



2017  
INTERIM REPORT

**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

# CONTENTS

Corporate Information	2
Business Review	4
Management Discussion and Analysis	5
Report on Review of Interim Condensed Consolidated Financial Statements	10
Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	11
Interim Condensed Consolidated Statement of Financial Position	12
Interim Condensed Consolidated Statement of Changes in Equity	14
Interim Condensed Consolidated Statement of Cash Flows	16
Notes to the Interim Condensed Consolidated Financial Statements	18
Other Information	42





# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lin Wan Tsang (*Chairman*)  
Mr. Dong Jiangxiong  
Ms. Ko Sau Mee  
Mr. Lin Hing Lung

### Non-executive Director

Mr. Kwok Tak Wang

### Independent Non-executive Directors

Dr. Lin Tat Pang  
Ms. Guo Yang  
Mr. Chung Yi To  
Mr. Yip Wai Man Raymond

## COMMITTEES OF THE BOARD

### Audit Committee

Mr. Yip Wai Man Raymond (*Chairman*)  
Dr. Lin Tat Pang  
Ms. Guo Yang  
Mr. Chung Yi To

### Remuneration Committee

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

### Nomination Committee

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

## Risk Management Committee

Mr. Chung Yi To (*Chairman*)  
Mr. Kwok Tak Wang  
Dr. Lin Tat Pang  
Mr. Yip Wai Man Raymond

## AUTHORIZED REPRESENTATIVES

Mr. Lin Wan Tsang  
Ms. Ho Wing Yan

## COMPANY SECRETARY

Ms. Ho Wing Yan

## REGISTERED OFFICE

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

## HEADQUARTERS OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## Corporate Information

### AUDITORS

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

### CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL BANKERS

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

### STOCK CODE

6898

### WEBSITE FOR THE COMPANY

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

## Business Review

China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in (i) the manufacture and sale 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 the 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 wide range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers’ selection. In addition, aerosol and non-aerosol products produced and sold by the Group include 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 2017, with the productivity enhancement which was driven by the acquisition of an automated production line in November 2015, the Group achieved a steady growth in production and sales in an orderly manner. Due to the impact of depreciation of Renminbi (“RMB”) against Hong Kong dollars (“HK\$”), the Group’s revenue for the six months ended 30 June 2017 recorded a slight decrease of approximately 1.6% as compared to the same period in 2016. For the six months ended 30 June 2017, revenue derived from the sale of aluminum aerosol cans was approximately HK\$131.3 million (2016: HK\$120.8 million) and the sale of aerosol and non-aerosol products was approximately HK\$211.7 million (2016: HK\$227.9 million), representing approximately 38.3% and 61.7% of the Group’s revenue, respectively.

### OPERATING ENVIRONMENT AND PROSPECTS

The Group continues 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, vigorous competition of car care products sector and the slowdown of growth in the consumable products and domestic demands in high-end personal care products in the People’s Republic of China (the “PRC”).

Amid the rapidly changing market environment, the Group will continue to (i) leverage the research and development (the “R&D”) capability to develop new products with high gross profits and high demand, while diversifying the products of the Group; (ii) optimize and integrate internal resources aggressively to consolidate business foundation; and (iii) invest further in upgrading the existing production facilities with more advanced machinery and equipment to enhance our product quality, production capacity and efficiency in order to cope with the recent development trends in the market.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Turnover

#### Aluminum aerosol cans segment

For the six months ended 30 June 2017, the Group's aluminum aerosol cans segment recorded a turnover of approximately HK\$131.3 million (2016: HK\$120.8 million), representing an increase of approximately 8.7% as compared to the corresponding period of 2016. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2017 was approximately 82.7 million (2016: 81.6 million).

#### Aerosol and non-aerosol products segment

For the six months ended 30 June 2017, the aerosol and non-aerosol products segment generated revenue amounting to approximately HK\$211.7 million (2016: HK\$227.9 million), representing a decrease of approximately 7.1% as compared to the corresponding period of 2016.

#### PRC and overseas customers

For the six months ended 30 June 2017, the PRC customers and overseas customers contributed approximately HK\$268.8 million (2016: HK\$248.1 million) and HK\$74.2 million (2016: HK\$100.6 million) to the total revenue of the Group. There was a decrease of approximately 26.2% in sales from our overseas customers which is primarily due to the fact that we continue to face severe world-wide competition in the aluminum aerosol cans market and car care products market.

### Cost of Sales

For the six months ended 30 June 2017, cost of sales of the Group amounted to approximately HK\$237.0 million (2016: HK\$224.5 million), which represented approximately 69.1% (2016: 64.4%) of the turnover in the period. There was an increase of approximately 5.6% in cost of sales which was mainly attributable to (i) an increase in global aluminum price and international crude oil price; and (ii) the cost of procurement of solvents, being major raw materials for the production of the Company's aerosol and paste canned environmental fine chemical products, significantly increased for the six months ended 30 June 2017 as compared to the corresponding period of last year.

### Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$106.0 million for the six months ended 30 June 2017 (2016: HK\$124.2 million), representing a decrease of approximately 14.7% as compared to the corresponding period of 2016. The gross profit margin decreased from approximately 35.6% for the six months ended 30 June 2016 to approximately 30.9% for the corresponding period of 2017.

# Management Discussion and Analysis

## Other Income and Gains

Other income and gains mainly comprise sale of scrap materials, income from R&D design, government grants, bank interest income and exchange gains. For the six months ended 30 June 2017, other income and gains of the Group was approximately HK\$8.9 million (2016: HK\$8.9 million), no material fluctuation was noted for the six months ended 30 June 2017.

## Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel and entertainment expenses, and advertisement and promotion costs. For the six months ended 30 June 2017, selling and distribution expenses were approximately HK\$25.9 million (2016: HK\$23.1 million), representing an increase of approximately 12.4% as compared to the corresponding period of 2016. The increase was primarily due to the increase in advertising and promotion expenses for brand building.

