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

2018 INTERIM REPORT


BOTNY
Foam
CLEANER
CAR WAX
POLISHING
AIR
Freshener
高渗透
化油器
车底装甲

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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

HEADQUARTER OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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Zhongshan City
Guangdong Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Sheung Wan
Hong Kong

Corporate Information

AUDITOR
Ernst & Young
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1 Tim Mei Avenue
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE
Estera Trust (Cayman) Limited
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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
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

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, sticker remover, skin care products, sunscreens, facial products, fragrance and hair treatments products.

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 2018, the Group achieved a steady growth in production and sales in an orderly manner, in which the Group's revenue for the six months ended 30 June 2018 recorded a significant increase of approximately 19.8% as compared to the same period in 2017. For the six months ended 30 June 2018, revenue derived from the sale of aluminum aerosol cans was approximately HK$153.9 million (six months ended 30 June 2017: approximately HK$125.3 million) and the sale of aerosol and non-aerosol products was approximately HK$290.7 million (six months ended 30 June 2017: approximately HK$245.8 million), representing approximately 34.6% and 65.4% 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.

FINANCIAL REVIEW

Turnover

Aluminum aerosol cans segment

For the six months ended 30 June 2018, the Group's aluminum aerosol cans segment recorded a turnover of approximately HK$153.9 million (six months ended 30 June 2017: approximately HK$125.3 million), representing a significant increase of approximately 22.8% as compared to the corresponding period of 2017. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2018 was approximately 84.8 million (six months ended 30 June 2017: approximately 82.7 million).

Aerosol and non-aerosol products segment

For the six months ended 30 June 2018, the aerosol and non-aerosol products segment generated revenue amounting to approximately HK$290.7 million (six months ended 30 June 2017: approximately HK$245.8 million), representing a significant increase of approximately 18.2% as compared to the corresponding period of 2017.

PRC and overseas customers

For the six months ended 30 June 2018, the PRC customers and overseas customers contributed approximately HK$336.1 million (six months ended 30 June 2017: HK$289.3 million) and HK$108.4 million (six months ended 30 June 2017: HK$81.8 million) to the total revenue of the Group. There was a significant increase of approximately 32.5% in sales from the overseas customers which is primarily due to the increase of demand of cosmetics products from overseas customers and the depreciation of Renminbi ("RMB") which has positive impact on export sales.

Cost of Sales

For the six months ended 30 June 2018, cost of sales of the Group amounted to approximately HK$301.3 million (six months ended 30 June 2017: HK$254.7 million), which represented approximately 67.8% (six months ended 30 June 2017: 68.6%) of the turnover in the period. There was a decrease of approximately 0.8% in percentage of cost of sales which was mainly attributable to the net effects of (i) an increase in global aluminum price and international crude oil price; (ii) an increase in 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; (iii) enhancement of the production management to lower the production overhead; and (iv) depreciation of RMB contributed the lower cost of purchase of export sales.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK$143.2 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$116.3 million), representing a sharp increase of approximately 23.1% as compared to the corresponding period of 2017. The increase in gross profit was mainly driven by increasing of revenue. The gross profit margin increased from approximately 31.4% for the six months ended 30 June 2017 to approximately 32.2% for the corresponding period of 2018.

Other Income and Gains

Other income and gains mainly comprise sale of scrap materials, income from the R&D design, government grants, bank interest income and exchange gains. For the six months ended 30 June 2018, other income and gains of the Group was approximately HK$9.8 million (six months ended 30 June 2017: approximately HK$9.2 million), representing a slightly increase of approximately 6.9% was due to the net effects of (i) decrease in sale of scrap material income; (ii) increase in exchange gains as a result of appreciation of United States dollar ("US$") against RMB; and (iii) increase of service income.

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 2018, selling and distribution expenses were approximately HK$30.9 million (six months ended 30 June 2017: HK$27.2 million), representing an increase of approximately 13.9% as compared to the corresponding period of 2017. The increase was primarily due to the increase in transportation expenses, which was in line with growth in sales, and 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 2018, administrative expenses were approximately HK$34.2 million (six months ended 30 June 2017: approximately HK$23.6 million), representing an increase of approximately 44.7% as compared to the corresponding period of 2017. The increase in administrative expenses was primarily due to (i) increase of bank charge due to arrangement of facility for acquiring 廣州歐亞氣霧劑與日化用品製造有限公司(Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited*) (the "Acquisition"); and (ii) professional fee and consulting fee incurred of the Acquisition which was completed in March 2018.

Finance Costs

For the six months ended 30 June 2018, the finance costs of the Group were approximately HK$0.7 million (six months ended 30 June 2017: approximately HK$0.4 million), representing an increase of approximately 84.4% as compared to the corresponding period of 2017. The increase in finance cost was mainly due to the bank loan of HK$90.0 million was drawn down for the Acquisition.

Net Profit

The Group's net profit amounted to approximately HK$51.9 million for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$43.5 million), representing an increase of approximately 19.3% as compared to the corresponding period in 2017. Net profit margin for the six months ended 30 June 2018 was approximately 11.7% (six months ended 30 June 2017: approximately 11.7%), no material fluctuation was noted for the six months ended 30 June 2018.

