

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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, 10 June 2004 and 17 December 2004 and circulars dated 1 August 2003 and 7 January 2005 issued by the Company in relation to the Group's plan of setting up aluminum rolled products production facilities in the "Asia Aluminum Industrial City" in Zhaoqing, the PRC.

On 9 July 2005, CSD entered into the Contract for aluminum six-high cold rolling mill with the Seller pursuant to which CSD agreed to buy and the Seller agreed to sell certain equipment, parts, engineering, application software, technical services and other materials to CSD to facilitate the manufacturing of aluminum rolled products by AAC.

The total consideration payable by CSD under the Contract is approximately HK\$184,841,125 of which (i) an amount of US\$9,614,225 (equivalent to approximately HK\$74,654,457) is to be paid to TMGE and (ii) an amount of €11,717,000 (equivalent to approximately HK\$110,186,668) is to be paid to SMS.

The consideration for the Purchase exceeds 5% but less than 25% of the relevant percentage ratios (as defined in the Listing Rules). Hence, 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: 9 July 2005

Seller : TMGE. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, TMGE and its ultimate beneficial owner are Independent Third Parties.

SMS. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, SMS and its ultimate beneficial owner are 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, 10% by Think Success, the details of which were set out in the Company's announcements dated 11 July 2003 and 17 December 2004 and the Company's circulars dated 1 August 2003 and 7 January 2005.

Summary: On 9 July 2005, CSD entered into the Contract for six-high cold rolling mill with the Seller pursuant to which CSD agreed to buy and the Seller agreed to sell certain equipment, parts, engineering, application software, technical services and other materials to CSD to facilitate the manufacturing of aluminum rolled products by AAC.

The equipment to be sold by the Seller to CSD under the Contract are tailor-made, highly specialised equipment necessary for the manufacture of aluminum rolled products 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 rolled products.

The total consideration payable by CSD under the Contract is approximately HK\$ 184,841,125 of which (i) an amount of US\$9,614,225 (equivalent to approximately HK\$74,654,457) is to be paid to TMGE and (ii) an amount of €11,717,000 (equivalent to approximately HK\$110,186,668) is to be paid to SMS . Approximately HK\$154,854,333 out of the total consideration is attributable to the price for equipment under the Contract. Approximately HK\$29,986,792 out of the total consideration is attributable to the price for services under the Contract. Since the equipment required by the Company is highly specific and needs to be tailored-made, the total consideration was determined as a result of a series of technical exchanges and negotiation between technical personnel of the Company and various potential suppliers (including the Seller) on specifications of equipment and services required by the Company. Having considered the respective quotations offered by these various potential suppliers and their capabilities to satisfy the Company's specifications, the Company considered the price quoted by the Seller as the most suitable and reasonable for the Company.

The total consideration will be paid in accordance with the schedule of delivery of the equipment and/or services provided by the Seller to CSD in accordance with the terms of the Contract.

The sums payable under the Contract will be paid out of the shareholder's loan of US\$300 million (approximately HK\$2,329.5 million, derived from the net proceeds of the Notes) issued by the Company to CSD as detailed in the Company's circular dated 7 January 2005. The shareholder's loan constituted financial assistance and connected transaction for the Company under the Listing Rules and had been approved by the independent shareholders of the Company at a special general meeting of the Company held on 24 January 2005.

The equipment is required for the Group's plan of production of aluminum rolled products and the Directors consider that the entering into the Contract provided a good cooperation opportunity for the Group with TMGE and SMS. Both TMGE and SMS are well-reputed manufacturers of specialised equipment for the manufacture of aluminium products. The co-operation will bring the Group's manufacturing technology to the best of the international standard. 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 and SMS to facilitate the construction and establishment of aluminum rolled products production facilities in the Asia Aluminum Industrial City in Zhaoqing, the PRC. The Asia Aluminum Industrial City is a large-scale expansion project that the Group has commenced construction since October 2003. The project is designed to produce high-quality aluminum rolled products and to increase the Group's aluminum extrusion capacity. The project concerning rolled products entails the construction of a new purpose-built plant for the production of aluminum rolled products. With a designed annual production capacity of 400,000 metric tons, it is part of the expansion project of the Group. Further details of the Asia Aluminum Industrial City and the expansion plan of the Group have been set out in the Company's announcements dated 11 July 2003, 10 June 2004 and 17 December 2004 and circulars dated 1 August 2003 and 7 January 2005.

The consideration for the Purchase exceeds 5% but less than 25% of the relevant percentage ratios (as defined in the Listing Rules). Hence, 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:

“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 rolled products 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 six-high cold rolling mill dated 9 July 2005 entered into between CSD, TMGE and SMS;
“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” or “Independent Third Parties”	persons who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, are third parties independent of the Company and its subsidiaries and its connected persons as defined in the Listing Rules;
“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 35.41% interests in the Company;
“Notes”	the 8% senior notes due 2011 in the principal amount of US\$450 million (approximately HK\$3,494 million) issued by the Company on 23 December 2004 pursuant to the Indenture dated 23 December 2004 among the Company, the Subsidiary Guarantors (as defined in the circular of the Company dated 7 January 2005) and Citibank, N.A., as trustee;
“PRC”	the People’s Republic of China;
“Purchase”	the purchase of equipment, parts, engineering, application software, technical services and other materials by CSD from the Seller under the Contract;
“Seller”	SMS and TMGE;
“SMS”	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;
“Record Break”	Record Break Investments Limited, a company incorporated in the British Virgin Islands and a 10% shareholder of CSD;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TMGE”	TM GE 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”

Think Success Industries Limited, a company incorporated in the British Virgin Islands and a 10% shareholder of CSD;

“US\$”

US dollars.

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

US\$1 = HK\$ 7.765

€1 = HK\$9.404

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

Dated: 11 July 2005

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