8.3 million. The increase was primarily due to (i) increase in professional fee of HK\$2.8 million, which primarily consist of (a) audit fee of HK\$1.1 million; (b) tax consultation fee of HK\$0.8 million; and (c) audit and consultation fee in relation to the renewal of the “High- and New-Technology Enterprise” status of HK\$0.3 million; (ii) share option expenses of HK\$2.4 million; (iii) increase in staff salary and welfare expenses, primarily due to increase in Directors’ fee and salaries of HK\$1.1 million; and (iv) increase in research and development expenses of approximately HK\$1.2 million.

Finance Costs

For the six months ended 30 June 2014, the finance costs of the Group was approximately HK\$1.1 million (2013: HK\$3.4 million), representing a decrease of approximately 67.6% as compared to the corresponding period of 2013. The decrease in finance cost was mainly due to the decrease in average monthly bank borrowings.

Income Tax Expense

For the six months ended 30 June 2014, the income tax expense of the Group was approximately HK\$3.5 million (2013: HK\$5.5 million), representing a decrease of approximately HK\$2.0 million as compared to the corresponding period of 2013. Effective income tax rate increased from 22.6% for the six months ended 30 June 2013 to 25.4% for the six months ended 30 June 2014. The higher effective income tax rate for the six months ended 30 June 2014 was due to non-deductible expenses incurred outside PRC and PRC withholding tax on dividend distribution.

Net Profit

The Group’s net profit amounted to approximately HK\$10.5 million for the six months ended 30 June 2014 (2013: HK\$19.0 million), representing a decrease of approximately 44.7% as compared to the corresponding period in 2013. Net profit margin for the six months ended 30 June 2014 was approximately 9.3% (2013: 14.6%), representing a decrease of approximately 5.3% as compared to the corresponding period of 2013. Such decrease was primarily due to the drop in gross profit margin and increase in administrative expenses for the reasons mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

The Group had net current assets of approximately HK\$85.7 million as at 30 June 2014 (31 December 2013: HK\$109.6 million). The current ratio of the Group increased from approximately 2.1 as at 31 December 2013 to 2.2 as at 30 June 2014.

Borrowing and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK\$52.2 million (of which HK\$12.6 million, HK\$38.6 million and HK\$1.0 million were denominated in RMB, US\$ and HK\$ respectively) as at 30 June 2014 with maturity date from 2014 to 2018 (31 December 2013: HK\$107.3 million), in which HK\$34.3 million will be expired before 30 June 2015.

As at 30 June 2014, we had available unutilized banking facilities of approximately HK\$65.5 million (31 December 2013: HK\$83.7 million). Further details of the Group’s bank borrowings are set out in note 19 of the notes to the interim condensed consolidated financial statements.



Gearing Ratio

As a result of the repayment of interest-bearing bank and other borrowings, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 17.4% as at 30 June 2014 (31 December 2013: 35.4%). Further details of the Group's bank borrowings are set out in note 19 of the notes to the interim condensed consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 43.3% of the Group's revenue for the six months ended 30 June 2014 were denominated in US\$. However, over 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US\$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

We have entered into foreign currency forward contracts with state-owned banks in the PRC to hedge the foreign exchange risks arising out of the currency mismatch between the US\$ sales proceeds from our export sales and our predominantly RMB based operations in the PRC. As a result of the appreciation of RMB against US\$, we managed to account for approximately HK\$0.4 million of realized gains on the forward contracts for the six months ended 30 June 2014.

As at 30 June 2014, we had outstanding foreign currency forward contracts with notional amounts of US\$4.0 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK\$15,000 had been recognized for the six months ended 30 June 2014.

FORWARD PURCHASE OF ALUMINUM INGOTS

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

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

As at 30 June 2014, we had no outstanding forward purchases of aluminum ingots as the aluminum price was relatively stable during the six months ended 30 June 2014.

CAPITAL EXPENDITURE

During the six months ended 30 June 2014, the Group invested approximately HK\$2.6 million (2013: HK\$38.2 million) in fixed assets, of which HK\$1.8 million (2013: HK\$0.8 million) was used for the purchase of motor vehicles for logistic purpose.

DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2014 (2013: nil).