* *For identification purpose only*

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2018, the Group had net current assets of approximately HK$266.4 million (31 December 2017: approximately HK$238.9 million). The Group's cash and cash equivalents amounted to HK$184.8 million as at 30 June 2018 (31 December 2017: HK$164.9 million). The current ratio of the Group was approximately 2.6 as at 30 June 2018 (31 December 2017: approximately 2.7).

Borrowings and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment and land use rights amounted to approximately HK$90.0 million as at 30 June 2018 with maturity in 2021 (31 December 2017: approximately HK$3.7 million). All borrowings are charged with reference to bank’s preferential floating rates and Hong Kong Interbank Offered Rate ("HIBOR").

As at 30 June 2018, we had available unutilized banking facilities of approximately HK$180.2 million (31 December 2017: approximately HK$190.2 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 an increase in cash and cash equivalents and an increase in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by total equity, amounted to approximately -5% as at 30 June 2018 (31 December 2017: approximately -13%). 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 2018, the total number of issued shares of the Company (the “Shares”) was 934,179,000 (31 December 2017: 934,179,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 24.4% of the Group’s revenue for the six months ended 30 June 2018 were denominated in US$. However, over 90.0% of the production costs were settled in RMB. Therefore, there is a currency mismatch between US$ 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 2018, we did not enter into any foreign currency forward contracts or have any outstanding foreign currency forward contracts.

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 2018, we had outstanding forward purchases with notional amounts of RMB9.8 million involved with 800 tons of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2018, the Group had a workforce of 905 employees (31 December 2017: 885 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK$38.2 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK$32.1 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 six months ended 30 June 2018.

SIGNIFICANT INVESTMENTS

As at 30 June 2018, the Group did not have any significant investments (31 December 2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 November 2017, China Medical Beauty Bio-Technology Company Limited, a wholly-owned subsidiary of the Company and European Asia Industrial Limited, a company wholly-owned by Mr. Lin, the chairman of the board of the Directors (the "Board") and the controlling shareholder (the "Vendor") entered into the sale and purchase agreement (the "Sale and Purchase Agreement"), to acquire 70% of the issued share capital of 廣州歐亞氣霧劑與日化用品製造有限公司(Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited*), a company wholly-owned by the Vendor (the "Target Company") at the consideration of HK$90,000,000 in cash (the "Acquisition").

The Target Company is principally engaged in content filling of aerosol cans for cosmetic products, including skin care products, sunscreens, facial products, fragrance and hair treatments products. With the Acquisition, the Group will be able to broaden its source of income by diversifying its product range.

The Acquisition had been approved by the independent shareholders of the Company in the extraordinary general meeting of the Company which was held on 10 January 2018. On 29 March 2018, all of the conditions precedent under the Sales and Purchase Agreement have been fulfilled and the completion took place in accordance with the terms and conditions of the Sales and Purchase Agreement. Details of the Acquisition were set out in the announcements of the Company dated 30 November 2017, 15 December 2017 and 2 February 2018.

Save as disclosed above, during the six months ended 30 June 2018, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

* *For identification purpose only*

USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of the Shares (the "Share Offer") were approximately HK$80 million. During the six months ended 30 June 2018, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the Prospectus	**Actual net proceeds** *(HK$ million)*	**Amount utilized up to 30 June 2018** *(HK$ million)*	**Balance as at 30 June 2018** *(HK$ million)*	**Expected timeline for unutilised net proceeds**
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—	
Establish a new research and development laboratory	12.0	3.2	8.8	31 December 2020
Partially repay US$ denominated bank loan	16.0	16.0	—	
General working capital purposes	4.0	4.0	—	
	80.0	71.2	8.8	

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholder's value. Subsequent to six months ended 30 June 2018, 廣東歐亞包裝有限公司 (Euro Asia Packaging (Guangdong) Co., Ltd*), an indirect non-wholly owned subsidiary of the Company, entered into an asset acquisition agreement (the "Agreement") with a reputable packaging corporation, Technopack s.r.l. on 30 July 2018. Pursuant to the Agreement, the Group acquired a brand new automated production line for the production of aluminum cans with digital printing technology at the consideration of EUR$5,969,100 (equivalent to approximately HK$54.7 million) in cash. Details of the acquisition were set out in the Company's announcement dated 30 July 2018.

CONTRACTUAL OBLIGATIONS

As at 30 June 2018, the Group's operating lease and capital commitment amounted to HK$0.3 million (31 December 2017: HK$0.6 million) and HK$3.2 million (31 December 2017: HK$94.3 million), respectively. The capital commitments, including commitment of plant and machinery and future capital contribution, were approximately HK$3.2 million (31 December 2017: approximately HK$4.3 million) and Nil (31 December 2017: HK$90.0 million), respectively.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no significant contingent liabilities (31 December 2017: Nil).

