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AA INVESTMENTS COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 930)

JOINT ANNOUNCEMENT

PROPOSED PRIVATISATION OF ASIA ALUMINUM HOLDINGS LIMITED BY AA INVESTMENTS COMPANY LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT OF BERMUDA

Financial Adviser to AA Investments Company Limited



Merrill Lynch

Merrill Lynch (Asia Pacific) Limited

AA Investments and Asia Aluminum jointly announce the proposed privatisation of Asia Aluminum by way of a scheme of arrangement under section 99 of the Companies Act.

On 13 March 2006, AA Investments requested the Board to put forward the Share Proposal to the Scheme Shareholders for a proposed privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. AA Investments is wholly owned by Mr. Kwong. The Board has reviewed the Share Proposal and has agreed to put it forward to the Scheme Shareholders as the Board believes the Share Proposal to be in the best interests of the Company.

Pursuant to the Share Proposal, all Scheme Shares will be cancelled in exchange for the Share Offer Price of HK\$1.30 in cash for each Scheme Share. As at the Latest Practicable Date, the Scheme Shareholders are interested in 2,096,279,565 Asia Aluminum Shares, representing approximately 64.6 per cent. of the issued share capital of the Company.

The Share Offer Price represents a premium of approximately 78.7 per cent. over the 30-day Average Pre-announcement Price of HK\$0.73 per Asia Aluminum Share which is the highest premium level paid in a comparable Hong Kong privatisation transaction in the past five years.

In parallel with and separate from the Share Proposal, AA Investments will make the Option Proposal to purchase the Outstanding Options, for cancellation in exchange for HK\$0.49 in cash for each Outstanding Option, subject to and conditional upon the Scheme becoming effective.

As at the Latest Practicable Date, save and except for the Outstanding Options, there were no outstanding options, warrants, derivatives or other securities issued by Asia Aluminum that carried a right to subscribe for or which were convertible into Asia Aluminum Shares.

Mr. Kwong has the full support of Asia Aluminum's executive management team to implement the Proposals and to privatise the Company.

The total amount of cash required for the Proposals is approximately HK\$2,748.3 million, assuming there is no change to the issued share capital of Asia Aluminum or the number of Options as at the Latest Practicable Date. AA Investments intends to fund the cash required to effect the Proposals from financing arranged by Merrill Lynch. AA Investments' financial adviser, Merrill Lynch, is satisfied that sufficient financial resources are available to AA Investments for the implementation of the Proposals.

The listing of Asia Aluminum Shares on the Stock Exchange will be withdrawn if the Scheme is implemented. The Scheme is conditional upon the fulfilment or waiver, as applicable, of the conditions described in the section entitled "Conditions of the Proposals" below. All conditions will have to be fulfilled or waived, as applicable, on or before 31 July 2006, (or such later date as AA Investments and the Company may agree or as the Supreme Court may direct and as may be permitted by the Takeovers Code), otherwise the Scheme will lapse.

Upon the Scheme becoming effective, Asia Aluminum will become a wholly owned subsidiary of AA Investments, a company controlled by Mr. Kwong, and a minority interest in AA Investments will be acquired by certain members of the management team of AA Investments.

An Independent Board Committee, comprising all three independent non-executive directors of the Company, has been appointed to advise Independent Shareholders and Optionholders in respect of the Share Proposal and the Option Proposal, respectively.

The Scheme Document will be despatched to Asia Aluminum Shareholders and to Optionholders in due course and in compliance with the requirements of the Takeovers Code. The Scheme Document will include, among other things, further details of the Proposals and the Scheme, the expected timetable, the recommendations of the Independent Board Committee in respect of the Proposals, a letter of advice from the independent financial adviser to the Independent Board Committee, an explanatory statement as required under the Companies Act, and notices of the Court Meeting and the Special General Meeting.

At the request of Asia Aluminum, trading in Asia Aluminum Shares on the Stock Exchange was suspended from 9:30 a.m. on 15 March 2006 (Hong Kong time) pending the issue of this announcement. Asia Aluminum Shares will remain suspended from trading pending the release of the Interim Results, or earlier, as may be agreed by the Stock Exchange. The Interim Results are scheduled to be released on 27 March 2006.

Asia Aluminum Shareholders, Optionholders and/or potential investors in Asia Aluminum should be aware that the implementation of the Proposals are subject to the conditions set out below being fulfilled or waived, as applicable, and thus the Proposals may or may not become effective. They are advised to exercise caution when dealing in Asia Aluminum Shares and/or Options.

INTRODUCTION

On 13 March 2006, AA Investments requested the Board to put forward the Share Proposal (detailed below) to the Scheme Shareholders for cancellation of the Scheme Shares to effect the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act and informed the Board that it will make the Option Proposal to Optionholders for the cancellation of Outstanding Options in exchange for cash. Having reviewed the Share Proposal, the Board has agreed to put the Share Proposal forward to the Scheme Shareholders as the Board believes the Share Proposal to be in the best interests of the Company.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Special General Meeting. The Asia Aluminum Shares held by Mr. Kwong, Viewlink and the Family Member will not form part of the Scheme Shares, but will be transferred to AA Investments in exchange for shares in AA Investments subject to and upon the Scheme becoming effective.

