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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 2015

INTERIM RESULTS

The board (the “Board”) of directors (“Directors”) of China Aluminum Cans Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015, together with the comparative figures for the six months ended 30 June 2014. These results have been reviewed by Ernst & Young, the external auditors of the Group, and the Group’s audit committee (the “Audit Committee”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
REVENUE	4	357,777	362,573
Cost of sales		(257,173)	(263,643)
Gross profit		100,604	98,930
Other income and gains, net	4	11,557	13,086
Selling and distribution costs		(24,068)	(22,837)
Administrative expenses		(22,632)	(20,846)
Research and development expenses		(14,468)	(11,608)
Other expenses		(2,430)	(6,859)
Finance costs	5	(3,198)	(1,573)
PROFIT BEFORE TAX	6	45,365	48,293
Income tax expense	7	(9,704)	(8,618)
PROFIT FOR THE PERIOD		35,661	39,675
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		705	(3,684)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		36,366	35,991
Profit attributable to:			
Owners of the parent		35,450	39,447
Non-controlling interests		211	228
		35,661	39,675
Total comprehensive income attributable to:			
Owners of the parent		36,155	35,763
Non-controlling interests		211	228
		36,366	35,991
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		HK8.4 cents	HK9.9 cents
Diluted		HK8.3 cents	HK9.6 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

		30 June 2015	31 December 2014	1 January 2014
	<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	9	318,324	315,569	251,452
Prepaid land lease payments		74,802	75,722	16,850
Deferred tax assets		1,369	1,680	1,144
Non-current prepayments		2,792	3,525	–
		<hr/>	<hr/>	<hr/>
Total non-current assets		397,287	396,496	269,446
		<hr/>	<hr/>	<hr/>
CURRENT ASSETS				
Inventories		80,538	78,594	74,680
Trade and bills receivables	10	82,982	83,164	77,733
Derivative financial instruments	11	304	–	4,644
Prepayments, deposits and other receivables		10,845	18,848	98,106
Due from related parties		1,204	21,058	44,718
Pledged bank deposits		36,012	11,942	15,202
Cash and cash equivalents		182,094	105,319	118,123
		<hr/>	<hr/>	<hr/>
Total current assets		393,979	318,925	433,206
		<hr/>	<hr/>	<hr/>
CURRENT LIABILITIES				
Trade and bills payables	12	80,728	95,415	87,906
Other payables and accruals	13	51,016	55,815	45,794
Interest-bearing bank borrowings	14	76,042	120,186	89,616
Derivative financial instruments	11	–	2,617	–
Dividend payable		–	–	21,696
Tax payable		7,014	4,521	11,353
Due to related parties		9,383	2,745	5,572
Due to controlling shareholder	17	780,000	–	–
Deferred income		323	323	273
		<hr/>	<hr/>	<hr/>
Total current liabilities		1,004,506	281,622	262,210
		<hr/>	<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(610,527)	37,303	170,996
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(213,240)	433,799	440,442
		<hr/>	<hr/>	<hr/>

		30 June 2015	31 December 2014	1 January 2014
	<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)
			(Restated)	(Restated)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	14	46,659	20,784	42,384
Deferred tax liabilities		46	890	1,897
Deferred income		3,238	3,398	3,483
		<hr/>	<hr/>	<hr/>
Total non-current liabilities		49,943	25,072	47,764
		<hr/>	<hr/>	<hr/>
Net assets/(liabilities)		(263,183)	408,727	392,678
		<hr/>	<hr/>	<hr/>
EQUITY				
Equity attributable to owners of the Parent				
Issued capital	15	4,958	4,049	4,000
Reserves		(272,177)	400,652	385,050
		<hr/>	<hr/>	<hr/>
Non-controlling interests		4,036	4,026	3,628
		<hr/>	<hr/>	<hr/>
(Accumulated deficits)/Total equity		(263,183)	408,727	392,678
		<hr/>	<hr/>	<hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 3 October 2014, Euro Asia Investments Global Limited (“Euro Asia”), a subsidiary of the Group entered into a sale and purchase agreement (the “Agreement”) with Mr. Lin Wan Tsang, an executive Director, the chairman and a controlling shareholder of the Company. Pursuant to the Agreement, Mr. Lin Wan Tsang agreed to sell the entire issued share capital of Topspan Holdings Limited, an investment holding company of a group of companies (the “Topspan Group”) to the Company (the “Acquisition”). The Acquisition constituted a very substantial acquisition and connected transaction as set out in the Listing Rules. Details of the Acquisition were set out in the Company’s circular made on 28 November 2014 and 31 March 2015 and announcements made on 3 October 2014, 16 December 2014, 13 March 2015, 16 March 2015 and 7 July 2015. The acquisition was completed on 20 May 2015 with the total consideration satisfied by HK\$120 million in cash and HK\$780 million by the issuance of Convertible Note (the “Convertible Note”). The Convertible Note was issued on 8 July 2015.

