
THIS CIRCULAR IS IMPORTANT AND REQUESTS YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to what action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Aluminum Cans Holding Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(1) CONTINUING CONNECTED TRANSACTIONS — 2025 MASTER SUPPLY AGREEMENT; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser

RAINBOW.

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

Capitalised terms used in this cover page shall have the same meaning as those defined in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 12 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 24 of this circular.

A notice convening the EGM to be held at Room Diamond, Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong on Thursday, 27 February 2025 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend and vote in person at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

27 January 2025

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DEFINITIONS

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

“2021 Master Supply Agreement”	the master supply agreement dated 8 December 2021 entered into between Hong Kong Aluminum Cans and Precious Dragon in relation to the sale and purchase of the Products
“2025 Master Supply Agreement”	the master supply agreement dated 6 January 2025 entered into between the Company and Precious Dragon in relation to the sale and purchase of the Products
“Annual Caps”	the proposed annual maximum aggregate value for the sale of the Products by the Group to the Precious Dragon Group under the 2025 Master Supply Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“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)
“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
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the 2025 Master Supply Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Aluminum Cans”	Hong Kong Aluminum Cans Limited (香港鋁罐有限公司), a company incorporated in Hong Kong with limited liability on 6 September 2012 and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“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 2025 Master Supply Agreement and the transaction contemplated thereunder
“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 2025 Master Supply Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders, other than Mr. Lin and his associates, who are entitled to vote at the EGM in respect of the 2025 Master Supply Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	22 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Wan Tsang, the controlling Shareholder of the Company and Precious Dragon
“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 circular
“Precious Dragon”	Precious Dragon Technology Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 4 May 2018, the shares of which are listed on the main board of the Stock Exchange (stock code: 1861)
“Precious Dragon Board”	the board of directors of Precious Dragon
“Precious Dragon Group”	Precious Dragon and its subsidiaries
“Products”	certain monobloc aluminum aerosol cans

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Lin Wan Tsang (*Chairman*)

Mr. Dong Jiangxiong

Independent Non-executive Directors:

Dr. Lin Tat Pang

Ms. Luo Mei Kai

Mr. Yip Wai Man Raymond

Registered office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Unit G, 20/F., Golden Sun Centre

Nos. 59/67 Bonham Strand West

Sheung Wan

Hong Kong

27 January 2025

To the Shareholders,

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
— 2025 MASTER SUPPLY AGREEMENT;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 January 2025 in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder.

The purpose of this circular is to provide you with further information in relation to, among other things, (i) details of the 2025 Master Supply Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules.

LETTER FROM THE BOARD

BACKGROUND

On 8 December 2021 (after trading hours), Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and Precious Dragon (for itself and on behalf of its subsidiaries) entered into the 2021 Master Supply Agreement in relation to the purchase of the Products by the Precious Dragon Group from the Group.

The 2021 Master Supply Agreement had expired on 31 December 2024. As the Group will continue to sell, and the Precious Dragon Group will continue to purchase, the Products after 31 December 2024 during their respective ordinary and usual course of business, on 6 January 2025, the Company (for itself and on behalf of its subsidiaries) and Precious Dragon (for itself and on behalf of its subsidiaries) entered into the 2025 Master Supply Agreement in relation to the sale of the Products by the Group to the Precious Dragon Group from the Group for a term of three years from 1 January 2025 to 31 December 2027 (both days inclusive).

2025 MASTER SUPPLY AGREEMENT

1. Principal terms

The principal terms of the 2025 Master Supply Agreement are as follows:

Date:	6 January 2025 (after trading hours)
Parties:	The Company (for itself and on behalf of its subsidiaries); and Precious Dragon (for itself and on behalf of its subsidiaries)
Term:	From the 1 January 2025 to 31 December 2027 (both days inclusive)

Pursuant to the terms of the 2025 Master Supply Agreement and subject to the terms and conditions of each relevant purchase order, the Group agreed to sell the Products to the Precious Dragon Group, and the Precious Dragon Group agreed to purchase the Products from the Group during the term of the 2025 Master Supply Agreement.

2. Pricing basis and payment term

Pursuant to the 2025 Master Supply Agreement, the Group and the Precious Dragon Group agreed to enter into separate purchase orders in respect of each purchase of the Products to specify the details of each purchase including but not limited to the types and/or specifications of the Products, quantity, purchase prices, payment terms, date and mode of delivery and other relevant terms in relation to that purchase. The terms of such purchase orders shall be consistent with the terms under the 2025 Master Supply Agreement and shall comply with the principles of the 2025 Master Supply Agreement. Generally, the Precious Dragon Group shall make payment to the Group for the Products on a 30-day monthly basis in arrears. As the payment term is generally in line with the payment term offered to other independent customers by the Group, the Directors consider that the payment terms are fair and reasonable.

LETTER FROM THE BOARD

The purchase and selling price of each and every sale shall be separately determined on order-by-order basis by the parties to the 2025 Master Supply Agreement according to the following principles: (i) the purchase and selling price shall be determined on normal commercial terms which shall be fair and reasonable after arm's length negotiation between the parties to the 2025 Master Supply Agreement; (ii) the purchase and selling price shall be at prevailing market price; and (iii) the purchase and selling price shall be the same as the prices offered by the Group to its other independent customers or payable by the Precious Dragon Group to its other independent suppliers.