EVENTS AFTER REPORTING PERIOD

Events after the six months ended 30 June 2018 up to the date of this report were disclosed on Note 27 to the interim condensed consolidated financial statements.

ISSUE OF THE CONVERTIBLE NOTES

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

Assuming that there is no change in share capital of the Company since 30 June 2018 and the conversion rights attached to the Convertible Notes are exercised in full, the number of issued shares of the Company will be increased by 255,690,222 (the "Conversion Shares"), representing approximately 27.37% of the issued share capital of the Company as at 30 June 2018 (i.e. 934,179,000 Shares) and approximately 21.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Dilution effect of the conversion of Convertible Notes

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

Substantial Shareholders	As at 30 June 2018		Upon full conversion of Convertible Notes as at 30 June 2018	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Mr. Lin Wan Tsang	431,154,000	46.15	686,844,222	57.72
Wellmass International Limited	268,000,000	28.69	268,000,000	22.52

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

Dilution impact on earnings per share

As calculated based on profit attributable to owners of the Company of approximately HK$49.4 million for the six months ended 30 June 2018, basic and diluted earnings per share of the Company amounted to HK5.3 cents and HK4.2 cents, respectively.

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

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

Date	31 December 2018	31 December 2019
	(HK$ per share)	*(HK$ per share)*
Share prices	1.08	1.08

Report on Review of Interim Condensed Consolidated Financial Statements

EY 安永
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 47, 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 2018 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
9 August 2018

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

Six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018 HK$'000 (Unaudited)**	2017 HK$'000 (Unaudited) (Restated)
REVENUE	5	**444,528**	371,078
Cost of sales		**(301,283)**	(254,730)
Gross profit		**143,245**	116,348
Other income and gains, net	5	**9,826**	9,194
Selling and distribution costs		**(30,914)**	(27,151)
Administrative expenses		**(34,169)**	(23,614)
Research and development expenses		**(16,688)**	(14,139)
Other expenses		**(6,196)**	(8,133)
Finance costs	6	**(745)**	(404)
PROFIT BEFORE TAX	7	**64,359**	52,101
Income tax expense	8	**(12,421)**	(8,568)
PROFIT FOR THE PERIOD		**51,938**	43,533
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(11,752)**	16,784
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**40,186**	60,317
Profit attributable to:			
Owners of the parent		**49,405**	41,662
Non-controlling interests		**2,533**	1,871
		51,938	43,533
Total comprehensive income attributable to:			
Owners of the parent		**37,939**	57,991
Non-controlling interests		**2,247**	2,326
		40,186	60,317
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**HK5.3 cents**	HK6.4 cents
Diluted		**HK4.2 cents**	HK3.5 cents

Interim Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Unaudited) (Restated)	1 January 2017 HK$'000 (Unaudited) (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	10	**319,043**	330,944	326,966
Prepaid land lease payments	11	**73,431**	75,443	72,007
Deferred tax assets		**2,805**	2,016	1,565
Non-current prepayments	14	**7,444**	4,678	4,483
Total non-current assets		**402,723**	413,081	405,021
CURRENT ASSETS				
Inventories	12	**93,668**	95,099	72,752
Trade and bills receivables	13	**97,830**	70,825	60,351
Prepayments, deposits and other receivables	14	**20,342**	40,300	43,001
Pledged bank deposits		**36,673**	8,178	8,232
Cash and short-term deposits	15	**184,837**	164,933	126,202
Total current assets		**433,350**	379,335	310,538
CURRENT LIABILITIES				
Trade and bills payables	16	**74,817**	64,395	64,390
Other payables and accruals	17	**68,138**	69,891	68,438
Interest-bearing bank borrowings	18	**15,000**	3,730	16,814
Tax payable		**8,328**	1,793	5,964
Deferred income	19	**705**	594	285
Total current liabilities		**166,988**	140,403	155,891
NET CURRENT ASSETS		**266,362**	238,932	154,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**669,085**	652,013	559,668

Interim Condensed Consolidated Statement of Financial Position

30 June 2018

	Notes	**30 June 2018 HK$'000 (Unaudited)**	31 December 2017 HK$'000 (Unaudited) (Restated)	1 January 2017 HK$'000 (Unaudited) (Restated)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	18	**75,000**	—	5,084
Deferred tax liabilities		**2,480**	2,213	897
Deferred income	19	**4,644**	2,724	2,423
Total non-current liabilities		**82,124**	4,937	8,404
Net assets		**586,961**	647,076	551,264
EQUITY				
Equity attributable to owners of the Parent				
Share capital	20	**9,342**	9,342	5,982
Reserves		**567,523**	629,701	531,010
Non-controlling interests		**10,096**	8,033	14,272
Total equity		**586,961**	647,076	551,264