A final dividend of HK\$0.03 per share for the year ended 31 December 2013 has been paid during the six months ended 30 June 2014.



EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2014, the Group had employed a total of 397 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK\$12.2 million for the six months ended 30 June 2014 (2013: HK\$11.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of Directors have been determined with reference to the skills, knowledge, and involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2014, the Group did not have any significant investments.

USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our Shares (the "Share Offer") were approximately HK\$80 million. During the period from 12 July 2013 (the "Listing Date"), being the date on which dealings in the Shares first commenced in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to the date of this report, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the prospectus	Use of proceeds as stated in the prospectus HK\$ million	Actual use of proceeds from the Listing Date to the date of this report HK\$ million
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	20.7
Establish a new research and development laboratory	12.0	–
Partially repay US\$ denominated bank loan	16.0	16.0
General working capital purposes	4.0	4.0
	80.0	40.7

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



COMMITMENT

As at 30 June 2014, the Group's operating lease and capital commitment amounted to HK\$0.3 million (31 December 2013: HK\$0.5 million) and HK\$8.7 million (31 December 2013: HK\$4,000), respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business, the Group will explore new business opportunities as mentioned in the above section headed "BUSINESS AT A GLANCE". The Board believes a vertical integration strategy will allow the Group to capture downstream profit margins and gain access to downstream distribution channel. Therefore, the Group has been actively looking for potential downstream businesses for its expansion purpose.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2014, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities.



**Building a better
working world**

To the board of directors of China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 11 to 34, which comprise the interim condensed consolidated statement of financial position of China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2014 and the related interim condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six months then ended and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

22nd Floor

CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

18 August 2014

Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2014



	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
REVENUE	5	112,618	130,353
Cost of sales		(74,863)	(80,823)
Gross profit		37,755	49,530
Other income and gains, net	5	3,527	6,479
Selling and distribution costs		(5,488)	(5,052)
Administrative expenses		(19,809)	(21,460)
Other expenses		(821)	(1,526)
Finance costs	6	(1,118)	(3,409)
PROFIT BEFORE TAX	7	14,046	24,562
Income tax expense	8	(3,500)	(5,544)
PROFIT FOR THE PERIOD		10,546	19,018
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(2,931)	3,102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		7,615	22,120
Profit attributable to:			
Owners of the parent		10,321	18,594
Non-controlling interests		225	424
		10,546	19,018
Total comprehensive income attributable to:			
Owners of the parent		7,397	21,580
Non-controlling interests		218	540
		7,615	22,120
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK2.6 cents	HK6.2 cents
Diluted		HK2.5 cents	HK6.2 cents

No dividend was proposed during the period.

Interim Condensed Consolidated Statement of Financial Position

30 June 2014



	Notes	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	213,945	222,923
Prepaid land lease payments	11	16,558	16,969
Non-current prepayments	15	5,270	–
Deferred tax assets		538	564
Total non-current assets		236,311	240,456
CURRENT ASSETS			
Inventories	12	26,783	27,276
Trade and bills receivable	13	47,958	53,888
Derivative financial instruments	14	243	231
Prepayments, deposits and other receivables	15	6,677	15,943
Pledged bank deposits	16	–	2,871
Cash and cash equivalents	16	76,483	107,372
Total current assets		158,144	207,581
CURRENT LIABILITIES			
Trade payables	17	6,668	7,505
Other payables and accruals	18	25,177	18,681
Interest-bearing bank borrowings	19	34,287	64,899
Tax payable		6,004	6,634
Deferred income	21	271	273
Total current liabilities		72,407	97,992
NET CURRENT ASSETS		85,737	109,589
TOTAL ASSETS LESS CURRENT LIABILITIES		322,048	350,045
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	19	17,910	42,384
Deferred tax liabilities		37	1,235
Deferred income	21	3,315	3,483
Total non-current liabilities		21,262	47,102
Net assets		300,786	302,943
EQUITY			
Equity attributable to owners of the Company			
Issued capital	22	4,000	4,000
Reserves		293,130	283,315
Proposed final dividend		–	12,000
Total equity		297,130	299,315
Non-controlling interests		3,656	3,628
Total equity		300,786	302,943