To ensure the Group's future selling prices are fair and reasonable and in accordance with the principles set out above, the Group shall, when determining the selling price, make reference to (i) the creditability of the Precious Dragon Group; (ii) the expected material costs and production costs to be incurred by the Group in providing the Products; (iii) the marginal profit to be made by Group, which is expected to be comparable to the profit that can be realised by sales to its other independent customers; and (iv) any adjustments (the "**Standardized Adjustments**"), which shall be the same as that offered by the Group to its other independent customers, based on expected quantity, quality, delivery plan, specification and market competition condition of the Products purchased by the Precious Dragon Group.

In specific, the finance department of the Company would, from time to time, prepare and update a pricing list (the "**Pricing List**") which would set out the selling prices of all types of the Products before taking into account the Standardized Adjustments and how the Standardized Adjustments are applied to determine the final selling prices. Such Pricing List would then be approved by the chairman of the Company from time to time. All price quotations provided by the Group are based on the Pricing List and the Standardized Adjustments. These price quotations shall be counter-checked and approved by the finance department of the Company. Given that the Pricing List and the Standardized Adjustments would be consistently applied to the purchase orders received from both the Precious Dragon Group and other independent customers of the Group, the final selling prices offered to the Precious Dragon Group shall be the same as those of same products offered to other independent customers of the Group. Further, the Group will assess the creditability of the customers and premium would be applied to customers with less creditability whereas no premium was applied on the selling price to Precious Dragon Group. The Board shall review the pricing policy and the reasonableness and fairness of the Group's selling prices on regular basis.

3. Condition precedent

The 2025 Master Supply Agreement is conditional upon the independent shareholders of each of the Company and Precious Dragon having approved the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) in accordance with the Listing Rules.

4. Renewal

Subject to the compliance with the requirements of the Listing Rules, the parties to the 2025 Master Supply Agreement may negotiate for extension of the term of the 2025 Master Supply Agreement upon expiry.

LETTER FROM THE BOARD

5. Termination

Unless otherwise specified in the 2025 Master Supply Agreement, either party to the 2025 Master Supply Agreement has a right to terminate the 2025 Master Supply Agreement by giving the other party a 30-day prior written notice.

6. Historical transaction amounts

For the years ended 31 December 2022, 2023 and 2024, the amount of the sale of the Products by the Group and the purchase of the Products by the Precious Dragon Group amounted to approximately HK\$23.6 million, HK\$22.0 million and HK\$13.8 million, representing utilisation rate of approximately 60.4%, 53.8% and 32.1%, respectively. The relatively low transaction amount for the year ended 31 December 2024 was primarily due to the decrease in domestic consumption of personal care products in 2024. Nevertheless, considering the gradual recovery in the PRC economy, it is expected that the demand for personal care products will recover in the coming years.

7. Annual Caps

The 2025 Master Supply Agreement shall be subject to the following Annual Caps:

	Annual Caps (HK\$'000)
For the year ending 31 December 2025	28,000
For the year ending 31 December 2026	29,000
For the year ending 31 December 2027	31,000

The Annual Caps are determined by the Board and the Precious Dragon Board after taking into account the following factors:

- (i) the average of the historical transaction amount for the years ended 31 December 2022 and 2023 and the annualised transaction amount for the ten months ended 31 October 2024 under the 2021 Master Supply Agreement of approximately HK\$20.1 million;
- (ii) the expected increase in demand by the Precious Dragon Group of HK\$5.0 million as the factory of the Precious Dragon Group in Thailand is expected to commence full operation in the first quarter of 2025 after its upgrade in production line in 2024;
- (iii) the expected growth in the personal care market as driven by the growing awareness of health and wellness. According to Technavio, being one of the leading market research companies with over 500 analysts around the world, the personal care market size is forecast to increase by USD167.2 billion at a compound annual growth rate (CAGR) of 6.03% between 2023 and 2028. As such, an annual growth rate of approximately 5% has been applied on the annual caps for the three years ending 31 December 2027; and
- (iv) a buffer of 10% to cater for unforeseeable circumstances, such as unexpected increase in demand for the Products, fluctuation in the price of aluminum and the growth in car detailing market.

LETTER FROM THE BOARD

8. Periodic review and internal control

Periodic review on the purchase and selling prices and payment terms will be made. The Board believes that the periodic review and internal control procedures in place will help ensure the relevant continuing connected transactions to be conducted on normal commercial terms and not prejudicial to the interest of the Company and the Shareholders as a whole.

The Group has adopted a series of internal control measures to supervise the transactions contemplated under the 2025 Master Supply Agreement. Specifically:

- (i) The sales department of the Company will first communicate with the potential customers to obtain information of the types and/or specifications of the Products, quantity, date and mode of delivery for a potential purchase order.
- (ii) The finance department of the Company will provide the latest Pricing List for the sales department of the Company to provide a fee quotation to the potential customers.
- (iii) The finance manager of the Group will collect each signed purchase order under the 2025 Master Supply Agreement, report the actual transaction amounts to the chief financial officer of the Group on a monthly basis, especially when the utilization rate of the Annual Caps exceeds 90%.
- (iv) Also, the finance manager of the Group will assist in monitoring the major terms specified in individual purchase orders and will report to the chief financial officer of the Group if there is any change to the major terms of individual purchase orders.