## Administrative Expenses

Administrative expenses mainly represent the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the six months ended 30 June 2017, administrative expenses were approximately HK\$22.0 million (2016: HK\$22.5 million), representing a decrease of approximately HK\$0.5 million. The slight decrease in administrative expenses was primarily due to the cost control on general expenses.

## Finance Costs

For the six months ended 30 June 2017, the finance costs of the Group were approximately HK\$0.4 million (2016: HK\$1.7 million), representing a significant decrease of approximately 78.6% as compared to the corresponding period of 2016. The decrease in finance cost was mainly due to the decrease in average monthly bank borrowings.

## Net Profit

The Group's net profit amounted to approximately HK\$38.2 million for the six months ended 30 June 2017 (2016: HK\$56.4 million), representing a decrease of approximately 32.3% as compared to the corresponding period in 2016. Net profit margin for the six months ended 30 June 2017 was approximately 11.1% (2016: 16.2%), representing a decrease of approximately 5.1% as compared to the corresponding period of 2016. The decrease in net profit was mainly due to an increase in global aluminum price and international crude oil price which led to an increase of production cost and a lower net profit margin.

# Management Discussion and Analysis

## LIQUIDITY AND CAPITAL RESOURCES

### Net Current Assets

The Group had net current assets of approximately HK\$176.4 million (2016: HK\$137.3 million). The current ratio of the Group was approximately 2.4 as at 30 June 2017 (31 December 2016: 2.0).

### Borrowings 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\$0.3 million (of which HK\$0.3 million was denominated in HK\$) as at 30 June 2017 with maturity in 2018 (31 December 2016: HK\$18.5 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 2017, we had available unutilized banking facilities of approximately HK\$243.5 million (31 December 2016: HK\$161.8 million). Further details of the Group's bank borrowings are set out in note 18 to the interim condensed consolidated financial statements.

### Gearing Ratio

As a result of a decrease in cash and cash equivalents and a decrease in total borrowings of the Group, the gearing ratio which is calculated by dividing total borrowings by total equity, amounted to approximately -7% as at 30 June 2017 (31 December 2016: -7%). Further details of the Group's bank borrowings are set out in note 18 to the interim condensed consolidated financial statements.

## CAPITAL STRUCTURE

As at 30 June 2017, the total number of issued shares of the Company (the "Shares") was 798,197,000 (31 December 2016: 598,197,000).

## FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 20.3% of the Group's revenue for the six months ended 30 June 2017 were denominated in US\$. However, over 90% of the production costs were settled in RMB. Therefore, there is a currency mismatch between US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

During the six months ended 30 June 2017, we did not enter into any foreign currency forward contracts or outstanding foreign currency forward contracts.



# Management Discussion and Analysis

## FORWARD PURCHASE OF ALUMINUM INGOTS

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

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

As at 30 June 2017, we did not have any outstanding forward purchases.

## EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2017, the Group had employed a total of 769 employees. The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$28.8 million for the six months ended 30 June 2017 (2016: HK\$28.7 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of an individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of the directors of the Company (the "Directors") have been determined with reference to the skills, knowledge, and contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the period.

## SIGNIFICANT INVESTMENTS

As at 30 June 2017, the Group did not have any significant investments (31 December 2016: Nil).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2017, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

# Management Discussion and Analysis

## USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the “Prospectus”) were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our Shares (the “Share Offer”) were approximately HK\$80 million. During the six months ended 30 June 2017, the net proceeds from the Share Offer had been applied as follows:

<b>Business objectives as stated in the Prospectus</b>	<b>Actual net proceeds</b> <i>(HK\$ million)</i>	<b>Amount utilized up to 30 June 2017</b> <i>(HK\$ million)</i>	<b>Balance as at 30 June 2017</b> <i>(HK\$ million)</i>
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—
Establish a new research and development laboratory	12.0	2.9	9.1
Partially repay US\$ denominated bank loan	16.0	16.0	—
General working capital purposes	4.0	4.0	—
	80.0	70.9	9.1

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

## CONTRACTUAL OBLIGATIONS

As at 30 June 2017, the Group’s operating lease and capital commitment amounted to HK\$1.0 million (31 December 2016: HK\$0.9 million) and HK\$2.3 million (31 December 2016: HK\$0.3 million), respectively.

## CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no significant contingent liabilities (31 December 2016: Nil).

# Report on Review of Interim Condensed Consolidated Financial Statements



## To the board of directors of China Aluminum Cans Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 11 to 41, 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 2017 and the related interim condensed consolidated statement of profit or loss and other 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

25 August 2017

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
REVENUE	4	343,004	348,739
Cost of sales		(237,032)	(224,538)
Gross profit		105,972	124,201
Other income and gains	4	8,864	8,901
Selling and distribution expenses		(25,914)	(23,063)
Administrative expenses		(22,041)	(22,452)
Research and development expenses		(14,004)	(13,645)
Other expenses		(7,626)	(980)
Finance costs	5	(366)	(1,711)
PROFIT BEFORE TAX	6	44,885	71,251
Income tax expense	7	(6,714)	(14,845)
PROFIT FOR THE PERIOD		38,171	56,406
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		15,699	(10,855)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		53,870	45,551
Profit attributable to:			
Owners of the parent		37,908	56,094
Non-controlling interests		263	312
		38,171	56,406
Total comprehensive income attributable to:			
Owners of the parent		53,478	45,239
Non-controlling interests		392	312
		53,870	45,551
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		HK5.9 cents	HK9.0 cents
Diluted		HK5.0 cents	HK7.4 cents



