

# INTERIM REPORT 2022



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

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6898

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lin Wan Tsang (*Chairman*)  
Mr. Dong Jiangxiong

#### Independent Non-executive Directors

Dr. Lin Tat Pang  
Ms. Guo Yang  
Mr. Yip Wai Man Raymond

### COMMITTEES OF THE BOARD

#### Audit Committee

Mr. Yip Wai Man Raymond (*Chairman*)  
Dr. Lin Tat Pang  
Ms. Guo Yang

#### Remuneration Committee

Ms. Guo Yang (*Chairman*)  
Mr. Lin Wan Tsang  
Dr. Lin Tat Pang  
Mr. Yip Wai Man Raymond

#### Nomination Committee

Dr. Lin Tat Pang (*Chairman*)  
Mr. Lin Wan Tsang  
Ms. Guo Yang  
Mr. Yip Wai Man Raymond

#### Risk Management Committee

Mr. Yip Wai Man Raymond (*Chairman*)  
Dr. Lin Tat Pang

### AUTHORIZED REPRESENTATIVES

Mr. Lin Wan Tsang  
Ms. Ho Wing Yan (*ACG, HKACG (PE)*)

### COMPANY SECRETARY

Ms. Ho Wing Yan (*ACG, HKACG (PE)*)

### REGISTERED OFFICE

Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### HEADQUARTER OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 5 Ya Bo Nan Road  
National Health Technology Park of Zhongshan  
Torch Development Zone  
Zhongshan City  
Guangdong Province  
People's Republic of China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit G, 20/F., Golden Sun Centre  
Nos. 59/67 Bonham Strand West  
Sheung Wan  
Hong Kong

## CORPORATE INFORMATION

### AUDITOR

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

### STOCK CODE

6898

### WEBSITE FOR THE COMPANY

[www.6898hk.com](http://www.6898hk.com)

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
P.O. Box 1350  
Grand Cayman  
KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Bank of China Limited  
Bangkok Bank (China) Company Limited

## BUSINESS REVIEW

China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are 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 2022, revenue derived from the sale of aluminum aerosol cans was approximately HK\$112.7 million (six months ended 30 June 2021: approximately HK\$106.6 million). The Group’s revenue for the six months ended 30 June 2022 recorded an increase of approximately 5.8% as compared to the corresponding period. The increase in revenue was primarily due to enhance and implement more effective marketing strategies to drive the increase in sales of large sized aerosol cans which was partially offset by the negative impacts on sales caused by the short term locked-down in various provinces of the People’s Republic of China (“PRC”) in the first half of 2022.

### OPERATING ENVIRONMENT AND PROSPECTS

As the global economy is continuously shrouded in the shadow of various difficulties, like, trade protectionism, outbreak of pneumonia caused by novel coronavirus (“COVID-19”) and its variants, supply chain crisis and raw material prices in uncertainty and volatility, there are high uncertainties and rapid changes in global economic development. The Group continues to face (i) severe world-wide competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized overseas aerosol can manufacturers; and (ii) the slowdown of growth in the consumable products and domestic demands in 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Turnover

For the six months ended 30 June 2022, the Group's aluminum aerosol cans segment recorded a turnover of approximately HK\$112.7 million (six months ended 30 June 2021: approximately HK\$106.6 million), representing an increase of approximately 5.8% as compared to the corresponding period of 2021. The number of aluminum aerosol cans sold by the Group for the six months ended 30 June 2022 was approximately 55.6 million (six months ended 30 June 2021: approximately 57.9 million). The increase in revenue was primarily due to enhance and implement more effective marketing strategies to drive the increase in sales of large sized aerosol cans which was partially offset by the negative impacts on sales caused by the short term locked-down in various provinces of PRC in the first half of 2022.

### PRC and overseas customers

The Group focused on PRC market, which the revenue from the PRC market amounted to approximately 89.9% for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately 89.0%). For the six months ended 30 June 2022, the PRC customers and overseas customers contributed approximately HK\$101.3 million (six months ended 30 June 2021: approximately HK\$94.9 million) and HK\$11.4 million (six months ended 30 June 2021: approximately HK\$11.7 million) to the total revenue of the Group. There was an increase of approximately 6.8% in sales from PRC customers which was mainly due to enhance and implement more effective marketing strategies to drive the increase in sales of large sized aerosol cans which was partially offset by the negative impacts on sales caused by the short term locked-down in various provinces of PRC in the first half of 2022. There was a slightly decrease of approximately 2.9% in sales from the overseas customers which was mainly due to unstable supply chain in PRC, which drove portions of overseas customers shifted the orders to overseas competitors.