Furthermore, the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the total amounts of the transactions contemplated under the 2025 Master Supply Agreement must be restricted by the Annual Caps for the three years ending 31 December 2027; (ii) the terms of the 2025 Master Supply Agreement (together with the Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the 2025 Master Supply Agreement (together with the Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide annually a letter to the Board confirming, among other things, that the transactions contemplated under the 2025 Master Supply Agreement are carried out in accordance with the terms therein and the pricing policies of the Company in all material respects, and the Annual Caps are not being exceeded. In the event that the total amounts of the transactions contemplated under the 2025 Master Supply Agreement exceed the Annual Caps, or that there is any material amendment to the terms of the 2025 Master Supply Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

LETTER FROM THE BOARD

By implementing the above procedures, the Directors consider that the Company has established appropriate internal control measures to ensure that the transactions contemplated under the 2025 Master Supply Agreement will be on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE 2025 MASTER SUPPLY AGREEMENT

The Precious Dragon Group is principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products, and also personal care products and other products including household products.

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 Precious Dragon Group has established a relatively long business relationship with the Group. The Precious Dragon Group has been sourcing and purchasing the Products from the Group, and the Group has been selling the Products to the Precious Dragon Group, in the previous years during their respective ordinary and usual course of business. The Precious Dragon Group is expected to continue to purchase the Products for manufacturing of its products.

The Precious Dragon Group would benefit from the 2025 Master Supply Agreement in different ways, including (i) the Precious Dragon Group could secure a stable supply of the Products and better cope with the fluctuation of aluminum price as the Group is one of the largest manufacturers of aluminum aerosol cans in the PRC, which is important to the development and growth of the Precious Dragon Group's business; and (ii) the Precious Dragon Group could continue to maintain a business relationship with the Group. On the other hand, the 2025 Master Supply Agreement will also enable the Group to secure a stable stream of income.

The Directors (including the independent non-executive Directors) are of the view that the 2025 Master Supply Agreement and the transactions contemplated thereunder (including Annual Caps) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Mr. Lin, the controlling shareholder of Precious Dragon and was beneficially interested in 175,288,500 Precious Dragon Shares, representing approximately 74.94% of the issued share capital of Precious Dragon, and was therefore a connected person of Precious Dragon. On the other hand, Mr. Lin was beneficially interested in 660,546,000 Shares, representing approximately 69.05% of the issued share capital of the Company as at the Latest Practicable Date. As such, Precious Dragon is an associate of Mr. Lin and it is therefore a connected person of the Company. Accordingly, the entering into of the 2025 Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules for the Annual Caps exceeds 5%, the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Save as Mr. Lin, no other Director is required to abstain from voting on the board resolution in relation to the approval of the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

With reference to the actual transaction amounts under the 2021 Master Supply Agreement, the transactions amount were generally relatively lower during January and February due to the Chinese New Year. Taking also into account of the transaction amount for the period from 1 January 2025 and up to the Latest Practicable Date as well as the applicable percentage ratios calculated thereof under the Listing Rules, the Directors expect that the aggregate transaction amount under the 2025 Master Supply Agreement will not exceed the de minimis threshold under Chapter 14A of the Listing Rules before the EGM. The Company will strictly monitor to ensure such de minimis threshold would not be exceeded before the EGM.

GENERAL

As at the Latest Practicable Date, Mr. Lin was beneficially interested in 660,546,000 Shares, representing approximately 69.05% of the issued share capital of the Company. As Mr. Lin has a material interest in the 2025 Master Supply Agreement and the transactions contemplated thereunder, Mr. Lin and his associates are required under the Listing Rules to abstain from voting on the relevant resolution at the EGM in respect of the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lin Tat Pang, Ms. Luo Mei Kai and Mr. Yip Wai Man Raymond, has been established by the Company to advise the Independent Shareholders on the terms of the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps). VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

EGM

The EGM will be held at Room Diamond, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Thursday, 27 February 2025 at 2:00 p.m. to consider and, if thought fit, approve the 2025 Master Supply Agreement and the transactions contemplated thereunder.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM or any adjournment thereof, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

Your attention is also drawn to the letter from the Independent Financial Adviser set out on pages 13 to 24 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) and the principal factors and reasons taken into account in arriving at its recommendation.

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) consider that the transactions contemplated under the 2025 Master Supply Agreement (including the Annual Caps) are conducted in the ordinary and usual course of business of the Group and the terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM to approve the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the board of
China Aluminum Cans Holdings Limited
中國鋁罐控股有限公司
Lin Wan Tsang
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of advice from the Independent Board Committee, prepared for the purpose of inclusion in this circular, setting out its recommendation to the Independent Shareholders in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps):

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)

27 January 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS — 2025 MASTER SUPPLY AGREEMENT

We refer to the circular of the Company to the Shareholders dated 27 January 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein will have the same meanings as defined in the Circular, unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps). VBG Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 13 to 24 of this circular. Your attention is also drawn to the “Letter from the Board” in this circular and the additional information set out in the appendix thereto.