# Interim Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	314,710	319,120
Prepaid land lease payments	11	64,463	63,346
Deferred tax assets		1,923	1,552
Non-current prepayments	14	6,276	4,483
<b>Total non-current assets</b>		<b>387,372</b>	<b>388,501</b>
<b>CURRENT ASSETS</b>			
Inventories	12	76,299	67,823
Trade and bills receivables	13	83,018	58,496
Prepayments, deposits and other receivables	14	16,238	11,252
Due from related parties		10,587	7,521
Pledged bank deposits	15	7,846	8,232
Cash and cash equivalents	15	109,800	122,376
<b>Total current assets</b>		<b>303,788</b>	<b>275,700</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	65,047	62,272
Other payables and accruals	17	57,746	56,498
Interest-bearing bank borrowings	18	253	13,465
Tax payable		4,138	5,484
Due to related parties		—	385
Deferred income	20	247	285
<b>Total current liabilities</b>		<b>127,431</b>	<b>138,389</b>
<b>NET CURRENT ASSETS</b>		<b>176,357</b>	<b>137,311</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>563,729</b>	<b>525,812</b>

# Interim Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	18	—	5,084
Deferred tax liabilities		2,010	897
Deferred income	20	2,413	2,423
<b>Total non-current liabilities</b>		<b>4,423</b>	<b>8,404</b>
<b>Net assets</b>		<b>559,306</b>	<b>517,408</b>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	21	7,982	5,982
Equity component of convertible notes	23	420,360	636,360
Reserves		126,457	(129,049)
<b>Non-controlling interests</b>		<b>4,507</b>	<b>4,115</b>
<b>Total equity</b>		<b>559,306</b>	<b>517,408</b>

.....  
Director

.....  
Director

# Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2017

(Unaudited)	Equity component												
	Issued capital	Share premium reserve	Contributed surplus	Merger reserve	Share option reserve	Equity of convertible notes	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed dividends	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017	5,982	330,885 <sup>#</sup>	111,196 <sup>#</sup>	(889,089) <sup>#</sup>	3,136 <sup>#</sup>	636,360	67,571 <sup>#</sup>	(31,616) <sup>#</sup>	269,895 <sup>#</sup>	8,973 <sup>#</sup>	513,293	4,115	517,408
Profit for the period	—	—	—	—	—	—	—	—	37,908	—	37,908	263	38,171
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	15,570	—	—	15,570	129	15,699
Total comprehensive income for the period	—	—	—	—	—	—	—	15,570	37,908	—	53,478	392	53,870
Exercise the conversion rights attached to the convertible notes	2,000	214,000	—	—	—	(216,000)	—	—	—	—	—	—	—
Transfer from retained profits	—	—	—	—	—	—	4,153	—	(4,153)	—	—	—	—
Dividends paid	—	(2,999) <sup>*</sup>	—	—	—	—	—	—	—	(8,973) <sup>*</sup>	(11,972)	—	(11,972)
At 30 June 2017	7,982	541,886 <sup>#</sup>	111,196 <sup>#</sup>	(889,089) <sup>#</sup>	3,136 <sup>#</sup>	420,360	71,724 <sup>#</sup>	(16,046) <sup>#</sup>	303,650 <sup>#</sup>	—	554,799	4,507	559,306

Note:

# These reserve accounts comprise the credit consolidated reserves of HK\$126,457,000 as at 30 June 2017 (31 December 2016: debit consolidated reserves of HK\$129,049,000) 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 Changes in Equity

Six months ended 30 June 2017

(Unaudited)	Issued capital HK\$'000 (note 21)	Treasury stock HK\$'000	Share		Merger reserve HK\$'000	Share option reserve HK\$'000 (note 22)	Equity component of convertible notes HK\$'000 (note 23)	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Proposed dividends HK\$'000	Total	Non-controlling interests HK\$'000	Total equity HK\$'000
			premium reserve HK\$'000	Contributed surplus HK\$'000										
At 1 January 2016	6,241	—	394,704	111,196	(889,089)	4,446	645,000	56,039	1,870	186,594	13,731	530,732	3,929	534,661
Profit for the period	—	—	—	—	—	—	—	—	—	56,094	—	56,094	312	56,406
Other comprehensive income for the period:														
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(10,855)	—	—	(10,855)	—	(10,855)
Total comprehensive income for the period	—	—	—	—	—	—	—	—	(10,855)	56,094	—	45,239	312	45,551
Exercise the conversion rights attached to the convertible notes	80	—	8,560	—	—	—	(8,640)	—	—	—	—	—	—	—
Stock repurchase	—	(28,831)	—	—	—	—	—	—	—	—	—	(28,831)	—	(28,831)
Transfer from retained profits	—	—	—	—	—	—	—	6,512	—	(6,512)	—	—	—	—
Lapse of share options	—	—	—	—	—	(282)	—	—	—	—	—	(282)	—	(282)
Exercise of share options	8	—	931	—	—	(401)	—	—	—	—	—	538	—	538
Equity-settled share option arrangements	—	—	—	—	—	609	—	—	—	—	—	609	—	609
Dividends paid	—	—	(2)*	—	—	—	—	—	—	—	(13,731)*	(13,733)	(91)	(13,824)
Proposed dividends	—	—	(8,610)	—	—	—	—	—	—	—	8,610	—	—	—
At 30 June 2016	6,329	(28,831)	395,583	111,196	(889,089)	4,372	636,360	62,551	(8,985)	236,176	8,610	534,272	4,150	538,422



# Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		44,885	71,251
Adjustments for:			
Finance costs	5	366	1,711
Bank interest income	4	(104)	(133)
Loss on disposal of properties, plant and equipment		1,718	—
Fair value losses, net:			
Derivative instruments – transactions not qualifying as hedges		—	142
Share option expense	22	—	327
Depreciation	10	17,636	14,792
Amortisation of land lease prepayments	11	854	870
Write-down of inventories	6	1,252	—
Impairment of trade receivables		1,182	(470)
		67,789	88,490
Increase in inventories		(9,727)	(5,243)
Increase in trade and bills receivable		(25,704)	(9,995)
(Increase)/decrease in prepayments, deposits and other receivables		(4,986)	2,112
Decrease in trade payables		2,775	7,600
Increase/(decrease) in other payables and accruals		1,248	(1,000)
Increase in an amount due from related parties		(3,066)	(3,177)
Increase in an amount due to related parties		(385)	(3,600)
		27,944	75,187
Cash received from operations		27,944	75,187
Withholding tax paid		(998)	(4,807)
PRC tax paid		(5,373)	(8,368)
		21,573	62,012
<b>Net cash flows from operating activities</b>		<b>21,573</b>	<b>62,012</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(5,054)	(60,500)
Proceeds from disposal of items of property, plant and equipment		11	—
Unpledged/(pledged) deposits		386	(499)
Interest received from bank		104	133
Prepayment for property, plant and equipment		(1,793)	10,735
		(6,346)	(50,131)
<b>Net cash flows used in investing activities</b>		<b>(6,346)</b>	<b>(50,131)</b>

# Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of bank loans		(18,296)	(9,826)
Interest paid		(366)	(1,711)
Stock repurchase		—	(28,831)
Exercise of share options		—	538
Dividends paid to non-controlling interests		—	(91)
Dividends paid to owners of the parent		(11,972)	(13,733)
<b>Net cash flows used in financing activities</b>		<b>(30,634)</b>	<b>(53,654)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Exchange realignment		2,831	(127)
Cash and cash equivalents at beginning of period		122,376	179,551
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	15	<b>109,800</b>	<b>137,651</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 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 six months ended 30 June 2017.

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 ("Wellmass"), a company incorporated in the British Virgin Islands (the "BVI").

## 2. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 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 as at 31 December 2016.

### 2.2 Impact of new and revised international financial reporting standards ("IFRS")

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 2016, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2017, noted below:

Amendments to IAS 7	<i>Statement of Cash Flows: Disclosure Initiative</i>
Amendments to IAS 12	<i>Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses</i>
Annual Improvements Cycle - 2014-2016	<i>Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12</i>

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.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 2. BASIS OF PREPARATION AND IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

### 2.2 Impact of new and revised international financial reporting standards *(continued)*

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective.

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>1</sup></i>
Amendments to IFRS 4 IFRS 9	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts<sup>1</sup> Financial Instruments<sup>1</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i>
IFRS 15	<i>Revenue from Contracts with Customers<sup>1</sup></i>
Amendments to IFRS 15 IFRS 16	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers<sup>1</sup> Leases<sup>2</sup></i>
Amendments to IAS 40 IFRIC 22	<i>Transfers of Investment Property<sup>1</sup> Foreign Currency Transactions and Advance Consideration<sup>1</sup></i>
Amendments to IFRS 1 included in Annual Improvements 2014-2016 Cycle	<i>First-time Adoption of International Financial Reporting Standards<sup>1</sup></i>
Amendments to IAS 28 included in Annual Improvements 2014-2016 Cycle	<i>Investments in Associates and Joint Ventures<sup>1</sup></i>

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

2 Effective for annual periods beginning on or after 1 January 2019

3 No mandatory effective date yet determined but available for adoption

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective on the Group's consolidated financial statements.

#### IFRS 15, *Revenue from contracts with customers*

IFRS 15 specifies how and when revenue is recognised as well as prescribing more informative and relevant disclosure. The standard supersedes IAS18 *Revenue*, IAS11 *Construction Contracts* and a number of revenue relative interpretations. The Group has completed an initial assessment of the potential impact of the adoption of IFRS15 on its consolidated financial statements. For the sale of goods in both segments, revenue is currently recognized when goods are delivered to the customers (for inland sales) or goods pass the ship's rail under incoterms Free on Board ("FOB") (for oversea sales) which is in time at which the risk and rewards of ownership are transferred. Revenue is only recognized at this moment after other requirements are also met. Under IFRS15, revenue will be recognized when a customer obtains control of the goods. The overall revenue recognition requirements are captured in the steps of the five-step model. Based on the initial assessment, the Group did not identify material differences for mentioned segments between transfer of control and the current transfer of risk and rewards of ownership as legal title are also transferred under incoterms FOB. As such, at this stage the Group does not anticipate material differences in the timing of revenue recognition for the sale of goods. The Group expects to adopt IFRS 15 on 1 January 2018. This would mean that comparative figures will not be restated and that additional clarifying disclosures will be presented in the annual report of 2018.



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 3. 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.

Period ended 30 June 2017	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to customers	131,284	211,720	343,004
Intersegment sales	558	—	558
<b>Total</b>	<b>131,842</b>	<b>211,720</b>	<b>343,562</b>
Reconciliation:			
Elimination of intersegment sales			(558)
<b>Revenue</b>			<b>343,004</b>
<b>Segment results</b>	<b>18,865</b>	<b>27,191</b>	<b>46,056</b>
Reconciliation:			
Interest income	17	87	104
Corporate and other unallocated expenses			(909)
Finance costs	(6)	(360)	(366)
<b>Profit before tax</b>			<b>44,885</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 3. OPERATING SEGMENT INFORMATION *(continued)*

Period ended 30 June 2017	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment assets</b>	368,488	244,487	612,975
Reconciliation:			
Elimination of intersegment receivables			(41,546)
Corporate and other unallocated assets			119,731
<b>Total assets</b>			<b>691,160</b>
<b>Segment liabilities</b>	56,018	108,175	164,193
Reconciliation:			
Elimination of intersegment payables			(41,401)
Corporate and other unallocated liabilities			9,062
<b>Total liabilities</b>			<b>131,854</b>
<b>Other segment information:</b>			
Depreciation and amortisation	12,104	6,386	18,490
Capital expenditure	2,755	4,092	6,847
Impairment losses recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income	1,464	970	2,434

