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CHINA ALUMINUM CANS HOLDINGS LIMITED

中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6898)

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE NOTE

Financial adviser to the Company



RAINBOW CAPITAL (HK) LIMITED
滋博資本有限公司

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



建泉融資有限公司
VBG Capital Limited

BACKGROUND

References are made to the announcements of the Company dated 20 February 2020, 21 February 2020, 24 March 2020 and 15 May 2020 and the circular of the Company dated 9 April 2020 in relation to the Previous Amendments to the terms and conditions of the Convertible Note.

As at the date of this announcement, the outstanding principal amount of the Convertible Note was HK\$139,825,440, and the outstanding Convertible Note was convertible into 254,228,072 Conversion Shares which the Directors are authorised to allot and issue based on the Conversion Price of HK\$0.55 per Conversion Share pursuant to a specific mandate approved by the independent shareholders of the Company on 15 May 2020. The Convertible Note shall mature on 20 May 2025.

DEED OF AMENDMENT

The Board is pleased to announce that on 21 February 2025 (after trading hours), the Company and Mr. Lin, the holder of the Convertible Note, entered into the Deed of Amendment, pursuant to which the Company and Mr. Lin conditionally agreed to extend the maturity date of the Convertible Note by five years from 20 May 2025 to 20 May 2030. Save for the Extension, other terms and conditions of the Convertible Note remain unchanged.

LISTING RULES IMPLICATION

As at the date of this announcement, Mr. Lin, the holder of the Convertible Note, is beneficially interested in 660,546,000 Shares, representing approximately 69.05% of the issued share capital of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Extension constitutes a connected transaction of the Company under the Listing Rules and are subject to reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established by the Company to provide recommendation to the Independent Shareholders on the Extension. VBG Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Extension. Mr. Lin and his associates shall abstain from voting in respect of the relevant resolution(s) approving the Extension.

A circular containing, among other things, (i) further information on the details of the Extension; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Extension; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Extension; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 14 March 2025.

BACKGROUND

References are made to the announcements of the Company dated 20 February 2020, 21 February 2020, 24 March 2020 and 15 May 2020 and the circular of the Company dated 9 April 2020 in relation to the Previous Amendments to the terms and conditions of the Convertible Note.

The Previous Amendments

On 24 March 2020 (after trading hours), after further negotiation, the Company and Mr. Lin, the holder of the Convertible Note, entered into a deed of amendment to (i) extend the maturity date of the Convertible Note by five years from 20 May 2020 to 20 May 2025; and (ii) revise upwards the conversion price of the Convertible Note from HK\$0.46 per Conversion Share to HK\$0.55 per Conversion Share. The Previous Amendments were approved by the then independent shareholders of the Company in the annual general meeting held by the Company on 15 May 2020.

As at the date of this announcement, the outstanding principal amount of the Convertible Note was HK\$139,825,440, and the outstanding Convertible Note was convertible into 254,228,072 Conversion Shares which the Directors are authorised to allot and issue based on the Conversion Price of HK\$0.55 per Conversion Share pursuant to a specific mandate approved by the then independent shareholders of the Company on 15 May 2020. The Convertible Note shall mature on 20 May 2025.

DEED OF AMENDMENT

The Board is pleased to announce that on 21 February 2025 (after trading hours), the Company and Mr. Lin, the holder of the Convertible Note, entered into the Deed of Amendment, pursuant to which the Company and Mr. Lin conditionally agreed to extend the maturity date of the Convertible Note by five years from 20 May 2025 to 20 May 2030.

Save for the Extension as mentioned above, other terms and conditions of the Convertible Note remain unchanged.

The Extension are conditional upon:

- (i) the approval by the Independent Shareholders of the Deed of Amendment and the transactions contemplated thereunder at the EGM in accordance with the Listing Rules having been obtained;
- (ii) the Stock Exchange having granted its approval to the Company for the Extension as contemplated by the Deed of Amendment in accordance with Rule 28.05 of the Listing Rules; and
- (iii) all other necessary consents and approvals required to be obtained in respect of the Deed of Amendment and the transactions contemplated thereunder having been obtained.

If the conditions precedent set out in the Deed of Amendment are not fulfilled on or before 30 June 2025 or such later date as may be determined by the Company, the Deed of Amendment will terminate and cease to have any effect.

An application will be made to the Stock Exchange for approval of the Extension in accordance with Rule 28.05 of the Listing Rules.

