



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 2015





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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

## **AUTHORISED 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**

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Nos. 59/67 Bonham Strand West  
Sheung Wan  
Hong Kong

## AUDITORS

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
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 BANKER

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

## STOCK CODE

6898

## WEBSITE FOR THE COMPANY

[www.6898hk.com](http://www.6898hk.com)



The Group is principally engaged in (i) 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; and (ii) the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products which focuses on, among others, the development of high-end car care service products. The Group has a range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers' selection. In addition, aerosol products produced and sold by the Group includes car refrigerants, air conditioner disinfectant cleaner, paint remover, spray paint, wax, air fragrance, multi-purpose foam cleaner, carburetor cleaner, anti-rust lubricating spray, furniture polisher and sticker remover.

Our revenue is primarily derived from (i) the sale of aluminum aerosol cans; and (ii) the sale of aerosol and non-aerosol products. For the six months ended 30 June 2015, revenue derived from the sale of aluminum aerosol cans is approximately HK\$114.6 million (2014 (restated): HK\$111.5 million) and the sale of aerosol and non-aerosol products is approximately HK\$243.2 million (2014 (restated): HK\$251.1 million), representing approximately 32.0% and 68.0% of the Group's revenue, respectively.

### OPERATING ENVIRONMENT AND PROSPECTS

The Group continue to face severe world-wide competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized overseas aerosol can manufacturers, the soft landing of the PRC economy and the slowdown of growth in the consumable products and domestic demands in high end personal care products in PRC.

The acquisition of Topspan Holdings Limited and its subsidiaries (collectively, the "Topspan Group") (the "Acquisition") was completed on 20 May 2015. Topspan Group is engaged in the content filling of aerosol cans and production and sale of aerosol and non-aerosol products, including high-end car care service products. The financial results of Topspan Group had been consolidated into the Group's financial results for the six months ended 30 June 2015.

The Board is of the view that by vertically integrating with the Topspan Group, our Group will be able to capture downstream profit margins by gaining access to downstream distribution channels and enhance our revenue sources. With the Acquisition, our Group would be able to directly supply aluminum aerosol cans for the packaging of high-end car care service products and the products of the Group will be able to enter into the consumer markets under the Group's brand name. Profitability of the aluminum aerosol cans of the Group would be guaranteed and the profitability of the Group will be further enhanced with the sound track record of the Topspan Group.

The Board believes that the second half of 2015 would be a challenging period due to (i) the recent depreciation of Renminbi ("RMB") against the United States dollars "(US\$)" which may cause losses to our existing foreign currency forward contracts; (ii) the increase in basic salary of approximately 16% as stipulated by the local government beginning from May 2015; and (iii) the slowdown of the PRC economy, as forecasted by the International Monetary Fund in July 2015, gross domestic product is forecasted to decrease from 7.4% in 2014 to 6.8% in 2015. The Group's sales will be affected due to the slowdown of the PRC economy, as our sales to PRC customers represent approximately 68% of the Group's total sales. As such, our profit could be adversely affected in the second half of 2015.

## FINANCIAL REVIEW

### Turnover

#### Aluminum aerosol cans segment

For the six months ended 30 June 2015, the Group's aluminum aerosol cans segment has recorded a turnover of approximately HK\$114.6 million (2014 (restated): HK\$111.5 million), representing an increase of approximately 2.8% as compared to the corresponding period of 2014. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2015 was approximately 75.1 million (2014: 74.7 million).

#### Aerosol and non-aerosol products segment

For the six months ended 30 June 2015, our aerosol and non-aerosol products segment has generated revenue amounting to approximately HK\$243.2 million (2014 (restated): HK\$251.1 million) representing a decrease of approximately 3.1% as compared to the corresponding period of 2014.

#### PRC and overseas customers

Our PRC customers and overseas customers contributed approximately HK\$242.5 million (2014 (restated): HK\$224.3 million) and HK\$115.3 million (2014 (restated): HK\$138.3 million) to the total revenue of the Group. There was a decrease of approximately 16.7% in sales from our overseas customers which is primarily due to the increase in global competitions.

### Cost of Sales

For the six months ended 30 June 2015, cost of sales of the Group amounted to approximately HK\$257.2 million (2014 (restated): HK\$263.6 million), representing a decrease of approximately 2.4% as compared to the corresponding period of 2014, and represent approximately 71.9% (2014 (restated): 72.7%) of the turnover in the period.

### Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$100.6 million for the six months ended 30 June 2015 (2014 (restated): HK\$98.9 million), representing an increase of approximately 1.7% as compared to the corresponding period of 2014. The gross profit margin increased from approximately 27.3% for the six months ended 30 June 2014 (restated) to approximately 28.1% for the corresponding period of 2015.

### 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 2015, other income and gains of the Group was approximately HK\$11.6 million (2014 (restated): HK\$13.1 million), representing a decrease of approximately HK\$1.5 million as compared to the corresponding period of 2014. Such decrease was primarily due to the decrease in government grants of approximately HK\$2.6 million for the six months ended 30 June 2015.

### 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 2015, selling and distribution costs was approximately HK\$24.1 million (2014 (restated): HK\$22.8 million), representing an increase of approximately 5.7% as compared to the corresponding period of 2014. The increase was primarily due to the increase in travelling expenses by our PRC sales representatives.

## Administrative Expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the six months ended 30 June 2015, administrative expenses was approximately HK\$22.6 million (2014 (restated): HK\$20.8 million), representing an increase of approximately HK\$1.8 million. The increase in administrative expenses was primarily due to the increase in business taxes and surcharges of HK\$3.6 million, as a result of a four percent consumption tax imposed by the PRC government on painting and coating related products beginning from February 2015.

## Finance Costs

For the six months ended 30 June 2015, the finance costs of the Group was approximately HK\$3.2 million (2014 (restated): HK\$1.6 million), representing an increase of approximately 100.0% as compared to the corresponding period of 2014. The increase in finance cost was mainly due to the increase in average monthly bank borrowings.

## Net Profit

The Group's net profit amounted to approximately HK\$35.7 million for the six months ended 30 June 2015 (2014 (restated): HK\$39.7 million), representing a decrease of approximately 10.1% as compared to the corresponding period in 2014. Net profit margin for the six months ended 30 June 2015 was approximately 10.0% (2014 (restated): 10.9%), representing a decrease of approximately 0.9% as compared to the corresponding period of 2014. Such decrease was primarily due to the increase in expenses during the period.

## LIQUIDITY AND CAPITAL RESOURCES

### Net Current Liabilities/Assets

The Group had net current liabilities of approximately HK\$610.5 million which is caused by the amount due to controlling shareholder of HK\$780 million, as the convertible note with principle amount of HK\$780 million ("Convertible Note") to be issued as part of the consideration for the Acquisition had yet to be issued as at 30 June 2015. The current ratio of the Group was approximately 0.4 as at 30 June 2015 (31 December 2014 (restated): 1.1).