THE SHARE PROPOSAL AND THE OPTION PROPOSAL

The Proposals

The Proposals will be made on the following basis:

The Share Proposal

For each Scheme Share HK\$1.30 in cash

The Option Proposal

For each Outstanding Option HK\$0.49 in cash

The Share Proposal

The Share Proposal is to privatise the Company by way of the Scheme, to cancel all the Scheme Shares which will result in a reduction of the issued share capital of the Company under Section 46 of the Companies Act. In consideration for the cancellation, Scheme Shareholders will be entitled to receive the Share Offer Price, being HK\$1.30 per Scheme Share, in cash.

Comparison of Value

The Share Offer Price represents:

- a premium of approximately 78.7 per cent. over the 30-day Average Pre-announcement Price of HK\$0.73 per Asia Aluminum Share, the highest premium level paid in a comparable Hong Kong privatisation transaction in the past five years;
- a premium of approximately 56.6 per cent. over the closing price of HK\$0.83 per Asia Aluminum Share as quoted on the Stock Exchange on 6 February 2006, the day prior to the Pre-announcement Date;
- a premium of approximately 15.0 per cent. over the closing price of HK\$1.13 per Asia Aluminum Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 80.8 per cent. over the average closing price of approximately HK\$0.72 per Asia Aluminum Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days prior to the Pre-announcement Date;
- a premium of approximately 65.7 per cent. over the average closing price of approximately HK\$0.78 per Asia Aluminum Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days prior to the Pre-announcement Date;
- an implied price to earnings multiple of 25.0x, based on Asia Aluminum's reported basic earnings per share of HK\$5.19 cents for the year ended 30 June 2005;
- a premium of approximately 41.7 per cent. to the audited consolidated net asset value per Asia Aluminum Share of approximately HK\$0.92 as at 30 June 2005; and
- a 122.2 per cent. increase over Asia Aluminum's split-adjusted IPO price of HK\$0.59⁽¹⁾ in April 1998.

(1) Adjusted for a bonus issue on 4 May 2001 of 1,112,047,280 new Asia Aluminum Shares, on the basis of one bonus share for every then outstanding Asia Aluminum Share.

The Option Proposal

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Options, which confer rights to subscribe for Asia Aluminum Shares at a price of HK\$0.81 per Share, in full or in part at any time up to the Record Date. Asia Aluminum Shares issued upon exercise of the Options in accordance with the terms of the Share Option Scheme will form part of the Scheme Shares. Options which are not exercised in accordance with the terms of the Share Option Scheme, or in relation to which the Option Proposal is not accepted within the relevant time period, will lapse.

Under the Option Proposal, AA Investments will offer to purchase Outstanding Options, for cancellation in exchange for HK\$0.49 in cash for each Outstanding Option, subject to and conditional upon the Scheme becoming effective. Further information on the Option Proposal will be set out in the Scheme Document and the Option Proposal will be made by or on behalf of AA Investments in a letter to Optionholders to be despatched on the same day as the Scheme Document.

Total Consideration

On the basis of the Share Offer Price of HK\$1.30 per Scheme Share and 3,245,732,401 Asia Aluminum Shares in issue, of which 2,096,279,565 were Scheme Shares as at the Latest Practicable Date, the Scheme Shares are valued at approximately HK\$2,725.2 million.

Save for the Options, there are no outstanding options, warrants, derivatives or other securities issued by Asia Aluminum that carried a right to subscribe for or which are convertible into Asia Aluminum Shares. Assuming none of the Options is exercised prior to the Record Date in accordance with the terms of the Share Option Scheme and on the basis of the Option Offer Price of HK\$0.49, the Option Proposal is valued at approximately HK\$23.2 million. Assuming all Options are exercised in full by the Optionholders in accordance with the terms of the Share Option Scheme prior to the Record Date, no consideration will be payable under the Option Proposal.

The total amount of cash required to effect the Proposals is approximately HK\$2,748.3 million if none of the Options is exercised prior to the Record Date in accordance with the terms of the Share Option Scheme. This amount would increase to an aggregate of approximately HK\$2,786.6 million if all Options are exercised prior to the Record Date.

Confirmation of Financial Resources

AA Investments has arranged external debt funding to effect the Proposals. None of the current cash resources of Asia Aluminum will be used to finance the Proposals. AA Investments' financial adviser, Merrill Lynch, is satisfied that sufficient financial resources are available to AA Investments for the implementation of the Proposals.