### Cost of Sales

For the six months ended 30 June 2022, cost of sales of the Group amounted to approximately HK\$83.0 million (six months ended 30 June 2021: approximately HK\$74.3 million), which represented approximately 73.6% (six months ended 30 June 2021: approximately 69.7%) of the turnover. There was an increase of approximately 11.7% in cost of sales which was mainly attributable to the increase in raw material prices, especially, aluminum ingots compared to corresponding period of 2021.

### Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK\$29.7 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$32.3 million), representing a decrease of approximately 7.9% as compared to the corresponding. The decrease in gross profit was mainly driven by the increase in raw material prices which was partially offset by the increase in sales driven by the implementation of more effective marketing strategies. As a result, the gross profit margin decreased from approximately 30.3% for the six months ended 30 June 2021 to approximately 26.4% for the six months ended 30 June 2022.

### 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 2022, other income and gains of the Group was approximately HK\$5.5 million (six months ended 30 June 2021: approximately HK\$4.9 million), representing an increase of approximately 11.8% which was due to the net effects of (i) the increase in sale of scrap material income; (ii) the increase in exchange gains; (iii) the decrease in income of R&D design; and (iv) the increase in government grants.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2022, selling and distribution expenses were approximately HK\$3.4 million (six months ended 30 June 2021: approximately HK\$4.1 million), representing a decrease of approximately 17.8% as compared to the corresponding period. The decrease was primarily due to the net effects of (i) the increase in salaries and employee benefits expenses; and (ii) the decrease in general selling expenses as a result of strict cost control measures.

### 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 2022, administrative expenses were approximately HK\$9.6 million (six months ended 30 June 2021: approximately HK\$10.0 million), representing a decrease of approximately 4.1% as compared to the corresponding period. The administrative expenses decrease was primarily due to the decrease in salaries and employee benefits expenses, entertainment expenses and general office expenses driven by the strict cost control measures.

### Finance Costs

For the six months ended 30 June 2022, the finance costs of the Group were approximately HK\$18,000 (six months ended 30 June 2021: approximately HK\$82,000), representing a decrease of approximately 78.0% as compared to the corresponding period. The decrease in finance cost was mainly due to decrease in weighted average bank loans outstanding.

### Net Profit

The Group's net profit amounted to approximately HK\$13.3 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$12.9 million), representing an increase of approximately 3.4% as compared to the corresponding period. Net profit margin for the six months ended 30 June 2022 was approximately 11.8% (six months ended 30 June 2021: approximately 12.1%).

The increase in net profit was mainly due to the net effects of (i) enhancement and the implementation of more effective marketing strategies to drive the increase in sales of large sized aerosol cans; (ii) the negative impacts on sales caused by the short term locked-down in various provinces of PRC in the first half of 2022; and (iii) the implementation of the strict cost control measures to reduce the general overhead.

### 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 2022, the Group had net current assets of approximately HK\$141.1 million (31 December 2021: approximately HK\$130.1 million). The Group's cash and cash equivalents amounted to HK\$97.2 million as at 30 June 2022 (31 December 2021: approximately HK\$95.4 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 6.7 as at 30 June 2022 (31 December 2021: approximately 7.1).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Borrowings and the Pledge of Assets

As at 30 June 2022, the bank borrowings of the Group amounted to approximately HK\$0.3 million (31 December 2021: approximately HK\$0.3 million), which were secured by our property, plant and equipment and land use rights. All borrowings are charged with reference to the Loan Prime Rate of the People's Bank of China. All borrowings are denominated in Renminbi.

As at 30 June 2022, we had available unutilized banking facilities of approximately HK\$112.0 million (31 December 2021: approximately HK\$101.1 million).

### Gearing Ratio

As a result of the increase 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 -30% as at 30 June 2022 (31 December 2021: approximately -31%).

### CAPITAL STRUCTURE

As at 30 June 2022, the total number of issued shares of the Company (the "Shares") was 901,785,000 (31 December 2021: 901,785,000).

### FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 10.0% of the Group's revenue for the six months ended 30 June 2022 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 2022, 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 2022, we had conducted forward purchases with the amount of approximately RMB7.3 million consisting of approximately 360 tonnes of aluminum ingots. As at 30 June 2022, we did not have any outstanding forward purchases.

## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2022, the Group had a workforce of 255 employees (31 December 2021: 245 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$13.9 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$13.2 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 2022.