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 3. OPERATING SEGMENT INFORMATION *(continued)*

<b>Period ended 30 June 2016</b>	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to customers	120,823	227,916	348,739
Intersegment sales	24,737	3,242	27,979
<b>Total</b>	<b>145,560</b>	<b>231,158</b>	<b>376,718</b>
Reconciliation:			
Elimination of intersegment sales			(27,979)
Revenue			348,739
<b>Segment results</b>	<b>26,822</b>	<b>45,654</b>	<b>72,476</b>
Reconciliation:			
Interest income			133
Corporate and other unallocated expenses			353
Finance costs			(1,711)
<b>Profit before tax</b>			<b>71,251</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2016	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment assets</b>	354,420	224,772	579,192
Reconciliation:			
Elimination of intersegment receivables			(48,023)
Corporate and other unallocated assets			133,032
<b>Total assets</b>			664,201
<b>Segment liabilities</b>	47,289	119,790	167,079
Reconciliation:			
Elimination of intersegment payables			(47,924)
Corporate and other unallocated liabilities			27,638
<b>Total liabilities</b>			146,793
<b>Other segment information:</b>			
Depreciation and amortisation	20,377	12,852	33,229
Capital expenditure	44,474	10,832	55,306
Impairment losses recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income	1,828	512	2,340



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 3. OPERATING SEGMENT INFORMATION *(continued)* Geographical information

### (a) Revenue from external customers

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Mainland China	268,838	248,115
Africa	7,179	9,455
America	3,219	1,961
Asia & others	14,491	12,774
Middle East	7,196	19,930
Japan	42,081	56,504
	343,004	348,739

The above revenue information is based on the shipment destinations.

### (b) Non-current assets

	2017 HK\$'000	2016 HK\$'000
Japan	452	87
Hong Kong	142	562
Mainland China	384,855	386,300
	385,449	386,949

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

### Information about a major customer

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the period, no major customer information is presented in accordance with IFRS 8 *Operating Segments*.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 4. REVENUE AND OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the six months ended 30 June 2017.

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

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>		
Sale of goods	343,004	348,739
<b>Other income and gains</b>		
Sale of scrap materials	3,531	2,796
Bank interest income	104	133
Government grants		
— Related to assets* (note 20)	131	150
— Related to income**	1,508	1,179
Exchange gains, net	—	1,314
Income from research and development design	1,904	2,663
Others	1,686	666
	<b>8,864</b>	<b>8,901</b>

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

\*\* Various government grants of HK\$1,508,416 (2016: HK\$1,179,098) represent cash payments and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation and overseas sales. There are no unfulfilled conditions or contingencies relating to these grants.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 5. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Interest on bank loans wholly repayable within five years	360	1,702
Interest on finance lease	6	9
	<b>366</b>	<b>1,711</b>

## 6. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
Cost of inventories sold		237,032	224,538
Depreciation	10	17,636	14,792
Amortisation of prepaid land lease payments	11	854	870
Research and development costs		14,004	13,645
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		28,751	28,259
Pension scheme contributions		4,975	4,327
Equity-settled share option expenses		—	404
		<b>33,726</b>	<b>32,990</b>
Exchange (gains)/losses, net *		2,591	(1,314)
Impairment of trade receivables**	13	1,182	(470)
Write-down inventories**		1,252	—

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

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

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 7. 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 BVI, the Group is not subject to any tax in the BVI.

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 2017 (six months ended 30 June 2016: 16.5%). No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiaries, Euro Asia Packaging (Guangdong) Co., Ltd. (廣東歐亞包裝有限公司), and Guangzhou Botny Chemical Co., Ltd. (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 2017 and 2016.

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Charge for the period		
Current	5,026	14,773
Deferred	1,688	72
Total tax charge for the period	6,714	14,845

## 8. DIVIDENDS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Proposed interim – Nil (2016: HK1.4 cents per ordinary share)	—	8,610

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 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.

	<b>Six months ended 30 June</b>	
	2017 HK\$'000	2016 HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	37,908	56,094
	<b>Number of shares</b>	
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	647,085,889	626,287,567
Effect of dilution – weighted average number of ordinary shares: Share options	115,706,184	130,553,653
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	762,792,073	756,841,220



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 10. PROPERTY, PLANT AND EQUIPMENT

	2017 HK\$'000	2016 HK\$'000
Carrying amount at 1 January	319,120	295,907
Additions	5,054	72,065
Depreciation provided during the period/year (note 6)	(17,636)	(31,486)
Disposals	(1,729)	(86)
Exchange realignment	9,901	(17,280)
Carrying amount at 30 June/31 December	314,710	319,120

The Group's buildings are located in Mainland China.

The net book value of the Group's property, plant and equipment held under finance leases included in the total amount of plant and machinery amounted to HK\$561,544 and HK\$ 451,676 as at 31 December 2016 and 30 June 2017.

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's buildings with carrying values of HK\$51,830,000 and HK\$51,414,000 as at 31 December 2016 and 30 June 2017 (note 18).

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's plant and machinery with carrying values of HK\$71,095,000 and HK\$67,906,000 as at 31 December 2016 and 30 June 2017 (note 18).

## 11. PREPAID LAND LEASE PAYMENTS

	2017 HK\$'000	2016 HK\$'000
Carrying amount at 1 January	65,012	71,274
Recognised during the period/year (note 6)	(854)	(1,743)
Exchange realignment	2,023	(4,519)
Carrying amount at 30 June/31 December	66,181	65,012
Current portion included in prepayments, deposits and other receivables	(1,718)	(1,666)
Non-current portion	64,463	63,346

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's prepaid land lease payments with carrying values of HK\$8,470,000 and HK\$33,382,000 as at 31 December 2016 and 30 June 2017 (note 18).