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2014

	Equity attributable to owners of the parent							Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Unaudited									
At 1 January 2013	–	111,196	–	16,570	18,532	15,030	161,328	2,241	163,569
Profit for the period	–	–	–	–	–	18,594	18,594	424	19,018
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	2,986	–	2,986	116	3,102
Total comprehensive income for the period	–	–	–	–	2,986	18,594	21,580	540	22,120
Transfer from retained profits	–	–	–	3,019	–	(3,019)	–	–	–
Equity-settled share option arrangements	–	–	145	–	–	–	145	–	145
At 30 June 2013	–	111,196	145	19,589	21,518	30,605	183,053	2,781	185,834

	Attributable to owners of the parent										
	Issued capital HK\$'000 (note 22)	Share premium account HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000 (note 23)	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Proposed final dividends HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2014	4,000	76,254	111,196	2,811	21,623	24,111	47,320	12,000	299,315	3,628	302,943
Profit for the period	–	–	–	–	–	–	10,321	–	10,321	225	10,546
Other comprehensive income for the period											
Exchange differences on translation of foreign operations	–	–	–	–	–	(2,924)	–	–	(2,924)	(7)	(2,931)
Total comprehensive income for the period	–	–	–	–	–	(2,924)	10,321	–	7,397	218	7,615
Transfer from retained profits	–	–	–	–	1,711	–	(1,711)	–	–	–	–
Equity-settled share option arrangements	–	–	–	2,418	–	–	–	–	2,418	–	2,418
Dividends paid	–	–	–	–	–	–	–	(12,000)	(12,000)	(190)	(12,190)
At 30 June 2014	4,000	76,254 [#]	111,196 [#]	5,229 [#]	23,334 [#]	21,187 [#]	55,930 [#]	–	297,130	3,656	300,786

Note:

[#] These reserve accounts comprise the consolidated reserves of HK\$293,130,000 as at 30 June 2014 (31 December 2013: HK\$283,315,000) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2014



	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		14,046	24,562
Adjustments for:			
Finance costs	6	1,118	3,409
Bank interest income	5	(333)	(15)
Gain on disposal of items of property, plant and equipment		(42)	–
Gain on disposal of items of inventory		95	–
Government grants released	5	(586)	(457)
Fair value gains, net:			
Derivative instruments — transactions not qualifying as hedges	5	15	–
Share option expense	23	2,418	145
Depreciation	10	9,545	8,454
Amortisation of land lease prepayments	11	251	246
Listing expenses		–	10,047
		26,527	46,391
(Increase)/decrease in inventories		493	(3,948)
(Increase)/decrease in trade and bills receivable		5,930	(8,578)
(Increase)/decrease in prepayments, deposits and other receivables		9,266	(750)
Increase/(decrease) in trade payables		(837)	2,310
Increase/(decrease) in other payables and accruals		6,748	(2,170)
Decrease in derivative instruments		(12)	(1,141)
Receipt of government grants		450	324
Cash received from operations		48,565	32,438
PRC tax paid		(5,304)	(4,702)
Net cash flows from operating activities		43,261	27,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(7,918)	(20,389)
Interest received		333	15
Decrease in pledged deposits		2,871	106
Net cash flows used in investing activities		(4,714)	(20,268)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		12,598	68,723
Repayment of bank loans		(67,124)	(43,165)
Interest paid		(1,430)	(3,118)
Dividends paid		(12,000)	–
Payment of listing expenses		–	(8,295)
Net cash flows from/(used in) financing activities		(67,956)	14,145
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29,409)	21,613
Exchange realignment		(1,480)	(391)
Cash and cash equivalents at beginning of year		107,372	2,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	16	76,483	23,602



1. CORPORATE INFORMATION

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

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

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

In preparation for the listing of the shares of the Company on the Stock Exchange, the Group underwent a corporate reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the paragraph headed "Corporate Reorganisation" in Appendix V — "Statutory and General Information" to the prospectus of the Company dated 28 June 2013 (the "Prospectus").

