
“Novar is very encouraged by our partnership with Asia Aluminum. The business is making strong progress. Our ability to offer North American customers the growing capabilities of Asia Aluminum, in addition to our own Indalex Aluminum Solutions plants, is winning increasing new business every quarter. The future looks bright for the partnership.” noted Mr. Jürgen Hintz, Chief Executive of Novar Plc, the ultimate parent company of Indalex.

The Group opened its way to tap into the under-served aluminum sheet market in PRC following the announcement of construction of a new manufacturing facility in the “Asia Aluminum Industry City” located at the High-Tech Development Zone of the Zhaoqing City in the Guangdong province.

Of the total site area of 6.60 square kilometres in the Asia Aluminum Industrial City, the new manufacturing base will occupy an area of 1.26 square kilometres and will be equipped with a designed annual capacity of 400,000 metric tons. This new manufacturing base, which is expected to commence production in 2005, fits the Group well into China’s rapidly growing market of aluminum sheets for construction and non-construction uses, including those for use in the transportation, consumer household and industrial areas.

This new facility also symbolizes a remarkable step taken by the Group to diversify its product portfolio from extrusion products for the infrastructure and construction

sectors into aluminum sheet products for manufacturing of automobiles, beverage cans, printing sheets, containers with temperature controls, home furnishing, outdoor advertising, street furniture and usages in aerospace industries.

We have reserved sufficient space in this new Zhaoqing industrial city to phase in the establishment of other manufacturing and processing facilities for the Group’s expansion in the future.

In July 2003, the Group signed a three-year US\$75 million loan facility with a syndicate of 13 international financial institutions. We applied US\$40 million of the proceeds from the facility to refinance an existing maturing facility. The interest margin for the facility is significantly lower than that of the one arranged three years ago. This will not only significantly reduce the Group’s interest expenses but also provide a solid recognition on the Group’s financial strength among the international banking community.

CEO EXCHANGE

I am extremely excited to see the Group had kicked off step-by-step implementation of its master business plan to sustain growth and development.

The positive steps the Group had taken during the reporting year and the initial results achieved so far have convinced me that we are on the right track of rapid and sustainable growth.



During the year, the Group also endeavored a great deal of financial and management resources to seek industry recognition for its testing chamber facilities. The facilities, already in operation to provide testing services for PRC and Hong Kong customers in the construction sector, further strengthened the Group's position as a one-stop total solution provider.

Already established a leading position in the PRC, the Group will continue to introduce new inventions and technologies into the country, to extend its product range, to expand its capacity and to enhance quality of its products and services to embrace the opportunities from the country's hosting of forthcoming major world events including Beijing Olympic Games and Shanghai World Expo. These two events will accelerate urbanization and provide the Group with a lot of business opportunities in the infrastructure construction sector.

The recent credit-tightening policy in the PRC to rein in credit growth, on certain over-heated construction sectors, in particular, reassured the Group's strategy to focus on infrastructure sector, which is less vulnerable to the negative impact from the policy. On the controversy over

the value of the Chinese currency, we believe that a revaluation, if any, will only have minimal impact on the Group's operations given our strong businesses in China and our well-balanced mix of currencies on both revenue and cost sides.

As a pioneer in the aluminum processing industry, we are leveraging on the PRC market opportunities to its betterment. We are also charged with a mission to continuously invest our expertise, know-how and capital to grow the Group to one of the top five largest aluminum fabrication operators in the world within the next three years.

We firmly believe that these are the right steps to steer the Group to deepen its relationships with customers, reinforce its leading positions in the industry and of paramount importance, to deliver sustainable high growth to its shareholders.

Dr. Chan Yiu Tsuan, Benby
Deputy Chairman and CEO

Hong Kong, 29 October 2003