Having considered the terms of the 2025 Master Supply Agreement and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendations as set out in their letter, we consider that the terms of the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the 2025 Master Supply Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
the Independent Board Committee

Dr. Lin Tat Pang

Ms. Luo Mei Kai

Mr. Yip Wai Man Raymond

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 Master Supply Agreement for the purpose of inclusion in this circular.



21/F., Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

27 January 2025

*To: The independent board committee and the independent shareholders
of China Aluminum Cans Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS — 2025 MASTER SUPPLY AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 Master Supply Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 27 January 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

According to the Letter from the Board, the 2021 Master Supply Agreement had expired on 31 December 2024. As the Group will continue to sell the Products to the Precious Dragon Group after 31 December 2024 during its ordinary and usual course of business, on 6 January 2025, Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and Precious Dragon (for itself and on behalf of its subsidiaries) entered into the 2025 Master Supply Agreement in relation to the sale of the Products by the Group to the Precious Dragon Group for a term of three years from 1 January 2025 to 31 December 2027 (both dates inclusive).

According also to the Letter from the Board, the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The EGM will be convened by the Company to seek approval from the Independent Shareholders in respect of the 2025 Master Supply Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Dr. Lin Tat Pang, Ms. Luo Mei Kai and Mr. Yip Wai Man Raymond (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the 2025 Master Supply Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the 2025 Master Supply Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the 2025 Master Supply Agreement and the transactions contemplated thereunder at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the existing engagement in relation to the 2025 Master Supply Agreement, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the 2025 Master Supply Agreement in compliance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion with regard to the 2025 Master Supply Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Company. We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Company were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Precious Dragon Group or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the 2025 Master Supply Agreement. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources but we did not conduct any independent investigation into the accuracy and completeness of such information.

In addition, Shareholders should note that as the Annual Caps are relating to future events and estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2027, and they do not represent forecasts of revenues or costs to be recorded from the 2025 Master Supply Agreement. Consequently, we express no opinion as to how closely the actual revenues and costs to be recorded under the 2025 Master Supply Agreement will correspond with the Annual Caps.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2025 Master Supply Agreement, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the 2025 Master Supply Agreement

Business and financial overview of the Group

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the key consolidated financial information of the Group for each of the six months ended 30 June 2024 and 2023 and the two years ended 31 December 2023 as extracted from the Company’s interim report for the six months ended 30 June 2024 (the “**2024 Interim Report**”) and its annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”), respectively:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	119,659	124,616	235,507	210,514
Profit for the period/year	16,473	17,507	21,890	20,867

As depicted by the table above, the Group’s revenue for the year ended 31 December 2023 was approximately HK\$235.5 million, increasing slightly as compared to the prior year. During the same year under review, the Group’s net profit also rose slightly from approximately HK\$20.9 million in 2022 to approximately HK\$21.9 million. As referred to in the 2023 Annual Report, the Group benefited from an increase of sales in aerosol cans as a result of the improved overall business environment due to the relaxation of COVID-19 pandemic control and prevention measures in the PRC during 2023. As for the first half of 2024, both the Group’s revenue and net profit experienced a relatively minor downturn primarily due to the change in domestic conditions in the PRC with weakened market demand.

Information on Precious Dragon

Precious Dragon is a company listed on the main board of the Stock Exchange (stock code: 1861). The Precious Dragon Group is principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products, and also personal care products and other products including household products.

Set out below is a summary of the key consolidated financial information of the Precious Dragon Group for each of the six months ended 30 June 2024 and 2023 and the two years ended 31 December 2023 as extracted from Precious Dragon’s interim report for the six months ended 30 June 2024 and its annual report for the year ended 31 December 2023 (the “**PD 2023 AR**”), respectively:

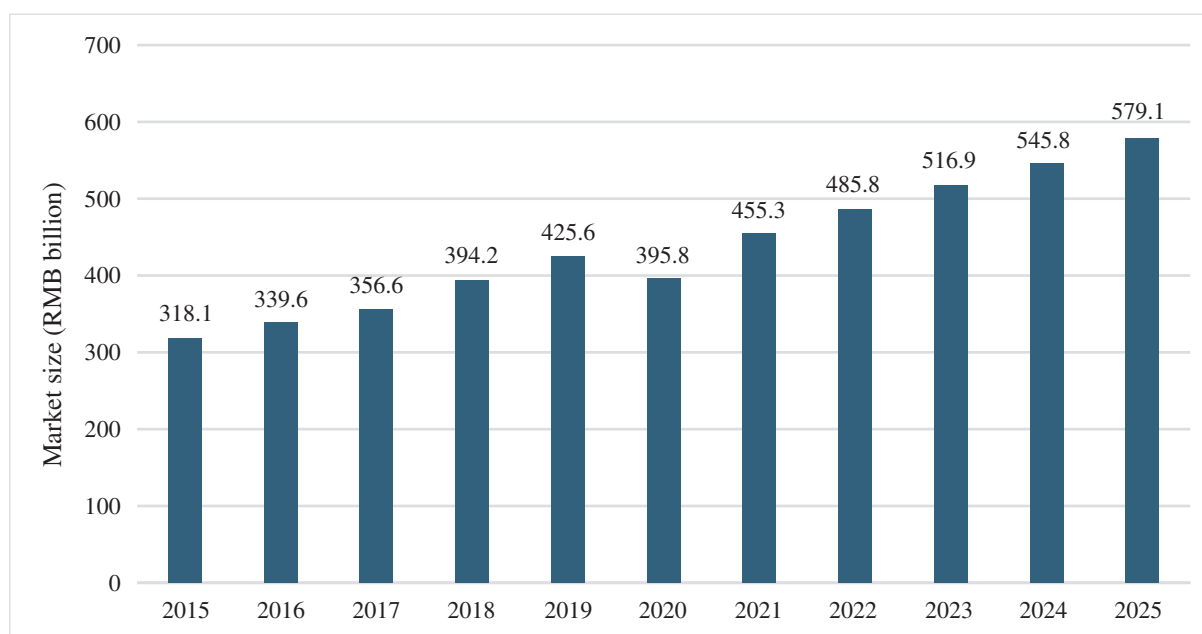
	For the six months ended 30 June 2024	For the six months ended 30 June 2023	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	274,248	266,237	557,221	559,785
Profit for the period/year	23,978	26,708	56,703	41,917