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

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

The Reorganisation involved business combination of entities under common control and the Group is regarded and accounted for as a continuing group. Accordingly, the interim condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2014, and the interim condensed consolidated statement of financial position of the Group as at 30 June 2014 (the "Interim Condensed Consolidated Financial Statements") have been prepared as if the current group structure had been in existence and in accordance with the respective equity interests in the individual companies attributable to the Company as at the respective dates. All significant intra-group transactions and balances have been eliminated on consolidation in full.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

3. IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised standards effective as of 1 January 2014, noted below.

IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — <i>Investment Entities</i> ¹
IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets And Financial Liabilities</i> ¹
IAS 36 Amendments	<i>Amendments to IAS 36 Impairment of Assets: Recoverable Amount Disclosure for Non-financial Assets</i> ¹
IAS 39 Amendments	Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i> ¹
IFRIC 21	<i>Levies</i> ¹

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

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Interim Condensed Consolidated Financial Statements

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4. OPERATING SEGMENT INFORMATION

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

The information reported to the Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each product line and the Directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, the operation of the Group constitutes one single reportable segment. Accordingly, no operating segment is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Mainland China	63,851	76,750
Overseas	48,767	53,603
	112,618	130,353

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
	Mainland China	234,662
Hong Kong	1,111	1,221
	235,773	239,892

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

Information about a major customer

Revenue of approximately HK\$19,435,000 was derived from sales to a single customer of the Group for the six months ended 30 June 2013.

Notes to the Interim Condensed Consolidated Financial Statements

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5. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the six months ended 30 June 2014.

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

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue		
Sale of goods	112,618	130,353
Other income and gains, net		
Sale of scrap materials	2,084	4,167
Bank interest income	333	15
Government grants	586	457
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	15	1,124
Exchange gains	438	564
Others	71	152
	3,527	6,479

6. FINANCE COSTS

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Interest on bank loans wholly repayable within five years	1,158	3,409
Interest on finance lease	17	—
Less: Interest capitalised	(57)	—
	1,118	3,409

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

7. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cost of inventories sold		74,863	80,823
Depreciation	10	9,545	8,454
Amortisation of prepaid land lease payments	11	251	246
Research and development costs		4,609	3,397
Exchange (gains)/losses, net		288	(564)

8. INCOME TAX EXPENSE

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

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 British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2014 (Six months ended 30 June 2013: Nil).

Pursuant to the PRC Income Tax Law and the respective regulations, the company which operates in Mainland China is subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiary, Euro Asia Packaging (Guangdong) Co., Ltd. ("Euro Asia Packaging")(廣東歐亞包裝有限公司), since it was recognised as a High Technology Enterprise and is entitled to a preferential tax rate of 15% for the six months ended 30 June 2013 and 2014.

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Charge for the period		
Current — Mainland China	3,083	5,355
Current — Hong Kong	397	—
Deferred	20	189
Total tax charge for the period	3,500	5,544

Notes to the Interim Condensed Consolidated Financial Statements

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

The calculation of basic earnings per share for the period is based on the consolidated profit for the period attributable to the ordinary equity holders of the parent, and on the weighted average number of ordinary shares in issue during the period.

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

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	10,321	18,594
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	400,000,000	300,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	9,098,858	292,000
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	409,098,858	300,292,000

Notes to the Interim Condensed Consolidated Financial Statements

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10. PROPERTY, PLANT AND EQUIPMENT

	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Carrying amount at 1 January	222,923	201,635
Additions	2,647	38,169
Depreciation provided during the period/year	(9,545)	(17,447)
Disposals	(9)	(5,955)
Exchange realignment	(2,071)	6,521
Carrying amount at 30 June/31 December	213,945	222,923

The Group's buildings are located in Mainland China.

The net book value of the Group's fixed assets held under finance leases included in the total amount of plant and machinery amounted to HK\$1,196,000 and HK\$1,111,000 as at 31 December 2013 and 30 June 2014.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with carrying values of HK\$27,140,000 and HK\$26,040,000 as at 31 December 2013 and 30 June 2014 (note 19).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with carrying values of HK\$108,413,000 and HK\$103,091,000 as at 31 December 2013 and 30 June 2014 (note 19).

11. PREPAID LAND LEASE PAYMENTS

	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Audited)
Carrying amount at 1 January	17,474	17,434
Recognised during the period/year	(251)	(497)
Exchange realignment	(165)	537
Carrying amount at 30 June/31 December	17,058	17,474
Current portion included in prepayments, deposits and other receivables	(500)	(505)
Non-current portion	16,558	16,969

Certain of the Group's interest-bearing bank borrowings were secured by the Group's prepaid land lease payments with carrying values of HK\$17,474,000 and HK\$17,058,000 as at 31 December 2013 and 30 June 2014 (note 19).