### SIGNIFICANT INVESTMENTS

As at 30 June 2022, the Group did not have any significant investments (31 December 2021: nil).

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2022, 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 2022, 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 2021 (HK\$ million)	Actual amount utilized subsequent to 31 December 2021 and up to 30 June 2022 (HK\$ million)		Expected timeline for unutilised net proceeds
			Remaining balance as at 30 June 2022 (HK\$ million)	Remaining unutilized balance as at 30 June 2022 (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	—	—	by 31 December 2023
Establish a new research and development laboratory	12.0	3.3	—	8.7	
Partially repay US\$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	80.0	71.3	—	8.7	

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2022, the Group's capital commitments of plant and machinery amounted to approximately HK\$0.9 million (31 December 2021: HK\$4.6 million).

### CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities (31 December 2021: 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 2022.

### EVENTS AFTER REPORTING PERIOD

There were no significant events after 30 June 2022 and up to the date of this report.

### ISSUE OF THE CONVERTIBLE NOTES

On 20 May 2015, the Group acquired 100% interest in the Topspan Holdings Limited and its subsidiaries from Mr. Lin Wan Tsang. 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\$780,000,000 were settled by the issue of convertible notes by the Company. On 8 July 2015, the Company issued the HK\$780,000,000 convertible notes (the "Convertible Notes").

As a result of the spin-off and separate listing of the shares of Precious Dragon Technology Holdings Limited ("Precious Dragon") on the Main Board of the Stock Exchange by way of introduction implemented by means of a distribution in specie (the "Distribution") of the entire issued share capital of Precious Dragon owned by the Company to the shareholders of the Company, the conversion price of the Convertible Notes was adjusted from HK\$1.08 per share to HK\$0.46 per share, with effect from 15 June 2019, the day following the record date for the Distribution.

On 24 March 2020, the Company and Mr. Lin Wan Tsang, the holder of the Convertible Notes, entered into the deed of amendment (the "Deed of Amendment") to (i) extend the maturity date of the Convertible Notes by five years from 20 May 2020 to 20 May 2025; and (ii) revise upwards the conversion price of the Convertible Notes from HK\$0.46 per share to HK\$0.55 per share (collectively, the "Amendments to the terms and conditions of the Convertible Notes").

Mr. Lin Wan Tsang is an executive Director, the chairman of the Board and the controlling shareholder of the Company, hence, is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). Accordingly, the Amendments to the terms and conditions of the Convertible Notes effected by the Deed of Amendment had constituted a connected transaction for the Company under the Listing Rules.

The Deed of Amendment was approved by the shareholders of the Company other than Mr. Lin Wan Tsang and his associates at the annual general meeting of the Company held on 15 May 2020 and the Amendments to the terms and conditions of the Convertible Notes was approved by the Stock Exchange subsequently.

## MANAGEMENT DISCUSSION AND ANALYSIS

Assuming that there is no change in share capital of the Company since 30 June 2022 and the conversion rights attached to the Convertible Notes are exercised in full, the number of issued shares of the Company will be increased by 494,228,072 (the "Conversion Shares"), representing approximately 54.81% of the issued shares of the Company as at 30 June 2022 (i.e. 901,785,000 Shares) and approximately 35.40% of the issued shares of the Company as enlarged by the allotment and issue of the Conversion Shares (i.e. 1,396,013,072 Shares).

### Dilution effect of the conversion of Convertible Notes

Set out below is the dilution effect on equity interest of the substantial shareholders of the Company upon the fully conversion of the outstanding Convertible Notes by Mr. Lin Wan Tsang, the chairman of the Board and the controlling shareholder of the Company.

Substantial Shareholders	As at 30 June 2022		Upon full conversion of Convertible Notes as at 30 June 2022	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Mr. Lin Wan Tsang	<b>392,546,000</b>	<b>43.53</b>	<b>886,774,072</b>	<b>63.52</b>
Wellmass International Limited	<b>268,000,000</b>	<b>29.72</b>	<b>268,000,000</b>	<b>19.20</b>

The outstanding Convertible Notes would not be converted fully as it would result in the number of Shares which are in the hands of the public falling below 25% of the Company's issued share capital.

### Dilution impact on earnings per share

As calculated based on profit attributable to owners of the Company of approximately HK\$13.1 million for the six months ended 30 June 2022, basic and diluted earnings per share of the Company amounted to HK1.5 cents and HK1.0 cent, respectively.

The Company cannot redeem the Convertible Notes or part thereof at any time on or before the maturity date.