Principal terms of the Convertible Note immediately after the Extension

- Issuer** : The Company
- Principal amount** : As at the date of this announcement, the outstanding principal amount of the Convertible Note was HK\$139,825,440.
- Interest rate** : The Convertible Note does not carry any interest.
- Maturity date** : 20 May 2030
- Conversion** : The noteholder may at any time during the conversion period convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Convertible Note into new Conversion Shares at the conversion price.

Subject to the conditions provided in the instrument constituting the Convertible Note, the Company may at any time during the conversion period by at least 7 days' prior notice in writing request the noteholder to convert certain amount of the Convertible Note as specified therein and the noteholder shall convert such amount of the Convertible Note registered in its names into Conversion Shares as so requested by the Company.

No fraction of a Conversion Share shall be issued on conversion.

Under the terms of the Convertible Note, the noteholder cannot convert the Convertible Note or part thereof if upon the exercise of the conversion rights under the Convertible Note,

- (i) the noteholder and parties acting in concert with it are under an obligation to make a mandatory offer under the Takeovers Code; or
- (ii) less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public.

In the event that the conversion of the Convertible Note on the maturity date will trigger the scenarios (i) and/or (ii) above, the noteholder shall be allotted and issued such number of Conversion Shares to the extent allowable under the said restrictions and as to the outstanding principal amount of the Convertible Note not being converted, the conversion rights attached thereto shall cease and the noteholder shall not be entitled to claim any cash or alternative form of settlement in respect thereof.

Conversion Price	: HK\$0.55 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Note. The Conversion Price of HK\$0.55 represents: (i) a premium of approximately 15.79% over the closing price of HK\$0.475 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 11.79% over the average closing price of HK\$0.492 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 9.56% over the average closing price of HK\$0.502 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.
Conversion Shares	: Assuming that the Convertible Note is fully converted into Conversion Shares at the Conversion Price of HK\$0.55, a total of 254,228,072 Conversion Shares will be issued which represent approximately 26.57% of the issued share capital of the Company as at the date of this announcement and approximately 20.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.
Conversion period	: The period commencing from the date of issue of the Convertible Note and ending on the maturity date.
Redemption	: The Company cannot redeem the Convertible Note or part thereof at any time on or before the maturity date.
Ranking	: The Conversion Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares.
Voting rights	: The Convertible Note does not confer any voting rights at any meetings of the Company.
Transferability	: The Convertible Note may be transferred to any person with the Company's consent provided that such transfer shall comply with the Listing Rules and relevant laws and regulations.

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Note at the Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement and prior to conversion):

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Conversion Shares upon full conversion of the Convertible Note at the Conversion Price (assuming that there are no other changes to the issued share capital of the Company from the date of this announcement and prior to conversion)	
	<i>No. of Shares</i>	<i>Approximate</i>	<i>No. of Shares</i>	<i>Approximate</i>
Mr. Lin (<i>Note 1</i>)	660,546,000	69.05%	914,774,072	75.54%
Public Shareholders	<u>296,129,000</u>	<u>30.95%</u>	<u>296,129,000</u>	<u>24.46%</u>
Total	<u>956,675,000</u>	<u>100.00%</u>	<u>1,210,903,072</u>	<u>100.00%</u>

Notes:

1. 392,546,000 Shares are directly held by Mr. Lin and 268,000,000 Shares are directly held by Wellmass International Limited which is wholly and beneficially owned by Mr. Lin.
2. Pursuant to the terms of the Convertible Note, no conversion of the Convertible Note shall take place if and to the extent that, immediately following the conversion, the Company will be unable to meet the public float requirement under the Listing Rules in that the Shares in the hands of the public would fall below 25% or such other minimum percentage of the total issued share capital of a listed company as prescribed under the Listing Rules that must remain in public hands.

REASONS FOR AND BENEFITS OF THE EXTENSION

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 Convertible Note will reach the maturity date on 20 May 2025 pursuant to the existing terms and conditions of the Convertible Note. As disclosed in the interim report of the Company for the six months ended 30 June 2024, the Company has cash and cash equivalents of approximately HK\$23.7 million as at 30 June 2024. As such, the Company does not have sufficient internal resources to repay the Convertible Note upon its maturity. The Extension will enable the Group to postpone such substantial cash outflow and release the liquidity and working capital pressure of the Company, thus allowing the Group to retain more liquid financial resources for its business operations and have additional time to develop its business instead of repaying the Convertible Note. In addition, as the Convertible Note is not redeemable and carries no interests, it is classified as equity in the consolidated financial statements of the Company. As such, the Extension shall have no impact on the earnings and net assets of the Group. The Company considers that it is in the interests of the Company and its Independent Shareholders as a whole to utilise its resources for business development and other business opportunities in order to maximise returns to its Shareholders.

