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 2017

INTERIM RESULTS

The board (the "Board") of directors (the "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 2017, together with the comparative figures for the six months ended 30 June 2016. These results have been reviewed by Ernst & Young, the external auditors of the Group, and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2017

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	—	5,084
Deferred tax liabilities		2,010	897
Deferred income		2,413	2,423
Total non-current liabilities		4,423	8,404
Net assets		559,306	517,408
EQUITY			
Equity attributable to owners of the parent			
Share capital	15	7,982	5,982
Equity component of convertible notes		420,360	636,360
Reserves		126,457	(129,049)
Non-controlling interests		4,507	4,115
Total equity		559,306	517,408

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries (the Company and its subsidiaries are collectively referred to as the "Group") comprise the manufacture and sale of aluminum aerosol cans, the content filling of aerosol cans, production and sale of aerosol and non-aerosol products. There has been no significant change in the Group's principal activities during the six months ended 30 June 2017.

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

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

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2017, noted below:

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

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

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

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

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

IFRS 15, *Revenue from contracts with customers*

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

3. OPERATING SEGMENT INFORMATION

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

For management purpose, the Group is organized into business units based on their products and services.

Period ended 30 June 2017	**Aluminum aerosol cans** *HK$'000*	**Aerosol and non-aerosol products** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to customers	**131,284**	**211,720**	**343,004**
Intersegment sales	**558**	**—**	**558**
Total	**131,842**	**211,720**	**343,562**
Reconciliation:			
Elimination of intersegment sales			**(558)**
Revenue			**343,004**
Segment results	**18,865**	**27,191**	**46,056**
Reconciliation:			
Interest income	**17**	**87**	**104**
Corporate and other unallocated expenses			**(909)**
Finance costs	**(6)**	**(360)**	**(366)**
Profit before tax			**44,885**
Segment assets	**368,488**	**244,487**	**612,975**
Reconciliation:			
Elimination of intersegment receivables			**(41,546)**
Corporate and other unallocated assets			**119,731**
Total assets			**691,160**
Segment liabilities	**56,018**	**108,175**	**164,193**
Reconciliation:			
Elimination of intersegment payables			**(41,401)**
Corporate and other unallocated liabilities			**9,062**
Total liabilities			**131,854**
Other segment information:			
Depreciation and amortisation	**12,104**	**6,386**	**18,490**
Capital expenditure	**2,755**	**4,092**	**6,847**
Impairment losses recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income	**1,464**	**970**	**2,434**

3. OPERATING SEGMENT INFORMATION (Continued)

Period ended 30 June 2016	Aluminum aerosol cans *HK$'000*	Aerosol and non-aerosol products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to customers	120,823	227,916	348,739
Intersegment sales	24,737	3,242	27,979
Total	145,560	231,158	376,718
Reconciliation:			
Elimination of intersegment sales			(27,979)
Revenue			348,739
Segment results	26,822	45,654	72,476
Reconciliation:			
Interest income			133
Corporate and other unallocated expenses			353
Finance costs			(1,711)
Profit before tax			71,251
Year ended 31 December 2016			
Segment assets	354,420	224,772	579,192
Reconciliation:			
Elimination of intersegment receivables			(48,023)
Corporate and other unallocated assets			133,032
Total assets			664,201
Segment liabilities	47,289	119,790	167,079
Reconciliation:			
Elimination of intersegment payables			(47,924)
Corporate and other unallocated liabilities			27,638
Total liabilities			146,793
Other segment information:			
Depreciation and amortisation	20,377	12,852	33,229
Capital expenditure	44,474	10,832	55,306
Impairment losses recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income	1,828	512	2,340

3. **OPERATING SEGMENT INFORMATION (Continued)**

Geographical information

(a) Revenue from external customers

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

The above revenue information is based on the shipment destinations.

(b) Non-current assets

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

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

Information about a major customer

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

4. REVENUE AND OTHER INCOME AND GAINS

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

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

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

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

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

5. FINANCE COSTS

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

6. PROFIT BEFORE TAX

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

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

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

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

7. INCOME TAX EXPENSE

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

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%). No provison for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

7. INCOME TAX EXPENSE (Continued)

Pursuant to the PRC Income Tax Law and the respective regulations, the subsidiaries of the Group which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiaries, Euro Asia Packaging (Guangdong) Co., Ltd. (廣東歐亞包裝有限公司), and Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) since they were recognised as High Technology Enterprises and are entitled to a preferential tax rate of 15% for the six months ended 30 June 2017 and 2016.

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

8. DIVIDENDS

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

The Group's buildings are located in Mainland China.

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

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's buildings with carrying values of HK$51,830,000 and HK$51,414,000 as at 31 December 2016 and 30 June 2017 (note 14).

Certain of the Group's interest-bearing bank borrowings and banking facilities were secured by the Group's plant and machinery with carrying values of HK$71,095,000 and HK$67,906,000 as at 31 December 2016 and 30 June 2017 (note 14).

11. TRADE AND BILLS RECEIVABLES

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

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

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

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

11. TRADE AND BILLS RECEIVABLES (Continued)

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

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

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

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

12. TRADE AND BILLS PAYABLES

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

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

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

13. OTHER PAYABLES AND ACCRUALS

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

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

14. INTEREST-BEARING BANK BORROWINGS

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

Note:

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

14. INTEREST-BEARING BANK BORROWINGS (Continued)

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

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

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

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

The Group has the following undrawn banking facilities:

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

15. SHARE CAPITAL

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

(a) The Company purchased 37,082,000 of its shares on the Stock Exchange for a total consideration of HK$58,532,000 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The purchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value of HK$370,820. The premium amount and relevant expenses paid for the purchase of the shares of HK$58,406,000 has been charged to the share premium account of the Company.