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the PD 2023 AR, Precious Dragon sells its products on contract manufacturing service and original brand manufacturing (OBM). Its OBM business offers products under its own brand names and are sold mainly through the networks of distributors and the online stores at JD.com. During the first half of 2024 and 2023, the Precious Dragon Group continued to allocate more resources to further develop its OBM business. Leveraging on the successful implementation of e-commerce strategies in the PRC, the Precious Dragon Group has recorded a significant expansion on online markets sales. As mentioned in the PD 2023 AR, the Precious Dragon Group will continue to focus on developing its OBM business by broadening the international markets, implementing the e-commerce strategies, launching new series of products to meet market demands and enhancing brand recognition.

Overview of the PRC cosmetics and personal care market

The graph below demonstrates the size of the PRC cosmetics market from 2015 to 2023 with forecast until 2025:



Source: <https://www.statista.com/>

The graph above demonstrates that the size of the PRC cosmetics market has been rapidly expanding since 2015 despite an abrupt contraction in 2020 when the COVID-19 pandemic first broke out. However, the market soon resumed the surging momentum in 2021 and has continued to expand since then. In 2023, the PRC cosmetics market size totaled approximately RMB516.9 billion, representing a jump of approximately 6.4% from approximately RMB485.8 billion of the previous year. The size of the market is expected to surge further, reaching approximately RMB579.1 billion by 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to an article named “China’s Cosmetics and Personal Care Market: Key Trends and Business Outlook” published in July 2023 by China Briefing of Dezan Shira & Associates, a multi-disciplinary professional services firm with more than 30 years of pan-Asia experience providing market entry, legal, accounting, tax, human resources, technology and operational advisory to international businesses and investors, China’s population has witnessed significant demographic shifts in recent years, with a burgeoning middle class and rising disposable income. Naturally, such rise in disposable income has led to higher spending on personal care and beauty products, accounting for the persistent expansion of its market size.

On the other hand, Chinese consumers are allocating a significant amount of their online time to research and evaluate beauty products, and the influence of the PRC’s e-commerce platforms in shaping consumer behaviour has grown exponentially. The rapid evolution of digital marketing and the prevalence of e-commerce platforms have transformed the PRC cosmetics and personal care market. Based on the relevant statistics released by Statista Market Insights, a global data and business intelligence platform established in 2007 with an extensive collection of statistics, reports and insights, online sales channels have occupied nearly 50% share of the PRC cosmetics and personal care revenue in recent years.

Judging from the market statistics and reports analysis as presented above, it is prospective that the prospects of the PRC cosmetics and personal care market would stay positive with emphasis being placed on online marketing and e-commerce strategies.

Reasons for the entering into of the 2025 Master Supply Agreement

As aforesaid, the Group is principally engaged in the manufacture and sale of monobloc aluminum aerosol cans; while the Precious Dragon Group is a Hong Kong listed company and manufacturer of aerosol products used in the automotive beauty and personal care industries. The Group has established a relatively long business relationship with the Precious Dragon Group since the first master supply agreement was entered into in 2019. As such, we concur with the Directors that the entering into of the 2025 Master Supply Agreement would not only enable the Group to retain such a relatively long business relationship, but also securing a stable source of income.

In light of the above, we are of the view that the entering into of the 2025 Master Supply Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

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2. Principal terms of the 2025 Master Supply Agreement

Summarised below are the principal terms of the 2025 Master Supply Agreement:

- Date:** 6 January 2025
- Parties:** (1) Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies)
- (2) Precious Dragon (for itself and on behalf of its subsidiaries)
- Term:** From 1 January 2025 to 31 December 2027 (both dates inclusive)
- Subject matter:** Subject to the terms and conditions of each relevant purchase order, the Group agreed to sell the Products to the Precious Dragon Group, and the Precious Dragon Group agreed to purchase the Products from the Group during the term of the 2025 Master Supply Agreement.
- Pricing basis:** Pursuant to the 2025 Master Supply Agreement, the Group and the Precious Dragon Group agreed to enter into separate purchase orders in respect of each purchase of the Products to specify the details of each purchase including but not limited to the types and/or specifications of the Products, quantity, purchase prices, payment terms, date and mode of delivery and other relevant terms in relation to that purchase. The terms of such purchase orders shall be consistent with the terms under the 2025 Master Supply Agreement and shall comply with the principles of the 2025 Master Supply Agreement.