The Convertible Note was subsequently issued on 8 July 2015 and the amount due to controlling shareholder had been settled. For illustrative purpose only, the Group had net current assets of approximately HK\$169.5 million before the amount due to controlling shareholder and the current ratio of the Group after excluding the amount due to controlling shareholder is approximately 1.8.

### 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\$122.7 million (of which HK\$70.9 million, HK\$51.1 million and HK\$0.7 million are denominated in RMB, US\$ and HK\$ respectively) as at 30 June 2015 with maturity date from 2015 to 2018 (31 December 2014 (restated): HK\$141.0 million). Except for the finance lease payable which is charged at 4.11%, all other bank borrowings are charged with reference to bank's preferential floating rates.

As at 30 June 2015, we had available unutilized banking facilities of approximately HK\$133.2 million (31 December 2014 (restated): HK\$141.6 million). Further details of the Group's bank borrowings are set out in note 19.

## Gearing Ratio

Since the Convertible Note had not yet been issued as at 30 June 2015, the Group recorded accumulated deficits of HK\$263.2 million. Assuming that the Convertible Note had been issued, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 23.7% as at 30 June 2015 (31 December 2014 (restated): 34.5%). The decrease was as a result of the decrease in total bank borrowings by the Group and the increase in cash and cash equivalent from the Company's placing in June 2015. Further details of the Group's bank borrowings are set out in note 19 of the notes to the interim condensed consolidated financial statements.

## CAPITAL STRUCTURE

As at 30 June 2015, the total number of issued shares of the Company ("Shares") was 495,839,000 (31 December 2014 (restated): 404,865,000).

## FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 32.2% of the Group's revenue for the six months ended 30 June 2015 were denominated in US\$. However, more than 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 slight appreciation of RMB against US\$, we managed to account for approximately RMB0.2 million of realized gains on the forward contracts for the six months ended 30 June 2015.

As at 30 June 2015, we had outstanding foreign currency forward contracts with notional amounts of approximately US\$10.0 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK\$2.9 million had been recognized for the six months ended 30 June 2015.

## 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 2015, we had no outstanding forward purchases of aluminum ingots as the aluminum price was relatively stable during the six months ended 30 June 2015.

## CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Group invested approximately HK\$21.9 million (2014 (restated): HK\$167.9 million) in fixed assets, of which HK\$18.7 million (2014 (restated): HK\$91.9 million) was used for the purchase of plant and machinery, some of which are under construction in progress.



# Management Discussion and Analysis

## INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2015 (2014: nil).

## EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2015, the Group had employed a total of 741 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK\$23.9 million for the six months ended 30 June 2015 (2014 (restated): HK\$23.5 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of Directors have been determined with reference to the skills, knowledge, 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 period.

## SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2015, 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:

<b>Business objectives as stated in the Prospectus</b>	<b>Use of proceeds as stated in the Prospectus</b> (HK\$ million)	<b>Actual use of proceeds from the Listing Date to the date of this report</b> (HK\$ million)	<b>Balance as at 30 June 2015</b> (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	31.0	17.0
Establish a new research and development laboratory	12.0	–	12.0
Partially repay US\$ denominated bank loan	16.0	16.0	–
General working capital purposes	4.0	4.0	–
	80.0	51.0	29.0

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

## FUND RAISING ACTIVITIES

During the six months ended 30 June 2015, the Group had conducted two placings which details are summarised as below:

- (i) On 12 May 2015, the Company issued 49,800,000 new Shares of HK\$0.01 each to not less than six independent third parties at a price of HK\$2.41 per Share under the specific mandate granted to the Directors at the extraordinary general meeting of the Company held on 22 April 2015. The net proceeds of approximately HK\$112.6 million were intended to be used for the Group to pay in and towards the satisfaction of the payment obligations for the Acquisition. As at the date of this report, the entire amount had been utilised as intended.
- (ii) On 8 June 2015, Wellmass International Limited ("Wellmass"), a controlling shareholder of the Company, and the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed, on a best efforts basis, to procure not fewer than six placees to purchase, and Wellmass agreed to sell, up to 80,000,000 existing Shares at a price of HK\$2.28 per Share. On 9 June 2015, an aggregate of 41,174,000 Shares were successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent third parties of the Company, at the placing price of HK\$2.28 per placing share. On 16 June 2015, 41,174,000 Shares were issued and allotted to Wellmass at a subscription price of HK\$2.28 each. The net proceeds from the subscription amounted to approximately HK\$90.2 million (representing a net price of approximately HK\$2.19 per subscription Share) and were intended to be used for the general working capital and/or to finance potential investment projects of the Group. As at the date of this report, the entire amount had been deposited in an interest bearing bank account pending for usage.

For details of the above placings and subscription, please refer to the announcements of the Company dated 28 April 2015, 12 May 2015, 8 June 2015 and 16 June 2015 respectively.

## COMMITMENT

As at 30 June 2015, the Group's operating lease and capital commitment amounted to HK\$3.9 million (31 December 2014 (restated): HK\$7.6 million) and HK\$0.4 million (31 December 2014 (restated): HK\$9.2 million), 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 and when appropriate, in order to enhance shareholder's value.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2015, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

## CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities.



## SUBSEQUENT EVENT AFTER THE INTERIM PERIOD

On 8 July 2015, the Company issued the Convertible Note to Mr. Lin Wan Tsang (“Mr. Lin”), an executive Director, the chairman and a controlling shareholder of the Company as well as the vendor of the Acquisition, as part of the consideration for the Acquisition. The Convertible Note, subject to certain conversion restriction, is convertible at the option of the noteholder into ordinary shares at the conversion price of HK\$1.08 per conversion share.

On 10 July 2015, the Company received a formal notice from Mr. Lin for the exercise of the conversion rights attached to the Convertible Note in the amount of HK\$108,000,000 at the conversion price of HK\$1.08 per conversion share. The portion of the Convertible Note of which the conversion rights are being exercised represents approximately 13.8% of the Convertible Note with a principal amount of HK\$780,000,000 held by Mr. Lin. In accordance with the conversion requirement, 100,000,000 conversion shares have been resolved to be allotted and issued by the Company to Mr. Lin on 10 July 2015. The 100,000,000 conversion shares represent (i) approximately 20.2% of the issued share capital of the Company as at 10 July 2015; and (ii) approximately 16.8% of the issued share capital of the Company as enlarged by the issue of such conversion shares.

