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ASIA ALUMINUM HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION

The Directors announce that during the period from 5 February 2004 to 21 February 2004 (both dates inclusive), the Group has confirmed sales orders placed by the Indalex Group to purchase in aggregate approximately 385 metric tons of the Aluminum Products at a total consideration of approximately US\$1,074,820 (equivalent to approximately HK\$8,345,950).

The Directors consider that the terms of the Sale have been negotiated and agreed on normal commercial terms between the parties on an arm's length basis. The Directors further consider that the terms of the Sale are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Indalex is a substantial shareholder of AAG which is a non-wholly owned subsidiary of the Company. Therefore, Indalex is a connected person (as defined in the Listing Rules) of the Company and the Sale constituted a connected transaction of the Company which is exempted from Shareholders' approval at a general meeting and is only subject to the disclosure requirement under Rule 14.25(1) of the Listing Rules.

BACKGROUND

The Indalex Group began to purchase Aluminum Products from the Group in late 1999 and they mainly distribute the Aluminum Products in the United States of America and Canada. On 6 September 2000, Indalex, Inc. entered into the Supply Agreement with, inter alia, the Company for the purchase of the Aluminum Products from the Group for the three years ended 31 December 2003. Indalex became a connected person (as defined in the Listing Rules) of the Company when it acquired from the Company a 26.2% interest in AAG in April 2001 and the Supply Agreement was accordingly subject to the approval of the Shareholders which was duly obtained at the special general meeting held on 5 June 2001. The Company had then simultaneously applied to the Stock Exchange for a waiver, and the Stock Exchange has granted such waiver, from strict compliance with the disclosure requirements under Rule 14.26 of the Listing Rules for the three years ended 31 December 2003 in relation to the transactions contemplated under the Supply Agreement. The waiver was expired in concurrence with the expiry of the Supply Agreement and further transactions between the Group and the Indalex Group, if any, would be subject to relevant disclosure and approval requirements under the Listing Rules.

THE SALE

During the period from 1 January 2004 to 5 February 2004, the Group has confirmed orders placed by the Indalex Group in relation to the purchase of an aggregate of approximately 55.40 metric tons of the Aluminum Products at a total consideration of US\$147,130 (equivalent to approximately HK\$1,142,470), the value of which has exceeded the de minimus threshold of the higher of 0.03% of the Group's consolidated net tangible assets or HK\$1,000,000 under Rule 14.24 of the Listing Rules. As the relevant orders placed by the Indalex Group were only confirmed by the sales team of the Company in the PRC on 5 February 2004 and meetings between the Indalex Group and the management of the Company were held in London during the period from 10 February 2004 and 13 February 2004 to discuss, among other things, details of any future sales of Aluminum Products, the Company has endeavoured to obtain details of the transactions before making the relevant disclosure under the Listing Rules.

For the period from 5 February 2004 to 21 February 2004 (both dates inclusive), the Group has confirmed orders placed by the Indalex Group to purchase in aggregate approximately 385 metric tons of the Aluminum Products at a total consideration of approximately US\$1,074,820 (equivalent to approximately HK\$8,345,950), representing an average sale price of approximately US\$2,790 (equivalent to approximately HK\$21,680) per metric ton for the said period.

Indalex, being a substantial shareholder of and currently holding 25.01% interest in AAG which is a 69.05% owned subsidiary of the Company, is a connected person (as defined in the Listing Rules) of the Company and the Sale constitutes a connected transaction of the Company under the Listing Rules which is exempted from Shareholders' approval at a general meeting and is only subject to disclosure requirement pursuant to Rule 14.25(1) of the Listing Rules.

Basis of determination of the consideration

The consideration for the Sale was determined by reference to the then prevailing aluminum ingot price per metric ton in US\$ as quoted on LME at the time of confirmation of the order plus a processing fee based on the level and complexity of the processing work in accordance with the specification of the Aluminum Products. The processing work undertaken by the Group includes, but not limited to, the application of mill finish, anodizing, brite-dip, powder-coating and polyester-coating of the Aluminum Products in accordance with the specifications given by the Indalex Group. The said basis for determination of the consideration is also applied by the Company to all other customers who are not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or the associates (as defined in the Listing Rules) of any of them.