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 2017

## 12. INVENTORIES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Raw materials	40,921	33,715
Working in process	4,918	3,117
Finished goods	30,460	30,991
	<b>76,299</b>	<b>67,823</b>

## 13. TRADE AND BILLS RECEIVABLES

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 receivables approximate to their fair values.

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade receivables	67,746	47,661
Impairment	(5,116)	(3,809)
	<b>62,630</b>	<b>43,852</b>
Bills receivables	20,388	14,644
	<b>83,018</b>	<b>58,496</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 13. TRADE AND BILLS RECEIVABLES (Continued)

An aged analysis of the trade receivables as at 30 June 2017 and 31 December 2016, based on the invoice date and net of provision is as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within 30 days	31,869	20,311
31 to 60 days	10,499	7,505
61 to 90 days	6,771	3,226
Over 90 days	13,491	12,810
	<b>62,630</b>	<b>43,852</b>

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

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
At 1 January	3,809	3,032
Impairment losses recognised	1,182	1,020
Exchange realignment	125	(243)
	<b>5,116</b>	<b>3,809</b>

## 14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Non-current prepayments	6,276	4,483
<b>Current assets</b>		
Prepayments	12,794	7,288
Tax recoverable	219	97
Deposits and other receivables	3,225	3,867
	<b>16,238</b>	<b>11,252</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Cash and bank balances	117,646	130,608
Less: Pledged deposits		
Pledged for letters of credit	(2,106)	(2,645)
Pledged for acceptance bills	(5,740)	(5,587)
Cash and cash equivalents	109,800	122,376

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 for the Group's acceptance bills and letters of credit.

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

## 16. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at 30 June 2017 and 31 December 2016, based on the invoice date, is as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within 30 days	42,776	37,190
31 to 60 days	11,500	12,168
61 to 90 days	10,182	12,256
Over 90 days	589	658
	65,047	62,272

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.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 17. OTHER PAYABLES AND ACCRUALS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Deposits received from customers	26,858	23,086
Salary and welfare payables	10,013	11,328
Tax payables other than current income tax liabilities	7,052	4,418
Other payables and accruals	13,823	17,666
	<b>57,746</b>	<b>56,498</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 payable within one year.

## 18. INTEREST-BEARING BANK BORROWINGS

	As at 30 June 2017			As at 31 December 2016		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Finance lease payables (note 19)	4.11%	2018	253	4.11%	2017	249
Interest-bearing bank loans – secured			—	PBOC base rate*1.15	2017	13,216
			253			13,465
<b>Non-current</b>						
Finance lease payables (note 19)			—	4.11%	2018	128
Long term interest-bearing bank loans – secured			—	PBOC base rate*1.15	2018	4,956
			—			5,084
			253			18,549

Note:

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



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 18. INTEREST-BEARING BANK BORROWINGS (Continued)

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Repayable:		
Within one year or on demand	253	13,465
In the second year	—	5,084
	253	18,549

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

	Notes	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Property, plant and equipment	10	119,320	122,925
Prepaid land lease payments	11	33,382	8,470
		152,702	131,395

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Interest-bearing bank borrowings denominated in		
– Renminbi ("RMB")	—	18,172
– Hong Kong dollars ("HK\$")	253	377
	253	18,549

The Group has the following undrawn banking facilities:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Floating rate		
– expiring within one year	164,063	114,131
– expiring over one year	79,420	47,684
	243,483	161,815

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 19. 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 1 year.

	Minimum lease payments 30 June 2017 HK\$'000	Minimum lease payments 31 December 2016 HK\$'000	Present value of minimum lease payments 30 June 2017 HK\$'000	Present value of minimum lease payments 31 December 2016 HK\$'000
Amounts payable:				
Within one year	258	258	253	253
In the second year	—	129	—	124
Total minimum finance lease payments	258	387	253	377
Future finance charges	(5)	(10)		
Total net finance lease payables	253	377		
Portion classified as current liabilities (note 18)	(253)	(249)		
Non-current portion (note 18)	—	128		

## 20. DEFERRED INCOME

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
At 1 January	2,708	3,198
Amortised as income (note 4)	(131)	(299)
Exchange realignment	83	(191)
At 30 June/31 December	2,660	2,708
Current portion	(247)	(285)
Non-current portion	2,413	2,423

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 21. SHARE CAPITAL

	Notes	Number of ordinary shares of HK\$0.01	Nominal value of ordinary shares HK\$
Authorised and issued:			
At 1 January 2016		624,143,000	6,241,430
Shares repurchased and cancelled	(a)	(37,082,000)	(370,820)
Share options exercised		3,136,000	31,360
Convertible notes converted	(b)	8,000,000	80,000
At 31 December 2016 and 1 January 2017		598,197,000	5,981,970
Convertible notes converted	(c)	200,000,000	2,000,000
At 30 June 2017		798,197,000	7,981,970

Note:

- (a) The Company purchased 37,082,000 of its shares on the Stock Exchange for a total consideration of HK\$ 58,532,000 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The purchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value of HK\$370,820. The premium amount and relevant expenses paid for the purchase of the shares of HK\$58,406,000 has been charged to the share premium account of the Company.
- (b) On 22 March and 5 May 2016, the Company received a formal notice from the Mr. Lin Wan Tsang (the "Vendor") for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK\$3,240,000 and HK\$5,400,000 respectively at the Conversion Price of HK\$1.08 per Conversion Share. The portion of the Convertible Notes of which the conversion rights are being exercised represents approximately 1.11% of the Convertible Notes with a principal amount of HK\$780,000,000 held by the Vendor. In accordance with the Conversion requirement, 8,000,000 Conversion Shares were resolved to be allotted and issued by the Company to the Vendor on 22 March and 5 May 2016.
- (c) On 17 May 2017, the Company received a formal notice from the Vendor for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK\$216,000,000 at the Conversion Price of HK\$1.08 per Conversion Share. The portion of the Convertible Notes of which the conversion rights are being exercised represents approximately 27.7% of the Convertible Notes with a principal amount of HK\$780,000,000 held by the Vendor. In accordance with the Conversion requirement, 200,000,000 Conversion Shares were resolved to be allotted and issued by the Company to the Vendor on 17 May 2017.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 22. SHARE OPTION SCHEME