The directors consider that it should be a business combination under common control as the Company and Topspan Group 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 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 2015 and 2014 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 2014 and 30 June 2015 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.

Although the Group recorded net current liabilities and accumulated deficits of approximately HK\$610,527,000 and HK\$263,183,000 as at 30 June 2015, the consolidated interim financial statements have been prepared on a going concern basis because in July 2015, the amount of payable to the controlling shareholder of HK\$780,000,000 (recorded as a liability as at 30 June 2015) has been derecognized and classified as equity upon the issuance of the Convertible Notes for the purpose of the Acquisition.

The interim condensed consolidated financial statements for the six months ended 30 June 2015 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 2014.

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

2. IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2015, noted below:

<i>Amendments to HKAS 19</i>	Defined benefit plans: Employee contributions
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs

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.

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

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum aerosol cans mainly for packaging household chemical products 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 organisation in a manner that caused the composition of its reportable segments to changes. Based on the new internal organisation 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 2014 have been restated.

Period ended 30 June 2015 (Unaudited)	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
Segment revenue:			
Sales to customers	114,597	243,180	357,777
Intersegment sales	27,912	4,672	32,584
Total	142,509	247,852	390,361
Reconciliation:			
Elimination of intersegment sales	(27,912)	(4,672)	(32,584)
Revenue from continuing operations	114,597	243,180	357,777
Segment results	12,805	32,560	45,365

3. OPERATING SEGMENT INFORMATION (Continued)

Period ended 30 June 2015 (Unaudited)	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
Segment assets	1,596,407	496,683	2,093,090
Reconciliation:			
Elimination of intersegment receivables	(982,262)	(25,877)	(1,008,139)
Corporate and other unallocated assets	(140,591)	(153,094)	(293,685)
Total assets	473,554	317,712	791,266
Segment liabilities	1,829,266	232,035	2,061,301
Reconciliation:			
Elimination of intersegment payables	(976,532)	(30,320)	(1,006,852)
Total liabilities	852,734	201,715	1,054,449
Other segment information:			
Depreciation and amortisation	10,342	6,611	16,953
Capital expenditure	18,327	3,528	21,855
Period ended 30 June 2014 (Unaudited and restated)	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
Segment revenue:			
Sales to customers	111,481	251,092	362,573
Intersegment sales	31,024	–	31,024
Total	142,505	251,092	393,597
Reconciliation:			
Elimination of intersegment sales	(31,024)	–	(31,024)
Revenue from continuing operations	111,481	251,092	362,573
Segment results	14,045	34,248	48,293

3. OPERATING SEGMENT INFORMATION (Continued)

Period ended 30 June 2014 (Unaudited and restated)	Aluminum aerosol cans <i>HK\$'000</i>	Aerosol and non-aerosol products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	576,048	453,367	1,029,415
Reconciliation:			
Elimination of intersegment receivables	(97,070)	(26,970)	(124,040)
Corporate and other unallocated assets	(36,908)	(153,046)	(189,954)
Total assets	442,070	273,351	715,421
Segment liabilities	209,100	215,307	424,407
Reconciliation:			
Elimination of intersegment payables	(89,800)	(27,913)	(117,713)
Total liabilities	119,300	187,394	306,694
Other segment information:			
Depreciation and amortisation	7,020	4,341	11,361
Capital expenditure	23,519	144,395	167,914

Geographical information

Revenue from external customers

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Mainland China	242,532	224,287
Africa	11,112	22,160
America	17,468	19,620
Asia	18,373	14,462
Middle East	24,550	22,591
Japan	43,742	59,453
	357,777	362,573

The revenue information above is based on the shipment destinations.

