

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2021

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 2021, together with the comparative figures for the six months ended 30 June 2020. 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**

For the six months ended 30 June 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
REVENUE	3	106,587	98,573
Cost of sales		(74,315)	(61,556)
Gross profit		32,272	37,017
Other income and gains		4,897	2,414
Selling and distribution expenses		(4,147)	(3,692)
Administrative expenses		(10,006)	(10,033)
Research and development expenses		(5,353)	(4,873)
Impairment losses on financial assets		(720)	(684)
Other expenses		(1,314)	(1,192)
Finance costs		(82)	(66)
PROFIT BEFORE TAX	4	15,547	18,891
Income tax expense	5	(2,636)	(4,648)
PROFIT FOR THE PERIOD		<u>12,911</u>	<u>14,243</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>3,009</u>	<u>(6,941)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		<u>3,009</u>	<u>(6,941)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>15,920</u>	<u>7,302</u>

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

For the six months ended 30 June 2021

	Notes	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit attributable to:			
Owners of the parent		12,712	13,988
Non-controlling interests		199	255
		<u>12,911</u>	<u>14,243</u>
Total comprehensive income attributable to:			
Owners of the parent		15,666	7,138
Non-controlling interests		254	164
		<u>15,920</u>	<u>7,302</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	7		
– For profit for the period		<u>HK1.4 cents</u>	<u>HK1.6 cents</u>
Diluted			
– For profit for the period		<u>HK0.9 cent</u>	<u>HK1.0 cent</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	Notes	30 June 2021	31 December 2020
		HK\$'000	HK\$'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		235,550	227,449
Right-of-use assets		13,317	13,526
Deferred tax assets		1,169	1,033
Non-current prepayments		720	3,036
		<hr/>	<hr/>
Total non-current assets		250,756	245,044
CURRENT ASSETS			
Inventories		28,699	30,640
Trade and bills receivables	8	30,184	15,523
Prepayments, deposits and other receivables		1,178	1,962
Pledged deposits		—	150
Cash and cash equivalents		86,142	102,523
		<hr/>	<hr/>
Total current assets		146,203	150,798
CURRENT LIABILITIES			
Trade and bills payables	9	4,603	3,789
Other payables and accruals		19,773	19,985
Interest-bearing bank and other borrowings		255	12,096
Tax payable		860	—
Deferred income		278	289
		<hr/>	<hr/>
Total current liabilities		25,769	36,159
NET CURRENT ASSETS		120,434	114,639
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		371,190	359,683
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	30 June 2021	31 December 2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	130	258
Deferred tax liabilities	2,234	2,038
Deferred income	5,210	3,739
	<hr/>	<hr/>
Total non-current liabilities	7,574	6,035
	<hr/>	<hr/>
Net assets	363,616	353,648
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the parent		
Share capital	9,018	9,018
Equity component of convertible notes	271,826	271,826
Reserves	77,871	68,157
	<hr/>	<hr/>
	358,715	349,001
Non-controlling interests	4,901	4,647
	<hr/>	<hr/>
Total equity	363,616	353,648
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, *Interest Rate Benchmark Reform – Phase 2*
IFRS 4 and IFRS 16

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	106,587	98,573

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods		
Sale of industrial products	106,587	98,573
Geographical markets		
Mainland China	94,891	89,832
Africa	3,634	540
America	4,876	5,067
Asia	3,186	3,134
Total revenue from contracts with customers	106,587	98,573
Timing of revenue recognition		
Goods transferred at a point in time	106,587	98,573

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	74,315	61,556
Depreciation of items of property, plant and equipment	9,771	9,857
Depreciation of right-of-use assets	367	346
Research and development costs	5,353	4,873
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	13,202	12,882
Pension scheme contributions	1,484	291
	<u>14,686</u>	<u>13,173</u>
Exchange losses/(gains), net	219	(759)
Write-down of inventories to net realisable value	354	—
Impairment losses on financial assets	720	684

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current – Mainland China	2,576	3,321
Current – Hong Kong	—	1,615
Deferred	60	(288)
	<u>2,636</u>	<u>4,648</u>

6. DIVIDENDS

	For the six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Final declared and paid – HK0.66 cent (2020: HK0.37 cent) per ordinary share	5,952	3,337
Proposed interim – HK0.14 cent (2020: HK0.23 cent) per ordinary share	1,262	2,074

7. 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 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.

	For the six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>12,712</u>	<u>13,988</u>
Number of shares		
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	901,785,000	901,785,000
Effect of dilution – weighted average number of ordinary shares: Convertible Notes	<u>494,228,072</u>	<u>494,228,072</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>1,396,013,072</u>	<u>1,396,013,072</u>

8. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the end of the reporting periods, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	15,002	8,327
31 to 60 days	9,671	3,077
61 to 90 days	3,514	364
Over 90 days	1,997	3,755
	<u>30,184</u>	<u>15,523</u>

9. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 30 days	2,953	2,600
31 to 60 days	726	607
61 to 90 days	579	379
Over 90 days	345	203
	<u>4,603</u>	<u>3,789</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as sanitizer products, body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. 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 247 mm with various features and shapes for our customers' selection.