On 14 July 2015, the Company received a formal notice from Mr. Lin for the transfer of the Convertible Note in the amount of HK\$21,600,000 at the conversion price of HK\$1.08 per conversion share. The portion of the Convertible Note of which the conversion rights are being transferred represents approximately 3.2% of the Convertible Note with a principal amount of HK\$672,000,000 held by Mr. Lin. In accordance with the transfer requirement, the principle amount HK\$21,600,000 Convertible Note certificate have been resolved to be allotted and issued by the Company to independent third parties.

The conversion right attached to the remaining 86.2% of the Convertible Note, which represents a principal amount of HK\$672,000,000, has not yet been converted as at the date of this report. For further details on the Convertible Note, please refer to the section headed “Convertible Note”.

# Report on Review of Interim Condensed Consolidated Financial Statements



**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 12 to 43, 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 2015 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

17 August 2015

# Interim Condensed Consolidated Statement of Comprehensive Income

Six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
REVENUE	5	357,777	362,573
Cost of sales		(257,173)	(263,643)
Gross profit		100,604	98,930
Other income and gains, net	5	11,557	13,086
Selling and distribution costs		(24,068)	(22,837)
Administrative expenses		(22,632)	(20,846)
Research and development expenses		(14,468)	(11,608)
Other expenses		(2,430)	(6,859)
Finance costs	6	(3,198)	(1,573)
PROFIT BEFORE TAX	7	45,365	48,293
Income tax expense	8	(9,704)	(8,618)
PROFIT FOR THE PERIOD		35,661	39,675
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		705	(3,684)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		36,366	35,991
Profit attributable to:			
Owners of the parent		35,450	39,447
Non-controlling interests		211	228
		35,661	39,675
Total comprehensive income attributable to:			
Owners of the parent		36,155	35,763
Non-controlling interests		211	228
		36,366	35,991
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK8.4 cents	HK9.9 cents
Diluted		HK8.3 cents	HK9.6 cents

No dividend was proposed during the period.

# Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)	1 January 2014 HK\$'000 (Unaudited) (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	10	318,324	315,569	251,452
Prepaid land lease payments	11	74,802	75,722	16,850
Deferred tax assets		1,369	1,680	1,144
Non-current prepayments	15	2,792	3,525	–
<b>Total non-current assets</b>		<b>397,287</b>	<b>396,496</b>	<b>269,446</b>
<b>CURRENT ASSETS</b>				
Inventories	12	80,538	78,594	74,680
Trade and bills receivable	13	82,982	83,164	77,733
Derivative financial instruments	14	304	–	4,644
Prepayments, deposits and other receivables	15	10,845	18,848	98,106
Due from related parties		1,204	21,058	44,718
Pledged bank deposits	16	36,012	11,942	15,202
Cash and cash equivalents	16	182,094	105,319	118,123
<b>Total current assets</b>		<b>393,979</b>	<b>318,925</b>	<b>433,206</b>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	17	80,728	95,415	87,906
Other payables and accruals	18	51,016	55,815	45,794
Interest-bearing bank borrowings	19	76,042	120,186	89,616
Derivative financial instruments	14	–	2,617	–
Dividend payable		–	–	21,696
Tax payable		7,014	4,521	11,353
Due to related parties		9,383	2,745	5,572
Due to controlling shareholder	24	780,000	–	–
Deferred income	21	323	323	273
<b>Total current liabilities</b>		<b>1,004,506</b>	<b>281,622</b>	<b>262,210</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(610,527)</b>	<b>37,303</b>	<b>170,996</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(213,240)</b>	<b>433,799</b>	<b>440,442</b>

# Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)	1 January 2014 HK\$'000 (Unaudited) (Restated)
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank borrowings	19	46,659	20,784	42,384
Deferred tax liabilities		46	890	1,897
Deferred income	21	3,238	3,398	3,483
<b>Total non-current liabilities</b>		<b>49,943</b>	<b>25,072</b>	<b>47,764</b>
<b>Net assets/(liabilities)</b>		<b>(263,183)</b>	<b>408,727</b>	<b>392,678</b>
<b>EQUITY</b>				
Equity attributable to owners of the Parent				
Issued capital	22	4,958	4,049	4,000
Reserves		(272,177)	400,652	385,050
<b>Non-controlling interests</b>		<b>4,036</b>	<b>4,026</b>	<b>3,628</b>
<b>(Accumulated deficits)/Total equity</b>		<b>(263,183)</b>	<b>408,727</b>	<b>392,678</b>

# Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2015

	Issued capital HK\$'000 (note 22)	Share premium account HK\$'000	Contributed surplus HK\$'000	Merger Reserve 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
As previously reported	4,000	76,254	111,196	-	2,811	21,623	24,111	47,320	12,000	299,315	3,628	302,943
Effect of business combination under common control	-	-	-	10,911	-	15,650	7,424	55,750	-	89,735	-	89,735
At 1 January 2014 (Restated)	4,000	76,254	111,196	10,911	2,811	37,273	31,535	103,070	12,000	389,050	3,628	392,678
Profit for the period	-	-	-	-	-	-	-	39,447	-	39,447	228	39,675
Other comprehensive income for the period: Exchange differences on translation of foreign operations	-	-	-	-	-	-	(3,684)	-	-	(3,684)	-	(3,684)
Total comprehensive income for the period	-	-	-	-	-	-	(3,684)	39,447	-	35,763	228	35,991
Transfer from retained profits	-	-	-	-	-	7,634	-	(7,634)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	2,418	-	-	-	-	2,418	-	2,418
Dividends paid	-	-	-	-	-	-	-	(57,857)	(12,000)	(69,857)	(190)	(70,047)
At 30 June 2014	4,000	76,254	111,196	10,911	5,229	44,907	27,851	77,026	-	357,374	3,666	361,040



# Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2015

	Issued capital HK\$'000 (note 22)	Share premium account HK\$'000	Contributed surplus HK\$'000	Merger Reserve 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/ (Accumulated deficits) HK\$'000
As previously reported	4,049	72,170	111,196	-	5,056	25,458	22,752	71,578	8,900	321,159	4,026	325,185
Effect of business combination under common control	-	-	-	10,911	-	21,565	5,637	45,429	-	83,542	-	83,542
At 1 January 2015 (Restated)	4,049	72,170	111,196	10,911	5,056	47,023	28,389	117,007	8,900	404,701	4,026	408,727
Profit for the period	-	-	-	-	-	-	-	35,450	-	35,450	211	35,661
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	705	-	-	705	-	705
Total comprehensive income for the period	-	-	-	-	-	-	705	35,450	-	36,155	211	36,366
Business combination under common control	-	-	-	(900,000)	-	-	-	-	-	(900,000)	-	(900,000)
Placing shares	909	199,606	-	-	-	-	-	-	-	200,515	-	200,515
Transfer from retained profits	-	-	-	-	-	1,526	-	(1,526)	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	1,413	-	-	-	-	1,413	-	1,413
Dividends paid	-	(1,103)*	-	-	-	-	-	-	(8,900)*	(10,003)	(201)	(10,204)
At 30 June 2015	4,958	270,673 <sup>#</sup>	111,196 <sup>#</sup>	(889,089) <sup>#</sup>	6,469 <sup>#</sup>	48,549 <sup>#</sup>	29,094 <sup>#</sup>	150,931 <sup>#</sup>	-	(267,219)	4,036	(263,183)

Note:

# These reserve accounts comprise the debit consolidated reserves of HK\$272,177,000 as at 30 June 2015 (31 December 2014: HK\$400,652,000) in the interim condensed consolidated statement of financial position.

