



# ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

## POSSIBLE SHARE TRANSACTION

On 14 March 2002, the Company entered into an agreement with each of Jia Hong and Xing Yu pursuant to which the Company has agreed to grant the Jia Hong Put Option and the Xing Yu Put Option (together the "Put Options") to Jia Hong and Xing Yu respectively. Details of the Option Agreements are set out below.

The Put Options are exercisable on any business day within a six-month period falling immediately after the third anniversary of the date of the Option Agreements if AAG or the Substituted Listing Company shall fail to seek a listing status in any quoted stock exchange at or before the expiry of a three-year period from the date of the Option Agreements. Upon exercise of the rights attaching to the Put Options, the Company will be required to acquire from Jia Hong and/or Xing Yu (as the case may be) the Jia Hong AAG Shares and/or the Xing Yu AAG Shares (as the case may be), the consideration for which is to be satisfied by the allotment and issue of new Shares to Jia Hong and/or Xing Yu (as the case may be) on terms set out in the Option Agreements.

The Put Options may or may not be exercised. The acquisition of the Jia Hong AAG Shares and/or the Xing Yu AAG Shares from Jia Hong and/or Xing Yu pursuant to the Option Agreements will constitute a share transaction for the Company under the Listing Rules.

On 14 March 2002, Asia Aluminum Holdings Limited (the "Company") entered into an option agreement (the "Option Agreements") with each of Jia Hong Aluminum Company Limited ("Jia Hong") and Xing Yu Aluminum Company Limited ("Xing Yu") pursuant to which the Company has agreed to grant a put option to Jia Hong (the "Jia Hong Put Option") and a put option to Xing Yu ("Xing Yu Put Option") respectively. Details of the Option Agreements are set out below.

### JIA HONG OPTION AGREEMENT DATED 14 MARCH 2002

#### 1. Parties

- (a) The Company
- (b) Jia Hong

Jia Hong is a company incorporated in Samoa with limited liability. Each of Jia Hong and its beneficial owner is 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 Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")).

Jia Hong is the beneficial owner of 66,450 shares ("Jia Hong AAG Shares") of US\$0.01 each in Asia Aluminum Group Limited ("AAG"), a non-wholly-owned subsidiary of the Company.

#### 2. Jia Hong Put Option

In the event AAG or a substituted listing company as provided under the Jia Hong Option Agreement (the "Substituted Listing Company") shall fail to seek a listing status in any quoted stock exchange ("Listing") at or before the expiry of a three-year period from the date of the Jia Hong Option Agreement (the "Three-Year Period"), Jia Hong shall have the right to require the Company to acquire from it any or all of the Jia Hong AAG Shares. The consideration for the acquisition of the Jia Hong AAG Shares shall be satisfied by the allotment and issue by the Company to Jia Hong of new shares of HK\$0.1 each in the Company ("Shares"). The number of new Shares to be allotted and issued to Jia Hong pursuant to the exercise of the Jia Hong Put Option shall be arrived at pursuant to the following formula:-

$$P = \frac{Q \times R}{S}$$

where P = Number of new Shares to be allotted and issued to Jia Hong pursuant to the exercise of the Jia Hong Put Option

Q = Number of shares in the capital of AAG ("AAG Shares") to be acquired by the Company pursuant to the Jia Hong Put Option

R = The net asset value per AAG Share as at the date of the exercise of the Jia Hong Put Option based on the latest audited consolidated accounts of AAG and its subsidiaries (the "AAG Group")

S = The net asset value per Share as at the date of the exercise of the Jia Hong Put Option based on the latest published audited consolidated accounts of the Company and its subsidiaries (including the AAG Group) (the "Group")

The consideration for the grant of the Jia Hong Put Option is HK\$1.00.

#### 3. Exercise of Jia Hong Put Option

The Jia Hong Put Option may be exercised by Jia Hong in respect of all or part of the Jia Hong AAG Shares on any business day within a six-month period falling immediately after the third anniversary of the date of the Jia Hong Option Agreement (the "Jia Hong Option Period"). The Jia Hong Put Option shall lapse if not exercised during the Jia Hong Option Period unless the parties agree otherwise or upon Listing.