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

12. INVENTORIES

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Raw materials	14,635	14,922
Finished goods	12,148	12,354
	26,783	27,276

13. TRADE AND BILLS RECEIVABLE

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

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

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

An aged analysis of the trade receivables as at 30 June 2014 and 31 December 2013, based on the invoice date and net of provision, and the balances of bills receivable is as follows:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Trade receivables		
Within 30 days	17,040	17,223
31 to 60 days	5,781	10,135
61 to 90 days	2,805	2,020
Over 90 days	8,063	4,212
Bills receivable	14,269	20,298
	47,958	53,888

Included in the trade receivables were amounts totalling HK\$915,000 as at 30 June 2014 (31 December 2013: HK\$1,056,000) due from fellow subsidiaries which are repayable on demand.

Notes to the Interim Condensed Consolidated Financial Statements

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14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Forward currency contracts	243	231

The Group has entered into various contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Net changes in the fair value amounting to HK\$15,000 (31 December 2013: HK\$231,000) were recognised in the statement of comprehensive income during the period.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Non-current prepayments	5,270	–
Current assets		
Prepayments	5,436	5,069
Tax recoverable	334	2,202
Deposits and other receivables	907	8,672
	6,677	15,943

16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Cash and bank balances	59,757	110,243
Time deposits	16,726	–
	76,483	110,243
Less: Pledged deposits		
Pledged for bank loans	–	(2,871)
Cash and cash equivalents	76,483	107,372

Notes to the Interim Condensed Consolidated Financial Statements

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16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

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

Pledged bank deposits represented balances pledged to banks for the Group's bank loans.

17. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2014 and 31 December 2013, based on the invoice date, is as follows:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Within 30 days	4,451	6,303
31 to 60 days	916	45
61 to 90 days	900	1,027
Over 90 days	401	130
	6,668	7,505

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

18. OTHER PAYABLES AND ACCRUALS

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Deposits received from customers	14,931	11,593
Salary and welfare payables	3,258	3,183
Tax payables other than current income tax liabilities	3,168	1,033
Other payables and accruals	3,820	2,872
	25,177	18,681

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

Notes to the Interim Condensed Consolidated Financial Statements

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19. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	As at 30 June 2014			As at 31 December 2013		
	Contractual interest rate	Maturity	HK\$'000 (Unaudited)	Contractual interest rate	Maturity	HK\$'000 (Audited)
Current						
Finance lease payables (note 20)	4.11%	2014–2015	230	4.11%	2014	226
Interest-bearing bank loans — secured	LIBOR	2014	31,006	SIBOR	2014	31,018
Current portion of long term bank loans — secured	LIBOR	2014–2015	3,051	SIBOR+2.5%/ PBOC base rate/ PBOC base rate*1.05/ PBOC base rate*1.1	2014	33,655
			34,287			64,899
Non-current						
Finance lease payables (note 20)	4.11%	2015–2018	736	4.11%	2015–2018	852
Long term interest-bearing bank loans — secured	PBOC base rate*1.15	2016	12,598	PBOC base rate	2015–2016	20,812
Long term interest-bearing bank loans — secured	LIBOR	2015–2016	4,576	SIBOR+2.5%	2015–2016	6,207
Long term interest-bearing bank loans — secured	–	–	–	PBOC base rate*1.1	2015–2016	862
Long term interest-bearing bank loans — secured	–	–	–	PBOC base rate*1.05	2015	4,006
Long term interest-bearing bank loans — secured	–	–	–	PBOC base rate	2015–2017	9,645
			17,910			42,384
			52,197			107,283

Notes:

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

“SIBOR” stands for Singapore Interbank Offered Rate.

