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 2018

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 2018, together with the comparative figures for the six months ended 30 June 2017. These results have been reviewed by Ernst & Young, the external auditor 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 2018

		Six months ended 30 June	
		2018	2017
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(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		**73,431**	75,443	72,007
Deferred tax assets		**2,805**	2,016	1,565
Non-current prepayments		**7,444**	4,678	4,483
Total non-current assets		**402,723**	413,081	405,021
CURRENT ASSETS				
Inventories		**93,668**	95,099	72,752
Trade and bills receivables	*11*	**97,830**	70,825	60,351
Prepayments, deposits and other receivables		**20,342**	40,300	43,001
Pledged bank deposits		**36,673**	8,178	8,232
Cash and short-term deposits		**184,837**	164,933	126,202
Total current assets		**433,350**	379,335	310,538
CURRENT LIABILITIES				
Trade and bills payables	*12*	**74,817**	64,395	64,390
Other payables and accruals	*13*	**68,138**	69,891	68,438
Interest-bearing bank borrowings	*14*	**15,000**	3,730	16,814
Tax payable		**8,328**	1,793	5,964
Deferred income		**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	*14*	**75,000**	—	5,084
Deferred tax liabilities		**2,480**	2,213	897
Deferred income		**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	*15*	**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

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 2018.

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. 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.

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.

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

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.

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.

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

IFRS 15 *Revenue from Contracts with Customers* (Continued)

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.

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.

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

IFRS 9 *Financial Instruments* (Continued)

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.

(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.

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.

4. OPERATING SEGMENT INFORMATION (Continued)

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**
As at 30 June 2018 (unaudited)			
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
As at 31 December 2017 (unaudited and restated)			
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*	**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
		HK$'000	*HK$'000*
	Note	**(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**	11	**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	2017
	HK$'000	*HK$'000*
	(Unaudited)	(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	2017
	HK$'000	*HK$'000*
	(Unaudited)	(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. 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.

11. TRADE AND BILLS RECEIVABLES (Continued)

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(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	31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(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

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

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

12. 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.

13. 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.

14. 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.

	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

14. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	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

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

15. 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.

16. 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.

16. **BUSINESS COMBINATION UNDER COMMON CONTROL (Continued)**

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)	Euro Asia Aerosol	Elimination	The Group (as restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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)	Euro Asia Aerosol	Elimination	The Group (as restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

17. **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.

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, 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 significantly 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 approximate 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.

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 14 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 14 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 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 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.

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 the 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).

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.

EVENTS AFTER REPORTING PERIOD

Events after the six months ended 30 June 2018 up to the date of this announcement were disclosed in Note 17 to the interim condensed consolidated financial statements.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (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.

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.

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") 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).

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 2018 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company 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, 9 August 2018

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.

* *For identification purpose only*