

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

CHINA ALUMINUM CANS HOLDINGS LIMITED

中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6898)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF ASSETS

THE ACQUISITION

On 30 July 2018, the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Production Line, at the Consideration of EUR\$5,969,100 (equivalent to approximately HK\$54.74 million) in cash.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As two of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and Shareholders' approval requirements, under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that after trading hours of the Stock Exchange on 30 July 2018, the Purchaser, an indirect non-wholly owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Production Line, at the Consideration of EUR\$5,969,100 (equivalent to approximate HK\$54.74 million) in cash.

Set out below are the principal terms of the Acquisition Agreement.

ACQUISITION AGREEMENT

Date

30 July 2018

Parties

Purchaser : 廣東歐亞包裝有限公司 (Euro Asia Packaging (Guangdong) Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company

Vendor : Technopack s.r.l.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Production Line. The Production Line consists of automated machineries, including slugs elevator, slugs lubricating tumbler, extrusion press, trimming and brushing machine, washing machine, inside coating machine, polymerization oven, base coating machine, digital printing machine, over-varnishing machine, drying oven and accumulators.

Consideration

The Consideration is EUR\$5,969,100 (equivalent to approximately HK\$54.74 million).

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among other things, the quotations from various vendors.

Payment

The Consideration of EUR\$5,969,100 (equivalent to approximately HK\$54.74 million) shall be satisfied in the following manner:

- (a) A down-payment of approximately 30% of the total contract value, i.e. EUR\$1,790,700 (equivalent to approximately HK\$16.42 million), shall be settled with the Letter of Credit within 30 days following the signing of the Acquisition Agreement. The payment term of the Letter of Credit is upon arrival of the Production Line; and

(b) The remaining approximately 70% of the total contract value, i.e. EUR\$4,178,400 (equivalent to approximately HK\$38.32 million), shall be settled with the issuance of the Letter of Credit to the Vendor before 30 September 2018.

70% of the total contract value shall be satisfied in the following manner:

- (i) 40% of the total contract value shall be payable after installation completion (upon certificate of completion of installation: machines positioned and connected with the related electrical cabinet);
- (ii) 20% of the total contract value shall be payable after acceptance of the Production Line; and
- (iii) 10% of the total contract value shall be payable within 3 months after acceptance of the Production Line, and upon emission of 5% performance bond, expiring 12 months after the acceptance date of the Production Line.

Liability of Breach of Acquisition Agreement

The breaching party who breaks the Acquisition Agreement shall bear 30% of the total amount as liquidated damages to the non-breaching party.

REASON FOR THE ACQUISITION

The Group is principally engaged in (i) the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray; and (ii) the content filling of aerosol cans, and production and sale of aerosol products and non-aerosol products, which focuses on, among other things, the development of high-end car care service products.

Technopack is principally engaged in the design and supply of dedicated production lines, machines and components for critical manufacturing processes in the field of metal packaging and its principal place of business is in Italy.

The Group currently has the capabilities to manufacture aluminum aerosol cans of base diameter ranging from 22 mm to 66 mm and heights ranging from 58 mm to 240 mm of various features and shapes. The Company's production output in producing small to medium sized aluminum aerosol cans of base diameters ranging from 22 mm to 45 mm is relatively low due to depreciation and high maintenance cost of the respective production lines. Nowadays, demand for quality packaging cans has been increasing. The aluminum cans digital printing technology has been well developed and mature in Europe. As such, the Board believes that the digital printing technology is able to sharpen the competitive strength of the Company and maintain the leading position of the aluminum aerosol cans in China. Therefore, the Board decided to purchase the Production Line from Technopack, a reputable packaging corporation, and believes that the Production Line will provide the Group with an additional production line in producing small to medium sized aluminum aerosol cans of base diameter ranging from 22 mm to 45 mm and an increase in production capacity of approximately 42 million cans annually. In addition, the acquisition of the Production Line will improve the Group's competitiveness in the aluminum can and packaging by reducing its maintenance costs in production and equip its production with new technology.

The Consideration of EUR\$5,969,100 (equivalent to approximately HK\$54.74 million) will be partially financed by the Company's operating cashflow and partially financed by term loan.

The Directors (including all the independent non-executive Directors) consider that the terms of the Acquisition Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As two of the applicable percentage ratios in respect of the Acquisition is 5% or more but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and Shareholders' approval requirements, under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms shall have the following meanings in this announcement:

| | |
|--------------------------------------|--|
| “Acquisition” | the acquisition of the Production Line pursuant to the Acquisition Agreement |
| “Acquisition Agreement” | the acquisition agreement dated 30 July 2018 entered into between the Purchaser and the Vendor in connection with the Acquisition |
| “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 |
| “Consideration” | The consideration of EUR\$5,969,100 (equivalent to approximately HK\$54.74 million) for the Acquisition |
| “Director(s)” | the director(s) of the Company |
| “EUR\$” | the Euro, being the lawful currency of the Eurozone |
| “Euro Asia Packaging” or “Purchaser” | 廣東歐亞包裝有限公司 (Euro Asia Packaging (Guangdong) Co., Ltd.*), a company established under the laws of the PRC with limited liability and a 98.623% indirectly non-wholly owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

| | |
|--------------------------|---|
| “Letter of Credit” | an irrevocable letter of credit issued by a first class bank accepted by the Vendor |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People Republic of China |
| “Production Line” | the brand new automated production line for the production of aluminum aerosol cans to be sold to the Purchaser under the Acquisition Agreement |
| “Shareholder(s)” | holder(s) of the share(s) in the share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Technopack” or “Vendor” | Technopack s.r.l., a company incorporated under the laws of Italy |
| “%” | per cent |

For the purpose of illustration only and unless otherwise stated, in this announcement, the conversion of EUR\$ into HK\$ is based on the exchange rate of EUR\$1.00 to HK\$9.17. Such conversions should not be construed as a representation that any amount has been, could have been, or may be, exchanged at such or any other rate.

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, 30 July 2018

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.

* *For identification purpose only*