“LIBOR” stands for London Interbank Offered Rate.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

19. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Repayable:		
Within one year or on demand	34,287	64,899
In the second year	15,886	22,039
In the third to fifth years, inclusive	2,024	20,345
	52,197	107,283

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

	Notes	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Property, plant and equipment	10	129,131	135,553
Prepaid land lease payments	11	17,058	17,474
Pledged deposits	16	–	2,871
		146,189	155,898

None of the Group's bank loans were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group as at 30 June 2014 (31 December 2013: HK\$87,126,000).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

19. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Interest-bearing bank and other borrowings denominated in		
— RMB	12,598	63,163
— US\$	38,633	43,042
— HK\$	966	1,078
	52,197	107,283

The Group has the following undrawn banking facilities:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Floating rate		
— expiring within one year	34,656	39,938
— expiring over one year	30,881	43,735
	65,537	83,673

None of the Group's banking facilities were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group as at 30 June 2014 (31 December 2013: HK\$136,484,000).

Notes to the Interim Condensed Consolidated Financial Statements

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20. OBLIGATIONS UNDER FINANCE LEASES

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

Group	Minimum lease payments 30 June 2014 HK\$'000 (Unaudited)	Minimum lease payments 31 December 2013 HK\$'000 (Audited)	Present value of minimum lease payments 30 June 2014 HK\$'000 (Unaudited)	Present value of minimum lease payments 31 December 2013 HK\$'000 (Audited)
Amounts payable:				
Within one year	258	258	230	253
In the second year	258	258	237	245
In the third to fifth years, inclusive	516	644	499	580
Total minimum finance lease payments	1,032	1,160	966	1,078
Future finance charges	(66)	(82)		
Total net finance lease payables	966	1,078		
Portion classified as current liabilities (note 19)	(230)	(226)		
Non-current portion (note 19)	736	852		

21. DEFERRED INCOME

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
At 1 January	3,756	3,908
Amortised as income	(136)	(269)
Exchange realignment	(34)	117
At 30 June/31 December	3,586	3,756
Current portion	(271)	(273)
Non-current portion	3,315	3,483

Notes to the Interim Condensed Consolidated Financial Statements

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22. ISSUED CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 12 September 2012 (date of incorporation) to 30 June 2014.

	Notes	Number of ordinary shares of HK\$0.01	Nominal value of ordinary shares HK\$
Unaudited			
Authorised:			
On incorporation	(a)	39,000,000	390,000
Increase in authorised share capital on 20 June 2013	(b)	741,000,000	7,410,000
As at 30 June 2014		780,000,000	7,800,000
Issued and fully paid:			
On incorporation	(a)	1	–
Capitalisation Issue credited as fully paid conditional on the share premium account of the Company, being credited as a result of the issuance of new shares to the public			
Issuance of new shares on 12 July 2013	(c)	299,999,999	3,000,000
	(d)	100,000,000	1,000,000
As at 30 June 2014		400,000,000	4,000,000

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

23. SHARE OPTION SCHEME

Pre-IPO 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.

A summary of option movements during the period is presented below:

	Six months ended 30 June 2014	
	Weighted average exercise price HK\$ per share	Number of options
At beginning of period	0.7	17,490,000
Forfeited during the period	0.7	(660,000)
At end of period	0.7	16,830,000

The Group recognised share option expenses of HK\$2,663,000 in the six months ended 30 June 2014 (six months ended 30 June 2013: HK\$145,000).

No share option was exercised during the period. As at 30 June 2014, the Company had 16,830,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 16,830,000 additional ordinary shares of the Company and additional share capital of HK\$168,300 and share premium of HK\$11,612,700 (before share issue expenses).

At the date of approval of these interim condensed consolidated financial statements, the Company had 16,830,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 4.21% of the Company's shares in issue as at that date.

Share Option Scheme

As at 30 June 2014 and the date of approval of these interim condensed consolidated financial statements, no share option was granted and outstanding under the Share Option Scheme.

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30 June 2014

24. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Within one year	220	282
In the second to fifth years, inclusive	59	242
	279	524

25. COMMITMENTS

In addition to the operating lease commitments detailed in note 24, the Group had the following capital commitments at the end of the reporting period:

	30 June 2014 HK\$'000 (Unaudited)	31 December 2013 HK\$'000 (Audited)
Contracted, but not provided for: Plant and machinery	8,714	4

26. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2014 and 31 December 2013.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2014

27. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statement, the Group had the following transactions with related parties during the six months ended 30 June 2014:

(1) Recurring transactions

	Notes	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Sales of products to:			
Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) ("Botny Chemical")	(i)&(ii)	1,137	3,132
Euro Asia Aerosol and Household Products Manufacture Co., Ltd. (廣州歐亞氣霧劑與日化用品製造有限公司) ("Euro Asia Aerosol")	(i)&(ii)	99	910
		1,236	4,042
Operating lease rental expenses charged by:			
Mr. Lin Wan Tsang *	(iii)	48	48

* The director of the Company

(i) Botny Chemical and Euro Asia Aerosol are fellow subsidiaries of the Company.