4. REVENUE AND OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the six months ended 30 June 2015.

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Sale of goods	<u>357,777</u>	<u>362,573</u>
Other income and gains, net		
Sale of scrap materials	3,043	2,201
Bank interest income	336	492
Government grants	190	2,755
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	2,915	15
Exchange gains	1,271	2,735
Income from R&D design	3,173	3,783
Others	<u>629</u>	<u>1,105</u>
	<u>11,557</u>	<u>13,086</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on bank loans wholly repayable within five years	3,185	1,613
Interest on finance lease	13	17
Less: Interest capitalised	<u>—</u>	<u>(57)</u>
	<u>3,198</u>	<u>1,573</u>

6. PROFIT BEFORE TAX

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

	<i>Notes</i>	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Cost of inventories sold		257,173	263,643
Depreciation	9	16,009	10,934
Amortisation of prepaid land lease payments		944	427
Research and development costs		14,468	11,608
Exchange losses		1,415	821

7. INCOME TAX EXPENSE

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

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

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

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2015 (Six months ended 30 June 2014: 16.5%).

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. (廣東歐亞包裝有限公司), and Botny Chemical (Guangzhou) Limited ("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 2014 and 2015.

	Six months ended 30 June	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited) (Restated)
Charge for the period		
Current	10,237	10,504
Deferred	(533)	(1,886)
Total tax charge for the period	9,704	8,618

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

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

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

	Six months ended 30 June	
	2015	2014
	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	<u>35,450</u>	<u>39,447</u>
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	421,624,089	400,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	<u>7,901,975</u>	<u>9,098,858</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>429,526,064</u>	<u>409,098,858</u>

9. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited) (Restated)
Carrying amount at 1 January	315,569	251,452
Additions	18,658	91,874
Depreciation provided during the period/year	(16,009)	(26,441)
Disposals	—	(844)
Transfer	—	452
Exchange realignment	<u>106</u>	<u>(924)</u>
Carrying amount at 30 June/31 December	<u>318,324</u>	<u>315,569</u>

The Group's buildings are located in Mainland China.

The net book value of the Group's fixed assets held under finance leases included in the total amount of plant and machinery amounted to HK\$976,013 and HK\$866,145 as at 31 December 2014 and 30 June 2015.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with carrying values of HK\$92,471,000 and HK\$89,412,000 as at 31 December 2014 and 30 June 2015 (note 14).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with carrying values of HK\$99,407,000 and HK\$93,927,000 as at 31 December 2014 and 30 June 2015 (note 14).

10. TRADE AND BILLS RECEIVABLE

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

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

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

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Trade receivables	68,037	68,066
Impairment	(2,662)	(1,945)
	65,375	66,121
Bills receivables	17,607	17,043
	82,982	83,164

An aged analysis of the trade receivables as at 30 June 2015 and 31 December 2014, based on the invoice date and net of provision is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Within 30 days	28,584	30,138
31 to 60 days	11,435	19,607
61 to 90 days	9,086	4,136
Over 90 days	16,270	12,240
	65,375	66,121

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

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
At 1 January	1,945	1,567
Impairment losses recognised	<u>717</u>	<u>378</u>
	<u>2,662</u>	<u>1,945</u>

Certain of the Group's interest-bearing bank borrowings were secured by the Group's trade and bills receivable with carrying values of HK\$17,613,000 as at 30 June 2015 (2014: Nil) (note 14).

11. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Forward currency contracts	<u>304</u>	<u>(2,617)</u>

The Group has entered into various contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Net changes in the fair value amounting to HK\$2,921,000 (31 December 2014: HK\$15,000) were recognised in the statement of comprehensive income during the period.

12. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2015 and 31 December 2014, based on the invoice date, is as follows:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Within 30 days	65,824	73,305
31 to 60 days	10,941	14,037
61 to 90 days	2,940	7,063
Over 90 days	<u>1,023</u>	<u>1,010</u>
	<u>80,728</u>	<u>95,415</u>

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 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Deposits received from customers	24,464	27,176
Salary and welfare payables	10,341	11,796
Tax payables other than current income tax liabilities	4,607	3,636
Other payables and accruals	11,604	13,207
	51,016	55,815