CONDITIONS OF THE PROPOSALS

The Scheme will become effective and binding on the Company and all Scheme Shareholders subject to fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved by at least 75 per cent. of the votes attaching to Scheme Shares held by Independent Shareholders that are cast either in person or by proxy at the Court Meeting (by way of poll); and
 - (ii) the number of votes cast against the resolution to approve the Scheme at the Court Meeting (by way of poll) is not more than 10 per cent. of the votes attaching to all Scheme Shares held by Independent Shareholders;
- (b) the passing of a special resolution to approve and give effect to the cancellation of the Scheme Shares and the reduction of the relevant portion of the issued share capital of the Company by a majority of at least three-fourths of the votes cast by the Asia Aluminum Shareholders present and voting in person or by proxy, at the Special General Meeting;
- (c) the sanction of the Scheme (with or without modifications) by the Supreme Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court for registration;
- (d) the compliance with the procedural requirements of Section 46 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (e) all other Authorisations in connection with the Share Proposal having been obtained from the Relevant Authorities in Bermuda, Hong Kong and other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for in these conditions, or is in addition to the requirements expressly so provided for, in relevant laws, rules, regulations or codes in connection with the Share Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;
- (g) all necessary third party consents which are required under contractual obligations of the Company and/or any of its subsidiaries having been obtained; and
- (h) since the date of this announcement, there having been no adverse change in the business, assets, financial or trading position or prospects of the Asia Aluminum Group which is material in the context of the Asia Aluminum Group taken as a whole.

AA Investments reserves the right to waive condition (g) either in whole or in part in respect of any particular matter. Failure to obtain certain Authorisations may not affect the effectiveness and completion of the Scheme. In the event that condition (e) or (f) is not fulfilled by reason of an Authorisation not having been obtained, AA Investments reserves the right to assess the materiality of such non-fulfilment and to waive the fulfillment of such condition(s) to such extent where it considers appropriate. Conditions (a) to (d) and (h) cannot be waived in any event. AA Investments may only invoke any or all of conditions (a) to (h) as a basis for not proceeding with the Scheme if the provisions of Note 2 to Rule 30.1 of the Takeovers Code are satisfied. Note 2 to Rule 30.1 of the Takeovers Code provides that an offeror should not invoke any condition (other than the acceptance condition) so as to cause the offer to lapse unless the circumstances which gives rise to the right to invoke the condition are of material significance to the offeror in the context of the offer. The waiver or invoking by AA Investments of any condition in accordance with the terms of this paragraph shall not be subject to the Company's agreement, approval or consent. The Company has no right to waive any of the conditions.

All of the above conditions will have to be fulfilled or waived, as applicable, on or before 31 July 2006 (or such later date as AA Investments and the Company may agree or (to the extent applicable) as the Supreme Court may direct and as may be permitted by the Takeovers Code), failing which the Scheme will lapse. Any extension to such later date shall not be beyond 31 October, 2006.

AA Investments reserves the right to implement the Proposals by way of a takeover offer.

The implementation of the Option Proposal will be conditional upon the Scheme becoming effective.

SCHEME DOCUMENT

The Scheme Document containing, among other things, further details about the Proposals and the Scheme, the expected timetable, the recommendations of the Independent Board Committee in respect of the Proposals, the letter of advice from the independent financial adviser to the Independent Board Committee, an explanatory statement as required under the Companies Act, and notices of the Court Meeting and the Special General Meeting will be despatched to the Asia Aluminum Shareholders within 21 days from the publication of this announcement or as may be permitted by the Takeovers Code. A further announcement will be made regarding the expected timetable for the Proposals.

INFORMATION ON THE ASIA ALUMINUM GROUP

Asia Aluminum designs, manufactures and sells customised aluminum extrusion products and processes and sells aluminum panels. To complement its principal extrusion business, the Asia Aluminum Group also produces a small volume of stainless steel products and provides design and testing services for aluminum products. Asia Aluminum has its headquarters in Hong Kong and its manufacturing operations are located in the PRC.

A summary of the audited consolidated results of the Company for the years ended 30 June 2004 and 30 June 2005 is set out below:

<i>HK\$ in Millions</i>	For the year ended 30 June 2005	For the year ended 30 June 2004
Turnover	3,411.0	2,938.5
Profit from operating activities	589.2	528.9
Profit before tax	415.3	463.0
Profit before minority interests	262.6	319.7
Net profit attributable to shareholders	166.2	222.5

The audited consolidated net assets of the Company were approximately HK\$2,978.0 million as at 30 June 2005 and approximately HK\$2,829.5 million as at 30 June 2004.