The selling price of each and every sale shall be separately determined on order-by-order basis by the parties to the 2025 Master Supply Agreement according to the following principles: (i) the selling price shall be determined on normal commercial terms which shall be fair and reasonable after arm's length negotiation between the parties to the 2025 Master Supply Agreement and shall be in accordance with normal commercial terms and fair and reasonable; (ii) the selling price shall be at prevailing market price; and (iii) the selling price shall be the same as the prices offered by the Group to its other independent customers or payable by the Precious Dragon Group to its other independent suppliers.

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To ensure the Group's future selling prices are fair and reasonable and in accordance with the principles set out above, the Group shall, when determining the final selling price, make reference to (i) the creditability of the Precious Dragon Group; (ii) the expected raw material costs and production costs to be incurred by the Group in producing the Products; (iii) the marginal profit to be made by the Group, which is expected to be comparable to the profit that can be realized by sales to its other independent customers; and (iv) any adjustments, which shall be the same as that offered by the Group to its other independent customers (the "**Standardized Adjustments**"), based on expected quantity, quality, delivery plan, specification and market competition condition of the Products purchased by the Precious Dragon Group.

Payment terms: Generally, the Precious Dragon Group shall make payment to the Group for the Products on a 30-day monthly basis in arrears.

We have further discussed with the Directors regarding the aforesaid pricing basis and understand from the Directors that based on the abovementioned factors (ii) and (iii) (i.e. costs and profit margins), the finance department of the Company would, from time to time, prepare and update a pricing list (the "**Pricing List**") which would set out the selling prices of all types of the Products before taking into account the Standardized Adjustments and how the Standardized Adjustments are applied to determine the final selling prices. Such Pricing List would then be approved by the chairman of the Company from time to time. All price quotations provided by the Group are based on the Pricing List and the Standardized Adjustments. These price quotations shall be counter-checked and approved by the finance department of the Company. Given that the Pricing List and the Standardized Adjustments would be consistently applied to the purchase orders received from both the Precious Dragon Group and other independent customers of the Group, the final selling prices offered to the Precious Dragon Group shall be the same as those of same products offered to other independent customers of the Group. Also, the Group will assess the creditability of its customers and premium would be applied to customers with less creditability whereas no premium is applied on the selling price to the Precious Dragon Group.

In view of that the selling price of the Products shall be (i) at prevailing market price; (ii) the same as the prices offered by the Group to its other independent customers or payable by the Precious Dragon Group to its other independent suppliers; and (iii) determined on a "cost-plus" basis with reference to (a) the expected raw material costs and production costs to be incurred by the Group in producing the Products and (b) the expected profit margins of the Products which shall be comparable to the gross margins that can be realized by sales to its other independent customers; and the Pricing List and the Standardized Adjustments would be consistently applied to the purchase orders received from both the Precious Dragon Group and other independent customers of the Group, we consider the pricing basis of the Products to be fair and reasonable.

For our due diligence purpose, we have also requested and obtained from the Company the Pricing Lists of the Products from 2022 to 2024. Moreover, we have requested and reviewed (i) around 15 historical contracts/invoices regarding the sale of the Products by the Group to the Precious Dragon Group during 2022 and 2024; (ii) around 15 historical contracts/invoices regarding the sale of the Products by the Group to other independent customers during 2022 and 2024. As we have

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equally selected five contracts/invoices for each year on a random basis, we consider the said contracts/invoices to be fair and representative. Based on our comparison of those historical contracts/invoices, we noted that (i) subject to the Standardized Adjustments, the price of the Products sold to the Precious Dragon Group and the Group's other independent customers was in line with the Pricing List of the relevant period; and (ii) the major terms (such as payment terms) of the historical sale of the Products between the Group and the Precious Dragon Group or the Group's other independent customers were largely comparable. Also, we understand and as confirmed by the Directors, the samples selected by us were conducted in accordance with the Group's internal control procedures.

With the above being the case, we are of the view that the terms of the 2025 Master Supply Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The Annual Caps

The following table illustrates (i) the actual transaction amounts of the sale of the Products under the 2021 Master Supply Agreement; and (ii) the Annual Caps for the sale of the Products under the 2025 Master Supply Agreement:

	Actual transaction amounts			The Annual Caps		
	2022	2023	2024	2025	2026	2027
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of the Products	23,556	22,047	13,798	28,000	29,000	31,000
Utilisation of the relevant annual cap	60.4%	53.8%	32.1%	Not applicable	Not applicable	Not applicable

As we noted from the above table, the actual amounts of the sale of the Products under the 2021 Master Supply Agreement had stayed relatively stable at around HK\$22 million to 23.6 million in 2022 and 2023. According to the Directors, in 2024, the relatively low transaction amount was primarily due to the decrease in domestic consumption of personal care products.