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 2015			As at 31 December 2014		
	Contractual interest rate	Maturity	HK\$'000 (Unaudited)	Contractual interest rate	Maturity	HK\$'000 (Unaudited) (Restated)
Current						
Finance lease payables	4.11 %	2015–2016	237	4.11 %	2015	234
Interest-bearing bank loans — secured	LIBOR	2015	31,010	LIBOR	2015	31,026
Interest-bearing bank loans — secured	PBOC base rate*1.15	2015	3,107	2.00 %	2015	19,004
Interest-bearing bank loans — secured	6M Libor+3.1 %	2015	15,508	PBOC base rate	2015	32,873
Interest-bearing bank loans — secured				PBOC base rate*1.15	2015	33,996
Current portion of long term bank loans — secured	LIBOR/ PBOC base rate/ PBOC base rate*1.15	2015–2016	26,180	LIBOR	2015	3,053
			76,042			120,186
Non-current						
Finance lease payables	4.11 % PBOC base rate/ PBOC base rate*1.15	2016–2018	499	4.11 %	2016–2018	618
Long term interest-bearing bank loans — secured	PBOC base rate*1.15	2018	44,635	PBOC base rate*1.05	2016	17,113
Long term interest-bearing bank loans — secured	LIBOR	2016	1,525	LIBOR	2016	3,053
			46,659			20,784
			122,701			140,970

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

Notes:

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

“LIBOR” stands for London Interbank Offered Rate.

	30 June 2015 HK\$’000 (Unaudited)	31 December 2014 HK\$’000 (Unaudited) (Restated)
Repayable:		
Within one year or on demand	76,042	120,186
In the second year	1,771	20,407
In the third to fifth years, inclusive	44,888	377
	122,701	140,970

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

	<i>Notes</i>	30 June 2015 HK\$’000 (Unaudited)	31 December 2014 HK\$’000 (Unaudited) (Restated)
Property, plant and equipment	9	183,339	191,878
Prepaid land lease payments		16,666	16,912
Account receivables	10	17,613	–
Pledged deposits		25,361	1,580
		242,979	210,370

The Group’s banking loans amounting to nil as at 30 June 2015 (2014: HK\$7,053,000) were guaranteed by Mr. Lin Wan Tsang.

The Group’s banking loans amounting to HK\$3,107,000 as at 30 June 2015 (2014: HK\$26,944,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol and Household Products Manufacture Co., Ltd. (“Euro Asia Aerosol”)

	30 June 2015 HK\$’000 (Unaudited)	31 December 2014 HK\$’000 (Unaudited) (Restated)
Interest-bearing bank and other borrowings denominated in		
— Renminbi (“RMB”)	70,871	51,109
— United States dollars (“US\$”)	51,094	89,009
— HK\$	736	852
	122,701	140,970

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

The Group has the following undrawn banking facilities:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Unaudited) (Restated)
Floating rate		
— expiring within one year	133,166	128,352
— expiring over one year	<u>—</u>	<u>13,287</u>
	<u>133,166</u>	<u>141,639</u>

The Group's banking facilities amounting to HK\$25,361,000 as at 30 June 2015 (2014: HK\$18,300,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group.

The Group's banking facilities amounting to nil as at 30 June 2015 (2014: HK\$5,363,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol.

15. ISSUED CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 12 September 2012 (date of incorporation) to 30 June 2015.

	Notes	Number of ordinary shares of HK\$0.01	Nominal value of ordinary shares HK\$
Unaudited			
Authorised:			
On incorporation	(a)	39,000,000	390,000
Increase in authorised share capital on 20 June 2013	(b)	741,000,000	7,410,000
Increase in authorised share capital on 16 December 2014	(c)	720,000,000	7,200,000
		<u>1,500,000,000</u>	<u>15,000,000</u>
As at 31 December 2013, 1 January 2014 and 31 December 2014			
Issued and fully paid:			
On incorporation	(a)	1	–
Capitalisation Issue credited as fully paid conditional on the share premium account of the Company, being credited as a result of the issuance of new shares to the public			
	(d)	299,999,999	3,000,000
Issuance of new shares on 12 July 2013	(e)	100,000,000	1,000,000
		<u>400,000,000</u>	<u>4,000,000</u>
As at 31 December 2013 and 1 January 2014			
Share option exercised		4,865,000	48,650
		<u>404,865,000</u>	<u>4,048,650</u>
At 31 December 2014 and 1 January 2015			
Placing shares on 12 May 2015	(f)	49,800,000	498,000
Subscription shares on 16 June 2015	(g)	41,174,000	411,740
		<u>495,839,000</u>	<u>4,958,390</u>
At 30 June 2015			

- (a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012 with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, of which 1 share was issued and allotted fully paid to Reid Services Limited at par, and was transferred to Wellmass International Limited ("Wellmass") on 21 September 2012 at par.
- (b) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, the authorised share capital of the Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of an additional of 741,000,000 shares of HK\$0.01 each.
- (c) Pursuant to the resolutions of the extraordinary general meeting held on 16 December 2014, the authorized share capital of the Company was increased from HK\$7,800,000 to HK\$15,000,000 by the creation of 720,000,000 additional shares of HK\$0.01 each.