Furthermore, since the listing of the Company in July 2013, Mr. Lin has led the Group as the founder of the Group and an executive Director. The Company considers that the Extension makes the Convertible Note more appealing to the noteholder and serves to incentivise Mr. Lin's continual support to the Group and effort in promoting the Group's long-term growth and development with an aim to boost the Share price to a level above the conversion price of the Convertible Note. Save for the service agreement entered into between the Company and Mr. Lin, there was no other agreement between the Company and Mr. Lin regarding his future assistance and contribution to the Company as at the date of this announcement.

Based on the above, the Board (excluding members of the Independent Board Committee whose views can only be formed after having been advised by the Independent Financial Adviser) considers that the terms and conditions of the Extension are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alternations take effect automatically under the existing terms of such convertible debt securities. An application will be made to the Stock Exchange for approval of the Extension in accordance with Rule 28.05 of the Listing Rules.

As at the date of this announcement, Mr. Lin, the holder of the Convertible Note, is beneficially interested in 660,546,000 Shares, representing approximately 69.05% of the issued share capital of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Extension constitutes a connected transaction of the Company under the Listing Rules and are subject to reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Lin has a material interest in the Deed of Amendment and the transactions contemplated thereunder, Mr. Lin has abstained from voting on the relevant Board resolution.

GENERAL

The Independent Board Committee has been established by the Company to provide recommendation to the Independent Shareholders on the Extension. VBG Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Extension. Mr. Lin and his associates shall abstain from voting in respect of the relevant resolution(s) approving the Extension.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Extension. Mr. Lin and his associates shall abstain from voting in respect of the relevant resolution(s) approving the Extension. Any Shareholder who is interested in the Extension shall abstain from voting on the resolution(s) to approve the Extension at the EGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for Mr. Lin and his associates, no Shareholder is interested in the Extension and will be required to abstain from voting on the resolution(s) to approve the Extension at the EGM.

A circular containing, among other things, (i) further information on the details of the Extension; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Extension; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Extension; and (iv) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 14 March 2025.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	China Aluminum Cans Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6898)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Note”	the convertible note issued by the Company to Mr. Lin to satisfy part of the consideration for the acquisition. At the date of this announcement, the outstanding principal amount of the Convertible Note was HK\$139,825,440, and the outstanding Convertible Note was convertible into 254,228,072 Conversion Shares which the Directors are authorised to allot and issue
“Conversion Price”	HK\$0.55 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Note

“Conversion Share(s)”	the new Share(s) to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Deed of Amendment”	the deed of amendment dated 21 February 2025 executed by the Company and Mr. Lin in relation to the Extension
“Director(s)”	the director(s) of the Company
“Extension”	the proposed extension of the maturity date of the Convertible Note from 20 May 2025 to 20 May 2030 pursuant to the Deed of Amendment
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Extension
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee, comprising the three independent non-executive Directors, namely Dr. Lin Tat Pang, Ms. Luo Mei Kai and Mr. Yip Wai Man Raymond, formed for the purpose of advising and giving recommendation to the Independent Shareholders in respect of the Extension
“Independent Financial Adviser” or “VBG Capital”	VBG Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Extension
“Independent Shareholders”	the Shareholders other than Mr. Lin and his associates

“Last Trading Day”	21 February 2025, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Wan Tsang, an executive Director, the chairman of the Board and the controlling shareholder of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Previous Amendments”	the previous amendments to the terms and conditions of the Convertible Note pursuant to a deed of amendment, which comprise (i) the extension of the maturity date of the Convertible Note by five years from 20 May 2020 to 20 May 2025; and (ii) the upward conversion of the conversion price of the Convertible Note from HK\$0.46 per Conversion Share to HK\$0.55 per Conversion Share
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“%”	per cent.

By order of the board of
China Aluminum Cans Holdings Limited
Lin Wan Tsang
Chairman and Executive Director

Hong Kong, 21 February 2025

As at the date of this announcement, the executive Directors are Mr. Lin Wan Tsang and Mr. Dong Jiangxiong; and the independent non-executive Directors are Dr. Lin Tat Pang, Ms. Luo Mei Kai and Mr. Yip Wai Man Raymond.