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## **ASIA ALUMINUM HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 930)**

### **DISCLOSEABLE TRANSACTION**

References are made to the announcement dated 11 July 2003 and the circular dated 1 August 2003 issued by the Company in relation to the Group's plan of setting up aluminum sheet production facilities in the "Asia Aluminum Industrial City" in Zhaoqing, the PRC.

On 7 June 2004, CSD has entered into a contract for aluminum cold rolling mill with the Seller whereby CSD agreed to purchase and the Seller agreed to supply certain equipment, parts, engineering, application software, technical services and other materials to CSD to facilitate the construction and establishment of facilities for the manufacturing of "premium" aluminum sheets by AAC.

The total consideration payable by CSD under the Contract is US\$17,589,500 (equivalent to approximately HK\$136,758,000) of which an amount of US\$11,867,350 (equivalent to approximately HK\$92,268,600) is to be paid to TMGE and an amount of US\$5,722,150 (equivalent to approximately HK\$44,489,700) is to be paid to SMS.

The Purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular in connection with the Contract will be despatched to the shareholders of the Company as soon as practicable and in any event not later than 21 days from the publication of this announcement.

#### **The Contract**

Date: 7 June 2004.

Seller: TMGE. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, TMGE is an Independent Third Party.

SMS. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SMS is an Independent Third Party.

Purchaser: CSD, a company incorporated in Samoa, which is a 60% – owned subsidiary of the Company. The remaining interest is owned as to 20% by Mr. Kwong, 10% by Record Break Investments Limited and 10% by Think Success Industries Limited, the details of

which were set out in the Company's announcement dated 11 July 2003 and the Company's circular dated 1 August 2003.

**Summary:** On 7 June 2004, CSD entered into the Contract with the Seller whereby CSD agreed to purchase and the Seller agreed to supply certain equipment, parts, engineering, application software, technical services and other materials to CSD to facilitate the construction and establishment of facilities for the manufacturing of "premium" aluminum sheets by AAC.

The equipment to be provided by the Seller to CSD under the Contract are tailor-made, highly specialised equipment necessary for the manufacture of "premium" aluminum sheets by AAC.

The services to be provided by the Seller to CSD under the Contract include the engineering, software and technical services that are used for implementation and operation to these equipment to manufacture aluminum sheets.

The total consideration payable by CSD under the Contract is US\$17,589,500 (equivalent to approximately HK\$136,758,000). The consideration is based on the total aggregate value of the equipment and the services that are to be supplied/provided by each of TMGE and SMS to CSD under the Contract. The payment of the consideration will be made as to US\$11,867,350 (equivalent to approximately HK\$92,268,600) to TMGE and as to US\$5,722,150 (equivalent to approximately HK\$44,489,700) to SMS and will be paid in accordance with the payment schedule contained in the Contract. The payment schedule is based on the schedule of delivery of equipment and/or title documents for the equipment and/or services by the Seller to CSD in accordance with the terms of the Contract.

The price for equipment under the Contract is approximately US\$13,548,000 (approximately HK\$105,335,700) and the price for services under the Contract is approximately US\$4,041,500 (approximately HK\$31,422,700).

The sums payable under the Contract will be paid out of the shareholders' loan contributed by the shareholders of CSD as detailed in the Company's circular dated 1 August 2003. Out of the total amount of shareholders' loan of HK\$1,350,000,000 to be contributed by the shareholders of CSD in proportionate to their respective shareholdings in CSD, an aggregate amount of approximately HK\$900,000,000 has been duly contributed by the shareholders to CSD as shareholders' loan. This amount of shareholders' loan was contributed at different stages in the course of construction and establishment of the aluminum sheets manufacturing facilities to be operated by AAC. In respect of the total amount of contributed shareholders' loan, (i.e. approximately HK\$900,000,000), each of (i) Sino Advance Investments Limited (a direct wholly-owned subsidiary of the Company), (ii) Mr. Kwong, (iii) Record Break Investments Limited and (iv) Think Success Industries Limited has contributed approximately 54% (i.e. HK\$433,805,000), 85% (i.e. HK\$230,794,000), 87% (i.e. HK\$117,128,000) and 85% (i.e. HK\$115,397,000) of their respective committed amounts of shareholders' loan into CSD.

