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# **ASIA ALUMINUM HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 930)**

## **DISCLOSEABLE TRANSACTION**

References are made to the announcements dated 11 July, 2003 and 10 June, 2004 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 25 November, 2004, CSD has entered into a contract for aluminum hot 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 approximately HK\$457,316,155 of which (i) an amount of US\$14,471,375 and ¥565,583,000 (equivalent to approximately HK\$154,209,719) is to be paid to TMGE, (ii) an amount of €22,869,075 (equivalent to approximately HK\$230,954,788) is to be paid to SMS Demag AG and (iii) an amount of US\$6,324,000 and €2,275,725 (equivalent to approximately HK\$72,151,647) is to be paid to SMS Demag Inc.

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

SMS Demag Inc. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SMS Demag Inc. is an Independent Third Party. The Directors understand from TMGE, SMS Demag AG, SMS Demag Inc. that the ultimate beneficial owners of TMGE, SMS Demag AG and SMS Demag Inc. are also Independent Third Parties.

**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, 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 25 November, 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 total consideration payable by CSD under the Contract is approximately HK\$457,316,155 of which (i) an amount of US\$14,471,375 and ¥565,583,000 (equivalent to approximately HK\$154,209,719) is to be paid to TMGE, (ii) an amount of €22,869,075 (equivalent to approximately HK\$230,954,788) is to be paid to SMS Demag AG and (iii) an amount of US\$6,324,000 and €2,275,725 (equivalent to approximately HK\$72,151,647) is to be paid to SMS Demag Inc.

The total consideration 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 HK\$400,072,094 and the price for services under the Contract is approximately HK\$57,244,061.

The basis of consideration under the Contract was in accordance with the price of the equipment under the Contract and the price for services under the Contract.

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 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\$908,200,000 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 the 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\$908,200,000) each of (i) Sino Advance Investments Ltd., (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 55% (i.e. HK\$444,881,000), 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 be used for the payment of the consideration under the Contract.

The Directors consider that the entering into the Contract provided a good cooperation opportunity for the Group, TMGE, SMS Demag AG and SMS Demag Inc. 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 as 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, SMS Demag AG and SMS Demag Inc. to facilitate the construction and establishment of aluminum sheet production facilities, the details of which have been set out in the Company's announcements dated 11 July, 2003 and 10 June, 2004 and the 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, Mr. Yau Wing Keung, Frankie and Mr. Chou Shun, Alan.

### **DEFINITIONS**

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

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|-------------|---|
| “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 Hot Rolling Mill dated 25 November, 2004 entered into between CSD, TMGE, SMS Demag AG and SMS Demag Inc.;
“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;
“€”	Euros;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Independent Third Party”	persons who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are third parties independent of the Company and its connected persons as defined in the Listing Rules;
“¥”	Japanese Yens;
“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 the Purchaser from the Seller under the Contract;
“Seller”	SMS Demag AG, SMS Demag Inc. and TMGE;
“SMS Demag AG”	SMS Demag Aktiengesellschaft, a limited liability company incorporated in Germany, whose holding company is SMS Demag GmbH and its principal businesses include plant construction and mechanical engineering relating to the processing of steel, non-ferrous metals and plastics;
“SMS Demag Inc.”	SMS Demag Inc., a limited liability company incorporated in Pittsburgh, PA, USA, which is a wholly-owned subsidiary of SMS Demag AG and its principal business 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”	TMGE 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 which principal works in the area of industrial control systems for the metals, paper, material handling and general industry markets on a global basis;
“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; and
“US\$”	US dollars.

*For the purpose of this announcement, the exchange rate between HK\$, US\$, € and ¥ are as follows:–*

US\$1	=	HK\$ 7.775
¥100	=	HK\$7.372
€1	=	HK\$10.099

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

Dated: 29 November, 2004

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