Any new Shares ("Jia Hong New Shares") to be issued by the Company pursuant to the Jia Hong Option Agreement will be issued under the general mandate granted to the directors of the Company (the "Directors") at the time of the exercise of the Jia Hong Put Option (if any). If no such general mandate shall have been granted or if such general mandate shall not be sufficient, the issue of the Jia Hong New Shares shall be subject to the approval of the shareholders of the Company.

The Jia Hong New Shares upon their allotment and issue shall rank pari passu in all respects with the existing Shares then in issue. Based on the net asset value of AAG and the Company as set out in the latest audited consolidated accounts of the AAG Group and the Group for the year ended 30 June 2001 respectively, approximately 58,353,218 new Shares will be issued upon the exercise in full of the Jia Hong Put Option, representing approximately 2.558% and 2.427% of the existing and issued share capital of the Company as enlarged by the issued of such new shares and those new Shares to be issued pursuant to the Xing Yu Put Option (as defined below).

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Jia Hong New Shares.

#### 4. Conditions

The exercise of the Jia Hong Put Option is also conditional upon:-

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in, the Jia Hong New Shares;
- (b) the Bermuda Monetary Authority approving the issue of the Jia Hong New Shares, if necessary; and
- (c) compliance with all other requirements under the Listing Rules and applicable laws.

#### 5. Completion

Completion shall take place within 5 business days (or on any other day as the parties may agree) after the serving of an option exercise notice or the fulfilment of the conditions, whichever is later.

#### 6. Assignment

The Jia Hong Put Option shall not be assigned.

#### 7. Non-Disposal

Jia Hong shall not sell, transfer or otherwise dispose of or create any third party interest over any of the Jia Hong AAG Shares during the Three-Year Period.

### XING YU OPTION AGREEMENT DATED 14 MARCH 2002

#### 1. Parties

- (a) The Company
- (b) Xing Yu

Xing Yu is a company incorporated in Samoa with limited liability. Each of Xing Yu and its beneficial owner is 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).

Xing Yu is the beneficial owner of 73,899 shares ("Xing Yu AAG Shares") of AAG.

#### 2. Xing Yu Put Option

In the event the Listing shall not have occurred at or before the Three-Year Period, Xing Yu shall have the right to require the Company to acquire from it any or all of the Xing Yu AAG Shares. The consideration for the acquisition of the Xing Yu AAG Shares shall be satisfied by the allotment and issue by the Company to Xing Yu of new Shares. The number of new Shares to be allotted and issued to Xing

Yu pursuant to the exercise of the Xing Yu Put Option shall be arrived at pursuant to the following formula:-

$$P = \frac{Q \times R}{S}$$

where P = Number of new Shares to be allotted and issued to Xing Yu pursuant to the exercise of the Xing Yu Put Option

Q = Number of AAG Shares to be acquired by the Company pursuant to the Xing Yu Put Option

R = The net asset value per AAG Share as at the date of the exercise of the Xing Yu Put Option based on the latest audited consolidated accounts of AAG

S = The net asset value per Share as at the date of the exercise of the Xing Yu Put Option based on the latest published audited consolidated accounts of the Group

The consideration for the grant of the Xing Yu Put Option is HK\$1.00.

#### 3. Exercise of Xing Yu Put Option

The Xing Yu Put Option may be exercised by Xing Yu in respect of all or part of the Xing Yu AAG Shares on any business day within a six-month period falling immediately after the third anniversary of the date of the Xing Yu Option Agreement (the "Xing Yu Option Period"). The Xing Yu Put Option shall lapse if not exercised during the Xing Yu Option Period unless the parties agree otherwise or upon Listing.

