



# ASIA ALUMINUM HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 930)

## CONTINUING CONNECTED TRANSACTION

On 24 September 2004, AAM, a wholly-owned subsidiary of the Company, entered into the Tenancy Agreements with Harbour Talent in respect of the leasing of the principal place of business of the Company in Hong Kong and a residential premises as staff quarters in Hong Kong.

Harbour Talent is a company beneficially owned by Mr. Kwong, a Director, and his wife in equal proportions.

As Mr. Kwong is a connected persons (as defined in the Listing Rules) of the Company, the entering into by AAM of the Tenancy Agreements with Harbour Talent constitutes a continuing connected transaction for the Company which is exempted from independent shareholders' approval at a general meeting and is only subject to the disclosure requirement under Chapter 14A.34 of the Listing Rules.

### THE TENANCY AGREEMENTS

#### Date

24 September 2004

#### Parties

Landlord: Harbour Talent

Tenant: AAM

#### Principal Terms

Leased Premises: Premises I: The office premises at 12/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong with a total gross floor area of 10,880 sq.ft. Premises I is leased for use by the Company as its principal place of business in Hong Kong.

Premises II: The residential premises at 2C, May Fair Court and one car parking space No. P1 at 15 Magnolia Road, Yau Yat Chuen, Kowloon, Hong Kong with a total gross floor area of 1,147 sq.ft. Premises II will be used as staff quarters for the Group's PRC and foreign staff for business trips to Hong Kong. As the number of such staff has increased during this year, it is expected that the rate of occupancy of Premises II will be high. Premises II will only be used as staff quarters.

Monthly Rental: Premises I – HK\$186,000 (annual rental amount equals HK\$2,232,000)

Premises II – HK\$21,100 (annual rental amount equals HK\$253,200)

exclusive of government rates and rent, management fees and utility outgoings. The monthly rental is agreed by the parties after arms' length negotiation. Dynasty Premium Asset Valuation & Real Estate Consultancy Limited, an independent property valuer (the "Valuer") according to Rule 5.08 of the Listing Rules, has confirmed to the Company that the monthly rental payable under the Tenancy Agreements is in line with the prevailing open market rental value of Premises I and Premises II.

The Tenancy Agreements are subject to an aggregate annual cap. of HK\$2,485,200 (which equals the total amount of annual rent payable for Premises I and II).

Term: For a period of three years from 1 October 2004 to 30 September 2007

### RELATIONSHIP BETWEEN THE PARTIES

Harbour Talent is a company incorporated in Hong Kong beneficially owned by Mr. Kwong and his wife, Madam Li Chuk Kuan in equal proportions. Mr. Kwong is deemed to be interested in the Tenancy Agreements as he together with his associates owns 100% of the interests of Harbour Talent. Mr. Kwong, being a Director and controlling shareholder of the Company, is a connected person (as defined in the Listing Rules) of the Company and the entering into by AAM of the Tenancy Agreements with Harbour Talent constitutes a continuing connected transaction for the Company which is exempted from independent shareholders' approval at a general meeting and is only subject to the disclosure requirement under Rule 14A.34 of the Listing Rules. Details of the transaction will also be disclosed in the Company's annual report for the year in which the transaction is subsisting.

### REASONS FOR THE TRANSACTION

The Tenancy Agreements were negotiated on arm's length basis between AAM and Harbour Talent and on normal commercial terms and in the ordinary and usual course of business of the Company. Based on the confirmation from the Valuer, the rental payable under the Tenancy Agreements is in line with the prevailing open market rental value of each of the Premises. Having considered the opinion of the Valuer, the Directors including all independent non-executive directors of the Company are of the opinion that the terms of the continuing connected transaction described above are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

Premises I will continue to be used as principal place of business of the Company in Hong Kong. The details of the previous lease agreement for the Premises I was set out in the Company's announcement dated 3rd October, 2001. Premises II will be used as staff quarters for the Group's PRC and foreign staff for business trips to Hong Kong.

The tenancy agreement relating to Premises II is new. Before the Company entered into a tenancy agreement for Premises II, its staff stayed primarily at hotels. As the number of PRC and foreign staff traveling to or through Hong Kong has increased during this year, it is more economical and administratively easier for the Company to lease a premises on a more permanent basis as staff quarters.

Each year the independent non-executive directors of the Company must review the continuing connected transaction involving the Tenancy Agreements and confirm in the annual report and accounts that the transaction has been entered into:-

- (1) in the ordinary and usual course of business of the Company;
- (2) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether it is on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the terms of the Tenancy Agreements and which terms are fair and reasonable and in the interests of the Shareholders as a whole.

Each year the auditors of the Company must provide a letter to the Company's board of directors (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report), confirming that the continuing connected transaction involving the Tenancy Agreements:-

- (1) has received the approval of the Company's board of directors;
- (2) has been entered into in accordance with the terms of the Tenancy Agreements; and
- (3) has not exceeded the cap disclosed in this announcement.

### GENERAL

The Company and its subsidiaries are principally engaged in the manufacturing and sale of aluminum extrusion and stainless steel products and the provision of design and testing services for aluminum products.

Harbour Talent is principally engaged in property holdings for rental purposes.

#### Definitions

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

"AAM" Asia Aluminum Management Limited, a limited liability company incorporated in Hong Kong and is 100% owned by the Company and is engaged in the provision of management services;

"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;

"Directors" the directors of the Company;

"Group" the Company and its subsidiaries;

"Harbour Talent" Harbour Talent Limited, a company incorporated in Hong Kong beneficially owned by Mr. Kwong and his wife, Madam Li Chuk Kuan in equal proportions;

"Listing Rules" The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;

“Mr. Kwong”	Mr. Kwong Wui Chun, a Director and controlling shareholder who together with his associates hold approximately 36.05% interest in the Company;
“PRC”	The People’s Republic of China;
“Premises”	referred to Premises I and Premises II collectively;
“Premises I”	office premises located at 12th Floor, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong;
“Premises II”	residential premises located at 2C, May Fair Court and one carparking space No. P1 at 15 Magnolia Road, Yau Yat Chuen, Kowloon, Hong Kong;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	the two tenancy agreements both dated 24 September 2004 entered into between AAM and Harbour Talent under which AAM agreed to lease Premises I and Premises II from Harbour Talent.

*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, Mr. Yau Wing Keung, Frankie and Mr. Chou Shun, Alan.*

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

Dated: 4th October 2004

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