- (d) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, conditional on the share premium account of the Company being credited as a result of the Share Offer as defined in the Prospectus dated 28 June 2013, upon the recommendation of the Directors, the sum of HK\$2,999,999.99, being part of the amount which would then be standing to the credit of the share premium account of the Company be capitalised and applied in paying up in full 299,999,999 shares to be allotted credited as fully paid at par to Wellmass (the “Capitalisation Issue”).
- (e) In connection with the Company’s initial public offering, 100,000,000 shares of HK\$0.01 each were issued at a price of HK\$1.00 per share for a total cash consideration, before expenses, of approximately HK\$100,000,000. Dealings in these shares on the Hong Kong Stock Exchange commenced on 13 July 2012.
- (f) 49,800,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$2.41 per placing share on 12 May 2015 pursuant to the placing agreement entered into by the Company on 28 April 2015.
- (g) On 8 June 2015, the Company entered into the placing and subscription agreement with Wellmass and the placing agent pursuant to which Wellmass agreed to place, through the placing agent, on a best endeavour basis, up to 80,000,000 placing shares to not less than six placees at a price of HK\$2.28 per placing share and Wellmass conditionally agreed to subscribe for up to the same number of new shares at the subscription price of HK\$2.28 per new shares.

41,174,000 placing shares have been successfully placed to not less than six placees at the placing price of HK\$2.28 per placing share on 9 June 2015 and 41,174,000 new shares were allotted and issued to Wellmass on 16 June 2015 at the subscription price of HK\$2.28 per new share.

16. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2015 and 31 December 2014.

17. BUSINESS COMBINATION UNDER COMMON CONTROL

On 20 May 2015, the Group acquired a 100% interest in Topspan Group from Mr. Lin Wan Tsang, the controlling shareholder of the Company. Topspan Group is engaged in the content filling of aerosol cans and production and sales of aerosol and non-aerosol products. The acquisition was made as part of the Group’s strategy to allow the Group to capture downstream profit margins by gaining access to the downstream distribution channels. The purchase consideration aggregated to HK\$900,000,000, of which HK\$120,000,000 was settled by cash and HK\$780,000,000 will be settled by issue of convertible note by the Company (the “Convertible Note”). Since the Group and Topspan Group were ultimately controlled by Mr Lin Wan Tsang both before and after the completion of the acquisition transaction and the control is not transitory. The acquisition transaction was considered as a common control combination and accounted for using the method of pooling of interest.

The operating results previously reported by the Group for the period ended 30 June 2014 have been restated to include the operating result of Topspan Group as set out below:

	The Group (as previously reported) <i>HK\$'000</i>	Topspan Group <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	The Group (as restated) <i>HK\$'000</i>
Revenue	112,618	251,092	(1,137)	362,573
Profit before tax	14,046	34,247	–	48,293
Profit for the period	10,546	29,129	–	39,675

The financial positions previously reported by the Group at 31 December 2014 and 1 January 2014 have been restated to include assets and liabilities of Topspan Group as set out below:

31 December 2014	The Group (as previously reported) <i>HK\$'000</i>	Topspan Group <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	The Group (as restated) <i>HK\$'000</i>
Non-current assets	231,189	165,307	–	396,496
Current Assets	209,483	111,806	(2,364)	318,925
Current Liabilities	90,415	193,571	(2,364)	281,622
Non-current Liabilities	25,072	–	–	25,072
Equity	325,185	83,542	–	408,727
 1 January 2014				
Non-current assets	240,456	28,990	–	269,446
Current Assets	207,581	225,750	(125)	433,206
Current Liabilities	97,992	164,343	(125)	262,210
Non-current Liabilities	47,102	662	–	47,764
Equity	302,943	89,735	–	392,678

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AT A GLANCE

The Group is principally engaged in (i) the manufacturing of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray; and (ii) the content filling of aerosol cans, and 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 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 products produced and sold by the Group includes 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 2015, revenue derived from the sale of aluminum aerosol cans is approximately HK\$114.6 million (2014 (restated): HK\$111.5 million) and the sale of aerosol and non-aerosol products is approximately HK\$243.2 million (2014 (restated): HK\$251.1 million), representing approximately 32.0% and 68.0% of the Group's revenue, respectively.

Operating Environment and Prospects

The Group continue 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, the soft landing of the PRC economy and the slowdown of growth in the consumable products and domestic demands in high end personal care products in PRC.