Based on the implied internal rate of returns of the Convertible Notes, the Company's share prices at the future dates at which it would be equally financially advantageous for the securities holders to convert were as follows:

Date	31 December 2022 (HK\$ per share)	31 December 2023 (HK\$ per share)
Share prices	0.55	<b>0.55</b>

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## Independent review report

### To the board of directors of China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 27, which comprises the condensed consolidated statement of financial position of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Ernst & Young**

*Certified Public Accountants*

**Hong Kong**

24 August 2022

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

For the six months ended 30 June 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
REVENUE	3	<b>112,731</b>	106,587
Cost of sales		<b>(83,023)</b>	(74,315)
Gross profit		<b>29,708</b>	32,272
Other income and gains		<b>5,475</b>	4,897
Selling and distribution expenses		<b>(3,407)</b>	(4,147)
Administrative expenses		<b>(9,599)</b>	(10,006)
Research and development expenses		<b>(5,809)</b>	(5,353)
Impairment losses on financial assets		<b>(776)</b>	(720)
Other expenses		<b>(882)</b>	(1,314)
Finance costs		<b>(18)</b>	(82)
PROFIT BEFORE TAX	4	<b>14,692</b>	15,547
Income tax expenses	5	<b>(1,345)</b>	(2,636)
PROFIT FOR THE PERIOD		<b>13,347</b>	12,911
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(17,357)</b>	3,009
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<b>(4,010)</b>	15,920
Profit attributable to:			
Owners of the parent		<b>13,123</b>	12,712
Non-controlling interests		<b>224</b>	199
		<b>13,347</b>	12,911
Total comprehensive (loss)/income attributable to:			
Owners of the parent		<b>(3,992)</b>	15,666
Non-controlling interests		<b>(18)</b>	254
		<b>(4,010)</b>	15,920
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic			
– For profit for the period		<b>HK1.5 cents</b>	HK1.4 cents
Diluted			
– For profit for the period		<b>HK1.0 cent</b>	HK0.9 cent

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>220,428</b>	237,472
Right-of-use assets		<b>12,243</b>	13,205
Deferred tax assets		<b>2,044</b>	2,030
Non-current prepayments		<b>789</b>	754
<b>Total non-current assets</b>		<b>235,504</b>	253,461
<b>CURRENT ASSETS</b>			
Inventories		<b>30,483</b>	32,610
Trade and bills receivables	9	<b>36,728</b>	21,644
Prepayments, deposits and other receivables		<b>1,277</b>	1,812
Cash and cash equivalents		<b>97,173</b>	95,377
<b>Total current assets</b>		<b>165,661</b>	151,443
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	<b>5,428</b>	3,579
Other payables and accruals		<b>17,609</b>	17,159
Interest-bearing bank and other borrowings	11	<b>129</b>	265
Tax payable		<b>1,152</b>	40
Deferred income		<b>270</b>	283
<b>Total current liabilities</b>		<b>24,588</b>	21,326
<b>NET CURRENT ASSETS</b>		<b>141,073</b>	130,117
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>376,577</b>	383,578

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	11	250	282
Deferred tax liabilities		2,577	2,356
Deferred income		4,786	5,171
Total non-current liabilities		7,613	7,809
Net assets		368,964	375,769
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		9,018	9,018
Equity component of convertible notes	14	271,826	271,826
Reserves		83,016	89,803
		363,860	370,647
Non-controlling interests		5,104	5,122
Total equity		368,964	375,769

.....  
**Lin Wan Tsang**

Director

.....  
**Lin Tat Pang**

Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent											
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Equity component of convertible notes HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 31 December 2021 (audited)	9,018	610,599	111,196	(900,000)	1,986	271,826	48,300	14,733	202,989	370,647	5,122	375,769
Profit for the period	—	—	—	—	—	—	—	—	13,123	13,123	224	13,347
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(17,115)	—	(17,115)	(242)	(17,357)
Total comprehensive loss for the period	—	—	—	—	—	—	—	(17,115)	13,123	(3,992)	(18)	(4,010)
Transfer from retained profits	—	—	—	—	—	—	1,611	—	(1,611)	—	—	—
Dividends paid	—	(2,795)	—	—	—	—	—	—	—	(2,795)	—	(2,795)
Equity-settled share option arrangements	—	1,986	—	—	(1,986)	—	—	—	—	—	—	—
At 30 June 2022 (unaudited)	9,018	609,790	111,196	(900,000)	—	271,826	49,911	(2,382)	214,501	363,860	5,104	368,964