Asia Aluminum's Shareholding Structure

As at the Latest Practicable Date, there are 3,245,732,401 Asia Aluminum Shares in issue. AA Investments and parties acting in concert with it are beneficially interested in 1,173,938,513 Asia Aluminum Shares, representing approximately 36.2 per cent. of the issued share capital of the Company. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the Scheme becoming effective and the listing of Asia Aluminum Shares on the Stock Exchange is withdrawn:

Asia Aluminum Shareholders	As at the Latest Practicable Date		Immediately after the Scheme becomes effective and the listing of the Asia Aluminum Shares on the Stock Exchange is withdrawn	
	Number of Asia Aluminum Shares	%	Number of Asia Aluminum Shares	%
AA Investments	–	0.0%	1,149,452,836	100.0%
Parties acting in concert with AA Investments ⁽¹⁾	1,149,452,836	35.4%		
<i>Personal Interest (Mr. Kwong Wui Chun)</i>	231,930,836	7.1%		
<i>Corporate Interest (Viewlink)</i>	908,622,000	28.0%		
<i>Family Interest (Ms. Li Chuk Kuan)</i>	8,900,000	0.3%		
Scheme Shareholders	2,096,279,565	64.6%	–	0.0%
<i>Mr. Zhong Jianqiu</i>	24,434,800	0.8%		
<i>Mr. Lau Yu Ching, Gilbert</i>	50,000	0.0%		
<i>Merrill Lynch</i>	877	0.0%		
<i>Independent Shareholders</i>	2,071,793,888	63.8%		
Total	3,245,732,401	100.0%	1,149,452,836	100.0%

(1) AA Investments and parties acting in concert with it, but excluding Mr. Zhong Jianqiu, Executive Director of the Company, Mr. Lau Yu Ching, Gilbert, CFO of the Company, and Merrill Lynch, financial adviser to AA Investments (all are presumed to be acting in concert with AA Investments under the Share Proposal).

Asia Aluminum has 47,250,000 Outstanding Options as at the Latest Practicable Date. Each Option, on exercise, will entitle the Optionholder to be allotted with one Asia Aluminum Share. As at the Latest Practicable Date, parties acting in concert with AA Investments held in aggregate 26,000,000 Options. The table below sets out details of the Options as at the Latest Practicable Date:

Optionholders	Number of Options
AA Investments	–
<i>Executive Directors</i>	
Dr. Chan Yiu Tsuan, Benby	5,000,000
Mr. Zhong Jianqiu	5,000,000 ⁽¹⁾
Other parties acting in concert with AA Investments	
Mr. Lau Yu Ching, Gilbert	5,000,000
Mr. Ng Tze For, Benjamin	5,000,000
Ms. Lau Nga Man, Cynthia	2,000,000
Ms. Yee Kit Lin, Anita	4,000,000
Other Employees of the Company	21,250,000
Total	47,250,000 ⁽²⁾

(1) These Options were granted to Ms. Kuang Shun Feng, an employee of the Company and spouse of Mr. Zhong Jianqiu.

(2) These Options were granted on 6 July 2004 and are exercisable during the period from 6 July 2004 to 5 July 2007 at an exercise price of HK\$0.81 per Asia Aluminum Share.

Save as disclosed above, there were no outstanding options, warrants, derivatives or other securities issued by Asia Aluminum that carried a right to subscribe for or which were convertible into Asia Aluminum Shares and no other director of Asia Aluminum had any interest in Asia Aluminum Shares, as at the Latest Practicable Date. Upon the Scheme becoming effective and the withdrawal of listing of Asia Aluminum Shares on the Stock Exchange, the Company will become a wholly owned subsidiary of AA Investments. Mr. Kwong, Viewlink and the Family Member intend to contribute to AA Investments their entire holding of Asia Aluminum Shares in exchange for shares in AA Investments upon the Scheme becoming effective.

Independent Board Committee

An Independent Board Committee, comprising all three independent non-executive directors of the Company, namely Mr. Yau Wing Keung, Mr. Ma Tsz Chun and Mr. Chou Sun, Alan, has been established to advise Independent Shareholders in relation to the Proposals. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Proposals. An announcement will be made by the Company once the appointment is made.

INFORMATION ON AA INVESTMENTS

AA Investments, incorporated in Bermuda on 4 January 2006, is a company wholly owned by Mr. Kwong. The directors of AA Investments are Mr. Kwong, Dr. Chan Yiu Tsuan, Benby and Mr. Zhong Jianqiu, all of whom are also executive directors of Asia Aluminum. AA Investments has been established for the purpose of effecting the Proposals and has no other business activities.

BACKGROUND TO, REASONS FOR AND BENEFITS OF THE PROPOSALS

Asia Aluminum's share price has performed poorly over the past 2 years. The average closing price of Asia Aluminum Shares was HK\$0.81 over the 12 months prior to the Pre-announcement Date. In the 2 year period prior to the Pre-announcement Date, the price of Asia Aluminum Shares decreased by 45.0 per cent. compared to an increase of 16.8 per cent. in the Hang Seng Index over the same period.

