ASIA ALUMINUM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 930)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005
RESUMPTION OF TRADING

The directors of Asia Aluminum Holdings Limited (the "Company") are pleased to announce the unaudited condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2005, together with the comparative figures for the corresponding period in 2004, the unaudited condensed balance sheet as at 31 December 2005 of the Group, together with the audited comparative figures as at 30 June 2005, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

		For the six months ended 31 December	
		2005	2004
		(Unaudited)	(Restated and unaudited)
	Note	***HK$'000***	*HK$'000*
TURNOVER	*2*	**1,984,104**	1,762,862
Cost of sales and services provided		**(1,538,796)**	(1,313,170)
Gross profit		**445,308**	449,692
Other income and gains	*3*	**53,548**	15,060
Selling and distribution costs		**(45,416)**	(46,005)
Administrative expenses		**(99,303)**	(68,742)
Provision for bad and doubtful debts		**(1,176)**	(1,886)
PROFIT FROM OPERATING ACTIVITIES	*4*	**352,961**	348,119
Finance costs	*5*	**(99,832)**	(34,726)
Share of losses of jointly-controlled entities		**–**	(6,439)
PROFIT BEFORE TAX		**253,129**	306,954
Tax	*6*	**(85,578)**	(85,877)
NET PROFIT FOR THE PERIOD		**167,551**	221,077
ATTRIBUTABLE TO:			
Equity holders of the parent		**125,991**	152,253
Minority interests		**41,560**	68,824
		167,551	221,077
DIVIDEND PER SHARE	*7*	**–**	–
		HK cents	*HK cents*
EARNINGS PER SHARE	*8*		
Basic		**3.88**	4.80
Diluted		**3.88**	4.76

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	31/12/05 (Unaudited) *HK$'000*	30/06/05 (Restated) *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**3,863,867**	2,797,069
Prepaid land lease payments	**2,590**	2,612
Deposits paid for purchase of property, plant and equipment	**954,129**	683,919
Interest in an associate	**91**	91
Deposits held in escrow account, pledged	**425,277**	1,654,241
Deposits held in collateral account	**174,712**	174,712
Deferred expenditure	**–**	116,614
Deferred tax assets	**2,436**	2,436
Total non-current assets	**5,423,102**	5,431,694
CURRENT ASSETS		
Inventories	**322,934**	349,693
Trade receivables	**546,380**	555,666
Prepayments, deposits and other receivables	**74,292**	321,542
Due from related companies	**33,287**	35,159
Due from minority equity/shareholders	**69**	69
Deposits with a non-bank financial institution	**9,873**	13,642
Cash and bank balances	**3,436,754**	2,674,972
Pledged bank deposits	**34,615**	38,606
Total current assets	**4,458,204**	3,989,349
CURRENT LIABILITIES		
Trade payables	**197,751**	174,840
Tax payable	**121,353**	101,145
Other payables and accruals	**493,202**	528,112
Trust receipt loans and import loans	**269,741**	278,656
Short term bank loans	**470,513**	373,117
Finance lease payables – current portion	**732**	540
Derivative financial instruments	**9,065**	–
Due to minority equity/shareholders	**64,538**	77,528
Dividend payable	**22,463**	32,462
Total current liabilities	**1,649,358**	1,566,400
NET CURRENT ASSETS	**2,808,846**	2,422,949
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,231,948**	7,854,643
NON-CURRENT LIABILITIES		
Finance lease payables	**320,869**	173,002
Loans from minority shareholders	**540,005**	540,005
Derivative financial instruments	**175,619**	–
Fixed rate senior notes	**3,393,814**	3,498,750
Total non-current liabilities	**4,430,307**	4,211,757
	3,801,641	3,642,886
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	**324,573**	324,573
Share premium account	**1,638,993**	1,638,993
Other reserves	**303,847**	255,794
Retained profits	**805,520**	758,667
	3,072,933	2,978,027
Minority interests	**728,708**	664,859
	3,801,641	3,642,886

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the audited financial statements for the year ended 30 June 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 18, 19, 20, 21, 23, 24, 28, 33, 36, 37, HKFRS 3 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements. The impact of adopting the other HKASs/HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior periods, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from fixed assets to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the condensed consolidated income statement and retained profits. The comparatives on the consolidated balance sheet as at 30 June 2005 have been restated to reflect the reclassification of leasehold land.

(b) HKAS 32 and HKAS 39 – Financial Instruments

(I) Derivative financial instruments, including foreign exchange contracts, interest rate swaps and forward contracts of primary aluminum are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair values. They are classified as financial assets or liabilities at fair value through profit or loss and changes in the fair value of any derivative instruments are recognised immediately in the profit and loss account.

The effect of the above changes are summarised in the following tables. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(II) In prior periods, all loans and borrowings were stated at cost. Deferred expenditure which represented the capitalisation of the underwriting discount and other expenses in connection with the issuance of the fixed rate senior notes, were amortised over the terms of the fixed rate senior notes on the straight line basis.