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

### Pre-IPO Share Option Scheme

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

	Six months ended 30 June 2017	
	Weighted average exercise price HK\$ per share	Number of share options
At beginning of period	0.7	3,481,000
Forfeited during the period	—	—
Exercised during the period	—	—
At end of period	0.7	3,481,000

The Group recognised no share option expenses in the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$327,000)

No share options were exercised during the period. As at 30 June 2017, the Company had 3,481,000 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 3,481,000 additional ordinary shares of the Company and additional share capital of HK \$34,810 and share premium of HK\$ 3,446,190 (before share issue expenses).

At the date of approval of these interim condensed consolidated financial statements, the Company had 3,481,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.44% of the Company's shares in issue as at that date.

### Share Option Scheme

As at 30 June 2017 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 2017

## 23. CONVERTIBLE NOTES

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

The key terms of the convertible notes are as follows:

Principal amount: HK\$780,000,000.

Interest: the convertible notes shall not bear any interest.

Term: A fixed term of 5 years from the issue. Any principal amount of the convertible notes which have not been redeemed or converted by the maturity date will be converted into the ordinary shares on the maturity date.

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

Redemption: The issuer cannot redeem the convertible notes or part thereof at any time on or before the maturity date.

Conversion price: HK\$1.08 per share.

The movements of the Conversion of convertible notes are set out in note 21.



# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 24. OPERATING LEASE ARRANGEMENTS

### (a) As lessee

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

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within one year	997	827
In the second to fifth years, inclusive	49	96
	<b>1,046</b>	<b>923</b>

### (b) As lessor

The Company leases its building and office premises under operating lease arrangement with lease terms of three years.

At 30 June 2017, the Company had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Within one year	249	—
In the second to fifth years, inclusive	373	—
	<b>622</b>	<b>—</b>

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 25. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Contracted, but not provided for:		
Plant and machinery	2,269	346

## 26. 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 2017:

### (1) Recurring transactions

	Notes	Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
<b>Sales of products to:</b>			
Euro Asia Aerosol and Household Products Manufacture Co.,Ltd ("Euro Asia Aerosol")	(i)	6,033	1,290
European Asia Industrial Ltd. ("European Asia Industrial")	(i)	2,378	2,460
Botny Car Service Management Company ("Botny Car Management")	(i)	150	—
Total		8,561	3,750
<b>Operating lease rental expenses charged by:</b>			
Mr. Lin Wan Tsang *	(ii)	48	48
<b>Rental revenue from:</b>			
Euro Asia Aerosol	(iii)	111	—

Note:

\* The director of the Company

(i) Euro Asia Aerosol, European Asia Industrial and Botny Car Management are fellow subsidiaries controlled by the ultimate shareholder of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed;

(ii) The 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.

(iii) The rental revenue were determined based on the contracts as agreed between the Group and Euro Asia Aerosol.

# Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2017

## 26. RELATED PARTY TRANSACTIONS (Continued)

### (2) Non-recurring transactions

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Undrawn bank facilities guaranteed by: Mr. Lin Wan Tsang and Euro Asia Aerosol	—	37,877

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.

### (3) Commitments with related parties

On 31 December 2012, a subsidiary of the Group entered into a three-year agreement ended 31 December 2015 with Mr. Lin Wan Tsang to rent an office for the Group's operation in Hong Kong. The rental agreement has been renewed to 31 December 2018, with the same conditions and rental amounts.

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

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Fees	1,599	1,414
Salaries, allowances and benefits in kind	1,798	1,828
Equity-settled share option expenses	—	129
Pension scheme contributions	56	78
Total compensation paid to key management personnel	3,453	3,449

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

These unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 were approved and authorised for issue in accordance with a resolution of the board of directors on 25 August 2017.

## Other Information

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

As at 30 June 2017, 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 (the "SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (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 Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

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

Names of Directors	Number of Ordinary Shares			Interests in underlying Shares	Total	Approximate percentage of the issued Shares (Note 2)
	Beneficial owner	Interest of family	Interests in a controlled corporation	Share options (Note 1)		
Mr. Lin Wan Tsang ("Mr. Lin")	322,694,000	–	268,000,000 (Note 4)	–	590,694,000	74.00%
Ms. Ko Sau Mee ("Mrs. Lin")	–	322,694,000 (Note 3)	268,000,000 (Note 4)	–	590,694,000	74.00%
Mr. Kwok Tak Wang	1,200,000	–	–	800,000	2,000,000	0.25%

Notes:

- (1) These represents the awarded underlying Shares granted to the Directors under a pre-IPO share option scheme of the Company (the "Pre-IPO Share Option Scheme") which was adopted on 20 June 2013. Details of the Pre-IPO Share Option Scheme have been disclosed in the section headed "Pre-IPO Share Option Scheme".
- (2) These percentages have been compiled based on the total number of issued Shares as at 30 June 2017 (i.e. 798,197,000 Shares).
- (3) These Shares are held by Mr. Lin, as Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin by virtue of the SFO.
- (4) These Shares are held by Wellmass International Limited ("Wellmass"), which is wholly and beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin (through Wellmass) by virtue of the SFO.