\* The final dividends was approved by the Company's shareholders at the annual general meeting.

# Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		45,365	48,293
Adjustments for:			
Finance costs	6	(3,198)	(1,573)
Bank interest income	5	(336)	(492)
Fair value gains, net:			
Derivative instruments — transactions not qualifying as hedges	5	(2,915)	5,567
Loss on disposal of properties, plant and equipment		—	6
Share option expense	23	1,413	2,418
Depreciation	10	16,009	10,934
Amortisation of land lease prepayments	11	944	427
Impairment of trade receivables		717	378
Increase in inventories		(1,944)	(8,278)
(Increase)/decrease in trade and bills receivable		(535)	8,025
Decrease in prepayments, deposits and other receivables		8,002	95,175
Increase/(decrease) in trade payables		(14,687)	11,079
Increase/(decrease) in other payables and accruals		(4,798)	3,255
Decrease in an amount due from related parties		(146)	(98,697)
Increase in an amount due to related parties		6,637	635
Cash received from operations		50,528	77,152
Withholding tax paid		(890)	(1,363)
PRC tax paid		(7,744)	(12,017)
<b>Net cash flows from operating activities</b>		<b>41,894</b>	<b>63,772</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(18,819)	(3,152)
Purchases of items of land lease prepayments		—	(427)
Proceeds from disposal of items of property, plant and equipment		—	54
Decrease/(increase) in pledged deposits		(24,070)	15,202
Interest received from bank		336	492
Acquisition of a subsidiary	24	(100,000)	—
Decrease/(increase) in long-term prepayment		733	(5,270)
<b>Net cash flows from/(used in) investing activities</b>		<b>(141,820)</b>	<b>6,899</b>

# Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New Placing Shares		200,515	–
New bank loans		149,277	85,369
Repayment of bank loans		(167,546)	(124,171)
Interest paid		3,198	1,573
Dividends paid to non-controlling interests		(201)	(190)
Dividends paid to owners of the parent		(10,003)	(56,031)
Net cash flows from/(used in) financing activities		175,240	(93,450)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Exchange realignment		1,461	(748)
Cash and cash equivalents at beginning of period		105,319	118,123
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	182,094	94,596

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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, the content filling of aerosol cans, production and sale of aerosol and non-aerosol products. 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").

## 2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 3 October 2014, Euro Asia Investments Global Limited ("Euro Asia"), a subsidiary of the Group entered into a sale and purchase agreement (the "Agreement") with Mr. Lin Wan Tsang, an executive Director, the chairman and a controlling shareholder of the Company. Pursuant to the Agreement, Mr. Lin Wan Tsang agreed to sell the entire issued share capital of Topspan Holdings Limited, an investment holding company of a group of companies (the "Topspan Group") to the Company (the "Acquisition"). The Acquisition constituted a very substantial acquisition and connected transaction as set out in the Listing Rules. Details of the Acquisition were set out in the Company's circular made on 28 November 2014, 31 March 2015 and announcements made on 3 October 2014, 16 December 2014, 13 March 2015, 16 March 2015, 7 July 2015. The Acquisition was completed on 20 May 2015 with the total consideration satisfied by HK\$120 million in cash and HK\$780 million by the issuance of Convertible Note (the "Convertible Note"). The Convertible Note was issued on 8 July 2015.

The directors consider that it should be a business combination under common control as the Company and Topspan Group were ultimately controlled by Mr. Lin Wan Tsang both before and after the business combination, and that control was not transitory.

The Acquisition is regarded as a business combination under common control of the controlling shareholder of the Company before and after the Acquisition. The condensed consolidated financial statements have been prepared using the pooling of interest method with restatement of the comparatives amounts as if the Acquisition had been completed since the beginning of the financial periods.

The condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2015 and 2014 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of Mr. Lin Wan Tsang, the controlling shareholder, where this is a shorter period. The condensed consolidated statements of financial position of the Group as at 31 December 2014 and 30 June 2015 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the controlling shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

Although the Group recorded net current liabilities and accumulated deficits of approximately HK\$610,527,000 and HK\$263,183,000 as at 30 June 2015, the consolidated interim financial statements have been prepared on a going concern basis because in July 2015, the amount of payable to the controlling shareholder of HK\$780,000,000 (recorded as a liability as at 30 June 2015) has been derecognized and classified as equity upon the issuance of the Convertible Note for the purpose of the Acquisition.

The interim condensed consolidated financial statements for the six months ended 30 June 2015 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 2014.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

*(Continued)*

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.

## 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 2014, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2015, noted below:

Amendments to IAS 19	Defined benefit plans: Employee contributions
Annual Improvements 2010–2012 Cycle	Amendments to a number of IFRSs
Annual Improvements 2011–2013 Cycle	Amendments to a number of IFRSs

The adoption of the above new or revised standards, interpretation and amendments has had no material financial effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

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

## 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum aerosol cans mainly for packaging household chemical products and the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products.

For management purpose, the Group is organized into business units based on their products and services. As a result of the Acquisition under common control, the Group changed the structure of its internal organisation in a manner that caused the composition of its reportable segments to changes. Based on the new internal organisation incorporating the new business, the Group has two reportable operating segments and the corresponding items of segment information for the six months ended 30 June 2014 have been restated.