The acquisition of Topspan Holdings Limited and its subsidiaries was completed on 20 May 2015. Topspan Group is engaged in the content filling of aerosol cans and production and sale of aerosol and non-aerosol products, including high-end car care service products. The financial results of Topspan Group had been consolidated into the Group's financial results for the six months ended 30 June 2015.

The Board is of the view that by vertically integrating with the Topspan Group, our Group will be able to capture downstream profit margins by gaining access to downstream distribution channels and enhance our revenue sources. With the Acquisition, our Group would be able to directly supply aluminum aerosol cans for the packaging of high-end car care service products and the products of the Group will be able to enter into the consumer markets under the Group's brand name. Profitability of the aluminum aerosol cans of the Group would be guaranteed and the profitability of the Group will be further enhanced with the sound track record of the Topspan Group.

The Board believes that the second half of 2015 would be a challenging period due to (i) the recent depreciation of RMB against the US\$ which may cause losses to our existing foreign currency forward contracts; (ii) the increase in basic salary of approximately 16% as stipulated

by the local government beginning from May 2015; and (iii) the slowdown of the PRC economy, as forecasted by the International Monetary Fund in July 2015, gross domestic product (“GDP”) is forecasted to decrease from 7.4% in 2014 to 6.8% in 2015. The Group’s sales will be affected due to the slowdown of the PRC economy, as our sales to PRC customers represent approximately 68% of the Group’s total sales. As such, our profit could be adversely affected in the second half of 2015.

FINANCIAL REVIEW

Turnover

Aluminum aerosol cans segment

For the six months ended 30 June 2015, the Group’s aluminum aerosol cans segment has recorded a turnover of approximately HK\$114.6 million (2014 (restated): HK\$111.5 million), representing an increase of approximately 2.8% as compared to the corresponding period of 2014. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2015 was approximately 75.1 million (2014: 74.7 million).

Aerosol and non-aerosol products segment

For the six months ended 30 June 2015, our aerosol and non-aerosol products segment has generated revenue amounting to approximately HK\$243.2 million (2014 (restated): HK\$251.1 million) representing a decrease of approximately 3.1% as compared to the corresponding period of 2014.

PRC and oversea customers

Our PRC customers and overseas customers contributed approximately HK\$242.5 million (2014 (restated): HK\$224.3 million) and HK\$115.3 million (2014 (restated): HK\$138.3 million) to the total revenue of the Group. There was a decrease of approximately 16.7% in sales from our overseas customers which is primarily due to the increase in global competitions.

Cost of Sales

For the six months ended 30 June 2015, cost of sales of the Group amounted to approximately HK\$257.2 million (2014 (restated): HK\$263.6 million), representing a decrease of approximately 2.4% as compared to the corresponding period of 2014, and represent approximately 71.9% (2014 (restated): 72.7%) of the turnover in the period.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$100.6 million for the six months ended 30 June 2015 (2014 (restated): HK\$98.9 million), representing an increase of approximately 1.7% as compared to the corresponding period of 2014. The gross profit margin increased from approximately 27.3% for the six months ended 30 June 2014 (restated) to approximately 28.1% for the corresponding period of 2015.

Other Income and Gains

Other income and gains mainly comprises sale of scrap materials, bank interest income, government grants and exchange gains. For the six months ended 30 June 2015, other income and gains of the Group was approximately HK\$11.6 million (2014 (restated): HK\$13.1 million), representing a decrease of approximately HK\$1.5 million as compared to the corresponding period of 2014. Such decrease was primarily due to the decrease in government grants of approximately HK\$2.6 million for the six months ended 30 June 2015.

Selling and Distribution Costs

Selling and distribution costs mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, related business travel and entertainment expenses, and advertisement and promotion costs. For the six months ended 30 June 2015, selling and distribution costs was approximately HK\$24.1 million (2014 (restated): HK\$22.8 million), representing an increase of approximately 5.7% as compared to the corresponding period of 2014. The increase was primarily due to the increase in travelling expenses by our PRC sales representatives.

Administrative Expenses

Administrative expenses mainly represented 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 2015, administrative expenses was approximately HK\$22.6 million (2014 (restated): HK\$20.8 million), representing an increase of approximately HK\$1.8 million. The increase in administrative expenses was primarily due to the increase in business taxes and surcharges of HK\$3.6 million, as a result of a four percent consumption tax imposed by the PRC government on painting and coating related products beginning from February 2015.

