China Aluminum Cans Holdings Limited
中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6898)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

INTERIM RESULTS

The board (the "Board") of directors ("Directors") of China Aluminum Cans Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2014, together with the comparative figures for the six months ended 30 June 2013. These results have been reviewed by Ernst & Young, the external auditors of the Group, and the Group's audit committee (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 HK$'000 (Unaudited)	2013 HK$'000 (Unaudited)
REVENUE	4	**112,618**	130,353
Cost of sales		**(74,863)**	(80,823)
Gross profit		**37,755**	49,530
Other income and gains, net	4	**3,527**	6,479
Selling and distribution costs		**(5,488)**	(5,052)
Administrative expenses		**(19,809)**	(21,460)
Other expenses		**(821)**	(1,526)
Finance costs	5	**(1,118)**	(3,409)
PROFIT BEFORE TAX	6	**14,046**	24,562
Income tax expense	7	**(3,500)**	(5,544)
PROFIT FOR THE PERIOD		**10,546**	19,018
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,931)**	3,102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**7,615**	22,120
Profit attributable to:			
Owners of the parent		**10,321**	18,594
Non-controlling interests		**225**	424
		10,546	19,018
Total comprehensive income attributable to:			
Owners of the parent		**7,397**	21,580
Non-controlling interests		**218**	540
		7,615	22,120
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK2.6 cents**	HK6.2 cents
Diluted		**HK2.5 cents**	HK6.2 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	**30 June 2014 HK$'000 (Unaudited)**	31 December 2013 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**213,945**	222,923
Prepaid land lease payments		**16,558**	16,969
Non-current prepayments		**5,270**	–
Deferred tax assets		**538**	564
Total non-current assets		**236,311**	240,456
CURRENT ASSETS			
Inventories		**26,783**	27,276
Trade and bills receivable	10	**47,958**	53,888
Derivative financial instruments	11	**243**	231
Prepayments, deposits and other receivables		**6,677**	15,943
Pledged bank deposits		**–**	2,871
Cash and cash equivalents		**76,483**	107,372
Total current assets		**158,144**	207,581
CURRENT LIABILITIES			
Trade payables	12	**6,668**	7,505
Other payables and accruals	13	**25,177**	18,681
Interest-bearing bank borrowings	14	**34,287**	64,899
Tax payable		**6,004**	6,634
Deferred income		**271**	273
Total current liabilities		**72,407**	97,992
NET CURRENT ASSETS		**85,737**	109,589
TOTAL ASSETS LESS CURRENT LIABILITIES		**322,048**	350,045
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	**17,910**	42,384
Deferred tax liabilities		**37**	1,235
Deferred income		**3,315**	3,483
Total non-current liabilities		**21,262**	47,102
Net assets		**300,786**	302,943
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	**4,000**	4,000
Reserves		**293,130**	283,315
Proposed final dividend		**–**	12,000
		297,130	299,315
Non-controlling interests		**3,656**	3,628
Total equity		**300,786**	302,943

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

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

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

2. IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers

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

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	30 June	31 December
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Mainland China	**234,662**	238,671
Hong Kong	**1,111**	1,221
	235,773	239,892

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

Information about a major customer

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

4. REVENUE AND OTHER INCOME AND GAINS, NET

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

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

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

5. FINANCE COSTS

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

6. PROFIT BEFORE TAX

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

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

7. INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**10,321**	18,594

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**400,000,000**	300,000,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**9,098,858**	292,000
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**409,098,858**	300,292,000

9. PROPERTY, PLANT AND EQUIPMENT

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

The Group's buildings are located in Mainland China.

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

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with carrying values of HK$27,140,000 and HK$26,040,000 as at 31 December 2013 and 30 June 2014 (note 14).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with carrying values of HK$108,413,000 and HK$103,091,000 as at 31 December 2013 and 30 June 2014 (note 14).

10. TRADE AND BILLS RECEIVABLE

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

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

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

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

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

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

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

12. TRADE PAYABLES

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

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

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

13. OTHER PAYABLES AND ACCRUALS

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

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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

Notes:

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

"SIBOR" stands for Singapore Interbank Offered Rate.

"LIBOR" stands for London Interbank Offered Rate.

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

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

	Notes	30 June 2014	31 December 2013
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Property, plant and equipment	9	**129,131**	135,553
Prepaid land lease payments		**17,058**	17,474
Pledged deposits		**–**	2,871
		146,189	155,898

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

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

The Group has the following undrawn banking facilities:

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

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

15. ISSUED CAPITAL

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

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

(a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012 with an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each, of which 1 share was issued and allotted fully paid to Reid Services Limited at par, and was transferred to Wellmass International Limited on 21 September 2012 at par.

(b) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, the authorised share capital of the Company was increased from HK$390,000 to HK$7,800,000 by the creation of an additional of 741,000,000 shares of HK$0.01 each.

(c) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, conditional on the share premium account of the Company being credited as a result of the Share Offer as defined in the Prospectus dated 28 June 2013, upon the recommendation of the Directors, the sum of HK$2,999,999.99, being part of the amount which would then be standing to the credit of the share premium account of the Company be capitalised and applied in paying up in full 299,999,999 shares to be allotted credited as fully paid at par to Wellmass International Limited (the "Capitalisation Issue").

(d) In connection with the Company's initial public offering, 100,000,000 shares of HK$0.01 each were issued at a price of HK$1.00 per share for a total cash consideration, before expenses, of approximately HK$100,000,000. Dealings in these shares on the Hong Kong Stock Exchange commenced on 13 July 2012.

16. CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AT A GLANCE

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

Operating Environment and Prospects

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

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

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

FINANCIAL REVIEW

Revenue

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

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

Other Income and Gains

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

Selling and Distribution Costs

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

Administrative Expenses

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

Finance Costs

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

Net Profit

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

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

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

Borrowing and the Pledge of Assets

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

As at 30 June 2014, we had available unutilized banking facilities of approximately HK$65.5 million (31 December 2013: HK$83.7 million). Further details of the Group's bank borrowings are set out in note 14.

Gearing Ratio

As a result of the repayment of interest-bearing bank and other borrowings, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 17.4% as at 30 June 2014 (31 December 2013: 35.4%). Further details of the Group's bank borrowings are set out in note 14.

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

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

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

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

FORWARD PURCHASE OF ALUMINUM INGOTS

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

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

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

CAPITAL EXPENDITURE

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

EMPLOYEES AND EMOLUMENTS POLICY

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

SIGNIFICANT INVESTMENTS HELD

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

USE OF PROCEEDS

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

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

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

COMMITMENT

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

CONTINGENT LIABILITIES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

AUDIT COMMITTEE

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

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

RISK MANAGEMENT COMMITTEE

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

DIVIDEND

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

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement will be published on the websites of The Stock Exchange (www.hkex.com.hk) and the Company (http://www.euroasia-p.com). The interim report of the Company for the six months ended 30 June 2014 will be dispatched to shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
Lin Wan Tsang
Chairman & executive director

Hong Kong, 18 August 2014

As at the date of this announcement, our executive directors are Mr. Lin Wan Tsang, Ms. Ko Sau Mee and Mr. Chamlong Wachakorn; and our non-executive director is Mr. Kwok Tak Wang; and our independent non-executive directors are Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To.