## Other Information

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

Name of the holder of the convertible notes	Principal amount of the convertible notes	Number of the total underlying Shares	Approximate percentage of the issued Shares (Note 1)
Mr. Lin (Note 2)	420,360,000	389,222,222	48.76%

Notes:

1. These percentages have been compiled based on the total number of issued Shares as at 30 June 2017 (i.e. 798,197,000 Shares).
2. These convertible notes were issued by the Company on 8 July 2015 as part of the consideration to the acquisition of Topspan Holdings Limited and its subsidiaries on 20 May 2015. They are unlisted, interest-free and convertible into the Shares at the conversion price of HK\$1.08 per Share. The interest is held by Mr. Lin, as Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin by virtue of the SFO.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 30 June 2017, 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 2017, 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 of shareholders	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Wellmass (Note 2)	Beneficial owner	268,000,000	33.58%

Notes:

- (1) These percentages have been compiled based on the total number of issued Shares as at 30 June 2017 (i.e. 798,197,000 Shares).
- (2) Wellmass is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin. Mrs. Lin is the spouse of Mr. Lin and is therefore deemed to be interested in all the Shares held by Mr. Lin (through Wellmass) by virtue of the SFO.



## Other Information

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(continued)*

#### **(i) Long Positions in the Shares** *(continued)*

Save as disclosed above, as at 30 June 2017, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

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

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

#### **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

During the six months ended 30 June 2017 and up to the date of this report, none of the Directors or any of their respective close associates has engaged in any business that had competed or may compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group.

#### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from the sections 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 2017 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective close associates nor was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, or their respective close associates to acquire such rights in any other body corporate.

#### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2017, 200,000,000 new ordinary Shares of HK\$1.08 each were issued upon conversion of convertible notes.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2017.

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

## Other Information

### 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 the Grantees. The total number of securities available for issue under the Pre-IPO Share Option Scheme is 3,481,000 Shares, representing approximately 0.44% of the total issued share capital of the Company as at 30 June 2017. 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:

<b>Exercise Period</b>	<b>Maximum percentage of options exercisable</b>
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 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 Expiration Date (both dates inclusive)	40% of the total number of options granted to each of the Grantees

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the Listing Date subject to the provisions of early termination thereof. 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 share options granted under the Pre-IPO Share Option Scheme as at 30 June 2017:

Names of the Grantees	Number of share options					Outstanding as at 30 June 2017	Exercise price per Share HK\$	Weighted average closing price of the Share before the date(s) of which shares options were exercised HK\$
	Outstanding as at 1 January 2017	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2017			
<b>Directors</b>								
Kwok Tak Wang	800,000	-	-	-	800,000	0.7	-	
Chamlong Wachakorn ( <i>Note 1</i> )	2,450,000	-	-	-	2,450,000	0.7	-	
Sub-total	3,250,000	-	-	-	3,250,000			
<b>Others</b>								
Employees	231,000	-	-	-	231,000	0.7	-	
<b>Total</b>	<b>3,481,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,481,000</b>			

Note:

- Mr. Chamlong Wachakorn resigned as an executive Director on 26 May 2016 and it was resolved that the exercise period of his share options be extended to 25 May 2018.

During the six months ended 30 June 2017, no share options were granted, exercised, lapsed and cancelled under the Pre-IPO Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme are set out in note 22 to the interim condensed consolidated financial statements.

## Other Information

### 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, exercised, lapsed or cancelled under the Share Option Scheme up to the date of this report.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the changes in information of the Directors are set out below:

- The Director's fee for an executive Director, Mr. Lin Wan Tsang has been increased to HK\$1,368,502 per annum with effect from 1 January 2017.
- The Director's fee for an executive Director, Ms. Ko Sau Mee has been increased to HK\$500,000 per annum with effect from 1 January 2017.
- The Director's fee for an executive Director, Mr. Dong Jiangxiong has been increased to HK\$330,000 per annum with effect from 1 January 2017.
- The Director's fee for the non-executive Director, Mr. Kwok Tat Wang, has been increased to HK\$396,000 per annum with effect from 1 January 2017.
- The Directors' fees for the independent non-executive Directors, including Dr. Lin Tat Pang, Ms. Guo Yang, Mr. Chung Yi To and Mr. Yip Wai Man Raymond, have been increased to HK\$181,500 per annum with effect from 1 January 2017.

## Other Information

### TERMINATION OF THE SUPPLY FRAMEWORK AGREEMENT AND ENTERING INTO THE NEW SUPPLY FRAMEWORK AGREEMENT

On 31 July 2017, the Company and Mr. Lin entered into the mutual agreement to terminate the supply framework agreement dated 13 November 2015. On the same date, the parties also entered into the new supply framework agreement (the "New Supply Framework Agreement"), pursuant to which the Group shall supply to Mr. Lin and his associates aluminum aerosol cans and car service products from 1 August 2017 to 31 December 2019 and the transactions contemplated thereunder shall be subject to the annual caps.

The percentage ratios for the annual caps are less than 5%. Accordingly, the New Supply Framework Agreement constitutes a continuing connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Details of the above transactions are set out in the announcements dated 31 July 2017 and 7 August 2017 respectively.

### AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 20 June 2013 with terms of reference (amended on 31 December 2015) in compliance with the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditors, reviewing the financial statements and related materials, providing advice in respect of the financial reporting process and overseeing the risk management and internal control systems of the Group. The Audit Committee now comprises four members, all being independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman), Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To. 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 2017 and recommended its adoption by the Board.

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 June 2013 with specific written terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in CG Code provisions B.1.2(a) to (h). The Remuneration Committee comprises a total of six members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and four independent non-executive Directors, namely, Ms. Guo Yang (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

## Other Information

### NOMINATION COMMITTEE

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

### RISK MANAGEMENT COMMITTEE

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

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the six months ended 30 June 2017 and is of the opinion that the Group has complied with the hedging policy.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2017, except the CG Code provision A.2.1.

Pursuant to the 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.



## Other Information

### 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 2017 and to the date of this report.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. All Directors have confirmed that, following specific enquiries made by the Company, they have complied with the required standards set out in the Model Code for the six months ended 30 June 2017.

### DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: HK\$1.4 cents per Share).

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

Hong Kong  
25 August 2017