AA Investments believes that, in the absence of the privatisation offer, the poor price performance of Asia Aluminum Shares will continue. Asia Aluminum will take several years to perform on its current business plan. Until implementation of the business plan is complete, Asia Aluminum will continue to face substantial operational risk due to the planned expansion of the extrusion operations and the development of the flat-rolled product facility. Furthermore, Asia Aluminum has a high level of financial leverage due to the issue by the Company of US\$450 million (approximately HK\$3,491 million) of Fixed Rate Senior Notes due 2011 in December 2004 to support Asia Aluminum's plans to build a flat-rolled product facility. Asia Aluminum has stopped paying dividends from the financial year 2005 in order to maintain flexibility to support further investment in light of the tight restrictions on distributions imposed by the covenants on the Fixed Rate Senior Notes. As at 30 June 2005, Asia Aluminum had a total debt to EBITDA ratio of approximately 7.9x. AA Investments has raised additional debt funding of approximately HK\$2,786.6 million to effect the Proposals (assuming all Options are exercised prior to the Record Date) and approximately HK\$737.1 million to finance the CSD Acquisition. As at 30 June 2005, AA Investments would have had a pro forma total debt to EBITDA ratio of approximately 12.7x assuming that both the Proposals and the CSD Acquisition had been effected in full before taking into account the fees, expenses and other costs of effecting the Proposals. The table below sets out the summary debt position of Asia Aluminum and the summary pro forma debt position of AA Investments:

<i>HK\$ in Millions</i>	Asia Aluminum As at 30 June 2005 ⁽¹⁾	AA Investments Pro forma as at 30 June 2005
Fixed Rate Senior Notes	3,498.8	3,498.8 ⁽¹⁾
Interest bearing bank & other loans	373.1	373.1 ⁽¹⁾
Trust receipt loans	278.7	278.7 ⁽¹⁾
Finance lease payables	173.5	173.5 ⁽¹⁾
Loans from minority shareholders	540.0	– ⁽²⁾
Financing of Proposals	–	2,786.6 ⁽³⁾
CSD Acquisition	–	737.1 ⁽⁴⁾
Total	4,864.1	7,847.8
EBITDA ^(1,5) for the fiscal year ended 30 June 2005	616.0	616.0
Total debt/EBITDA	7.9x	12.7x

(1) Source: Asia Aluminum 2005 annual report.

(2) Repaid in connection with the CSD Acquisition.

(3) Assuming all Options have been exercised prior to the Record Date.

(4) Asia Aluminum has entered into an agreement with the minority shareholders in CSD, an indirect subsidiary of Asia Aluminum, whereby each of the minority shareholders granted to Asia Aluminum a call option at nil premium to acquire, at any time during the 365-day period commencing on 14 March 2006, their respective shareholdings in CSD and related shareholder loans of HK\$540.0 million for a total amount of US\$95 million (approximately HK\$737.1 million). Asia Aluminum intends to exercise the call option after the Scheme becomes effective. For further details, see "CSD Acquisition" below.

(5) Earnings before interest, tax, depreciation and amortisation.

In addition to the reasons specific to the Company outlined above for Asia Aluminum's poor share price performance, AA Investments believes that Asia Aluminum will continue to suffer from the general negative sentiment of the stock market towards companies with smaller equity market capitalisation arising from a relative lack of liquidity and low level of coverage from equity market research analysts.

In view of the above, AA Investments believes that the ability of Asia Aluminum to take advantage of being a listed company to raise funds from the equity market is limited and any such fund raising exercise would result in an unattractive level of dilution for all Asia Aluminum Shareholders. Furthermore, AA Investments believes that the costs associated with the maintenance of Asia Aluminum's listing on the Stock Exchange and Asia Aluminum's status as a publicly listed company are no longer justified.

AA Investments therefore believes that the Share Proposal represents a good opportunity for Scheme Shareholders to realise their investment in the form of immediate cash proceeds now at a price substantially above the levels at which Asia Aluminum Shares had consistently traded for the past 18 months. AA Investments also believes that the Share Offer Price is also significantly in excess of any price Scheme Shareholders may obtain from open market sale under current market conditions. In the absence of the Share Proposal, AA Investments considers it unlikely that market sentiment towards Asia Aluminum Shares will improve significantly in the foreseeable future.

As at the Latest Practicable Date, Mr. Kwong and parties acting in concert with him hold an aggregate beneficial ownership of approximately 36.2 per cent. of the issued share capital of Asia Aluminum. If any third party were to make a competing offer for the privatisation of Asia Aluminum, such competing offer would not succeed without the acceptance by Mr. Kwong and parties acting in concert with him. Mr. Kwong has no intention to accept any competing offer.

FUTURE INTENTIONS AND WITHDRAWAL OF LISTING OF ASIA ALUMINUM SHARES

As soon as practicable after the Scheme becomes effective, the Company will apply to the Stock Exchange for the withdrawal of the listing of the Asia Aluminum Shares on the Stock Exchange pursuant to Rule 6.15 of the Listing Rules. Scheme Shareholders will be notified by way of a press announcement of the exact dates on which the Scheme and the withdrawal of the listing of the Asia Aluminum Shares on the Stock Exchange will become effective.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and share certificates for the Scheme Shares will cease to have effect as documents of evidence of title and should be returned to the Company for cancellation.