With reference to the Letter from the Board, the Annual Caps are determined after taking into account several factors including, amongst others:

- (i) the historical transaction amounts for the two years ended 31 December 2022 and 2023 and the annualized transaction amount for the ten months ended 31 October 2024 under the 2021 Master Supply Agreement;
- (ii) the expected increase in demand by the Precious Dragon Group as the factory of the Precious Dragon Group in Thailand is expected to commence full operation in the first quarter of 2025 after the upgrade of its production lines in 2024;

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- (iii) the expected growth in the personal care market as driven by the growing awareness of health and wellness. An annual growth rate of around 5% has been applied on the Annual Caps for each of the three years ending 31 December 2025, 2026 and 2027; and
- (iv) a buffer of 10% to cater for unforeseeable circumstances.

To assess the fairness and reasonableness of the Annual Caps, we have further requested the Company to provide us with the exact calculations of the Annual Caps, in particular as to how the four factors above are affecting the calculations. First of all, we noted that the average of the historical transaction amounts of the sale of the Products for the two years ended 31 December 2022 and 2023 and the annualized transaction amount of the sale of the Products for the ten months ended 31 October 2024 under the 2021 Master Supply Agreement, of around HK\$20 million, is used as the base of the Annual Caps' calculations. We are of the view that the use of the said average historical transaction amount as the base is reasonable as it involves a sufficiently long transaction period to provide a fair reference. Then, taking into consideration the expected growth in the personal care market as driven by the growing awareness of health and wellness of the PRC consumers, an annual growth rate of around 5% has been applied on the Annual Caps for each of the three years ending 31 December 2025, 2026 and 2027. We are of the view that the 5% expected growth rate is reasonable judging from our independent research result as presented under the section headed "Overview of the PRC cosmetics and personal care market" of this letter of advice.

Furthermore, we understand from the Directors that operation of the Precious Dragon Group's factory in Thailand was suspended for automation upgrade of production lines. The factory is currently under trial production and full operation is expected to take place from the first quarter of 2025 onwards. Given that the resumption of full operation of this Thailand factory would also help to mitigate the impact of trade tariffs imposed by the government of the United States of America on PRC goods and materials, the management of Precious Dragon has forecasted an increase in demand of the Products by the Precious Dragon Group, thereby contributing an additional HK\$5 million to the Annual Caps for each of the three years ending 31 December 2025, 2026 and 2027. Based on our review of the annual report of Precious Dragon for the year ended 31 December 2019, purchase of the Products by the Precious Dragon Group from the Group had dropped by nearly HK\$7 million in 2019. As represented by the management of Precious Dragon, such drop was mainly due to the reduction in orders from one of its end customer of the United States of America resulting from the aforesaid tariff war. As such, following the full operation of the Thailand factory which would help to mitigate the trade tariffs impact, the management of Precious Dragon has forecasted a rebound in demand of the Products by an amount comparable to the 2019 drop following the likely resurgence of orders from this end customer of the United States of America.

Lastly, the Annual Caps have also incorporated a buffer of 10% to cater for unforeseeable circumstances such as fluctuation in the price of aluminum. In this relation, based on our independent research, we noted that in the first half of 2024, the average prices of three-month aluminum futures and current month aluminum at Shanghai Futures Exchange had risen by approximately 8.2% and 7.2% year-on-year, respectively, in the domestic market. We are therefore of the view that the 10% additional buffer is acceptable to cater for the possible fluctuation in the price of aluminum plus other unforeseeable circumstances.

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In conclusion, we consider that the Annual Caps for the sale of the Products under the 2025 Master Supply Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. Internal control and compliance with the Listing Rules

As confirmed by the Directors, the Group has adopted a series of internal control measures to supervise the transactions contemplated under the 2025 Master Supply Agreement. Specifically:

- The sales department of the Company will first communicate with the potential customers to obtain information of the types and/or specifications of the Products, quantity, date and mode of delivery for a potential purchase order.
- The finance department of the Company will provide the latest Pricing List for the sales department of the Company to provide a fee quotation to the potential customers.
- The finance manager of the Group will collect each signed purchase order under the 2025 Master Supply Agreement, report the actual transaction amounts to the chief financial officer of the Group on a monthly basis, especially when the utilization rate of the Annual Caps exceeds 90%.
- Also, the finance manager of the Group will assist in monitoring the major terms specified in individual purchase orders and will report to the chief financial officer of the Group if there is any change to the major terms of individual purchase orders.

We understand from the aforementioned measures that different departments and management of the Company will participate in the review and approval procedures of the individual purchase orders under the 2025 Master Supply Agreement to ensure that (i) prices of the Products are on normal commercial terms and fair and reasonable; (ii) the Annual Caps will not be exceeded; and (iii) the terms of such purchase orders shall be consistent with the principles of the 2025 Master Supply Agreement. Taking into account that the individual purchase orders under the 2025 Master Supply Agreement will be supervised under clear procedures and reporting structure, the internal control measures of the Group in relation to the 2025 Master Supply Agreement would be effective.