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Director Director

Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2018

	Attributable to owners of the parent											
	Issued capital HK$'000 (note 20)	Share premium account HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share option reserve HK$'000 (note 22)	Equtiy component of convertible notes HK$'000 (note 23)	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As previously reported	9,342	687,484	111,196	(889,089)	2,107	276,146	74,745	8,227	329,371	609,529	4,920	614,449
Effect of business combination under common control	–	–	–	16,367	–		1,323	2,767	9,057	29,514	3,113	32,627
At 1 January 2018 (Restated)	9,342	687,484	111,196	(872,722)	2,107	276,146	76,068	10,994	338,428	639,043	8,033	647,076
Profit for the period	–	–	–	–	–	–	–	–	49,405	49,405	2,533	51,938
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(11,466)	–	(11,466)	(286)	(11,752)
Total comprehensive income for the period	–	–	–	–	–	–	–	(11,466)	49,405	37,939	2,247	40,186
Consideration paid for business combination under common control	–	–	–	(90,000)	–	–	–	–	–	(90,000)	–	(90,000)
Transfer from retained profits	–	–	–	–	–	–	5,840	–	(5,840)	–	–	–
Equity-settled share option arrangements	–	–	–	–	(121)	–	–	–	–	(121)	–	(121)
Dividends paid	–	(9,996)*	–	–	–	–	–	–	–	(9,996)	(184)	(10,180)
At 30 June 2018	9,342	677,488#	111,196#	(962,722)#	1,986#	276,146#	81,908 #	(472)#	381,993#	576,865	10,096	586,961

Note:

\# These reserve accounts comprise the debit consolidated reserves of HK$567,523,000 as at 30 June 2018 (31 December 2017: HK$629,701,000) 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 2018

	Attributable to owners of the parent											
	Issued capital HK$'000 (note 20)	Share premium account HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share option reserve HK$'000 (note 22)	Equtiy component of convertible notes HK$'000 (note 23)	Reserve funds HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As previously reported	5,982	339,858	111,196	(889,089)	3,136	636,360	67,571	(31,616)	269,895	513,293	4,115	517,408
Effect of business combination under common control	—	—	—	16,367	—	—	910	1,289	5,133	23,699	10,157	33,856
At 1 January 2017 (Restated)	5,982	339,858	111,196	(872,722)	3,136	636,360	68,481	(30,327)	275,028	536,992	14,272	551,264
Profit for the period	—	—	—	—	—	—	—	—	41,662	41,662	1,871	43,533
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	16,329	—	16,329	455	16,784
Total comprehensive income for the period	—	—	—	—	—	—	—	16,329	41,662	57,991	2,326	60,317
Exercise the conversion rights attached to the convertible notes	2,000	214,000	—	—	—	(216,000)	—	—	—	—	—	—
Transfer from retained profits	—	—	—	—	—	—	4,528	—	(4,528)	—	—	—
Dividends paid	—	(11,973)	—	—	—	—	—	—	—	(11,973)	—	(11,973)
At 30 June 2017	7,982	541,885	111,196	(872,722)	3,136	420,360	73,009	(13,998)	312,162	583,010	16,598	599,608

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**64,359**	52,101
Adjustments for:			
Finance cost	6	**745**	404
Interest income	5	**(204)**	(109)
(Gain)/loss on disposal of properties, plant and equipment		**(115)**	1,718
Share option expense		**(121)**	—
Depreciation of items of property, plant and equipment	10	**19,639**	17,989
Amortisation of prepaid land lease payments	11	**1,031**	959
Write-down of inventories to net realisable value	7	**1,170**	1,252
Impairment of trade receivables	7	**1,350**	1,182
		87,854	75,496
Decrease/(increase) in inventories		**261**	(12,105)
Increase in trade and bills receivables		**(28,355)**	(34,066)
Increase in prepayments, deposits and other receivables		**(1,155)**	(5,177)
Decrease/(increase) in an amount due from related parties		**21,113**	(260)
Increase in trade and bills payables		**10,422**	4,894
(Decrease)/increase in deposits received, other payables and accruals		**(256)**	73
(Decrease)/increase in an amount due to related parties		**(1,497)**	610
Increase/(decrease) in deferred income		**2,155**	(131)
Cash received from operations		**90,542**	29,334
Withholding tax paid		**(1,341)**	(1,069)
PRC corporate income tax paid		**(5,644)**	(7,348)
Net cash flows from operating activities		**83,557**	20,917
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(20,706)**	(6,847)
Proceeds from disposal of items of property, plant and equipment		**332**	11
(Increase)/decrease in restricted short-term deposits		**(28,495)**	386
Interest received from bank	5	**204**	109
Acquisition of a subsidiary		**(90,000)**	—
Net cash flows used in investing activities		**(138,665)**	(6,341)

Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**90,000**	2,302
Repayment of bank loans		**(3,553)**	(21,644)
Dividends paid		**(9,996)**	(11,972)
Interest paid		**(745)**	(404)
Dividends paid to non-controlling shareholder		**(184)**	—
Net cash flows from/used in financing activities		**75,522**	(31,718)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**20,414**	(17,142)
Net foreign exchange difference		**(510)**	4,810
Cash and cash equivalents at beginning of period		**164,933**	126,202
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	**184,837**	113,870

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2018

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 2018.