Intentions regarding Asia Aluminum

It is the intention of AA Investments to maintain the existing businesses of the Asia Aluminum Group upon successful privatisation of the Company. AA Investments does not intend to introduce any major changes to the existing operating and management structure of the Asia Aluminum Group, or to discontinue the employment of any employees of the Asia Aluminum Group, as a result of the implementation of the Proposals. AA Investments will, however, be solely responsible for the funding or procuring funding for the on-going requirements of the Asia Aluminum Group's business after the successful implementation of the Proposals. Mr. Kwong also expects that there will be no material change to the existing business (such as business strategy and operating mode) of the Asia Aluminum Group as a result of the implementation of the Proposals.

AA Investments intends to retain Asia Aluminum's existing senior management team to manage Asia Aluminum after completion of the Proposals. Mr. Kwong has the full support of Asia Aluminum's executive management team to implement the Proposals and to privatise the Company.

It is proposed that certain members of the management team of AA Investments will acquire equity in AA Investments, subject to and conditional upon the Scheme becoming effective. Further information on the arrangements between AA Investments and the management team of AA Investments will be set out in the Scheme Document.

INTERESTS OF AA INVESTMENTS AND ITS CONCERT PARTIES IN ASIA ALUMINUM

As at the Latest Practicable Date, AA Investments and parties acting in concert with it were beneficially interested in 1,173,938,513 Asia Aluminum Shares, representing approximately 36.2 per cent. of the issued share capital of the Company. Asia Aluminum Shares held by AA Investments and parties acting in concert with it will not, subject to the paragraph below, form part of the Scheme Shares. AA Investments and the parties acting in concert with it who hold Asia Aluminum Shares will abstain from voting at the Court Meeting but will vote or will procure the voting of their beneficial interests in Asia Aluminum in favour of the special resolutions to be proposed at the Special General Meeting to approve and give effect to the cancellation of the Scheme Shares and the reduction of the relevant portion of the issued share capital of the Company.

In the six months prior to the date of this announcement, the following dealings for value in Asia Aluminum Shares have taken place by the following persons who are deemed to be acting in concert with AA Investments:

Party	Trade Date	Transaction	Number of Asia Aluminum Shares	Execution price per Asia Aluminum Share
Merrill Lynch	16-Aug-05	Buy	20,000	US\$0.09
Merrill Lynch	25-Aug-05	Buy	20,000	US\$0.09
Merrill Lynch	29-Aug-05	Sell	52,000	HK\$0.79
Merrill Lynch	29-Aug-05	Sell	2,000	HK\$0.80
Merrill Lynch	2-Sep-05	Sell	100,000	US\$0.11
Merrill Lynch	6-Sep-05	Buy	20,000	HK\$0.77
Merrill Lynch	6-Sep-05	Buy	70,000	HK\$0.77
Merrill Lynch	6-Sep-05	Buy	10,000	HK\$0.78
Merrill Lynch	7-Sep-05	Buy	8,000	US\$0.08
Merrill Lynch	8-Sep-05	Buy	20,000	US\$0.085
Merrill Lynch	28-Sep-05	Sell	8,000	US\$0.115
Merrill Lynch	25-Oct-05	Buy	42,000	US\$0.075
Merrill Lynch	15-Nov-05	Sell	58,000	HK\$0.70
Merrill Lynch	15-Nov-05	Sell	6,000	HK\$0.71
Merrill Lynch	1-Dec-05	Buy	5,000	US\$0.08
Merrill Lynch	15-Dec-05	Buy	5,000	US\$0.075
Merrill Lynch	30-Jan-06	Buy	129,703	US\$0.08
Merrill Lynch	1-Feb-06	Sell	8,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	14,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	12,000	HK\$0.72
Merrill Lynch	1-Feb-06	Sell	8,000	HK\$0.72
Merrill Lynch	1-Feb-06	Sell	10,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	10,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	10,000	HK\$0.72
Merrill Lynch	1-Feb-06	Sell	2,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	8,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	12,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	10,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	2,000	HK\$0.74
Merrill Lynch	1-Feb-06	Sell	12,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	10,000	HK\$0.73
Merrill Lynch	1-Feb-06	Sell	12,000	HK\$0.73

Mr. Zhong Jianqiu (an executive director of Asia Aluminum) and Mr. Lau Yu Ching, Gilbert (the Chief Financial Officer of Asia Aluminum), are members of the Participating Management and as such, are presumed to be acting in concert with AA Investments and therefore not regarded as disinterested shareholders in the context of the Scheme. As at the Latest Practicable Date, they were beneficially interested in 24,434,800 Asia Aluminum Shares and 50,000 Asia Aluminum Shares, respectively, representing in aggregate approximately 0.8 per cent of the issued share capital of the Company. As at the Latest Practicable Date, Merrill Lynch, AA Investments' financial adviser, was beneficially interested in 877 Asia Aluminum Shares. Mr. Zhong Jianqiu, Mr. Lau Yu Ching, Gilbert and Merrill Lynch will abstain from voting at the Court Meeting. However, the Asia Aluminum Shares held by them will form part of the Scheme Shares.