Our revenue is primarily derived from the sale of aluminum aerosol cans. For the six months ended 30 June 2021, revenue derived from the sale of aluminum aerosol cans was approximately HK\$106.6 million (six months ended 30 June 2020: approximately HK\$98.6 million). The Group's revenue for the six months ended 30 June 2021 recorded an increase of approximately 8.1% as compared to the same period in 2020. The increase in revenue was mainly due to (i) steady recovery of the market of fast moving consumption products in the People's Republic of China ("PRC"), and (ii) a short term locked-down in PRC was imposed in first half of 2020.

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 and the slowdown of growth in the consumable products and domestic demands in 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 automation system to enhance our product quality, production capacity and efficiency in order to cope with the recent development trends in the market.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2021, the Group's aluminum aerosol cans segment recorded a turnover of approximately HK\$106.6 million (six months ended 30 June 2020: approximately HK\$98.6 million), representing an increase of approximately 8.1% as compared to the corresponding period of 2020. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2021 was approximately 57.9 million (six months ended 30 June 2020: approximately 57.6 million). The increase in revenue was mainly due to (i) steady recovery of the market of fast moving consumption products in the People's Republic of China ("PRC"), and (ii) a short term locked-down in PRC was imposed in first half of 2020. As a result, the turnover for both the PRC and overseas market are increasing.

PRC and overseas customers

The Group focused on PRC market, which the revenue from the PRC market amounted to approximately 89.0% for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately 91.1%). For the six months ended 30 June 2021, the PRC customers and overseas customers contributed approximately HK\$94.9 million (six months ended 30 June 2020: approximately HK\$89.9 million) and HK\$11.7 million (six months ended 30 June 2020: approximately HK\$8.7 million) to the total revenue of the Group. There was an increase of approximately 5.6% in sales from PRC customers which was mainly due to (i) steady recovery of the market of fast moving consumption products in PRC; and (ii) a short term locked-down in PRC was imposed in first half of 2020. There was an increase of approximately 34.5% in sales from the overseas customers which was mainly due to (i) a portion of market demand originated from overseas of the aerosol cans shifted to PRC as prolonged and ongoing outbreak of COVID-19 pandemic in overseas countries was noted in 2021, and (ii) lower production capacity was noted due to a short term locked-down in PRC was imposed in first half of 2020.

Cost of Sales

For the six months ended 30 June 2021, cost of sales of the Group amounted to approximately HK\$74.3 million (six months ended 30 June 2020: approximately HK\$61.6 million), which represented approximately 69.7% (six months ended 30 June 2020: approximately 62.5%) of the turnover. There was an increase of approximately 7.2% in percentage of cost of sales which was mainly attributable to the increase in raw material prices, especially, aluminum ingots.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$32.3 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$37.0 million), representing a decrease of approximately 12.7% as compared to the corresponding period of 2020. The decrease in gross profit was mainly driven by increase in raw material prices which was partially offset by increase of sales volume and production scales, which shared a lower fixed overhead costs per unit. As a result, the gross profit margin decreased from approximately 37.5% for the six months ended 30 June 2020 to approximately 30.3% for the corresponding period of 2021.

Other Income and Gains

Other income and gains mainly comprise sale of scrap materials, income from the R&D design, government grants and bank interest income. For the six months ended 30 June 2021, other income and gains of the Group was approximately HK\$4.9 million (six months ended 30 June 2020: approximately HK\$2.4 million), representing a significant increase of approximately 104.2% which was due to the net effects of (i) the significant increase in sale of scrap material income; (ii) the decrease in exchange gains; (iii) the increase in income of R&D design; and (iv) the decrease in government grants.

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 2021, selling and distribution expenses were approximately HK\$4.1 million (six months ended 30 June 2020: approximately HK\$3.7 million), representing an increase of approximately 10.8% as compared to the corresponding period of 2020. The increase was primarily due to (i) an increase in salaries and employee benefits expenses; and (ii) an increase in general selling expenses as a result of increasing in revenue.

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 2021, administrative expenses were approximately HK\$10.0 million (six months ended 30 June 2020: approximately HK\$10.0 million), which remain steadily as compared to the corresponding period of 2020. The administrative expenses remain steadily which was primarily due to the net effects of (i) the significant decrease in professional fee and consulting fee of approximately HK\$0.5 million; and (ii) the increase in salaries of approximately HK\$0.2 million.

Finance Costs

For the six months ended 30 June 2021, the finance costs of the Group were approximately HK\$82,000 (six months ended 30 June 2020: approximately HK\$66,000), representing an increase of approximately 24.2% as compared to the corresponding period of 2020. The significant increase in finance cost was mainly due to increase in weighted average bank loans outstanding and increase in average interest rate.