Any new Shares ("Xing Yu New Shares") to be issued by the Company pursuant to the Xing Yu Option Agreement will be issued under the general mandate granted to the Directors at the time of the exercise of the Xing Yu Put Option (if any). If no such general mandate shall have been granted or if such general mandate shall not be sufficient, the issue of the Xing Yu New Shares shall be subject to the approval of the shareholders of the Company. The Xing Yu New Shares shall rank pari passu in all respects with the existing Shares then in issue. Based on the net asset value of AAG and the Company as set out in the latest audited consolidated accounts of the AAG Group and the Group for the year ended 30 June 2001 respectively, approximately 64,894,574 new Shares will be issued upon the exercise in full of the Xing Yu Put Option, representing approximately 2.845% and 2.699% of the existing and issued share capital of the Company as enlarged by the issue of such new Shares and those new Shares to be issued pursuant to Jia Hong Put Option.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Xing Yu New Shares.

#### 4. Conditions

The exercise of the Xing Yu Put Option is also conditional upon:-

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in, the Xing Yu New Shares;
- (b) the Bermuda Monetary Authority approving the issue of the Xing Yu New Shares, if necessary; and
- (c) compliance with all other requirements under the Listing Rules and applicable laws.

#### 5. Completion

Completion shall take place within 5 business days (or on any other day as the parties may agree) after the serving of an option exercise notice or the fulfilment of the conditions, whichever is later.

#### 6. Assignment

The Xing Yu Put Option shall not be assigned.

#### 7. Non-Disposal

Xing Yu shall not sell, transfer or otherwise dispose of or create any third party interest over any of the Xing Yu AAG Shares during the Three-Year Period.

### INFORMATION ON AAG

AAG is a company incorporated in the British Virgin Islands with limited liability and a 69.05 per cent. owned subsidiary of the Company. The existing shareholding structure of AAG is as follows:-

Name of Shareholders	No. of AAG shares held
The Company	1,630,070 (69.05%)
Indalex UK Limited	590,453 (25.01%)
Jia Hong	66,450 (2.81%)
Xing Yu	73,899 (3.13%)
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	2,360,872 (100.00%)

AAG is an investment holding company and its subsidiaries (the "AAG Group") are principally engaged in the production and sale of aluminum extrusion products and stainless steel products. For the two years ended 30 June 2001, the AAG Group's audited net profits before tax and minority interests are of approximately HK\$224.5 million and HK\$245.6 million respectively. For the two years ended 30 June 2001, the AAG Group's audited net profits after tax and minority interests are of approximately HK\$169.1 million and HK\$158.3 million respectively. The net asset value of the AAG Group for the two years ended 30 June 2001 is HK\$604.2 million and HK\$1,007.6 million respectively.

### REASONS FOR THE GRANT OF THE PUT OPTIONS

The Group is principally engaged in the production and sale of aluminum extrusion products, the provision of design and testing services for aluminum products, web-sites operations and related e-business for trading of aluminum products on the Internet.

It is the intention of the shareholders of AAG to achieve the Listing within the Three-Year Period. However, this remains a preliminary plan at present and no concrete proposal in relation to the Listing has been concluded. The Directors consider that the Put Options may retain Xing Yu and Jia Hong as shareholders of the Company even if AAG shall fail to achieve the Listing after the Three-Year Period. The Directors are of the view that the experience of the beneficial owners of Xing Yu and Jia Hong in the aluminum extrusion and other related fields will be beneficial to the Group. Based on the Directors' view on the future prospects of AAG, the Directors consider that in the event the Listing shall not have occurred within the Three-Year Period, the Put Options may also enable the Company to increase its shareholding in AAG at a reasonable cost.

The terms of the Option Agreements have been arrived at by the parties after an arm's length negotiation. The Directors consider that the terms of the Option Agreements are fair and reasonable and in the interests of the Group.

### GENERAL

The acquisition of the Jia Hong AAG Shares and/or the Xing Yu AAG Shares from Jia Hong and/or Xing Yu pursuant to the Option Agreements will constitute a share transaction for the Company under the Listing Rules. If in the unlikely event that such acquisition shall also constitute a major transaction for the Company under the Listing Rules, such acquisition shall be subject to the approval of the shareholders of the Company. Further announcement will be made by the Company upon the exercise/lapse of the Put Options.

By Order of the Board  
Asia Aluminum Holdings Limited  
Kwong Wui Chun  
Chairman