TRADING IN ASIA ALUMINUM SHARES

At the request of the Company, trading in Asia Aluminum Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 March 2006 (Hong Kong time), pending the issue of this announcement. Asia Aluminum Shares will remain suspended from trading pending the release of the Interim Results, or earlier, as may be agreed by the Stock Exchange. The Interim Results are scheduled to be released on 27 March 2006.

OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Share Proposal and the Option Proposal to Scheme Shareholders and Optionholders, respectively, who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located. Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of any overseas Scheme Shareholder wishing to accept the Share Proposal and any overseas Optionholder wishing to accept the Option Proposal to satisfy itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

CSD ACQUISITION

On 14 March 2006, Asia Aluminum entered into an agreement with Mr. Kwong, Record Break Investments Limited and Think Success Industries Limited, the minority shareholders in CSD, an indirect subsidiary of Asia Aluminum, whereby the minority shareholders granted to Asia Aluminum a call option at nil premium to acquire, at any time during the 365-day period commencing on 14 March 2006, their respective shareholdings in CSD and related shareholder loans for a total amount of US\$95 million (approximately HK\$737.1 million). Asia Aluminum intends to exercise the call option to acquire the outstanding minority interests and related shareholder loans after the Scheme becomes effective. Sino Advance Investments Ltd., a wholly owned subsidiary of Asia Aluminum, currently owns 60 per cent. of the outstanding issued share capital of CSD.

The minority shareholders' interests represent in aggregate 40 per cent. of the outstanding issued share capital of CSD, comprising 20 per cent. held directly by Mr. Kwong, and 10 per cent. held by each of Record Break Investments Limited and Think Success Industries Limited. Mr. Kwong, Record Break Investments Limited and Think Success Industries Limited each have related shareholder loans outstanding of HK\$270,000,000, HK\$135,005,000 and HK\$135,000,000, respectively.

The acquisition of CSD shares and related shareholder loans, if and when the call option is exercised by Asia Aluminum, will be financed by Asia Aluminum from the proceeds of an issue of new shares to AA Investments. AA Investments will pay for the new shares in cash, to be drawn from financing arranged by Merrill Lynch in connection with the Proposals. If the Scheme is not approved or otherwise lapses, the Proposals will not be implemented and the financing will cease to be available – in such case, AA Investments will not have sufficient funds to subscribe for the new shares to be issued by Asia Aluminum and accordingly, Asia Aluminum will not have sufficient funds to acquire the minority interests in CSD and the related shareholder loans and the call option will not be exercised. If the call option is exercised before the listing of Asia Aluminum is withdrawn, the CSD Acquisition will be subject to the relevant requirements of the Listing Rules.

WARNING

Asia Aluminum Shareholders, Optionholders and/or potential investors in Asia Aluminum should be aware that the implementation of the Proposals is subject to the conditions as set out above being fulfilled or waived, as applicable, and thus the Proposals may or may not become effective. They are advised to exercise caution when dealing in Asia Aluminum Shares and/or Options.

AA Investments and Asia Aluminum hereby remind their respective associates of the dealing restrictions under the Takeovers Code and to disclose their permitted dealings, if any, in any securities of Asia Aluminum.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“30-day Average Pre-Announcement Price”	HK\$0.73 per Asia Aluminum Share, being the average-closing price of Asia Aluminum Shares as quoted on the Stock Exchange over the 30 trading days prior to the Pre-announcement Date
“AA Investments”	AA Investments Company Limited, a company incorporated in Bermuda with limited liability and wholly owned by Mr. Kwong
“acting in concert”	has the meaning given to it in the Takeovers Code

“Asia Aluminum” or the “Company”	Asia Aluminum Holdings Limited, a company incorporated in Bermuda with limited liability, whose ordinary shares are listed on the Stock Exchange
“Asia Aluminum Group”	Asia Aluminum and its subsidiaries
“Asia Aluminum Share(s)”	share(s) of HK\$0.10 each in the issued share capital of the Company
“Asia Aluminum Shareholders”	registered holders of Asia Aluminum Shares
“associate(s)”	has the meaning given to it in the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, approvals, waivers or exemptions required from any Relevant Authorities or other third parties which are necessary in connection with the Share Proposal or for the implementation of the Scheme
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court at which the Scheme will be voted upon
“CSD”	China Steel Development Company Limited, a 60 per cent. indirectly owned subsidiary of Asia Aluminum
“CSD Acquisition”	the proposed acquisition by Asia Aluminum of the minority interests in CSD
“Family Member”	Ms. Li Chuk Kuan, the spouse of Mr. Kwong
“Fixed Rate Senior Notes”	US\$450 million 8.00 per cent. senior notes due 2011 issued by Asia Aluminum in December 2004
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established for the purpose of advising the Independent Shareholders in relation to the Share Proposal and Optionholders in relation to the Option Proposal, and comprising the three independent non-executive directors of the Company, Mr. Yau Wing Keung, Mr. Ma Tsz Chun and Mr. Chou Shun, Alan
“Independent Shareholders”	Asia Aluminum Shareholders, other than AA Investments and parties acting in concert with it
“Interim Results”	Asia Aluminum’s interim results for the six month period ended 31 December 2005
“Latest Practicable Date”	13 March 2006, being the latest practicable date for obtaining certain information contained in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merrill Lynch”	Merrill Lynch (Asia Pacific) Limited and its affiliates
“Mr. Kwong”	Mr. Kwong Wui Chun, who is directly and indirectly interested in 1,149,452,836 Asia Aluminum Shares representing approximately 35.4 per cent. of the issued share capital of the Company as at the date of this announcement, and the chairman and an executive director of the Company