Reasons for the Sale

The Sale was entered into in the ordinary and usual course of business of the Company. The Directors consider that the terms of the Sale have been negotiated and agreed on normal commercial terms between the parties on an arm's length basis. The Directors further consider that the terms of the Sale are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

The Directors expect that the sales of Aluminum Products to the Indalex Group by the Group will continue after the date of this announcement and will constitute connected transaction of the Company under the Listing Rules. The Company will monitor the aggregate amount of such sales of Aluminum Products between the Indalex Group and the Group so that it will not exceed the higher of HK\$10 million

or 3% of the Group's consolidated net tangible assets (being approximately HK\$75,000,000 based on the net tangible assets of the Group as at 30 June 2003 after adjustment made for the proceeds from the share placement of the Company as announced by the Company on 15 January 2004) prior to obtaining the Shareholders' approval in accordance with the requirements of the Listing Rules. The Company will ensure that the amount of the relevant sales during the period from 1 January 2004 to 31 March 2004 will not exceed the threshold prescribed under Rule 14.25 of the Listing Rules.

INFORMATION ON THE INDALEX GROUP

Indalex is a sister company of Indalex, Inc., which is engaged in the manufacture and supply of soft alloy extrusion products in North America. The ultimate parent company of both Indalex and Indalex, Inc is Novar Plc, a public company listed on the London Stock Exchange engaged in the manufacture of a wide range of aluminum extrusion products, electrical and electrical products, software components and the provision of security printing and other specialised services to financial institutions.

Given the Indalex Group's well established market network in North America, the Directors consider that the Sale conducted with the Indalex Group would enhance the Group's penetration into the North American market.

GENERAL INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum and stainless steel products and the provision of design and testing services for aluminum products.

Details of the Sale will be included in the next published annual report and accounts of the Company in accordance with Rule 14.25(1)(A-D) of the Listing Rules.

DEFINITIONS

“AAG”	Asia Aluminum Group Limited, a company incorporated in the British Virgin Islands with limited liability and is owned as to approximately 69.05% by the Company, 25.01% by Indalex and the remaining 5.94% by independent third parties
“Aluminum Products”	aluminum extrusion products, which are formed by placing heated aluminum alloy billets in an extrusion presser and forcing them through a mould
“Company”	Asia Aluminum Holdings Limited, a company incorporated in Bermuda with limited liability and the securities of which are listed on the Stock Exchange
“Directors”	directors of the Company (including the independent non-executive directors of the Company)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Indalex”	Indalex UK Limited, a company incorporated under the laws of England, a sister company of Indalex, Inc
“Indalex, Inc.”	Indalex, Inc, a company incorporated under the laws of Delaware and a sister company of Indalex
“Indalex Group”	Indalex, Inc and its subsidiaries
“LME”	London Metal Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Sale”	the sale of the Aluminum Products by the Group to the Indalex Group during the period from 5 February 2004 to 21 February 2004 (both dates inclusive) in an aggregate consideration of approximately US\$1,074,820 (equivalent to approximately HK\$8,345,950)
“Shares”	shares in the capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement”	the supply agreement dated 6 September 2000 entered into between, inter alia, the Company and Indalex, Inc. pursuant to which the Indalex Group would purchase the Aluminum Products from the Group for the three years ended 31 December 2003, which was novated to AAG under a deed of novation and amendment dated 8 June 2001 entered into between, inter alia, AAG and Indalex, Inc.
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America

By Order of the Board of
Asia Aluminum Holdings Limited
Dr. Chan Yiu Tsuan, Benby
Deputy Chairman and Chief Executive Officer

Hong Kong, 2 March 2004

For reference purposes, the exchange rate of US\$1.00 equals to HK\$7.765 is used in this announcement.

“Please also refer to the published version of this announcement in South China Morning Post”.