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. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 30 November 2017, China Medical Beauty Bio-Technology Company Limited, a subsidiary of the Group, entered into a share acquisition agreement (the "Agreement") with European Asia Industrial Limited, a company wholly owned by Mr. Lin Wan Tsang, the chairman and a controlling shareholder of the Company. Pursuant to the Agreement, European Asia Industrial Limited agreed to sell the 70% issued share capital of Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol") for a consideration of HK$90,000,000 in cash (the "Acquisition"). Details of the Acquisition were set out in the Company's announcements made on 30 November 2017, 15 December 2017 and 2 February 2018. The Acquisition was completed on 29 March 2018 with the settlement of consideration.

The Directors consider that it should be a business combination under common control as China Medical Beauty Bio-Technology Company Limited and European Asia Industrial Limited 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 interim 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.

2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION *(continued)*

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 2018 and 2017 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 2017 and 30 June 2018 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.

The interim condensed consolidated financial statements for the six months ended 30 June 2018 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 2017.

The interim condensed consolidated financial statements have been prepared under the historical cost convention. They are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP

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 consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption.

(a) Sale of goods

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on timing of revenue recognition and amount to be recognised.

(b) Presentation and disclosure requirements

As required for the condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 4 for the disclosure on disaggregated revenue.

The application of IFRS 15 in the current interim period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss "FVPL", amortised cost, or fair value through other comprehensive income "FVOCI". The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Similar to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model.

The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39.

3. NEW STANDARDS, INTERPRETATION AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 9 *Financial Instruments (continued)*

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The application of IFRS 9 in the current interim period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

Six months ended 30 June 2018

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 organization in a manner that caused the composition of its reportable segments to change. Based on the new internal organization 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 2017 or the year ended 31 December 2017 have been restated.

Period ended 30 June 2018 (unaudited)	**Aluminum aerosol cans HK$'000**	**Aerosol and non-aerosol products HK$'000**	**Total HK$'000**
Segment revenue:			
Sales to customers	**153,858**	**290,670**	**444,528**
Intersegment sales	**10,627**	**—**	**10,627**
Total	**164,485**	**290,670**	**455,155**
Reconciliation:			
Elimination of intersegment sales			**(10,627)**
Revenue			**444,528**
Segment results	**37,464**	**28,352**	**65,816**
Reconciliation:			
Interest income	**40**	**164**	**204**
Corporate and other unallocated expenses			**(916)**
Finance costs	**(1)**	**(744)**	**(745)**
Profit before tax			**64,359**

4. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2018 (unaudited)	**Aluminum aerosol cans HK$'000**	**Aerosol and non-aerosol products HK$'000**	**Total HK$'000**
Segment assets	351,321	271,309	622,630
Reconciliation:			
Elimination of intersegment receivables			(11,136)
Corporate and other unallocated assets			224,579
Total assets			836,073
Segment liabilities	39,354	114,637	153,991
Reconciliation:			
Elimination of intersegment payables			(11,045)
Corporate and other unallocated liabilities			106,166
Total liabilities			249,112
Depreciation and amortisation	12,656	8,014	20,670
Capital expenditure	9,589	11,117	20,706
Impairment losses recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income	857	1,663	2,520

4. OPERATING SEGMENT INFORMATION *(continued)*

Period ended 30 June 2017 (unaudited and restated)	Aluminum aerosol cans HK$'000	Aerosol and non-aerosol products HK$'000	Total HK$'000
Segment revenue:			
Sales to customers	125,252	245,826	371,078
Intersegment sales	6,590	—	6,590
Total	131,842	245,826	377,668
Reconciliation:			
Elimination of intersegment sales			(6,590)
Revenue			371,078
Segment results	19,426	33,879	53,305
Reconciliation:			
Interest income	17	92	109
Corporate and other unallocated expenses			(909)
Finance costs	(6)	(398)	(404)
Profit before tax			52,101

4. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2017 (unaudited and restated)	Aluminum aerosol cans HK$'000	Aerosol and non-aerosol products HK$'000	Total HK$'000
Segment assets	367,124	297,630	664,754
Reconciliation:			
Elimination of intersegment receivables			(47,728)
Corporate and other unallocated assets			175,390
Total assets			792,416
Segment liabilities	54,808	127,062	181,870
Reconciliation:			
Elimination of intersegment payables			(47,594)
Corporate and other unallocated liabilities			11,064
Total liabilities			145,340
Depreciation and amortisation	11,704	7,244	18,948
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

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	**336,052**	289,334
Africa	**3,645**	7,170
America	**10,155**	3,217
Asia & Others	**44,064**	22,249
Middle East	**4,852**	6,568
Japan	**45,760**	42,540
	444,528	371,078

The above revenue information is based on the shipment destinations.

(b) Non-current assets

	30 June	31 December
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Japan	**58**	66
Hong Kong	**232**	342
Mainland China	**399,628**	410,657
	399,918	411,065

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*.

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 2018.