Finance Costs

For the six months ended 30 June 2015, the finance costs of the Group was approximately HK\$3.2 million (2014 (restated): HK\$1.6 million), representing an increase of approximately 100.0% as compared to the corresponding period of 2014. The increase in finance cost was mainly due to the increase in average monthly bank borrowings.

Net Profit

The Group's net profit amounted to approximately HK\$35.7 million for the six months ended 30 June 2015 (2014 (restated): HK\$39.7 million), representing a decrease of approximately 10.1% as compared to the corresponding period in 2014. Net profit margin for the six months ended 30 June 2015 was approximately 10.0% (2014 (restated): 10.9%), representing a decrease of approximately 0.9% as compared to the corresponding period of 2014. Such decrease was primarily due to the increase in expenses during the period.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities/Assets

The Group had net current liabilities of approximately HK\$610.5 million which is caused by the amount due to controlling shareholder of HK\$780 million, as the Convertible Note to be issued as part of the consideration for the Topspan Group had yet to be issued as at 30 June 2015. The current ratio of the Group was approximately 0.4 as at 30 June 2015 (31 December 2014 (restated): 1.1).

The Convertible Note was subsequently issued on 8 July 2015 and the amount due to controlling shareholder had been settled. For illustrative purpose only, the Group had net current assets of approximately HK\$169.5 million before the amount due to controlling shareholder and the current ratio of the Group after excluding the amount due to controlling shareholder is approximately 1.8.

Borrowing and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK\$122.7 million (of which HK\$70.9 million, HK\$51.1 million and HK\$0.7 million are denominated in RMB, US\$ and HK\$ respectively) as at 30 June 2015 with maturity date from 2015 to 2018 (31 December 2014 (restated): HK\$141.0 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 2015, we had available unutilized banking facilities of approximately HK\$133.2 million (31 December 2014 (restated): HK\$141.6 million). Further details of the Group's bank borrowings are set out in note 14.

Gearing Ratio

Since the convertible note had not yet been issued as at 30 June 2015, the Company's total equity is negative. Assuming that the convertible note had been issued, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 23.7% as at 30 June 2015 (31 December 2014 (restated): 34.5%). The decrease was as a result of the decrease in total bank borrowings by the Group and the increase in cash and cash equivalent from the Company's placing in June 2015. Further details of the Group's bank borrowings are set out in note 14 of the notes to the interim condensed consolidated financial statements.

CAPITAL STRUCTURE

As at 30 June 2015, the total number of issued shares of the Company ("Shares") was 495,839,000 (31 December 2014 (restated): 404,865,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 32.2% of the Group's revenue for the six months ended 30 June 2015 were denominated in US\$. However, approximately 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US\$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

We have entered into foreign currency forward contracts with state-owned banks in the PRC to hedge the foreign exchange risks arising out of the currency mismatch between the US\$ sales proceeds from our export sales and our predominantly RMB based operations in the PRC. As a result of the slight appreciation of RMB against US\$, we managed to account for approximately RMB0.2 million of realized gains on the forward contracts for the six months ended 30 June 2015.

As at 30 June 2015, we had outstanding foreign currency forward contracts with notional amounts of approximately US\$10.0 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK\$2.9 million had been recognized for the six months ended 30 June 2015.

FORWARD PURCHASE OF ALUMINUM INGOTS

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

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

As at 30 June 2015, we had no outstanding forward purchases of aluminum ingots as the aluminum price was relatively stable during the six months ended 30 June 2015.

CAPITAL EXPENDITURE

During the six months ended 30 June 2015, the Group invested approximately HK\$21.9 million (2014 (restated): HK\$167.9 million) in fixed assets, of which HK\$18.7 million (2014 (restated): HK\$91.9 million) was used for the purchase of plant and machinery, some of which are under construction in progress.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2015, the Group had employed a total of 741 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK\$23.9 million for the six months ended 30 June 2015 (2014 (restated): HK\$23.5 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of Directors have been determined with reference to the skills, knowledge, and involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the period.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2015, the Group did not have any significant investments.