Period ended 30 June 2015 (Unaudited)	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to customers	114,597	243,180	357,777
Intersegment sales	27,912	4,672	32,584
Total	142,509	247,852	390,361
Reconciliation:			
Elimination of intersegment sales	(27,912)	(4,672)	(32,584)
Revenue from continuing operations	114,597	243,180	357,777
Segment results	12,805	32,560	45,365

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 4. OPERATING SEGMENT INFORMATION (Continued)

<b>As at 30 June 2015 (Unaudited)</b>	<b>Aluminum aerosol cans HK\$'000</b>	<b>Aerosol and non-aerosol products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment assets</b>	1,596,407	496,683	2,093,090
Reconciliation:			
Elimination of intersegment receivables	(982,262)	(25,877)	(1,008,139)
Corporate and other unallocated assets	(140,591)	(153,094)	(293,685)
<b>Total assets</b>	<b>473,554</b>	<b>317,712</b>	<b>791,266</b>
<b>Segment liabilities</b>	<b>1,829,266</b>	<b>232,035</b>	<b>2,061,301</b>
Reconciliation:			
Elimination of intersegment payables	(976,532)	(30,320)	(1,006,852)
<b>Total liabilities</b>	<b>852,734</b>	<b>201,715</b>	<b>1,054,449</b>
<b>Other segment information:</b>			
Depreciation and amortisation	10,342	6,611	16,953
Capital expenditure	18,327	3,528	21,855
<b>Period ended 30 June 2014 (Unaudited and restated)</b>	<b>Aluminum aerosol cans HK\$'000</b>	<b>Aerosol and non-aerosol products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>			
Sales to customers	111,481	251,092	362,573
Intersegment sales	31,024	–	31,024
<b>Total</b>	<b>142,505</b>	<b>251,092</b>	<b>393,597</b>
Reconciliation:			
Elimination of intersegment sales	(31,024)	–	(31,024)
<b>Revenue from continuing operations</b>	<b>111,481</b>	<b>251,092</b>	<b>362,573</b>
<b>Segment results</b>	<b>14,045</b>	<b>34,248</b>	<b>48,293</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 4. OPERATING SEGMENT INFORMATION *(Continued)*

<b>As at 31 December 2014 (Unaudited and restated)</b>	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment assets</b>	576,048	453,367	1,029,415
Reconciliation:			
Elimination of intersegment receivables	(97,070)	(26,970)	(124,040)
Corporate and other unallocated assets	(36,908)	(153,046)	(189,954)
<b>Total assets</b>	<b>442,070</b>	<b>273,351</b>	<b>715,421</b>
<b>Segment liabilities</b>	209,100	215,307	424,407
Reconciliation:			
Elimination of intersegment payables	(89,800)	(27,913)	(117,713)
<b>Total liabilities</b>	<b>119,300</b>	<b>187,394</b>	<b>306,694</b>
<b>Other segment information:</b>			
Depreciation and amortisation	7,020	4,341	11,361
Capital expenditure	23,519	144,395	167,914

### Geographical information Revenue from external customers

	<b>Six months ended 30 June</b>	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Mainland China	242,532	224,287
Africa	11,112	22,160
America	17,468	19,620
Asia	18,373	14,462
Middle East	24,550	22,591
Japan	43,742	59,453
	<b>357,777</b>	<b>362,573</b>

The revenue information above is based on the shipment destinations.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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 2015.

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

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>Revenue</b>		
Sale of goods	357,777	362,573
<b>Other income and gains, net</b>		
Sale of scrap materials	3,043	2,201
Bank interest income	336	492
Government grants	190	2,755
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	2,915	15
Exchange gains	1,271	2,735
Income from R&D design	3,173	3,783
Others	629	1,105
	11,557	13,086

## 6. FINANCE COSTS

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Interest on bank loans wholly repayable within five years	3,185	1,613
Interest on finance lease	13	17
Less: Interest capitalised	—	(57)
	3,198	1,573



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 7. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Cost of inventories sold		257,173	263,643
Depreciation	10	16,009	10,934
Amortisation of prepaid land lease payments	11	944	427
Research and development costs		14,468	11,608
Exchange losses, net		1,415	821

## 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 2015 (Six months ended 30 June 2014: 16.5%).

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. (廣東歐亞包裝有限公司), and Botny Chemical (Guangzhou) Limited ("廣州保賜利化工有限公司") since they were recognised as High Technology Enterprises and are entitled to a preferential tax rate of 15% for the six months ended 30 June 2014 and 2015.

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Charge for the period		
Current	10,237	10,504
Deferred	(533)	(1,886)
Total tax charge for the period	9,704	8,618

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	35,450	39,447
	Number of shares	
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	421,624,089	400,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	7,901,975	9,098,858
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	429,526,064	409,098,858

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 10. PROPERTY, PLANT AND EQUIPMENT

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Carrying amount at 1 January	315,569	251,452
Additions	18,658	91,874
Depreciation provided during the period/year	(16,009)	(26,441)
Disposals	–	(844)
Transfer	–	452
Exchange realignment	106	(924)
Carrying amount at 30 June/31 December	318,324	315,569

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\$976,013 and HK\$866,145 as at 31 December 2014 and 30 June 2015.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with carrying values of HK\$92,471,000 and HK\$89,412,000 as at 31 December 2014 and 30 June 2015 (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\$99,407,000 and HK\$93,927,000 as at 31 December 2014 and 30 June 2015 (note 19).

## 11. PREPAID LAND LEASE PAYMENTS

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Carrying amount at 1 January	77,613	19,170
Additions	–	60,255
Recognised during the period/year	(944)	(1,321)
Exchange realignment	24	(491)
Carrying amount at 30 June/31 December	76,693	77,613
Current portion included in prepayments, deposits and other receivables	(1,891)	(1,891)
Non-current portion	74,802	75,722

Certain of the Group's interest-bearing bank borrowings were secured by the Group's prepaid land lease payments with carrying values of HK\$16,912,000 and HK\$16,666,000 as at 31 December 2014 and 30 June 2015 and (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

Six months ended 30 June 2015

## 12. INVENTORIES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Raw materials	39,353	37,184
WIP	4,352	3,938
Finished goods	36,833	37,472
	<b>80,538</b>	<b>78,594</b>

## 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.

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Trade receivables	68,037	68,066
Impairment	(2,662)	(1,945)
	<b>65,375</b>	<b>66,121</b>
Bills receivables	17,607	17,043
	<b>82,982</b>	<b>83,164</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 13. TRADE AND BILLS RECEIVABLE *(Continued)*

An aged analysis of the trade receivables as at 30 June 2015 and 31 December 2014, based on the invoice date and net of provision is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Within 30 days	28,584	30,138
31 to 60 days	11,435	19,607
61 to 90 days	9,086	4,136
Over 90 days	16,270	12,240
	<b>65,375</b>	<b>66,121</b>

The movements in provision for impairment of trade receivables are as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
At 1 January	1,945	1,567
Impairment losses recognised	717	378
	<b>2,662</b>	<b>1,945</b>

Certain of the Group's interest-bearing bank borrowings were secured by the Group's trade and bills receivable with carrying values of HK\$17,613,000 as at 30 June 2015 (2014: Nil) (note 19).