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Sale of goods	**444,528**	371,078
Other income and gains, net		
Sale of scrap materials	**460**	3,531
Bank interest income	**204**	109
Government grants		
– Related to assets* (note 19)	**305**	131
– Related to income**	**1,895**	1,828
Exchange gains	**2,169**	—
Income from research and development design	**2,368**	1,904
Others	**2,425**	1,691
	9,826	9,194

* The amount represents the subsidies for the aluminum aerosol cans and the content filling of 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$1,894,512 (six months ended 30 June 2017: HK$1,828,421) 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.

6. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on bank loans repayable within five years	**744**	398
Interest on finance lease	**1**	6
	745	404

7. PROFIT BEFORE TAX

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

		Six months ended 30 June	
		2018	2017
	Note	**HK$'000**	HK$'000
		(Unaudited)	(Unaudited)
			(Restated)
Cost of inventories sold		**301,283**	254,730
Depreciation		**19,639**	17,855
Amortisation of prepaid land lease payments		**1,031**	1,153
Research and development costs		**16,688**	14,139
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**38,167**	32,142
Pension scheme contributions		**3,640**	3,349
		41,807	35,491
Exchange (gains)/losses,net *		**(1,497)**	2,676
Impairment of trade receivables**	13	**1,350**	1,182
Write down of inventories**		**1,170**	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.

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 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 2018 (six months ended 30 June 2017: 16.5%). No provison for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during this period (six months ended 30 June 2017: nil).

Pursuant to the PRC Income Tax Law and the respective regulations, the company which operates in Mainland China is subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiary, Euro Asia Packaging (Guangdong) Co., Ltd. ("Euro Asia Packaging")(廣東歐亞包裝有限公司), and Botny Chemical (Guangzhou) Limited ("Botny Chemical") ("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 2018.

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
		(Restated)
Charge for the period		
Current	**13,003**	7,777
Deferred	**(582)**	791
Total tax charge for the period	**12,421**	8,568

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	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited) (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**49,405**	41,662

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**934,179,000**	647,085,889
Effect of dilution – weighted average number of ordinary shares:		
Share options	**281,223**	1,655,022
Convertible Notes	**255,690,222**	540,333,333
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**1,190,150,445**	1,189,074,244

10. PROPERTY, PLANT AND EQUIPMENT

	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Carrying amount at 1 January	**330,944**	326,966
Additions	**17,940**	20,627
Depreciation provided during the period/year	**(19,639)**	(36,419)
Disposals	**(217)**	(1,888)
Exchange realignment	**(9,985)**	21,658
Carrying amount at 30 June/31 December	**319,043**	330,944

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$341,809 and HK$231,942 as at 31 December 2017 and 30 June 2018.

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's buildings with a carrying value of HK$58,722,000 as at 30 June 2018 (31 December 2017: HK$56,007,000).

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's plant and machinery with a carrying value of HK$64,301,000 as at 30 June 2018 (31 December 2017: HK$69,410,000).

11. PREPAID LAND LEASE PAYMENTS

	2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited) (Restated)
Carrying amount at 1 January	**77,455**	73,877
Additions		
Recognised during the period/year	**(1,031)**	(1,932)
Exchange realignment	**(1,009)**	5,510
Carrying amount at 30 June/31 December	**75,415**	77,455
Current portion included in prepayments, deposits and other receivables	**(1,984)**	(2,012)
Non-current portion	**73,431**	75,443

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's prepaid land lease payments with a carrying value of HK$61,476,000 as at 30 June 2018 (31 December 2017: HK$63,123,000).

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

12. INVENTORIES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Raw materials	**51,098**	46,371
WIP	**3,085**	5,140
Finished goods	**39,485**	43,588
	93,668	95,099

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 receivable approximate to their fair values.

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Trade receivables	**83,591**	63,985
Impairment	**(6,459)**	(5,230)
	77,132	58,755
Bills receivables	**20,698**	12,070
	97,830	70,825

An aged analysis of the trade receivables as at 30 June 2018 and 31 December 2017, based on the invoice date and net of provision is as follows:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Within 30 days	**34,593**	32,573
31 to 60 days	**13,966**	11,914
61 to 90 days	**7,462**	2,398
Over 90 days	**21,111**	11,870
	77,132	58,755

13. TRADE AND BILLS RECEIVABLES *(continued)*

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
At 1 January	**5,230**	3,862
Impairment losses recognised	**1,350**	1,077
Exchange realignment	**(121)**	291
	6,459	5,230

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Non-current assets		
Non-current prepayments	**7,444**	4,678
Current assets		
Prepayments	**14,671**	15,596
Tax recoverable	**38**	31
Deposits and other receivables	**4,159**	2,086
Due from related parties	**1,474**	22,587
	20,342	40,300

Certain of the Group's interest-bearing bank borrowings were secured by the Group's payments with a carrying value of HK$1,953,000 as at 30 June 2018 (31 December 2017: HK$1,980,000).

15. CASH AND SHORT-TERM DEPOSITS

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Cash and bank balances	**221,510**	173,111
Less: Pledged deposits		
Pledged for foreign exchange transactions	**(31,343)**	—
Pledged for acceptance of bills	**—**	(8,178)
Pledged for bank overdraft facilities	**(5,330)**	—
Cash and cash equivalents	**184,837**	164,933

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 foreign exchange transactions, acceptance bills and bank overdraft facilities.