USE OF PROCEEDS

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

Business objectives as stated in the Prospectus	Use of proceeds as stated in the Prospectus (HK\$ million)	Actual use of proceeds from the Listing Date to the date of this announcement (HK\$ million)	Balance as at 30 June 2015 (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	31.0	17.0
Establish a new research and development laboratory	12.0	–	12.0
Partially repay US\$ denominated bank loan	16.0	16.0	–
General working capital purposes	4.0	4.0	–
	<u>80.0</u>	<u>51.0</u>	<u>29.0</u>

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

FUND RAISING ACTIVITIES

During the six months ended 30 June 2015, the Group had conducted two placings which details are summarised as below:

- (i) On 12 May 2015, the Company issued 49,800,000 new Shares of HK\$0.01 each to not less than six independent third parties at a price of HK\$2.41 per Share under the specific mandate granted to the Directors at the extraordinary general meeting of the Company held on 22 April 2015. The net proceeds of approximately HK\$112.6 million were intended to be used for the Group to pay in and towards the satisfaction of the payment obligations for the Acquisition. As at the date of this announcement, the entire amount had been utilised as intended.
- (ii) On 8 June 2015, Wellmass, a controlling shareholder of the Company, and the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed, on a best efforts basis, to procure not fewer than six placees to purchase, and Wellmass agreed to sell, up to 80,000,000 existing Shares at a price of HK\$2.28 per Share. On 9 June 2015, an aggregate of 41,174,000 Shares were successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent third parties of the Company, at the placing price of HK\$2.28 per Share. On 16 June 2015, 41,174,000 Shares were issued and allotted to Wellmass at a subscription price of HK\$2.28 each. The net proceeds from the subscription amounted to approximately HK\$90.2 million (representing a net price of approximately HK\$2.19 per subscription Share) and were intended to be used for the general working capital and/or to finance potential investment projects of the Group. As at the date of this announcement, the entire amount had been deposited in an interest bearing bank account pending for usage.

For details of the above placings and subscription, please refer to the announcements of the Company dated 28 April 2015, 12 May 2015, 8 June 2015 and 16 June 2015 respectively.

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.

COMMITMENT

As at 30 June 2015, the Group's operating lease and capital commitment amounted to HK\$3.9 million (31 December 2014 (restated): HK\$7.6 million) and HK\$0.4 million (31 December 2014 (restated): HK\$9.2 million), respectively.

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CONVERTIBLE NOTE

Following the completion of the Acquisition on 20 May 2015, and in accordance with the terms of the relevant acquisition agreement, the Company has issued the Convertible Note to Mr. Lin pursuant to the terms of the Convertible Note on 8 July 2015. Subsequent to the balance sheet date, Mr. Lin, the holder of the Convertible Note has partially converted in the amount HK\$108 million of the convertible note to 100,000,000 ordinary shares and transferred in the amount HK\$21.6 million of the Convertible Note to independent third parties. The total amount of outstanding Convertible Note held by Mr. Lin is HK\$650,400,000 as at the date of this announcement.

The conversion rights attached to the remaining 86.2% of the Convertible Note, which represents a principal amount of HK\$672,000,000, has not yet been converted. As at the date of this announcement, details of the noteholders are as follow:

Name of the holder of the convertible note	Principal amount of the convertible note	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company (%)
Lin Wan Tsang	HK\$650,400,000	602,222,222	101.1
Cheng Leung To	HK\$10,800,000	10,000,000	1.7
Sheen Tai Holdings Group Company Limited	HK\$10,800,000	10,000,000	1.7

AUDIT COMMITTEE

The Audit Committee was established on 20 June 2013 with terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 (the "Code") to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee now comprises four members, all being independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Mr. Chung Yi To, Ms. Guo Yang and Dr. Lin Tat Pang. 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 2015 and recommended its adoption by the Board.

RISK MANAGEMENT COMMITTEE

The risk management committee (the “Risk Management Committee”) was established on 20 June 2013, comprising of three independent non-executive Directors, namely, Mr. Chung Yi To (Chairman), Dr. Lin Tat Pang, Mr. Leung Man Fai; and the non-executive Director, Mr. Kwok Tak Wang. The Risk Management Committee is mainly responsible for assisting the Board in overseeing the Group’s (i) risk governance structure; and (ii) hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts.

The Risk Management Committee 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 2015 and is of the opinion that the Group has complied with the hedging policy.

CORPORATE GOVERNANCE PRACTICES

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

Pursuant to CG Code provision A.2.1, the role(s) of chairman and chief executive should be 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 Directors’ securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code for the six months ended 30 June 2015.

DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2015 (2014: nil).

A final dividend of HK\$0.022 per share for the year ended 31 December 2014 had been paid during the six months ended 30 June 2015.

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 2015 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By order of the Board
Lin Wan Tsang
Chairman & Executive Director

Hong Kong, 17 August 2015

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