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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)

(I) TERMINATION OF CONTINUING CONNECTED TRANSACTIONS
(II) NEW CONTINUING CONNECTED TRANSACTION
AND
(III) RENEWAL OF LEASE AGREEMENT

(I) TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

On 13 November 2015, Euro Asia Aerosol and Euro Asia Packaging (a subsidiary of the Company) have entered into the First Termination Agreement, pursuant to which, the parties agreed to terminate the Euro Asia Aerosol Agreement in relation to the supply of aluminum aerosol cans by Euro Asia Packaging.

On 13 November 2015, Botny Chemical (a subsidiary of the Company) and China Motor Services have entered into the Second Termination Agreement, pursuant to which, the parties agreed to terminate the Supply Agreement in relation to the supply of car care service products by Botny Chemical.

(II) NEW CONTINUING CONNECTED TRANSACTIONS

On 13 November 2015, the Company and Mr. Lin entered into the New Supply Framework Agreement whereby 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, which can be renewed after expiry on mutual agreement subject to compliance with the Listing Rules requirements.

The relevant percentage ratios under the Listing Rules for the annual cap are, on an annual basis, less than 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the New Supply Framework Agreement is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements.

(III) RENEWAL OF A LEASE AGREEMENT

Given that the 2012 Lease Agreement will expire on 31 December 2015, the Company entered into the New Lease Agreement with Mr. Lin on 13 November 2015 to renew the lease of the Property for the three years ending 31 December 2018.

The relevant applicable percentage ratios with respect to the transactions contemplated under the New Lease Agreement on an annual basis is less than 0.1% of each of the applicable percentage ratios of the Company, the entering of the New Lease Agreement constitutes an exempt continuing connected transaction of our Company under Rules 14A.76(1) of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

(I) TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

Termination of Euro Asia Aerosol Agreement

Reference is made to the Prospectus dated 28 June 2013 in relation to the Euro Asia Aerosol Agreement. Pursuant to the Euro Asia Aerosol Agreement, which is expected to expire on 31 December 2015, Euro Asia Packaging has agreed to supply aluminum aerosol cans to Euro Asia Aerosol.

Euro Asia Aerosol and Euro Asia Packaging have on 13 November 2015 entered into the First Termination Agreement, pursuant to which, the parties agreed to terminate the Euro Asia Aerosol Agreement and neither party shall have any claim against the other on any ground.

Termination of Supply Agreement

Reference is made to the Company's announcement dated 6 October 2015 in relation to the Supply Agreement entered into between Botny Chemical and China Motor Services. Pursuant to the Supply Agreement, which is expected to expire on 31 December 2016, Botny Chemical agrees to supply car care service products to China Motor Services Group.

On 13 November 2015, Botny Chemical and China Motor Services entered into the Second Termination Agreement, pursuant to which the parties agreed to terminate the Supply Agreement and neither party shall have any claim against the other on any ground.

Reasons for entering into the Termination Agreements

The Directors are of the view that the termination of the Euro Asia Aerosol Agreement and the Supply Agreement has no adverse effect to the Company and does not have any impact on the development of the Group.

Upon termination of the Euro Asia Aerosol Agreement and Supply Agreement, the Company and Mr. Lin will enter into New Supply Framework Agreement whereby the transactions under the Euro Asia Aerosol Agreement and Supply Agreement will be consolidated under the New Supply Framework Agreement to facilitate the Group in monitoring the annual cap of the relevant transactions.

(II) NEW CONTINUING CONNECTED TRANSACTION — NEW SUPPLY FRAMEWORK AGREEMENT

Date : 13 November 2015

Parties : The Company; and
Mr. Lin

Term : 13 November 2015 to 31 December 2017 (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 13 November 2015 to 31 December 2017, which can be renewed after expiry on mutual agreement subject to compliance with the Listing Rules requirements.

Principal terms of the New Supply Framework Agreement

Selling Price

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 by the Group to independent customers and the selling price of the same or comparable products in the market.

Payment terms

The payment terms will be arrived at after arm's length negotiation between the parties and based on normal commercial terms, but in any event, the prices and the terms offer to Mr. Lin's Group will be no more favourable than terms available to independent third party customers who usually entitle to a credit period ranging from 0 to 90 days.

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 transactions to be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority shareholders.

The Directors (including the independent non-executive Directors) are of the view that the selling price and payment terms are fair and reasonable and are in the interests of the Company and the independent Shareholders as a whole.

Reasons for and benefits of the New Supply Framework Agreement

The Group is principally engaged in (i) the manufacturing 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 are generally used in car care services.