“Option(s)”	options granted under the Share Option Scheme and outstanding (being, as at the date of this announcement, 47,250,000 Options conferring rights to subscribe for 47,250,000 Asia Aluminum Shares at a price of HK\$0.81 per Share)
“Option Offer Price”	HK\$0.49 per Option, the cancellation price payable in cash by AA Investments to the Optionholders pursuant to the Option Proposal
“Option Proposal”	the proposal to Optionholders for cancellation of all Outstanding Options
“Optionholders”	holder(s) of one or more Options
“Outstanding Options”	Options not exercised as at the Record Date
“Participating Management”	Dr. Chan Yiu Tsuan, Benby, Mr. Zhong Jianqiu, Mr. Lau Yu Ching, Gilbert, Mr. Ng Tze For, Benjamin, Ms. Lau Nga Man, Cynthia and Ms. Yee Kit Lin, Anita, each of whom is member of the senior management of the Company and is or will be a member of the senior management of AA Investments
“PRC”	The People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-announcement Date”	7 February 2006, being the day on which Asia Aluminum issued an announcement regarding a possible privatisation of the Company, at the request of the Stock Exchange following unusual movement in the price and trading volume of Asia Aluminum Shares
“Proposals”	the Share Proposal and the Option Proposal
“Record Date”	two Business Days prior to the day of the Court Meeting and the Special General Meeting
“Relevant Authorities”	relevant governments and/or governmental bodies, regulatory bodies, courts or institutions
“Scheme”	a scheme of arrangement under Section 99 of the Companies Act to cancel all the Scheme Shares
“Scheme Document”	the document to be issued to all Asia Aluminum Shareholders containing, among other things, further details of the Proposals and the Scheme, the recommendations of the Independent Board Committee in respect of the Proposals, the letter of advice from the independent financial adviser to the Independent Board Committee, an explanatory statement as required under the Companies Act, the expected timetable, and the notices convening the Court Meeting and the Special General Meeting
“Scheme Share(s)”	Asia Aluminum Share(s) held by the Scheme Shareholders
“Scheme Shareholder(s)”	Asia Aluminum Shareholder(s) other than Mr. Kwong, Viewlink and the Family Member
“Share Offer Price”	HK\$1.30 per Scheme Share, the cancellation price payable in cash by AA Investments to the Scheme Shareholders under the Scheme
“Share Option Scheme”	the Share Option Scheme adopted by the Company on 7 December 2001 and as it may from time to time be amended or supplemented
“Share Proposal”	the proposal to Scheme Shareholders for the cancellation of all Scheme Shares pursuant to the Scheme
“Special General Meeting”	the special general meeting of the Company to be held to consider and approve, among other matters, the capital reduction arising as a result of the Scheme, or any adjournment thereof

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Court”	the Supreme Court of Bermuda
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Viewlink”	Viewlink Assets Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Kwong, which held 908,622,000 Asia Aluminum Shares representing approximately 28.0 per cent. of the issued share capital of the Company as at the Latest Practicable Date
“US\$”	United States dollar(s), the lawful currency of the United States

For the purpose of this announcement, the amounts in US\$ have been converted at a HK\$/US\$ exchange rate of 7.759/1.000.

By order of the board of directors
AA INVESTMENTS COMPANY LIMITED
Mr. Kwong Wui Chun
Director

By order of the Board
ASIA ALUMINUM HOLDINGS LIMITED
Mr. Yau Wing Keung
Independent Non-Executive Director

Hong Kong, 16 March 2006

As at the date of this announcement, the board of directors of AA Investments comprises Mr. Kwong Wui Chun, Dr. Chan Yiu Tsuan, Benby and Mr. Zhong Jianqiu.

The directors of AA Investments jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Asia Aluminum Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than as specified above) have been arrived at after due and careful consideration and there are no facts (other than those relating to the Asia Aluminum Group) not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the Board comprises Mr. Kwong Wui Chun, Dr. Chan Yiu Tsuan, Benby and Mr. Zhong Jianqiu as executive directors and Mr. Yau Wing Keung, Mr. Ma Tsz Chun and Mr. Chou Shun, Alan as independent non-executive directors.

The directors of Asia Aluminum jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to AA Investments) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than as specified above) have been arrived at after due and careful consideration and there are no facts (other than those relating to AA Investments) not contained in this announcement, the omission of which would make any statements in this announcement misleading.

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