As at the date of this announcement, approximately HK\$892,000,000 of contributed shareholders' loan has been utilised for the construction and establishment of the aluminum sheets manufacturing facilities to be operated by AAC. The remaining HK\$458,000,000 remains unutilised. It is intended that this amount of shareholders' loan will also be used for the construction and establishment of the aluminum sheets manufacturing facilities.

The Directors consider that the entering into the Contract provided a good cooperation opportunity for the Group, TMGE and SMS. The Directors are of the view that entering into the Contract is in the interest of the Company and the terms of the Contract are normal commercial terms, which are fair and reasonable so far as the shareholders of the Company are concerned.

### **Background to and reasons for the Contract**

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.

The Contract is entered into by CSD, TMGE and SMS to facilitate the construction and establishment of aluminum sheet production facilities, the details of which have been set out in the Company's announcement dated 11 July 2003 and the Company's circular dated 1 August 2003.

The Purchase constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

A circular in connection with the Contract will be despatched to the shareholders of the Company as soon as practicable and in any event not later than 21 days from the publication of this announcement.

As at the date of this announcement, the Executive Directors are Mr. Kwong Wui Chun, Dr. Chan Yiu Tsuan, Benby and Mr. Zhong Jianqiu and the Independent Non-Executive Directors are Mr. Ma Tsz Chun and Mr. Yau Wing Keung, Frankie.

### **Definitions**

In this announcement, the following terms have the following meanings:–

“AAC”	Asia Aluminum (China) Company Limited, a wholly foreign-owned enterprise incorporated in the PRC and is 100% owned by CSD and which has been set up for the purposes of operating the aluminum sheet production facilities, which has been set up and obtained its business licence on 4 September 2003;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Company”	Asia Aluminum Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the Stock Exchange;
“Contract”	the contract for Aluminum Cold Rolling Mill dated 7 June 2004 entered into between CSD, TMGE and SMS;
“CSD”	China Steel Development Company Limited, a company incorporated in Samoa and is a 60%-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“Independent Third Party”	an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Kwong”	Mr. Kwong Wui Chun, a Director and the controlling shareholder who together with its associates hold approximately 36.05% interests in the Company;
“PRC”	the People’s Republic of China;
“Purchase”	the purchase of equipment, parts, engineering, application software, technical services and other materials by CSD from the Seller under the Contract;
“Seller”	SMS and TMGE;
“SMS”	SMS DEMAG INC., a limited liability company incorporated in Pittsburgh, PA, USA, which is a wholly-owned subsidiary of SMS Demag AG, Germany whose principal businesses include plant construction and mechanical engineering relating to the processing of steel, non-ferrous metals and plastics;
“Record Break Investments Limited”	Record Break Investments Limited, a company incorporated in the British Virgin Islands that is an Independent Third Party. It is an investment vehicle wholly-owned by one of the Group’s suppliers, which is engaged in the trading of non-ferrous metals;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TMGE”	TM GE Automation Systems LLC, a limited liability company incorporated in Delaware, USA, which is a joint venture company of Toshiba Mitsubishi Electric Industrial Company and General Electric Company and who principal works in the area of industrial control systems for the metals, paper, material handling and general industry markets on a global basis; and
“Think Success Industries Limited”	Think Success Industries Limited, a company incorporated in the British Virgin Islands that is an Independent Third Party. It is an investment vehicle wholly-owned by one of the Group’s distributors for the aluminum products of the Group.

*For the purpose of this announcement, the exchange rate between Hong Kong dollars and US dollars are as follows:–*

*1 US dollar = 7.775 Hong Kong dollars*

By order of the Board of Directors of  
**Asia Aluminum Holdings Limited**  
**Dr. Chan Yiu Tsuan, Benby**  
*Deputy Chairman & CEO*

Dated: 10 June 2004

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