Net Profit

The Group's net profit amounted to approximately HK\$12.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$14.2 million), representing a decrease of approximately 9.2% as compared to the corresponding period in 2020. Net profit margin for the six months ended 30 June 2021 was approximately 12.1% (six months ended 30 June 2020: approximately 14.4%).

The decrease in net profit was mainly due to net effects of (i) the increase in sales and production scales; (ii) the increase in other income and gains; and (iii) the increase in raw material prices, especially, aluminum ingots.

TREASURY POLICY

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2021, the Group had net current assets of approximately HK\$120.4 million (31 December 2020: approximately HK\$114.6 million). The Group's cash and cash equivalents amounted to HK\$86.1 million as at 30 June 2021 (31 December 2020: approximately HK\$102.7 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 5.7 as at 30 June 2021 (31 December 2020: approximately 4.2).

Borrowings and the Pledge of Assets

As at 30 June 2021, there was no outstanding of bank borrowing of the Group (31 December 2020: approximately HK\$11.9 million), which were secured by our property, plant and equipment and land use rights. All borrowings are charged with reference to bank's preferential floating rates of People's Bank of China. All borrowings are denominated in Renminbi.

As at 30 June 2021, we had available unutilized banking facilities of approximately HK\$169.8 million (31 December 2020: approximately HK\$172.7 million).

Gearing Ratio

As a result of the decrease in cash and cash equivalents and the decrease in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by total equity, amounted to approximately -26.9% as at 30 June 2021 (31 December 2020: approximately -31%).

CAPITAL STRUCTURE

As at 30 June 2021, the total number of issued shares of the Company (the “Shares”) was 901,785,000 (31 December 2020: 901,785,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 11.0% of the Group’s revenue for the six months ended 30 June 2021 were denominated in United States dollars (“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 2021, we did not enter into any foreign currency forward contracts nor 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.

During the period ended 30 June 2021, we had conducted forward purchases with the amount of approximately RMB3.8 million consisting of approximately 237 tonnes of aluminum ingots. As at 30 June 2021, we had outstanding forward purchases with notional amounts of RMB1.0 million involved with 60 tons of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2021, the Group had a workforce of 259 employees (31 December 2020: 258 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$13.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$12.9 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 to retain eligible employees of the Group. Share options would be granted to respective employees with outstanding performance and contributions to the Group. The emoluments of the directors of the Company (the "Directors") have been determined with reference to the skills, knowledge, and contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the six months ended 30 June 2021.

SIGNIFICANT INVESTMENTS

As at 30 June 2021, the Group did not have any significant investments (31 December 2020: nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2021, 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 2021, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the Prospectus	Actual net proceeds (HK\$ million)	Actual amount utilized up to 31 December 2020 (HK\$ million)	Actual amount utilized	Remaining unutilized balance as at 30 June 2021 (HK\$ million)	Expected timeline for unutilised net proceeds
			subsequent to 31 December 2020 and up to 30 June 2021 (HK\$ million)		
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—	—	
Establish a new research and development laboratory	12.0	3.3	—	8.7	by 31 December 2022
Partially repay US\$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	<u>80.0</u>	<u>71.3</u>	<u>—</u>	<u>8.7</u>	

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

CONTRACTUAL OBLIGATIONS

As at 30 June 2021, the Group's capital commitments of plant and machinery amounted to approximately HK\$2.4 million (31 December 2020: HK\$5.0 million).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liabilities (31 December 2020: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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 2021.

EVENTS AFTER REPORTING PERIOD

There were no significant events after 30 June 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 20 June 2013 with terms of reference (amended on 31 December 2015) in compliance with the Corporate Governance Code as set out in Appendix 14 (the "CG Code") to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials, providing advice in respect of the financial reporting process and overseeing the risk management and internal control systems of the Group. The Audit Committee now comprises three members, all being independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman), Dr. Lin Tat Pang and Ms. Guo Yang. The Group's accounting principles and practices, financial statements and related materials for the period had been reviewed by the Audit Committee.

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed the unaudited condensed consolidated financial statements matters of the Group for the six months ended 30 June 2021 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 three members, being one non-executive Director, namely, Mr. Kwok Tak Wang, and two independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman) and Dr. Lin Tat Pang. Accordingly, a majority of the members are non-executive Director and 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 2021 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 2021, 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 (the “Chief Executive”) are performed by Mr. Lin Wan Tsang (“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 three 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 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 2021.

DIVIDENDS

The Board has resolved to declare an interim dividend of HK0.14cent per Share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK0.23 cent per Share) to be payable on or around 27 October 2021 to the shareholders of the Company whose names appear on the register of members of the Company on 8 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 September 2021 to 8 September 2021, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the interim dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 3 September 2021.

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 2021 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, 23 August 2021

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

** For identification purpose only*