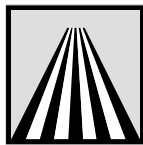


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ASIA ALUMINUM HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES

The Company has entered into the Placing Agreement on 15 January 2004 with, among others, the Vendor and the Placing Agent under which (i) the Placing Agent has agreed to place, on a fully-underwritten basis, the Placing Shares held by the Vendor to independent placees at the Placing Price; and (ii) the Vendor has agreed to subscribe, and the Company has agreed to allot and issue to the Vendor, the New Shares at the Subscription Price.

The net proceeds to be received by the Company from the Subscription will amount to approximately HK\$506.5 million. The Company intends to apply such net proceeds to fund the New Expansion Plan.

At the request of the Company, trading in the securities of the Company was suspended on the Stock Exchange from 9:30 a.m. on Thursday, 15 January 2004 pending release of this announcement. Trading in the securities of the Company will resume at 9:30 a.m. on 16 January 2004.

PLACING AGREEMENT DATED 15 JANUARY 2004

Parties

- (i) The Vendor, a controlling shareholder of the Company;
- (ii) The Company;
- (iii) Mr. Kwong; and
- (iv) J.P. Morgan Securities (Asia Pacific) Limited (as Placing Agent and underwriter of the Placing).

Number of Placing Shares

332,000,000 Shares, representing approximately 12% of the Company's existing issued share capital and approximately 10.72% of its issued share capital as enlarged by the issue of the New Shares.

The placees

The Placing Agent has agreed to procure that there will be not less than six independent placees (which will be professional, institutional and/or individual investors).

Placing Price

HK\$1.56 per share, representing (i) a discount of approximately 8.24% to the closing price of HK\$1.70 per Share quoted on the Stock Exchange on 14 January 2004, the latest trading day prior to the date of the Placing Agreement; (ii) a discount of approximately 4.88% to the average closing price of the Shares of approximately HK\$1.64 per Share as quoted on the Stock Exchange from 31 December 2003 to 14 January 2004, both dates inclusive, being the last ten trading days immediately prior to the issuance of this announcement; and (iii) a premium of approximately 116.7% to the net tangible asset value of approximately HK\$0.72 per Share based on the audited consolidated accounts of the Group for the year ended 30 June 2003.

The Placing Price has been determined after arm's length negotiations between the parties. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interest of the Company.

Rights

The Placing Shares will be sold free of any encumbrances and third-party rights. The placees will receive all dividends and distributions declared, made or paid after 16 January 2004.

Independence of the Placing Agent and the placees

Each of the Placing Agent and the placees (and their beneficial owners) are independent of and not connected with the Vendor or any person acting in concert with it (as defined in the Code). They are also independent of and not connected with the directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries or an associate of any of them.

Completion of Placing

It is expected that the Placing will be completed on 19 January 2004. Completion of the Placing is unconditional.

Termination events

The Placing Agreement contains provisions granting the Placing Agent the right to terminate its placing obligations on the occurrence of certain events including force majeure, any adverse change in the general affairs or financial or trading position of the Company or its subsidiaries which is materially adverse to the success of the Placing, or any event which would have rendered the warranties in the Placing Agreement untrue or inaccurate in any material respect, in each case, occurring prior to 10:00 a.m. (Hong Kong time) on the date of completion of the Placing. For this purpose, such event includes any material adverse change in local, national or international political, economic, fiscal, financial, military, regulatory or stock market conditions. If the Placing Agent exercises such right to so terminate the Placing, the Placing will not proceed. Shareholders and investors are advised to exercise caution in dealing in the Shares.

Number of New Shares subscribed by the Vendor

332,000,000 new Shares, representing approximately 12% of the Company's existing issued share capital, and approximately 10.72% of its issued share capital as enlarged by the issue of the New Shares.

Subscription Price

HK\$1.56 per Share, which is equivalent to the Placing Price. The total subscription monies payable by the Vendor to the Company will be the Subscription Price per Share (i.e. HK\$1.56) multiplied by the number of New Shares less the commission and other expenses incurred by the Vendor in relation to the Placing and the Subscription.