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Forward currency contracts	304	(2,617)

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\$2,921,000 (31 December 2014: HK\$15,000) were recognised in the statement of comprehensive income during the period.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Non-current prepayments	2,792	3,525
<b>Current assets</b>		
Prepayments	7,436	15,249
Tax recoverable	462	1,411
Deposits and other receivables	2,947	2,188
	<b>10,845</b>	<b>18,848</b>

## 16. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Cash and bank balances	218,106	117,261
Less: Pledged deposits		
Pledged for bank loans	(36,012)	(11,942)
Cash and cash equivalents	<b>182,094</b>	<b>105,319</b>

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, forward currency contracts and bank acceptance. Pledged bank deposits for the Group's bank loans amounts to HK\$1,580,000 and HK\$25,361,000 as at 31 December 2014 and 30 June 2015 (note 19).

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 17. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at 30 June 2015 and 31 December 2014, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Within 30 days	65,824	73,305
31 to 60 days	10,941	14,037
61 to 90 days	2,940	7,063
Over 90 days	1,023	1,010
	<b>80,728</b>	<b>95,415</b>

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 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Deposits received from customers	24,464	27,176
Salary and welfare payables	10,341	11,796
Tax payables other than current income tax liabilities	4,607	3,636
Other payables and accruals	11,604	13,207
	<b>51,016</b>	<b>55,815</b>

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

Six months ended 30 June 2015

## 19. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	As at 30 June 2015			As at 31 December 2014		
	Contractual interest rate	Maturity	HK\$'000 (Unaudited)	Contractual interest rate	Maturity	HK\$'000 (Unaudited) (Restated)
<b>Current</b>						
Finance lease payables (note 20)	4.11%	2015–2016	237	4.11%	2015	234
Interest-bearing bank loans — secured	LIBOR	2015	31,010	LIBOR	2015	31,026
Interest-bearing bank loans — secured	PBOC base rate*1.15	2015	3,107	2.00%	2015	19,004
Interest-bearing bank loans — secured	6M LIBOR+3.1%	2015	15,508	PBOC base rate	2015	32,873
Interest-bearing bank loans — secured				PBOC base rate*1.15	2015	33,996
Current portion of long term bank loans — secured	LIBOR/ PBOC base rate/ PBOC base rate*1.15	2015–2016	26,180	LIBOR	2015	3,053
			76,042			120,186
<b>Non-current</b>						
Finance lease payables (note 20)	4.11%	2016–2018	499	4.11%	2016–2018	618
Long term interest-bearing bank loans — secured	PBOC base rate/ PBOC base rate*1.15	2018	44,635	PBOC base rate*1.05	2016	17,113
Long term interest-bearing bank loans — secured	LIBOR	2016	1,525	LIBOR	2016	3,053
			46,659			20,784
			122,701			140,970

Notes:

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

“LIBOR” stands for London Interbank Offered Rate.



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

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

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Repayable:		
Within one year or on demand	76,042	120,186
In the second year	1,771	20,407
In the third to fifth years, inclusive	44,888	377
	<b>122,701</b>	<b>140,970</b>

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

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Property, plant and equipment	10	183,339	191,878
Prepaid land lease payments	11	16,666	16,912
Account receivables	13	17,613	–
Pledged deposits	16	25,361	1,580
		<b>242,979</b>	<b>210,370</b>

The Group's banking loans amounting to nil as at 30 June 2015 (2014: HK\$7,053,000) were guaranteed by Mr. Lin Wan Tsang (note 27).

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

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

The Group's banking loans amounting to HK\$3,107,000 as at 30 June 2015 (2014: HK\$26,944,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol") (note 27).

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Interest-bearing bank and other borrowings denominated in		
— RMB	70,871	51,109
— US\$	51,094	89,009
— HK\$	736	852
	<b>122,701</b>	<b>140,970</b>

The Group has the following undrawn banking facilities:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Floating rate		
— expiring within one year	133,166	128,352
— expiring over one year	—	13,287
	<b>133,166</b>	<b>141,639</b>

The Group's banking facilities amounting to HK\$25,361,000 as at 30 June 2015 (2014: HK\$18,300,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group (note 27).

The Group's banking facilities amounting to nil as at 30 June 2015 (2014: HK\$5,363,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol (note 27).

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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 3 years.

Group	Minimum lease payments 30 June 2015 HK\$'000 (Unaudited)	Minimum lease payments 31 December 2014 HK\$'000 (Unaudited) (Restated)	Present value of minimum lease payments 30 June 2015 HK\$'000 (Unaudited)	Present value of minimum lease payments 31 December 2014 HK\$'000 (Unaudited) (Restated)
Amounts payable:				
Within one year	258	258	253	253
In the second year	258	258	245	245
In the third to fifth years, inclusive	258	387	237	353
Total minimum finance lease payments	774	903	735	851
Future finance charges	(38)	(51)		
Total net finance lease payables	736	852		
Portion classified as current liabilities (note 19)	(237)	(234)		
Non-current portion (note 19)	499	618		

## 21. DEFERRED INCOME

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
At 1 January	3,721	3,756
Grants recognised	–	252
Amortised as income	(161)	(276)
Exchange realignment	1	(11)
At 30 June/31 December	3,561	3,721
Current portion	(323)	(323)
Non-current portion	3,238	3,398

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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 2015.

	Notes	Number of ordinary shares of HK\$0.01	Nominal value of ordinary shares HK\$
<b>Unaudited</b>			
Authorised:			
On incorporation	(a)	39,000,000	390,000
Increase in authorised share capital on 20 June 2013	(b)	741,000,000	7,410,000
Increase in authorised share capital on 16 December 2014	(c)	720,000,000	7,200,000
As at 31 December 2013, 1 January 2014 and 31 December 2014		1,500,000,000	15,000,000
Issued and fully paid:			
On incorporation	(a)	1	–
Capitalisation Issue credited as fully paid conditional on the share premium account of the Company, being credited as a result of the issuance of new shares to the public	(d)	299,999,999	3,000,000
Issuance of new shares on 12 July 2013	(e)	100,000,000	1,000,000
As at 31 December 2013 and 1 January 2014		400,000,000	4,000,000
Share option exercised		4,865,000	48,650
At 31 December 2014 and 1 January 2015		404,865,000	4,048,650
Placing shares on 12 May 2015	(f)	49,800,000	498,000
Subscription shares on 16 June 2015	(g)	41,174,000	411,740
At 30 June 2015		495,839,000	4,958,390

(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 ("Wellmass") 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.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 22. ISSUED CAPITAL *(Continued)*