(b) On 22 March and 5 May 2016, the Company received a formal notice from the Mr. Lin Wan Tsang (the "Vendor") for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK$3,240,000 and HK$5,400,000 respectively at the Conversion Price of HK$1.08 per Conversion Share. The portion of the Convertible Notes of which the conversion rights are being exercised represents approximately 1.11% of the Convertible Notes with a principal amount of HK$780,000,000 held by the Vendor. In accordance with the Conversion requirement, 8,000,000 Conversion Shares were resolved to be allotted and issued by the Company to the Vendor on 22 March and 5 May 2016.

(c) On 17 May 2017, the Company received a formal notice from the Vendor for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK$216,000,000 at the Conversion Price of HK$1.08 per Conversion Share. The portion of the Convertible Notes of which the conversion rights are being exercised represents approximately 27.7% of the Convertible Notes with a principal amount of HK$780,000,000 held by the Vendor. In accordance with the Conversion requirement, 200,000,000 Conversion Shares were resolved to be allotted and issued by the Company to the Vendor on 17 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray; and (ii) the content filling of aerosol cans, and the production and sale of aerosol and non-aerosol products which focuses on, among others, the development of high-end car care service products. The Group has a wide range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers' selection. In addition, aerosol and non-aerosol products produced and sold by the Group include car refrigerants, air conditioner disinfectant cleaner, paint remover, spray paint, wax, air fragrance, multi-purpose foam cleaner, carburetor cleaner, anti-rust lubricating spray, furniture polisher and sticker remover.

Our revenue is primarily derived from (i) the sale of aluminum aerosol cans; and (ii) the sale of aerosol and non-aerosol products. For the six months ended 30 June 2017, with the productivity enhancement which was driven by the acquisition of an automated production line in November 2015, the Group achieved a steady growth in production and sales in an orderly manner. Due to the impact of depreciation of Renminbi ("RMB") against Hong Kong dollars ("HK$"), the Group's revenue for the six months ended 30 June 2017 recorded a slight decrease of approximately 1.6% as compared to the same period in 2016. For the six months ended 30 June 2017, revenue derived from the sale of aluminum aerosol cans was approximately HK$131.3 million (2016: HK$120.8 million) and the sale of aerosol and non-aerosol products was approximately HK$211.7 million (2016: HK$227.9 million), representing approximately 38.3% and 61.7% of the Group's revenue, respectively.

OPERATING ENVIRONMENT AND PROSPECTS

The Group continues to face severe world-wide competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized overseas aerosol can manufacturers, vigorous competition of car care products sector and the slowdown of growth in the consumable products and domestic demands in high-end personal care products in the People's Republic of China (the "PRC").

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

FINANCIAL REVIEW

Turnover

Aluminum aerosol cans segment

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

Aerosol and non-aerosol products segment

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

PRC and oversea customers

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Income and Gains

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

Selling and Distribution Expenses

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

Administrative Expenses

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

Finance Costs

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

Net Profit

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

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

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

Borrowings and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK$0.3 million (of which HK$0.3 million was denominated in HK$) as at 30 June 2017 with maturity in 2018 (31 December 2016: HK$18.5 million). Except for the finance lease payable which is charged at 4.11%, all other bank borrowings are charged with reference to bank's preferential floating rates.

As at 30 June 2017, we had available unutilized banking facilities of approximately HK$243.5 million (31 December 2016: HK$161.8 million). Further details of the Group's bank borrowings are set out in note 14 to the interim condensed consolidated financial statements.

Gearing Ratio

As a result of a decrease in cash and cash equivalents and a decrease in total borrowings of the Group, the gearing ratio which is calculated by dividing total borrowings by total equity, amounted to approximately -7% as at 30 June 2017 (31 December 2016: -7%). Further details of the Group's bank borrowings are set out in note 14 to the interim condensed consolidated financial statements.

CAPITAL STRUCTURE

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

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

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

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

FORWARD PURCHASE OF ALUMINUM INGOTS

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

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

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

EMPLOYEES AND EMOLUMENTS POLICY

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

SIGNIFICANT INVESTMENTS

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

USE OF PROCEEDS

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

Business objectives as stated in the Prospectus	**Actual net proceeds** *(HK$ million)*	**Amount utilized up to 30 June 2017** *(HK$ million)*	**Balance as at 30 June 2017** *(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	48.0	—
Establish a new research and development laboratory	12.0	2.9	9.1
Partially repay US$ denominated bank loan	16.0	16.0	—
General working capital purposes	4.0	4.0	—
	80.0	70.9	9.1

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CONTRACTUAL OBLIGATIONS

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

CONTINGENT LIABILITIES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

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

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

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

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

AUDIT COMMITTEE

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

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 of the Group for the six months ended 30 June 2017 and is of the opinion that the Group has complied with the hedging policy.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: HK1.4 cents per Share).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.6898hk.com). The interim report of the Company for the six months ended 30 June 2017 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 25 August 2017

As at the date of this announcement, the executive Directors are Mr. Lin Wan Tsang, Mr. Dong Jiangxiong, Ms. Ko Sau Mee and Mr. Lin Hing Lung; the non-executive Director is Mr. Kwok Tak Wang; and the independent non-executive Directors are Dr. Lin Tat Pang, Ms. Guo Yang, Mr. Chung Yi To and Mr. Yip Wai Man Raymond.