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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)**

### **CONTINUING CONNECTED TRANSACTION TERMINATION OF THE SUPPLY FRAMEWORK AGREEMENT AND ENTERING INTO THE NEW SUPPLY FRAMEWORK AGREEMENT**

**Financial Adviser to the Company**



#### **TERMINATION OF THE SUPPLY FRAMEWORK AGREEMENT AND ENTERING INTO THE NEW SUPPLY FRAMEWORK AGREEMENT**

Reference is made to the Company's announcement dated 13 November 2015 in relation to the Supply Framework Agreement entered into between the Company and Mr. Lin.

Pursuant to a mutual agreement dated 31 July 2017, the Company and Mr. Lin agreed to terminate the Supply Framework Agreement. On the same date, the Company also agreed to supply aluminum aerosol cans and car care service products to Mr. Lin's Group under the New Supply Framework Agreement.

The New Supply Framework Agreement shall expire on 31 December 2019, and be subject to the Annual Caps. Save for the term of the New Supply Framework Agreement expiring on 31 December 2019 and the Annual Caps, there is no difference in major terms between the Supply Framework Agreement and the New Supply Framework Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Lin is an executive Director, the chairman and a controlling shareholder of the Company, and therefore a connected person of the Company. The New Supply Framework Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Mr. Lin has a material interest in the transaction contemplated under the New Supply Framework Agreement. He and his close associates have abstained from voting on the relevant board resolutions approving the mutual agreement to terminate the Supply Framework Agreement and approving the New Supply Framework Agreement.

The Percentage Ratios for the Annual Caps are less than 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the New Supply Framework Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements.

## **TERMINATION OF THE SUPPLY FRAMEWORK AGREEMENT**

Reference is made to the Company's announcement dated 13 November 2015 in relation to the Supply Framework Agreement entered into between the Company and Mr. Lin. Under the Supply Framework Agreement, the Group shall supply to Mr. Lin's Group aluminum aerosol cans and car care service products from 13 November 2015 to 31 December 2017.

Pursuant to a mutual agreement dated 31 July 2017, the Company and Mr. Lin agreed to terminate the Supply Framework Agreement. The parties agreed that neither party shall have any claim against the other on any ground in relation to the Supply Framework Agreement.

Upon termination of the Supply Framework Agreement, the Company and Mr. Lin will enter into the New Supply Framework Agreement, whereby the transaction under the Supply Framework Agreement will continue under the New Supply Framework Agreement. The New Supply Framework Agreement shall expire on 31 December 2019, and be subject to the Annual Caps. Accordingly, the Directors are of the view that the termination of the Supply Framework Agreement has no adverse effect to the Company.

Mr. Lin and his close associates have abstained from voting on the relevant board resolution approving the termination of the Supply Framework Agreement.

## ENTERING INTO THE NEW SUPPLY FRAMEWORK AGREEMENT

Pursuant to the New Supply Framework Agreement dated 31 July 2017, the Company agreed to supply aluminum aerosol cans and car care service products to Mr. Lin's Group.

The principal terms of the New Supply Framework Agreement are as follows:

Date: 31 July 2017

Parties: The Company; and  
Mr. Lin

Term: 1 August 2017 to 31 December 2019 (both days inclusive)

Pursuant to the New Supply Framework Agreement, the Group shall supply to Mr. Lin's Group aluminum aerosol cans and car care service products from 1 August 2017 to 31 December 2019, which can be renewed after expiry on mutual agreement subject to compliance with the Listing Rules requirements.

### *Selling Price and Payment terms*

The selling price and payment terms of the products are to be separately negotiated for each purchase order by the parties.

The selling price shall be set based on the costs of the products (including with the logistic costs, taxes, insurance and other relevant costs) plus a profit margin, taking into account the selling price of the products sold by the Group to independent customers and the selling price of the same or comparable products in the market.

The payment terms will be based on normal commercial terms. In any event, the price and the payment terms offered to Mr. Lin's Group will be no more favourable than terms available to independent third party customers who are usually entitled to a credit period ranging from 0 to 90 days.

### *Annual caps*

The New Supply Framework Agreement shall be subject to the following annual caps:

	<b>Annual Caps</b> <i>(HK\$'000)</i>
For the five months ending 31 December 2017	15,000
For the year ending 31 December 2018	29,000
For the year ending 31 December 2019	32,000

The annual caps are determined taking into account the following factors: (i) the historical transaction amounts under the Supply Framework Agreement, (ii) the transaction amounts during the period from 1 January 2017 to 31 July 2017, and (iii) the projected and/or targeted growth in revenue and sales volume of the Group as determined by the Board.

### *Periodic review*

Periodic review on the selling price and payment terms will be made. The Board believes that the periodic review and control procedures will help ensure the continuing connected transaction to be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW SUPPLY FRAMEWORK AGREEMENT**

The Directors have been carefully monitoring the historical amount of relevant transaction under the Supply Framework Agreement. Based on such historical amount of the relevant transaction and the anticipated continuing growth in the demand from Mr. Lin's Group, the Directors are of the view that the actual transaction amount for the year ending 31 December 2017 would exceed the relevant annual cap set out in the Supply Framework Agreement.

The Directors therefore proposed to terminate the Supply Framework Agreement and enter into the New Supply Framework Agreement with the term expiring on 31 December 2019. The New Supply Framework Agreement shall be subject to the Annual Caps with the aim to benefit the revenue growth and future development of the Group.

Save for the term of the New Supply Framework Agreement expiring on 31 December 2019 and the Annual Caps, there is no difference in major terms between the Supply Framework Agreement and the New Supply Framework Agreement.

The Directors, including the independent non-executive Directors, consider that the terms of the New Supply Framework Agreement and the Annual Caps are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Lin is an executive Director, the chairman and a controlling shareholder of the Company, and therefore a connected person of the Company. The New Supply Framework Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

Mr. Lin has a material interest in the transaction contemplated under the New Supply Framework Agreement. He and his close associates have abstained from voting on the relevant board resolution approving the New Supply Framework Agreement.

The Percentage Ratios for the Annual Caps are less than 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the New Supply Framework Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirements.

## **GENERAL**

The Group is principally engaged in the manufacture and sale of aluminum aerosol cans, and the content filling of aerosol cans, and production and sale of aerosol products and non-aerosol products.

Mr. Lin's Group is principally engaged in trading of goods, provision of car care services and content filling of aerosol cans for cosmetic products.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Annual Caps”	the proposed annual caps of the supply of aluminum aerosol cans and car care service products by the Group under the New Supply Framework Agreement
“Board”	the board of 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Wan Tsang, an executive Director, the chairman and a controlling shareholder of the Company
“Mr. Lin’s Group”	Mr. Lin and his associates (has the meaning ascribed to it under the Listing Rules)

“New Supply Framework Agreement”	the agreement dated 31 July 2017 entered into between the Company and Mr. Lin in relation to the supply of aluminum aerosol cans and car care service products by the Group with the term expiring on 31 December 2019, and subject to the Annual Caps
“Percentage Ratios”	the percentage ratios under Rule 14.07 of the Listing Rules, as applicable to the continuing connected transaction
“PRC”	the People’s Republic of China
“Shareholder(s)”	The holder(s) of the Shares
“Supply Framework Agreement”	the agreement dated 13 November 2015 entered into between the Company and Mr. Lin in relation to the supply of aluminum aerosol cans and car care service products by the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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, 31 July 2017

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