- (c) Pursuant to the resolutions of the extraordinary general meeting held on 16 December 2014, the authorized share capital of the Company was increased from HK\$7,800,000 to HK\$15,000,000 by the creation of 720,000,000 additional shares of HK\$0.01 each.
- (d) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, conditional on the share premium account of the Company being credited as a result of the Share Offer as defined in the Prospectus dated 28 June 2013, upon the recommendation of the Directors, the sum of HK\$2,999,999.99, being part of the amount which would then be standing to the credit of the share premium account of the Company be capitalised and applied in paying up in full 299,999,999 shares to be allotted credited as fully paid at par to Wellmass (the "Capitalisation Issue").
- (e) In connection with the Company's initial public offering, 100,000,000 shares of HK\$0.01 each were issued at a price of HK\$1.00 per share for a total cash consideration, before expenses, of approximately HK\$100,000,000. Dealings in these shares on the Hong Kong Stock Exchange commenced on 13 July 2012.
- (f) 49,800,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$2.41 per placing share on 12 May 2015 pursuant to the placing agreement entered into by the Company on 28 April 2015.
- (g) On 8 June 2015, the Company entered into the placing and subscription agreement with Wellmass and the placing agent pursuant to which Wellmass agreed to place, through the placing agent, on a best endeavour basis, up to 80,000,000 placing shares to not less than six placees at a price of HK\$2.28 per placing share and Wellmass conditionally agreed to subscribe for up to the same number of new shares at the subscription price of HK\$2.28 per new shares.

41,174,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$2.28 per placing share on 9 June 2015 and 41,174,000 new shares were allotted and issued to Wellmass on 16 June 2015 at the subscription price of HK\$2.28 per new share.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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 2015	
	Weighted average exercise price HK\$ per share	Number of options
At beginning of period	0.7	11,965,000
Exercised during the year	0.7	–
At end of period	0.7	11,965,000

The Group recognised share option expenses of HK\$1,413,000 in the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$2,418,000).

No share option was exercised during the period. As at 30 June 2015, the Company had 11,965,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 11,965,000 additional ordinary shares of the Company and additional share capital of HK\$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 11,965,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 2.41% of the Company's shares in issue as at that date.

### Share Option Scheme

As at 30 June 2015 and the date of approval of these interim condensed consolidated financial statements, no share option was granted and outstanding under the Share Option Scheme.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 24. BUSINESS COMBINATION UNDER COMMON CONTROL

On 20 May 2015, the Group acquired a 100% interest in Topspan Group from Mr. Lin Wan Tsang, the controlling shareholder of the Company. Topspan Group is engaged in the content filling of aerosol cans and production and sales 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 aggregated to HK\$900,000,000, of which HK\$120,000,000 was settled by cash and HK\$780,000,000 will be settled by issue of the Convertible Note. Since the Group and Topspan Group were ultimately controlled by Mr. Lin Wan Tsang both before and after the completion of the Acquisition and the control is not transitory. The Acquisition was considered as a common control combination and accounted for using the method of pooling of interest.

The operating results previously reported by the Group for the period ended 30 June 2014 have been restated to include the operating result of Topspan Group as set out below:

	<b>The Group (as previously reported)</b> HK\$'000	<b>Topspan Group</b> HK\$'000	<b>Elimination</b> HK\$'000	<b>The Group (as restated)</b> HK\$'000
Revenue	112,618	251,092	(1,137)	362,573
Profit before tax	14,046	34,247	–	48,293
Profit for the period	10,546	29,129	–	39,675

The financial positions previously reported by the Group at 31 December 2014 and 1 January 2014 have been restated to include assets and liabilities of the Topspan Group as set out below:

<b>31 December 2014</b>	<b>The Group (as previously reported)</b> HK\$'000	<b>Topspan Group</b> HK\$'000	<b>Elimination</b> HK\$'000	<b>The Group (as restated)</b> HK\$'000
Non-current assets	231,189	165,307	–	396,496
Current Assets	209,483	111,806	(2,364)	318,925
Current Liabilities	90,415	193,571	(2,364)	281,622
Non-current Liabilities	25,072	–	–	25,072
Equity	325,185	83,542	–	408,727
<b>1 January 2014</b>				
Non-current assets	240,456	28,990	–	269,446
Current Assets	207,581	225,750	(125)	433,206
Current Liabilities	97,992	164,343	(125)	262,210
Non-current Liabilities	47,102	662	–	47,764
Equity	302,943	89,735	–	392,678

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 25. 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 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Within one year	3,849	7,490
In the second to fifth years, inclusive	84	104
	<b>3,933</b>	<b>7,594</b>

## 26. COMMITMENTS

In addition to the operating lease commitments detailed in note 25, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Contracted, but not provided for: Plant and machinery	358	9,155



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 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 2015:

### (1) Recurring transactions

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>Sales of products to:</b>			
Euro Asia Aerosol	(i)	2,903	809
European Asia Industrial Ltd. ("European Asia Industrial")	(i)	733	8,767
Bonty Car Maintenance Company (保賜利養車坊) ("Bonty Car")	(i)	–	20
<b>Total</b>		<b>3,636</b>	<b>9,596</b>
<b>Purchase of products from:</b>			
Euro Asia Aerosol	(i)	15,166	–
European Asia Industrial	(i)	–	1,723
<b>Total</b>		<b>15,166</b>	<b>1,723</b>
<b>Operating lease rental expenses charged by:</b>			
Mr. Lin Wan Tsang *	(ii)	48	48

\* The director of the Company

(i) Euro Asia Aerosol, European Asia Industrial and Botny Car are related parties of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed.

(ii) 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

Six months ended 30 June 2015

## 27. RELATED PARTY TRANSACTIONS *(Continued)*

### (2) Non-recurring transactions

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
<b>Bank loans guaranteed by:</b>		
Mr. Lin Wan Tsang	–	7,053
Mr. Lin Wan Tsang and Euro Asia Aerosol	3,107	26,944
	<b>3,107</b>	<b>33,997</b>
<b>Undrawn bank facilities guaranteed by:</b>		
Mr. Lin Wan Tsang	25,361	18,300
Mr. Lin Wan Tsang and Euro Asia Aerosol	–	5,363
	<b>25,361</b>	<b>23,663</b>
<b>Operating lease rental expenses charged by:</b>		
Euro Asia Aerosol	–	2,008

All of the above related parties were companies ultimately controlled by the Controlling Shareholder. The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 27. RELATED PARTY TRANSACTIONS *(Continued)*

### (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	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Fees	480	480
Salaries, allowances and benefits in kind	1,403	1,380
Equity-settled share option expenses	635	1,299
Pension scheme contributions	76	71
Total compensation paid to key management personnel	2,594	3,230

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY

At 31 December 2014 and 30 June 2015, 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.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2015

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

### 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 2015 (Unaudited)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Derivative financial instruments	–	304	–	304

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 (2014: Nil).