(ii) The sales to Botny Chemical and Euro Asia Aerosol were made on prices and conditions as mutually agreed.

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

Notes to the Interim Condensed Consolidated Financial Statements

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27. RELATED PARTY TRANSACTIONS *(Continued)*

(2) Non-recurring transactions

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Bank loans guaranteed by:		
Mr. Lin Wan Tsang	–	58,259

Mr. Lin Wan Tsang has guaranteed certain banking facilities to the Group of HK\$106,850,000 and Nil for the six months ended 30 June 2013 and 30 June 2014, respectively.

(3) Commitments with related parties

On 31 December 2012, a subsidiary of the Group entered into a three-year agreement ending 31 December 2015 with Mr. Lin Wan Tsang to rent an office for the Group's operation in Hong Kong. The Group commits an annual rental of HK\$96,000 for each of the three years ended 31 December 2013, 2014 and 2015.

(4) Compensation of key management personnel of the Group, including directors' remuneration, is as follows:

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Fees	480	–
Salaries, allowances and benefits in kind	1,380	736
Equity-settled share option expenses	1,299	–
Pension scheme contributions	71	37
Total compensation paid to key management personnel	3,230	773

Notes to the Interim Condensed Consolidated Financial Statements

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28. FAIR VALUE AND FAIR VALUE HIERARCHY

At 31 December 2013 and 30 June 2014, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

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

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

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

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value:

As at 30 June 2014 (Unaudited)

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Derivative financial instruments	–	243	–	243

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

29. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for 30 June 2014 were approved and authorised for issue in accordance with a resolution of the board of directors on 18 August 2014.

Other Information



DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company ("Director" or "Directors") had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

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

As at 30 June 2014, interests or short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Long position in the Shares

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held</u>	<u>Approximate percentage of the issued share capital of our Company</u>
Mr. Lin	Interest in a controlled corporation (Note)	300,000,000	75%
Ms. Ko Sau Mee ("Mrs. Lin")	Interest in a controlled corporation (Note)	300,000,000	75%

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

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

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

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

Other Information



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES UNDERLYING SHARES AND DEBENTURES *(Continued)*

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

Name of Director	Company/Name of associated corporations	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the shareholding (%)
Mr. Chamlong Wachakorn	The Company	Beneficial owner (Note)	3,500,000	0.875
Mr. Kwok Tak Wang	The Company	Beneficial owner (Note)	2,000,000	0.5

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

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective associates had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at 30 June 2014, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of our Company
Wellmass	Beneficial owner (Note)	300,000,000	75%

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2014 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2014 and up to the date of this report, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed herein, at no time for the six months ended 30 June 2014 to the date of this report was the Group a party to any arrangements to enable the Directors of the Group to acquire by means of acquisition of shares in, or debt securities, and including debentures, of the Group or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

The Company conditionally adopted a Pre-IPO Share Option Scheme on 20 June 2013, which became effective on 12 July 2013 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, which became effective on 12 July 2013 and no option had been granted by the Company up to the date of this report.

PRE-IPO SHARE OPTION SCHEME

A Pre-IPO Share Option Scheme was conditionally adopted on 20 June 2013, which became effective on the Listing Date whereby an executive and non-executive Director, 6 senior management and 46 employees of the Group were granted options to subscribe for the Shares.

The purpose of the Pre-IPO Share Option Scheme is to recognise and motivate the contributions that certain executive and non-executive Directors, members of the senior management and certain employees have made or may make to the Group.

Save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme.