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

16. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at 30 June 2018 and 31 December 2017, based on the invoice date, is as follows:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Within 30 days	**50,938**	38,481
31 to 60 days	**12,239**	12,890
61 to 90 days	**10,200**	10,979
Over 90 days	**1,440**	2,045
	74,817	64,395

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.

17. OTHER PAYABLES AND ACCRUALS

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Deposits received from customers	**28,129**	23,106
Salary and welfare payables	**13,313**	15,083
Other payables and accruals	**26,696**	30,205
Due to related parties	**—**	1,497
	68,138	69,891

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.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	As at 30 June 2018			As at 31 December 2017		
	Contractual interest rate	Maturity	HK$'000 (Unaudited)	Contractual interest rate	Maturity	HK$'000 (Unaudited) (Restated)
Current						
Finance lease payables	4.11%	2018	—	4.11%	2018	128
Current portion of long-term bank loans – secured	Hong Kong interbank rate +1.7%	2019	15,000	PBOC base rate+1.1375%	2018	3,602
			15,000			3,730
Non-current						
Long term interest-bearing bank loans – secured	Hong Kong interbank rate +1.7%	2020-2021	75,000			—
			75,000			—
			90,000			3,730

Note:

Hong Kong Interbank Rate stands for three-month Hong Kong Interbank Offered Rate in Hong Kong Interbank Hong Kong Dollar Market at or about 11 am (Hong Kong time).

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

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

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Repayable:		
Within one year or on demand	**15,000**	3,730
In the second year	**30,000**	—
In the third year	**45,000**	—
	90,000	3,730

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Interest-bearing bank borrowings denominated in		
– Renminbi ("RMB")	**—**	3,602
– HK$	**90,000**	128
	90,000	3,730

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

The Group has the following undrawn banking facilities:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Floating rate		
– expiring within one year	**180,158**	190,174

19. DEFERRED INCOME

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
At 1 January	**3,318**	2,707
Grants recognised	**2,460**	807
Amortised as income	**(305)**	(417)
Exchange realignment	**(124)**	221
At 30 June/31 December	**5,349**	3,318
Current portion	**(705)**	(594)
Non-current portion	**4,644**	2,724

20. SHARE CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 1 January 2017 to 30 June 2018.

Unaudited	Note	Number of ordinary shares of HK$0.01	Nominal value of ordinary shares HK$
At 1 January 2017		598,197,000	5,981,970
Share options exercised		2,450,000	24,500
Convertible Notes converted	(a)	333,532,000	3,335,320
At 31 December 2017		934,179,000	9,341,790
At 30 June 2018		934,179,000	9,341,790

Note:

(a) On 17 May, 20 December and 21 December 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, HK$39,454,560 and HK$104,760,000 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 46.18% of the Convertible Notes with a principal amount of HK$780,000,000 held by the vendor. In accordance with the conversion requirement, 333,532,000 conversion shares were resolved to be allotted and issued by the Company to the vendor on 17 May, 20 December and 21 December 2017.

21. 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 2018:

(1) Recurring transactions

A summary of related party transactions during the period is presented below:

	Notes	Six months ended 30 June 2018 HK$'000 (Unaudited)	 2017 HK$'000 (Unaudited) (Restated)
Sales of products to:			
European Asia Industrial Ltd. ("European Asia Industrial")	(i)	**6,749**	11,064
Botny Car Service Management Company (廣州保賜利汽車服務管理有限公司) ("Botny Car Management")	(i)	**—**	150
Total		**6,749**	11,214
Purchases of products from:			
European Asia Industrial Ltd.	(i)	**1,444**	2,060
Operating lease rental expenses charged by:			
Mr. Lin Wan Tsang *	(ii)	**48**	48

* The director of the Company

(i) 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.

	Six months ended 30 June 2018 HK$'000 (Unaudited)	 2017 HK$'000 (Unaudited) (Restated)
Undrawn bank facilities guaranteed by: Mr. Lin Wan Tsang	**11,844**	9,208

21. RELATED PARTY TRANSACTIONS *(continued)*

(1) Recurring transactions *(continued)*

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.

(2) 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.

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

	Six months ended 30 June	
	2018 **HK$'000** **(Unaudited)**	2017 HK$'000 (Unaudited) (Restated)
Fees	**1,671**	1,599
Salaries, allowances and benefits in kind	**2,219**	1,798
Pension scheme contributions	**77**	56
Total compensation paid to key management personnel	**3,967**	3,453

22. 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 (the "Resolutions").

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

	Six months ended 30 June 2018	
	Weighted average exercise price HK$ per share	**Number of options HK$'000**
At beginning of period	**0.7**	**1,031,000**
Forfeited during the period	**0.7**	**(231,000)**
At end of period	**0.7**	**800,000**

22. SHARE OPTION SCHEME *(continued)*

Pre-IPO Share Option Scheme *(continued)*

The Group reversed share option expenses of HK$120,605 in the six months ended 30 June 2018 (six months ended 30 June 2017: nil) because of resignation of a senior staff.