Furthermore, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the total amounts of the transactions contemplated under the 2025 Master Supply Agreement must be restricted by the Annual Caps for the three years ending 31 December 2027; (ii) the terms of the 2025 Master Supply Agreement (together with the Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the 2025 Master Supply Agreement (together with the Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide annually a letter to the Board confirming, among other things, that the transactions contemplated under the 2025 Master Supply Agreement are carried out in accordance with the terms therein and the pricing policies of the Company in all material respects, and the Annual Caps are not being exceeded. In the event that the

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total amounts of the transactions contemplated under the 2025 Master Supply Agreement exceed the Annual Caps, or that there is any material amendment to the terms of the 2025 Master Supply Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the internal control measures of the Group as well as the stipulated requirements for continuing connected transaction of the Listing Rules in place, the transactions contemplated under the 2025 Master Supply Agreement would be monitored and hence the interest of the Independent Shareholders may be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the 2025 Master Supply Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the 2025 Master Supply Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2025 Master Supply Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there is no other matter the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

Save as disclosed below, as at the Latest Practicable Date, no Directors and the chief executive of the Company had or was deemed to have interests and short positions in Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors of the Company is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the Shares

Names of Directors	Number of Shares			Total	Approximate percentage of the issued Shares (Note 1)
	Beneficial owner	Interest of family	Interests in a controlled corporation		
Mr. Lin Wan Tsang (“Mr. Lin”)	392,546,000	—	268,000,000 (Note 3)	660,546,000	69.05%
Ms. Ko Sau Mee (“Mrs. Lin”)	—	392,546,000 (Note 2)	268,000,000 (Note 3)	660,546,000	69.05%

Notes:

- (1) These percentages had been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 956,675,000 Shares).

- (2) These Shares are held by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin by virtue of the SFO.
- (3) These Shares are held by Wellmass International Limited (“Wellmass”), which is wholly and beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin (through Wellmass) by virtue of the SFO.

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)	HK\$139,825,440	254,228,072	26.57%

Notes:

- (1) These percentages had been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 956,675,000 Shares).
- (2) 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. The interest is held by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in all the Shares held by Mr. Lin by virtue of the SFO.

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 the Latest Practicable Date, 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.

(b) Substantial Shareholder

As at the Latest Practicable Date, the following person (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company 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:

Long positions in the Shares

Name of shareholder	Capacity/ Nature of interests	Number of shares held	Approximate percentage of the issued Shares <i>(Note 1)</i>
Wellmass <i>(Note 2)</i>	Beneficial owner	268,000,000	28.01%

Notes

- (1) These percentages had been compiled based on the total number of issued Shares as at the Latest Practicable Date (i.e. 956,675,000 Shares).
- (2) Wellmass is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin. Mrs. Lin is the spouse of Mr. Lin and is therefore deemed to be interested in all the Shares held by Mr. Lin (through Wellmass) by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors or chief executive of the Company, 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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation, other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

6. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. CONSENT AND QUALIFICATION OF THE EXPERT

The following are the qualification of the expert who has been named in this circular or has given opinion or advice which is contained in this circular:

Name	Qualification
VBG Capital	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, VBG Capital had (i) no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no direct or indirect interest in any assets which had been, since 31 December 2023 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

VBG Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and the reference to its name included herein in the form and context in which it appears.

8. GENERAL

- (i) The registered office of the Company is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (ii) The head office and principal place of business in Hong Kong of the Company is located at Unit G, 20/F., Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong.
- (iii) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited.
- (iv) The principal share registrar and transfer office of the Company is Ocorian Trust (Cayman) Limited.

- (v) The company secretary of the Company is Ms. Ho Wing Yan.
- (vi) The English text of this circular shall prevail over their respective Chinese text for the purpose of interpretation.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.euroasia-p.com/>) for a period of 14 days from the date of this circular:

- (a) the 2025 Master Supply Agreement;
- (b) the letter of recommendation from the Independent Board Committee in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps), the text of which is set out on page 12 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2025 Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps), the text of which is set out on pages 13 to 24 of this circular;
- (d) written consent of VBG Capital as mentioned in the paragraph 7 in this Appendix; and
- (e) this circular.

NOTICE OF THE EGM

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China Aluminum Cans Holdings Limited (the “**Company**”) will be held at Room Diamond, Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong on Thursday, 27 February 2025 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the 2025 Master Supply Agreement (as defined and described in the circular to the shareholders of the Company dated 27 January 2025 (the “**Circular**”), a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the annual caps of the transactions contemplated under the 2025 Master Supply Agreement as described in the Circular be and are hereby approved, ratified and confirmed; and
- (c) the directors of the Company or any other person authorized by the directors of the Company be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the 2025 Master Supply Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the 2025 Master Supply Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

By order of the Board of
China Aluminum Cans Holdings Limited
Lin Wan Tsang
Chairman and executive director

Hong Kong, 27 January 2025

NOTICE OF THE EGM

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person at his/ her/its proxy to attend and vote in his/her/its stead in accordance with the bye-laws of the Company. A proxy needs not be a member of the Company.
2. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. The register of members of the Company will be closed from Monday, 24 February 2025 to Thursday, 27 February 2025, both days inclusive, during which period no transfers of shares shall be registered. The holder of shares whose name appears on the register of members of the Company on Thursday, 27 February 2025 will be entitled to attend and vote at the EGM. In order to qualify for attending and voting at the forthcoming EGM, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than Friday, 21 February 2025.

As at the date of this notice, 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.