Other Information



PRE-IPO SHARE OPTION SCHEME (Continued)

Set out below is further information on the outstanding options granted under the Pre-IPO Share Option Scheme as at 30 June 2014:

Name of grantees	Date of grant	Outstanding as at 1 January 2014	Number of share options		Outstanding as at 30 June 2014	Subscription price per share HK\$
			Forfeited during the period	Exercised during the period		
Directors						
Chamlong Wachakorn	12 July 2014	3,500,000	–	–	3,500,000	0.7
Kwok Tak Wang	12 July 2014	2,000,000	–	–	2,000,000	0.7
Sub-total		5,500,000	–	–	5,500,000	
Senior Management						
Luo Yong Qiang	12 July 2014	1,000,000	–	–	1,000,000	0.7
Lu Feng	12 July 2014	1,000,000	–	–	1,000,000	0.7
He Wan Zhu	12 July 2014	1,000,000	–	–	1,000,000	0.7
Xu Wei	12 July 2014	1,000,000	–	–	1,000,000	0.7
Zuo Jie Hao	12 July 2014	1,000,000	–	–	1,000,000	0.7
Zhang Yao Ping	12 July 2014	1,000,000	–	–	1,000,000	0.7
Sub-total		6,000,000	–	–	6,000,000	
Others						
Employees	12 July 2014	5,990,000	(660,000)	–	5,330,000	0.7
Total		17,490,000	(660,000)	–	16,830,000	

All options were conditionally granted to the grantees on 21 June 2013 which had become effective on the Listing Date.

The options granted are subject to the following vesting conditions and exercise period:

- (1) 30% of the total number of the 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 total number of the 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); and
- (3) 40% of the total number of the 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).

As at the date of this interim report (i) 5,049,000 share options had been vested and exercisable; and (ii) 660,000 share options had been forfeited due to employee resignation.

Further details of the Pre-IPO Share Option Scheme are set out in note 24 to the consolidated financial statements.



SHARE OPTION SCHEME

A Share Option Scheme was conditionally adopted 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 (as defined in the Prospectus) have made or may make to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 40,000,000 shares) unless approved by the shareholders of the Company.

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. No share option has been granted under the Share Option Scheme up to the date of this report.

AUDIT COMMITTEE

The audit committee (the "Audit Committee") was established with terms of reference which has been adopted for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee comprises four members, all being independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang. The Group's accounting principles and practices, financial statements and related materials for the period had been reviewed by the Audit Committee.

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed the unaudited condensed consolidated financial statements matters of the Group for the six months ended 30 June 2014 and recommended its adoption by the Board.

REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was set up to consider and approve the remuneration policy and structure relating to the Directors and senior management of the Group, reviewing and evaluating their performance in order to make recommendations on the remuneration package of each of the Directors and senior management personnel as well as other employee benefit arrangements. The Remuneration Committee comprises four independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang; and one executive Director, Mr. Lin Wan Tsang and the non-executive Director, Mr. Kwok Tak Wang.

NOMINATION COMMITTEE

The nomination committee (the "Nomination Committee") was set up to review the structure, size and diversity (including but not limited to gender, age, cultural and educational background or professional experiences) of the Board from time to time and recommend to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee comprises four independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), Mr. Chung Yi To, Mr. Leung Man Fai and Ms. Guo Yang; and one executive Director, Mr. Lin Wan Tsang and the non-executive Director, Mr. Kwok Tak Wang.



RISK MANAGEMENT COMMITTEE

The risk management committee (the "Risk Management Committee") was set up mainly responsible for assisting the Board in overseeing the Group's (i) risk governance structure; and (ii) hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts. The Risk Management Committee comprises of three independent non-executive Directors, namely, Mr. Chung Yi To (Chairman), Dr. Lin Tat Pang, Mr. Leung Man Fai; and the non-executive Director, Mr. Kwok Tak Wang.

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the six months ended 30 June 2014 and is of the opinion that the Group has complied with the hedging policy.

CORPORATE GOVERNANCE PRACTICES

For the period under review, in the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules except CG Code provision A.2.1.

Pursuant to CG Code provision A.2.1, the role(s) of chairman and chief executive should be separated 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, the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Lin's experience and established market reputation in the industry, and the importance of Mr. Lin in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules for the six months ended 30 June 2014 and to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code for the six months ended 30 June 2014.

By order of the Board

Lin Wan Tsang

Chairman & Executive Director

Hong Kong
18 August 2014