	Attributable to owners of the parent											
	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Merger reserve HK\$'000	Share option reserve HK\$'000	Equity component of convertible notes HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 31 December 2020 (audited)	9,018	617,815	111,196	(900,000)	1,986	271,826	45,979	3,967	187,214	349,001	4,647	353,648
Profit for the period	—	—	—	—	—	—	—	—	12,712	12,712	199	12,911
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	2,954	—	2,954	55	3,009
Total comprehensive income for the period	—	—	—	—	—	—	—	2,954	12,712	15,666	254	15,920
Transfer from retained profits	—	—	—	—	—	—	1,433	—	(1,433)	—	—	—
Dividends paid	—	(5,952)	—	—	—	—	—	—	—	(5,952)	—	(5,952)
At 30 June 2021 (unaudited)	9,018	611,863	111,196	(900,000)	1,986	271,826	47,412	6,921	198,493	358,715	4,901	363,616

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>14,692</b>	15,547
Adjustments for:			
Finance costs		<b>18</b>	70
Interest income		<b>(387)</b>	(346)
Loss on disposal of property, plant and equipment		<b>2</b>	12
Depreciation of items of property, plant and equipment	4	<b>9,877</b>	9,771
Depreciation of right-of-use assets	4	<b>356</b>	367
Write-down of inventories to net realisable value	4	<b>96</b>	354
Impairment losses on financial assets	4	<b>776</b>	720
		<b>25,430</b>	26,495
Decrease in inventories		<b>557</b>	1,546
Increase in trade and bills receivables		<b>(12,260)</b>	(12,902)
Decrease in prepayments, deposits and other receivables		<b>131</b>	271
Increase in amounts due from related parties		<b>(6,153)</b>	(3,819)
Increase in trade and bills payables		<b>2,014</b>	814
Increase/(decrease) in other payables and accruals		<b>1,314</b>	(200)
Decrease in an amount due to related parties		<b>—</b>	(13)
(Decrease)/increase in deferred income		<b>(146)</b>	1,460
Cash generated from operations		<b>10,887</b>	13,652
PRC corporate income tax paid		<b>(42)</b>	(1,196)
Net cash flows from operating activities		<b>10,845</b>	12,456

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(3,819)</b>	(12,925)
Proceeds from disposal of items of property, plant and equipment	—	10
Decrease in pledged bank deposits	—	150
Interest received from banks	<b>387</b>	346
Net cash flows used in investing activities	<b>(3,432)</b>	(12,419)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	<b>1,269</b>	—
Repayment of bank loans	<b>(1,288)</b>	(11,850)
Interest paid	<b>(18)</b>	(70)
Dividends paid to owners of the parent	<b>(2,795)</b>	(5,952)
Principal portion of lease payments	<b>(127)</b>	(123)
Net cash flows used in financing activities	<b>(2,959)</b>	(17,995)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	<b>95,377</b>	102,523
Effect of foreign exchange rate changes, net	<b>(2,658)</b>	1,577
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>97,173</b>	86,142

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021.

## 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 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

- (a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

- (b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to *IFRSs 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

*IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

*IFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 3. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of goods	112,731	106,587

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Type of goods</b>		
Sale of industrial products	112,731	106,587
<b>Geographical markets</b>		
Mainland China	101,378	94,891
Africa	338	3,634
America	2,994	4,876
Asia	2,075	3,186
Europe	5,946	—
Total revenue from contracts with customers	112,731	106,587
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	112,731	106,587

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cost of inventories sold	<b>83,023</b>	74,315
Depreciation of items of property, plant and equipment	<b>9,877</b>	9,771
Depreciation of right-of-use assets	<b>356</b>	367
Research and development costs	<b>5,809</b>	5,353
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	<b>13,857</b>	13,202
Pension scheme contributions	<b>1,233</b>	1,484
	<b>15,090</b>	14,686
Exchange (gains)/losses, net	<b>(565)</b>	219
Write-down of inventories to net realisable value	<b>96</b>	354
Impairment losses on financial assets	<b>776</b>	720

## 5. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current – Mainland China	<b>1,111</b>	2,576
Deferred	<b>234</b>	60
	<b>1,345</b>	2,636

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 6. DIVIDENDS

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Proposed interim – HK0.29 cent (2021: HK0.14 cent) per ordinary share	<b>2,615</b>	1,262

### 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	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<b>13,123</b>	12,712

	Number of shares	
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<b>901,785,000</b>	901,785,000
Effect of dilution – weighted average number of ordinary shares:		
Convertible Notes (note 14)	<b>494,228,072</b>	494,228,072
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<b>1,396,013,072</b>	1,396,013,072

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired assets with a cost of HK\$3,783,000 (30 June 2021: HK\$15,241,000).