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.

The New Supply Framework Agreement can secure Mr. Lin's Group as customers of the Group, which will bring a steady stream of revenue to the Group and in turn will benefit the Group's revenue growth and future development. The terms of the New Supply Framework Agreement were arrived at after arm's length negotiations between the Company and Mr. Lin with reference to the market terms and price of similar transactions.

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

Annual caps

Pursuant to the New Supply Framework Agreement, the annual caps for the aggregate sales of aluminum aerosol cans and car care service products by our Group to Mr. Lin's Group for the two months ended 31 December 2015 shall not exceed HK\$5.0 million and for each of the two financial years ending 31 December 2016 and 31 December 2017 shall not exceed HK\$11.0 million, respectively.

Basis for determining the annual caps

The annual caps are determined with reference to a number of factors, particularly (i) the expected demand of aluminum aerosol cans and car care service products by Mr. Lin's Group; (ii) the projected selling prices of the aluminum aerosol cans and car care service products after taking into account the market prices of the same or comparable products; and (iii) the historical transaction amounts.

The historical amount of the sales made to Mr. Lin's Group for the year ended 31 December 2014 and nine months ended 30 September 2015 were approximately:

	Historical Transaction Amounts	
	For the year ended 31 December 2014 (Unaudited) (HK\$'000)	For the nine months ended 30 September 2015 (Unaudited) (HK\$'000)
Sales to <i>(note)</i> :		
European Asia Industrial	14,781	733
Euro Asia Aerosol	1,276	3,237
China Motor Services Group	<u>25</u>	<u>296</u>
Total	<u><u>16,082</u></u>	<u><u>4,266</u></u>

Note: The historical transaction amounts include sales made by Topspan Group prior to the completion of the substantial acquisition on 20 May 2015.

The proposed annual caps are as follow:

	Annual Caps		
	For the two months ended 31 December 2015 (HK\$'000)	For the year ended 31 December 2016 (HK\$'000)	For the year ended 31 December 2017 (HK\$'000)
Annual Caps	5,000	11,000	11,000

The annual cap of HK\$5.0 million for the two months ended 31 December 2015 was determined based on (i) the outstanding order for products of approximately HK\$1.0 million as at the date of this announcement received by the Company; and (ii) the contemplated additional orders to be received before the end of 2015 as indicated by Mr. Lin's Group.

The annual cap of HK\$11.0 million for each of the year ended 31 December 2016 and 31 December 2017 was projected based on (i) the Group (including Topspan Group) had approximately HK\$16.1 million sales for the year ended 2014; (ii) the increasing general disposable income of the population in China which will increase the purchase of higher value consumer products including cosmetic products; and (iii) the increasing number of cars which will lead to an increase in the demand for car care services and related products.

Implications under the Listing Rules

The New Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules by reason of Mr. Lin being an executive Director, the chairman and a controlling shareholder of the Company.

As Mr. Lin has a material interest in the transactions contemplated under the New Supply Framework Agreement, Mr. Lin has abstained from voting on the relevant board resolution approving Termination Agreements and the New Supply Framework Agreement.

The relevant percentage ratios under the Listing Rules for the annual cap are, on an annual basis, less than 5%. Accordingly, pursuant to Rule 14A.76(2) of the Listing Rules, the New Supply Framework Agreement are only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements.

(III)RENEWAL OF LEASE AGREEMENT

Background

On 31 December 2012, the 2012 Lease Agreement was entered into between Mr. Lin (as landlord) and Hong Kong Aluminum Cans (as tenant) in respect of the Property. Since Mr. Lin is a connected person of our Company, the entering into of the Lease Agreement constitutes a continuing connected transaction of our Company under Chapter 14A of the Listing Rules.

The Property is leased for a term commencing on 1 January 2013 and ending on 31 December 2015 (both days inclusive) at a monthly rental of HK\$8,000 (exclusive of rates, government rent, management fees and other utilities outgoings which are payable by the tenant) and payable in advance. The Property has a gross floor area of approximately 40.41 sq.m..

Details of the New Lease Agreement

Particulars of the New Lease Agreement are set out below:

Date	:	13 November 2015
Parties	:	Hong Kong Aluminum Cans (as tenant) Mr. Lin (as landlord)
Term	:	Three years from 1 January 2016 to 31 December 2018 (both days inclusive)
Property	:	Unit G, 20/F, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Hong Kong

Rental	:	HK\$10,000 per month (exclusive of rates, government rent, management fees and other utilities outgoings which are payable by the tenant)
Other terms and conditions	:	Subject to compliance with the Listing Rules, Hong Kong Aluminum Cans and Mr. Lin shall negotiate one month before the expiry of the New Lease Agreement on whether to continue to lease the Property and shall enter into a new lease agreement.