## 29. SUBSEQUENT EVENT

On 8 July 2015, the Convertible Notes in the aggregate amount of HK\$780,000,000 as part of the consideration for the Acquisition were issued to Mr. Lin Wan Tsang, the controlling director of the company. On 10 July 2015, the Company received a formal notice from Mr. Lin Wan Tsang for the exercise of the conversion rights attached to the Convertible Note in the amount of HK\$108,000,000 at the Conversion Price of HK\$1.08 per Conversion Share.

## 30. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for 30 June 2015 were approved and authorised for issue in accordance with a resolution of the board of directors on 17 August 2015.

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

As at 30 June 2015, 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 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") as set out in Appendix 10 to the Ruler Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### (i) Long positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Lin	Interest in a controlled corporation ( <i>Note</i> )	268,000,000	54.05%
Ms. Ko Sau Mee ("Mrs. Lin")	Interest in a controlled corporation ( <i>Note</i> )	268,000,000	54.05%
Mr. Chamlong Wachakorn	Beneficial owner	1,050,000	0.21%
Mr. Kwok Tak Wang	Beneficial owner	600,000	0.12%

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. Mr. Lin and Mrs. Lin is deemed to be interested in all the Shares held by Wellmass under the SFO.

For details on the convertible note held by Mr. Lin, please refer to the section headed "Subsequent event after the interim period" or "Convertible Note".

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

Name of Director	Capacity/Nature of interest	Approximate percentage of the issued share capital of Wellmass
Mr. Lin	Beneficial owner	100%
Mrs. Lin	Family interest ( <i>Note</i> )	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 Shares of Wellmass held by Mr. Lin.

## 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 <i>(Note)</i>	2,450,000	0.49%
Mr. Kwok Tak Wang	The Company	Beneficial owner <i>(Note)</i>	1,400,000	0.28%

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 2015, 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 30 June 2015, 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 positions in the Shares

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of the Company
Wellmass	Beneficial owner <i>(Note)</i>	268,000,000	54.05%

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. Mr. Lin and Mrs. Lin is deemed to be interested in all the Shares held by Wellmass under the SFO.

Save as disclosed above, as at 30 June 2015, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which Director(s) had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2015 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 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 six months ended 30 June 2015 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### CONVERTIBLE NOTE

Following the completion of the Acquisition on 20 May 2015, and in accordance with the terms of the relevant acquisition agreement, the Company has issued the Convertible Note to Mr. Lin on 8 July 2015. Subsequent to the balance sheet date, Mr. Lin, the holder of the Convertible Note has partially converted in the amount HK\$108.0 million of the convertible note to 100,000,000 ordinary shares and transferred in the amount HK\$21.6 million of the Convertible Note to independent third parties. The total amount of outstanding Convertible Note held by Mr. Lin is HK\$650.4 million as at the date of this report.

The conversion right attached to the remaining 86.2% of the Convertible Note, which represents a principal amount of HK\$672.0 million, has not yet been converted. As at the date of this report, details of the noteholders are as follow:

<b>Name of the holder of the convertible note</b>	<b>Principal amount of the convertible note</b>	<b>Number of the total underlying shares</b>	<b>Approximate percentage of the total issued share capital of the Company</b>
Lin Wan Tsang	HK\$650,400,000	602,222,222	101.1%
Cheng Leung To	HK\$10,800,000	10,000,000	1.7%
Sheen Tai Holdings Group Company Limited	HK\$10,800,000	10,000,000	1.7%

## 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 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 the 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

The Company 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 our Group.

Initially, options to subscribe for an aggregate of 17,490,000 Shares had been granted to certain executive and non-executive Directors, members of the senior management and other employees of our Group, representing approximately 3.53% of the total issued share capital of the Company as at 30 June 2015. No further options will be issued by the Company pursuant to the Pre-IPO Share Option Scheme. The exercise price per Share is HK\$0.70, which is equivalent to 70% of the offering price per Share. All options granted under the Pre-IPO Share Option scheme on or before 20 June 2013 may be exercised in the following manner:

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

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



## 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 2015:

Name of grantees	Outstanding as at 1 January 2015	Number of share options		Outstanding as at 30 June 2015	Subscription price per Share HK\$
		Forfeited during the period	Exercised during the period		
<b>Directors</b>					
Chamlong Wachakorn	2,450,000	–	–	2,450,000	0.7
Kwok Tak Wang	1,400,000	–	–	1,400,000	0.7
Sub-total	3,850,000	–	–	3,850,000	
<b>Senior Management</b>					
Luo Yong Qiang	700,000	–	–	700,000	0.7
Lu Feng	700,000	–	–	700,000	0.7
He Wan Zhu	700,000	–	–	700,000	0.7
Xu Wei	700,000	–	–	700,000	0.7
Zuo Jie Hao	700,000	–	–	700,000	0.7
Zhang Yao Ping	800,000	–	–	800,000	0.7
Sub-total	4,300,000	–	–	4,300,000	
<b>Others</b>					
Employees	3,815,000	–	–	3,815,000	0.7
<b>Total</b>	<b>11,965,000</b>	<b>–</b>	<b>–</b>	<b>11,965,000</b>	

As at the date of this interim report 5,233,000 share options had been vested and exercisable. No share options had been forfeited due to employee resignation for the six months ended 30 June 2015.

Further details of the Pre-IPO Share Option Scheme are set out in note 23 to the consolidated financial statements.

### 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 (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 on 20 June 2013 with terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 (the "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 internal control procedures of the Group. The Audit Committee now comprises four members, all being independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Mr. Chung Yi To, Ms. Guo Yang and Dr. Lin Tat Pang. 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 2015 and recommended its adoption by the Board.

### REMUNERATION COMMITTEE

The remuneration committee (the "Remuneration Committee") was established on 20 June 2013 with terms of reference in compliance with the Code for the purpose of making recommendations to the Board on the overall 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 a total of six members, being four independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Mr. Chung Yi To, Ms. Guo Yang and Dr. Lin Tat Pang; one executive Director, namely, Mr. Lin Wan Tsang and one non-executive Director, namely, Mr. Kwok Tak Wang.

### NOMINATION COMMITTEE

The nomination committee (the "Nomination Committee") was established on 20 June 2013 with terms of reference in compliance with the Code for the purpose of reviewing the Board composition, making recommendations 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, Ms. Guo Yang and Mr. Leung Man Fai; one executive Director, namely, Mr. Lin Wan Tsang and one non-executive Director, namely, Mr. Kwok Tak Wang.

### RISK MANAGEMENT COMMITTEE

The risk management committee (the "Risk Management Committee") was established on 20 June 2013, comprising 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 is 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 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 2015 and is of the opinion that the Group has complied with the hedging policy.

### CORPORATE GOVERNANCE PRACTICES

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

### 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 2015 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 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 2015.

By order of the Board

**Lin Wan Tsang**

*Chairman & Executive Director*

Hong Kong  
17 August 2015