No share options were exercised during the period. As at 30 June 2018, the Company had 800,000 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 800,000 additional ordinary shares of the Company and additional share capital of HK $8,000 and share premium of HK$792,000 (before share issue expenses).

At the date of approval of these interim condensed consolidated financial statements, the Company had 800,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.09% of the Company's shares in issue as at that date.

As at 30 June 2018 and the date of approval of these interim condensed consolidated financial statements, no share option was granted and outstanding under the Share Option Scheme.

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 during the period are set out in note 20.

24. BUSINESS COMBINATION UNDER COMMON CONTROL

Since the Group and Euro Asia Aerosol were ultimately controlled by Mr. Lin Wan Tsang both before and after the completion of the acquisition transaction and the control is not transitory. The acquisition transaction 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 2017 have been restated to include the operating result of Euro Asia Aerosol as set our below:

	The Group (as previously reported) HK$'000	Euro Asia Aerosol HK$'000	Elimination HK$'000	The Group (as restated) HK$'000
Revenue	343,004	34,107	(6,033)	371,078
Profit before tax	44,885	7,216	—	52,101
Profit for the period	38,171	5,362	—	43,533

The financial positions previously reported by the Group at 31 December 2017 and 1 January 2017 have been restated to include assets and liabilities of Euro Asia Aerosol as set out below:

31 December 2017	The Group (as previously reported) HK$'000	Euro Asia Aerosol HK$'000	Elimination HK$'000	The Group (as restated) HK$'000
Non-current assets	394,817	18,264	—	413,081
Current Assets	349,729	32,536	(2,930)	379,335
Current Liabilities	125,160	18,173	(2,930)	140,403
Non-current Liabilities	4,937	—	—	4,937
Equity	614,449	32,627	—	647,076
1 January 2017				
Non-current assets	388,501	16,520	—	405,021
Current Assets	275,700	36,011	(1,173)	310,538
Current Liabilities	138,389	18,675	(1,173)	155,891
Non-current Liabilities	8,404	—	—	8,404
Equity	517,408	33,856	—	551,264

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 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Within one year	**280**	493
In the second to fifth years, inclusive	**37**	86
	317	579

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 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Unaudited) (Restated)
Contracted, but not provided for:		
Plant and machinery	**3,226**	4,279
Future capital contributions	**—**	90,000
	3,226	94,279

27. SUBSEQUENT EVENT

On 30 July 2018, Euro Asia Packaging (Guangdong) Co., Ltd., an indirect non-wholly owned subsidiary of the Company, entered into an acquisition agreement to acquire the production line from Technopack s.r.l. at the consideration of EUR$5,969,100 (equivalent to approximately HK$54.74 million) in cash. Details of the acquisition were set out in the Company's announcements made on 30 July 2018.

28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for 30 June 2018 were approved and authorised for issue in accordance with a resolution of the board of directors on 9 August 2018.

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

As at 30 June 2018, 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") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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

	Number of Ordinary Shares			Interests in underlying Shares		
Names of Directors	Beneficial owner	Interest of family	Interests in a controlled corporation	Share options (Note 1)	Total	Approximate percentage of the issued Shares (Note 2)
Mr. Lin Wan Tsang ("Mr. Lin")	431,154,000	–	268,000,000 (Note 4)	–	699,154,000	74.84%
Ms. Ko Sau Mee ("Mrs. Lin")	–	431,154,000 (Note 3)	268,000,000 (Note 4)	–	699,154,000	74.84%
Mr. Kwok Tak Wang	1,200,000	–	–	800,000	2,000,000	0.21%

Notes:

(1) These share options represent 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 2018 (i.e. 934,179,000 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.

(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)	276,145,440	255,690,222	27.37%

Notes:

1. These percentages have been compiled based on the total number of issued Shares as at 30 June 2018 (i.e. 934,179,000 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 2018, 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 2018, 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 shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Wellmass (Note 2)	Beneficial owner	268,000,000	28.69%

Notes:

(1) These percentages have been compiled based on the total number of issued Shares as at 30 June 2018 (i.e. 934,179,000 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.

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 2018, 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 2018 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 2018 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 2018, 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 2018.

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.

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 800,000 Shares, representing approximately 0.09% of the total issued Shares as at 30 June 2018. 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 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.

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 2018:

	Number of share options							
Names of the Grantees	Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2018	Exercise price per Share	Weighted average closing price of the Share before the date(s) of which shares options were exercised
							HK$	HK$
Directors								
Kwok Tak Wang	800,000	–	–	–	–	800,000	0.7	–
Others								
Employees	231,000	–	–	(231,000)	–	–	0.7	–
Total	1,031,000	–	–	(231,000)	–	800,000		

During the six months ended 30 June 2018, 231,000 share options were for lapsed. Save as disclosed, 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.

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.

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 auditor, 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 2018 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.

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 2018 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 2018, 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.

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 2018 and to the date of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding 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 2018.

DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$ Nil).

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
9 August 2018