Assets with a net book value of HK\$2,000 were disposed of by the Group during the six months ended 30 June 2022 (30 June 2021: HK\$22,000), resulting in a net loss on disposal of HK\$2,000 (30 June 2021: a net gain in total of HK\$12,000).

During the six months ended 30 June 2022 and 2021, no impairment loss was recognised by the Group.

## 9. 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 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	14,271	10,587
31 to 60 days	11,940	6,386
61 to 90 days	2,473	3,012
Over 90 days*	8,044	1,659
	<b>36,728</b>	21,644

\* The outstanding balance of trade and bills receivables included the amount due from its related companies controlled by the ultimate shareholder of the Company of HK\$6,510,000 (31 December 2021: HK\$705,000) as at the end of the reporting period.

## 10. TRADE AND BILLS PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 30 days	3,550	2,315
31 to 60 days	975	317
61 to 90 days	456	549
Over 90 days	447	398
	<b>5,428</b>	3,579

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2022			31 December 2021		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Lease liabilities	2.563%~5.125%	2022	129	2.563%~5.125%	2022	265
<b>Non-current</b>						
Long-term bank loans – secured	LPR+1.15%	2025	250	LPR+1.15%	2025	282
			379			547

Note:

"LPR" stands for the Loan Prime Rate designated by the People's Bank of China (中國人民銀行).

### 12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Contracted, but not provided for: Plant and machinery	938	4,583

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 13. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Notes	For the six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Sales of products to:</b>			
Guangzhou Botny Chemical Co., Ltd. ("Botny Chemical") (廣州保賜利化工有限公司)	(i)	365	376
Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol") (廣州歐亞氣霧劑與日化用品製造有限公司)	(i)	11,937	11,055
<b>Total</b>		<b>12,302</b>	11,431
<b>Lease rental expenses charged by:</b>			
Mr. Lin Wan Tsang *	(ii)	33	33

\* A director of the Company

(i) Botny Chemical and Euro Asia Aerosol are related companies controlled by the ultimate shareholder of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed.

(ii) The lease rental expenses charged by Mr. Lin Wan Tsang were determined based on the underlying contracts as agreed between the Group and Mr. Lin Wan Tsang.

(b) Outstanding balances with related parties:

The Group had an outstanding balance due to its related companies controlled by the ultimate shareholder of the Company amounting to HK\$13,000 (31 December 2021:HK\$13,000) as at the end of the reporting period. The Group had an outstanding balance due from its related companies controlled by the ultimate shareholder of the Company amounting to HK\$13,300,000 (31 December 2021:HK\$7,480,000) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

### 13. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fees	1,305	1,433
Salaries, allowances and benefits in kind	1,360	1,291
Pension scheme contributions	124	111
<b>Total compensation paid to key management personnel</b>	<b>2,789</b>	<b>2,835</b>

### 14. CONVERTIBLE NOTES

#### Background

On 20 May 2015, the Group acquired a 100% interest in Topspan Holdings Limited and its subsidiaries ("Topspan Group") from Mr. Lin Wan Tsang, the controlling shareholder of the Company. The Topspan Group is engaged in the filling of aerosol cans, and the production and sale 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 HK\$900,000,000, of which HK\$780,000,000 was settled by the issue of convertible notes by the Company (the "Convertible Notes"). On 8 July 2015, the Company issued the Convertible Notes of HK\$780,000,000.

The key terms of the Convertible Notes are as follows:

Principal amount: HK\$780,000,000

Interest: the Convertible Notes shall not bear any interest.

Term: A fixed term of five years from the issue. Any principal amount of the Convertible Notes which have not been redeemed or converted by the maturity date will be converted into ordinary shares on the maturity date.

Conversion: The note holder may, at any time during the conversion period, convert the whole or part of the principal amount of the Convertible Notes into ordinary shares at the conversion price.

Redemption: The issuer cannot redeem the Convertible Notes or a part thereof at any time on or before the maturity date.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2022

## 14. CONVERTIBLE NOTES *(continued)*

### Background *(continued)*

Conversion price: HK\$1.08 per share, subject to adjustments as follows:

Adjustment events: (1) consolidation or subdivision of shares; (2) capitalisation of profits or reserves; (3) capital distribution; (4) an offer of new shares for subscription by way of rights, or a grant of options or warrants to subscribe for new shares, at a price which is less than 90% of the market price per share; (5) issue of shares being made wholly for cash of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if, in any case, the total effective consideration per share receivable is less than 90% of the market price, or the conversion, exchange or subscription rights of any such issue are altered, so that the said total effective consideration receivable is less than 90% of such market price; and (6) issue of shares being made wholly for cash or for an acquisition of assets at a price less than 90% of the market price per share.