The rental under the New Lease Agreement was determined by making reference to the prevailing market rates of neighboring properties.

Reasons for and benefits of the lease of the Property

The Property is currently used by the Group as its principal place of business in Hong Kong and the 2012 Lease Agreement will expire on 31 December 2015.

The Board (including all the independent non-executive Directors) considers that the terms of the New Lease Agreement are fair and reasonable and the lease of the Property is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Implications under the Listing Rules

As the relevant applicable percentage ratios with respect to the transactions contemplated under the New Lease Agreement on an annual basis is less than 0.1% of each of the applicable percentage ratios of the Company, the entering of the New Lease Agreement constitutes an exempt continuing connected transaction of our Company under Rules 14A.76(1) of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules.

As Mr. Lin has a material interest in the New Lease Agreement, Mr. Lin has abstained from voting on the relevant board resolution approving the New Lease Agreement.

DEFINITIONS

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

“2012 Lease Agreement”	a lease agreement entered into between Mr. Lin (as landlord) and Hong Kong Aluminum Cans (as tenant) in respect of the Property on 31 December 2012
“Board”	the board of Directors

“Botny Chemical”	Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of Topspan and the Company
“BVI”	British Virgin Islands
“China Motor Services”	China Motor Services Limited, a company incorporated under the laws of the BVI with limited liability and beneficially owned by Mr. Lin
“China Motor Services Group”	China Motor Services Limited and its subsidiaries
“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
“Director(s)”	director(s) of the Company
“Euro Asia Aerosol”	Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited (廣州歐亞氣霧劑與日化用品製造有限公司), a company established under the laws of the PRC with limited liability and is wholly owned by European Asia Industrial, a company beneficially owned by Mr. Lin
“Euro Asia Aerosol Agreement”	the agreement dated 20 June 2013 entered into between Euro Asia Packaging and Euro Asia Aerosol in relation to the supply of aluminum aerosol cans by Euro Asia Packaging
“Euro Asia Packaging”	Euro Asia Packaging (Guang Dong) Co., Limited (廣東歐亞包裝股份有限公司), a company established under the laws of the PRC with limited liability and a 98.623% indirectly owned subsidiary of the Company
“European Asia Industrial”	European Asia Industrial, a company established under the laws of the Hong Kong with limited liability and is wholly owned by Mr. Lin
“First Termination Agreement”	the termination agreement dated 13 November 2015 entered into between Euro Asia Aerosol and Euro Asia Packaging in relation to the termination of the Euro Asia Aerosol Agreement
“Group”	the Company and its subsidiaries

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Aluminum Cans”	Hong Kong Aluminum Cans Limited, a company incorporated in Hong Kong with limited liability on 6 September 2012 and is a wholly owned subsidiary of the Company
“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 Lease Agreement”	a new lease agreement entered into between Mr. Lin (as landlord) and Hong Kong Aluminum Cans (as tenant) in respect of the Property on 13 November 2015
“New 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
“PRC” or “China”	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
“Property”	the property situated at office Unit G, 20/F, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Hong Kong
“Prospectus”	the prospectus dated 28 June 2013 issued by the Company
“Second Termination Agreement”	the termination agreement dated 13 November 2015 entered into between Botny Chemical and China Motor Services in relation to the termination of the Supply Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supply Agreement”	the agreement dated 3 October 2014 entered into between Botny Chemical and China Motor Services in relation to the supply of car care service products by Botny Chemical

“Termination Agreements”	the First Termination Agreement and the Second Termination Agreement
“Topspan”	Topspan Holdings Limited, a company incorporated under the laws of the BVI with limited liability and became an indirect wholly owned subsidiary of the Company on 20 May 2015
“Topspan Group”	Topspan and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Aluminum Cans Holdings Limited
Chamlong Wachakorn
Executive Director

Hong Kong, 13 November 2015

As at the date of this announcement, the executive directors of the Company are Mr. Lin Wan Tsang, Ms. Ko Sau Mee and Mr. Chamlong Wachakorn; and the non-executive director is Mr. Kwok Tak Wang; and the independent non-executive directors are Mr. Chung Yi To, Ms. Guo Yang, Mr. Leung Man Fai and Dr. Lin Tat Pang.