Mandate to issue New Shares

The New Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the annual general meeting held on 9 December 2003. Under such general mandate, the Directors are allowed to allot and issue up to 542,970,652 Shares. As at the date of this announcement, no Share has been allotted and issued pursuant to such general mandate.

Ranking

The New Shares, when fully paid, will rank equally with the existing issued shares of the Company.

Conditions of the Subscription

The Subscription by the Vendor of the New Shares is conditional upon the satisfaction of the following conditions:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the New Shares;
2. completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
3. the Executive Director of the Corporate Finance Division of the SFC granting the Vendor a waiver from its obligation, as a result of the Subscription, to make a general offer under Rule 26 of the Code; and
4. (if so required by the laws of Bermuda) the consent of the Bermuda Monetary Authority and all other consents and approvals required under Bermuda law in respect of the Subscription and the transactions contemplated under the Placing Agreement.

None of the conditions stated above can be waived. The Company will apply to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares as mentioned in condition 1 above. The Vendor will apply to the Executive Director of the Corporate Finance Division of the SFC for the waiver as mentioned in condition 3 above. If the conditions are not fulfilled on or before 28 January 2004 or such other date as may be agreed between the Company and the Vendor and approved by the Stock Exchange, the Subscription will lapse.

Completion of the Subscription

Completion of the Subscription will take place on the next day after the date upon which the last of the conditions to be satisfied will have been so satisfied or such other date as the Vendor and the Company may agree, provided that completion will not be later than 29 January 2004.

Lock-up

Pursuant to the Placing Agreement, each of the Vendor and Mr. Kwong has undertaken to the Placing Agent that, prior to the expiry of the period of six months from completion of the Placing, it will not and will procure that none of its nominees will sell or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares but excluding the Placing Shares) or any interests therein, without the prior written consent of the Placing Agent.

Pursuant to the Placing Agreement, the Company has undertaken to the Placing Agent that, prior to the expiry of the period of six months from completion of the Placing, it will not allot or issue or agree to allot or issue (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares, except for (i) the New Shares to be allotted and issued to the Vendor pursuant to the Subscription or (ii) Shares or interests in Shares issued pursuant to the exercise of the Warrants or the options which may be granted under the share option scheme of the Company from time to time in force or (iii) an issue of Shares in lieu of the whole or part of a dividend on Shares without the prior written consent of the Placing Agent.

Effect of the Placing and the Subscription

The shareholding structure of the Company before and after the Placing and the Subscription is summarised as follows (*Note 1*):

	At the date of this Announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor and parties acting in concert with it (as defined in the Code)	1,120,054,836	40.49	788,054,836	28.49	1,120,054,836	36.15
Public shareholders						
Placees (<i>Note 2</i>)	1,646,332,775	59.51	332,000,000	12	332,000,000	10.72
Other shareholders	<u>1,646,332,775</u>	<u>59.51</u>	<u>1,646,332,775</u>	<u>59.51</u>	<u>1,646,332,775</u>	<u>53.13</u>
Sub-total	1,646,332,775	59.51	4,966,332,775	71.51	1,978,332,775	63.85
Total	<u>2,766,387,611</u>	<u>100</u>	<u>2,766,387,611</u>	<u>100</u>	<u>3,098,387,611</u>	<u>100</u>

Note:

- (1) The table assumes no issue of Shares pursuant to the Warrants and the employee share option scheme of the company.
- (2) A placee of the Placing Shares may be an existing shareholder of the Company.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The demand for aluminum extrusion products in PRC has been growing rapidly in recent years and the Directors expect continual strong domestic demand from infrastructure projects relating to the 2008 Beijing Olympic Games and Shanghai World Expo. In addition, the Directors expect increasing demand in exports, particularly to North America and Australia.