As the Convertible Notes are not redeemable and carry no interest, they contain no contractual obligation and they will be settled by the exchange of a fixed amount of another financial asset for a fixed number of the Company's own equity instruments. In this case, the Convertible Notes are classified as equity.

### Adjustment to the conversion price and the maturity date of the Convertible Notes

On 21 June 2019, the Company completed the distribution of Precious Dragon Technology Holdings Limited and its subsidiaries to its shareholders. Pursuant to the terms of the Convertible Notes, if the Company makes any capital distribution to shareholders, the conversion price of the Convertible Notes in force prior to such capital distribution shall be adjusted. The adjusted conversion price, HK\$0.46 per conversion share, took effect on 15 June 2019.

On 24 March 2020, the Company and Mr. Lin entered into the proposed amendments (the "Amendments") to:

- (i) extend the maturity date of the Convertible Notes for five years from 20 May 2020 to 20 May 2025; and
- (ii) revise upwards the conversion price of the Convertible Notes from HK\$0.46 per Conversion Share to HK\$0.55 per conversion share.

Save for the amendments above, other terms of the Convertible Notes remain unchanged. The Amendments were approved upon passing of the ordinary resolution by the independent shareholders at the annual general meeting on 15 May 2020.

During the period, no conversion shares were converted. As at 30 June 2022, the outstanding principal amount of the Convertible Notes was HK\$271,825,440 and the outstanding Convertible Notes were convertible into 494,228,072 conversion shares based on the new conversion price of HK\$0.55 per conversion share instead of 251,690,222 conversion shares based on the initial conversion price of HK\$1.08 per conversion share.

## 15. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 30 June 2022 and up to the date of this report.

## OTHER INFORMATION

### DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are as follows:

#### (i) Long positions in the Shares

Names of Director	Number of Ordinary Shares		Total	Approximate percentage of the issued Shares (Note 1)
	Beneficial owner	Interests in a controlled corporation		
Mr. Lin Wan Tsang ("Mr. Lin")	392,546,000	268,000,000 (Note 2)	660,546,000	73.25%

Notes:

- (1) These percentages have been compiled based on the total number of issued Shares as at 30 June 2022 (i.e. 901,785,000 Shares).
- (2) These Shares are held by Wellmass International Limited ("Wellmass"), which is wholly and beneficially owned by Mr. Lin.

## OTHER INFORMATION

### DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

#### (ii) Long positions in the underlying Shares of the convertible notes of the Company:

Name of the holder of the convertible notes	Principal amount of the convertible notes	Number of the total underlying Shares	Approximate percentage of the issued Shares (Note 1)
Mr. Lin (Note 2)	271,825,440	494,228,072	54.81%

Notes:

- These percentages have been compiled based on the total number of issued Shares as at 30 June 2022 (i.e. 901,785,000 Shares).
- These convertible notes were issued by the Company on 8 July 2015 as part of the consideration to the acquisition of Topspan Holdings Limited and its subsidiaries on 20 May 2015. They are unlisted, interest-free and convertible into the Shares at the conversion price of HK\$0.55 per Share.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 30 June 2022, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### (i) Long Positions in the Shares

Name of shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Wellmass (Note 2)	Beneficial owner	268,000,000	29.72%

Notes:

- These percentages have been compiled based on the total number of issued Shares as at 30 June 2022 (i.e. 901,785,000 Shares).
- Wellmass is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin.

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(continued)*

#### (i) Long Positions in the Shares *(continued)*

Save as disclosed above, as at 30 June 2022, no person, other than the Director and chief executive of the Company, whose interests are set out in the section "Director's and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company, its parent company, its subsidiaries or fellow subsidiaries were a party and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the period or at any time during the period.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the six months ended 30 June 2022 and up to the date of this report, none of the Directors or any of their respective close associates has engaged in any business that had competed or may compete with the business of the Group and any other conflict of interests which any such person had or might have with the Group.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the sections headed "Director's and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Pre-IPO Share Option Scheme" below, at no time during the six months ended 30 June 2022 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective close associates nor was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, or their respective close associates to acquire such rights in any other body corporate.

### PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

The Company conditionally adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") on 20 June 2013, which became effective on 12 July 2013 (the "Listing Date") and options in respect of 17,490,000 Shares under the Pre-IPO Share Option Scheme had been granted on 21 June 2013. The Company also conditionally adopted a share option scheme on 20 June 2013 (the "Share Option Scheme"), which became effective on the Listing Date and no option had been granted by the Company up to the date of this report.

## OTHER INFORMATION

### PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on 20 June 2013 so as to recognize and motivate the contributions that certain executive and non-executive Directors, members of the senior management and other employees (the "Grantees") have made or may make to our Group.

Initially, options to subscribe for an aggregate of 17,490,000 Shares had been granted to the Grantees. No further securities shall be available for issue under the Pre-IPO Share Option Scheme as at the date of this report. No further options will be granted by the Company pursuant to the Pre-IPO Share Option Scheme. The exercise price per Share is HK\$0.70, which is equivalent to 70% of the offering price per Share. All options granted under the Pre-IPO Share Option scheme on or before 20 June 2013 may be exercised in the following manner:

Exercise Period	Maximum percentage of options exercisable
Commencing on the first anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive)	30% of the total number of options granted to each of the Grantees
Commencing on the second anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the Expiration Date (both dates inclusive)	30% of the total number of options granted to each of the Grantees
Commencing on the third anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the Expiration Date (both dates inclusive)	40% of the total number of options granted to each of the Grantees

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the Listing Date subject to the provisions of early termination thereof. Each of the Grantees is required to pay HK\$1.00 on acceptance of the options granted under the Pre-IPO Share Option Scheme.

## OTHER INFORMATION

### PRE-IPO SHARE OPTION SCHEME *(Continued)*

Set out below is further information on the outstanding share options granted under the Pre-IPO Share Option Scheme as at 30 June 2022:

Names of the Grantees	Number of share options						Outstanding as at 30 June 2022	Exercise price per Share HK\$	Weighted average closing price of the Shares before the date(s) of which the shares options were exercised HK\$
	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2022			
<b>Director</b>									
Kwok Tak Wang <i>(Note)</i>	800,000	-	-	(800,000)	-	-	0.7	-	
<b>Total</b>	<b>800,000</b>	<b>-</b>	<b>-</b>	<b>(800,000)</b>	<b>-</b>	<b>-</b>			

Note: Mr. Kwok Tak Wang has resigned as a non-executive Director with effect from 12 May 2022.

Save as disclosed, during the six months ended 30 June 2022, no share options were granted, exercised, lapsed and cancelled under the Pre-IPO Share Option Scheme.

### SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 20 June 2013, which became effective on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants (as defined in the Prospectus) have made or may make to the Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 40,000,000 Shares) unless approved by the shareholders of the Company.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. No share option has been granted, exercised, lapsed or cancelled under the Share Option Scheme and the total number of securities available for issue under the Share Option Scheme is 40,000,000 Shares, represented approximately 4.44% of the issued Shares as at the date of this report.

## OTHER INFORMATION

### 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 2022 and recommended its adoption by the Board.

### REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 June 2013 with specific written terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in CG Code provisions E.1.2(a) to (h). The Remuneration Committee comprises a total of four members, being one executive Director, namely, Mr. Lin Wan Tsang, and three independent non-executive Directors, namely, Ms. Guo Yang (Chairman), Dr. Lin Tat Pang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

### NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established on 20 June 2013 with specific written terms of reference in compliance with the CG Code for the purpose of reviewing the Board composition, developing the relevant procedures for nomination and appointment of Directors and assessing the independence of independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive Directors and senior executives. The Nomination Committee comprises a total of four members, being one executive Director, namely, Mr. Lin Wan Tsang, and three independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), Ms. Guo Yang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

### 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 two members, being two independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman) and Dr. Lin Tat Pang. Accordingly, a majority of the members are independent non-executive Directors.

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the six months ended 30 June 2022 and is of the opinion that the Group has complied with the hedging policy.

## OTHER INFORMATION

### 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 2022, except the CG Code provision C.2.1.

Pursuant to the CG Code provision C.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, 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.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued Shares as required under the Listing Rules for the six months ended 30 June 2022 and to the date of this report.

### 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 2022.

### DIVIDENDS

The Board has resolved to declare an interim dividend of HK0.29 cent per Share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK0.14 cent per Share) to be payable on or around 31 October 2022 to the shareholders of the Company whose names appear on the register of members of the Company on 8 September 2022.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 September 2022 to 8 September 2022, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 5 September 2022.

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  
 24 August 2022