In order to fulfil the expected increase in demand, the Directors have decided to accelerate the aluminum extrusion production expansion plan by completing the New Expansion Plan to increase the Company's total aluminum extrusion production capacity from the existing 140,000 tonnes to 300,000 tonnes by the end of 2004. On 11 July 2003, the Company announced its plan to build Asia Aluminum Industrial City in Zhaoqing City, Guangdong Province, the PRC and the New Expansion Plan will be implemented in such industrial city. Once the New Expansion Plan is completed, the Company will relocate the existing production facilities into the new plant. The Directors expect the Company to enjoy economies of scale and cost savings as a result of operation centralization. The New Expansion Plan is in a preliminary design stage and levelling work has been completed as at the date of this announcement. The New Expansion Plan is expected to be completed in the first-half of 2005.

The New Expansion Plan is expected to cost approximately HK\$1 billion. To finance the New Expansion Plan and in view of current capital market conditions, the Directors consider that the Placing and the Subscription represents a good opportunity for the Company to raise fund. It will also increase the capital base of the Company and broaden its shareholder base. The net proceeds of the Subscription of approximately HK\$506.5 million will be applied to fund the New Expansion Plan. The remainder of the costs for the New Expansion Plan of approximately HK\$493.5 million will be financed by internal resources and bank borrowings.

The Directors believe the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable.

SUSPENSION AND RESUMPTION OF TRADING OF SECURITIES

At the request of the Company, trading in the securities of the Company was suspended on the Stock Exchange from 9:30 a.m. on Thursday, 15 January 2004 pending release of this announcement. Trading in the securities of the Company will resume at 9:30 a.m. on 16 January 2004.

DEFINITIONS

“associate”	has the meaning ascribed to it in the Listing Rules
“Code”	the Hong Kong Code on Takeovers and Mergers
“Company”	Asia Aluminum Holdings Limited, a company incorporated in Bermuda with limited liability whose securities are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kwong”	Mr. Kwong Wui Chun, the Chairman of the Company and an executive Director
“New Expansion Plan”	the Company’s proposed construction of a new aluminum extrusion plant in Asia Aluminum Industrial City in Zhaoqing City, Guangdong Province, the PRC to increase its production capacity from 140,000 tonnes to 300,000 tonnes by the end of 2004
“New Shares”	332,000,000 new Shares to be subscribed by the Vendor at the Subscription Price under the Placing Agreement and which shall be the same as the number of Placing Shares placed under the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited, a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing, underwriting and subscription agreement dated 15 January 2004 entered into between the Vendor, Mr. Kwong, the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.56 per Placing Share
“Placing Shares”	332,000,000 Shares currently owned by the Vendor
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission
“Share(s)”	share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the New Shares by the Vendor at the Subscription Price pursuant to the Placing Agreement
“Subscription Price”	HK\$1.56 per New Share
“trading day”	has the meaning ascribed to it in the Listing Rules
“Vendor”	Viewlink Assets Limited, a limited liability company incorporated in the British Virgin Islands which is beneficially and wholly owned by Mr. Kwong

“Warrants” the outstanding warrants of the Company in the amount of HK\$57,231,103.16 conferring the holders thereof to subscribe Shares at HK\$0.77 per Share subject to adjustment on or before 9 April 2004

“HK\$” Hong Kong dollar, the lawful currency of the Hong Kong Special Administrative of the People’s Republic of China

By Order of the Board
Dr. Chan Yiu Tsuan, Benby
Deputy Chairman and the Chief Executive Officer

Hong Kong, 15 January 2004

All the directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement misleading.

THIS PRESS RELEASE IS NOT AN OFFER TO SELL OR SOLICITATION OF ANY OFFER TO BUY THE SECURITIES OF ASIA ALUMINUM HOLDINGS LIMITED (THE “COMPANY”, AND SUCH SECURITIES, THE “SECURITIES”) IN THE UNITED STATES OR IN ANY OTHER JURISDICTION.

THE SECURITIES ARE NOT BEING REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND MAY ONLY BE OFFERED OR SOLD IN THE UNITED STATES IF REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE COMPANY AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT AS WELL AS FINANCIAL STATEMENTS.

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