Upon adoption of HKAS 32 and HKAS 39, all loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effects of the above changes are summarised in the following tables. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

Following the adoption of HKAS 32 and 39, the details of the effect in respect of note (I) and (II) are summarised as follows:

(i) Effect on opening balance of total equity at 1 July 2005 and 2004

Effect of HKAS 39 **(Increase/(decrease))**	**Retained profits** **(Unaudited)** *HK$'000*
Opening adjustments:	
Fixed rate senior notes	
– Amortisation of deferred expenditure	9,315
– Change in effective interest method	(4,481)
Derivative financial instruments	
– Change in fair value	(79,137)
Total effect at 1 July 2005	(74,303)

In accordance with the transitional provisions of HKAS 39, adjustments are taken into effect prospectively from 1 July 2005.

(ii) Effect on net profit for the six months ended 31 December 2005 and 2004

Effect of HKAS 39 **(Increase/(decrease))**	**Equity holders of the parent** **(Unaudited)** *HK$'000*
Effect on net profit:	
Fixed rate senior notes	
– Amortisation of deferred expenditure	9,069
– Change in effective interest method	(5,467)
Derivative financial instruments	
– Change in fair value	8,958
Total effect for the period	12,560

In accordance with the transitional provisions of HKAS 39, adjustments are taken into effect prospectively from 1 July 2005.

(III) HKAS 39 requires that where an entity sells trade receivables with recourse, these trade receivables should be accounted for as a collateralised borrowing, since it does not qualify for derecognition. In the past, the Group followed the principles under the replaced accounting standard SSAP 28 "Provisions, Contingent Liabilities and Contingent Assets" and disclosed such type of transaction as contingent liabilities.

The Group has adopted HKAS 32 and HKAS 39 prospectively. For trade receivables sold with recourse, the change in the accounting policy has resulted in an increase in trade receivables and a corresponding increase in borrowings of approximately HK$25,192,000 as at 31 December 2005.

(c) HKFRS 2 – Share-based Payment

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments, the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The Group adopted the transitional provision of HKFRS 2, the cost of share options granted after 7 November 2002 and had vested before 1 July 2005 did not result in an expense in the income statement in the current period and prior years.

2. SEGMENT INFORMATION

(a) Business segments

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

	Six months ended 31 December 2005 (Unaudited)					
Group	**Aluminum extrusion products** *HK$'000*	**Stainless steel products** *HK$'000*	**Aluminum panels** *HK$'000*	**Design and testing services** *HK$'000*	**Flat-rolled products** *HK$'000*	**Total** *HK$'000*
Segment revenue						
Sales to external customers	**1,908,025**	**64,907**	**9,301**	**1,871**	**–**	**1,984,104**
Other revenue	**3,966**	**–**	**–**	**–**	**–**	**3,966**
Total	**1,911,991**	**64,907**	**9,301**	**1,871**	**–**	**1,988,070**
Segment results	**328,443**	**788**	**1,984**	**1,553**	**(17,467)**	**315,301**
Interest and unallocated gains						**49,582**
Unallocated expenses						**(11,922)**
Profit from operating activities						**352,961**
Finance costs						**(99,832)**
Share of losses of jointly-controlled entities						**–**
Profit before tax						**253,129**
Tax						**(85,578)**
Net profit for the period						**167,551**

Note:

Due to the increasing significance of the flat-rolled products segment to the Group, separate disclosure of this business segment has been made in the current period. Besides, due to the relatively insignificance of the other segment to the Group which was included in the condensed consolidated financial statements of the Group for the six months ended 31 December 2004, this business segment has been reclassified in unallocated expenses in the current period. Accordingly, certain comparative amounts have been reclassified to conform with the current period's presentation.

	Six months ended 31 December 2004 (Unaudited)					
Group	Aluminum extrusion products *HK$'000*	Stainless steel products *HK$'000*	Aluminum panels *HK$'000*	Design and testing services *HK$'000*	Flat-rolled products *HK$'000*	Total *HK$'000*
Segment revenue						
Sales to external customers	1,660,441	61,651	40,249	521	–	1,762,862
Other revenue	2,444	–	–	–	–	2,444
Total	1,662,885	61,651	40,249	521	–	1,765,306
Segment results	328,010	2,230	15,305	432	–	345,977
Interest and unallocated gains						12,616
Unallocated expenses						(10,474)
Profit from operating activities						348,119
Finance costs						(34,726)
Share of losses of jointly-controlled entities	–	–	–	–	(6,439)	(6,439)
Profit before tax						306,954
Tax						(85,877)
Net profit for the period						221,077

(b) Geographical segments

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

	Six months ended 31 December 2005 (Unaudited)					
Group	**Hong Kong**	**Mainland China**	**North America**	**Asia Pacific, excluding Mainland China and Hong Kong**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue						
Sales to external customers	**37,252**	**1,595,860**	**200,410**	**136,874**	**13,708**	**1,984,104**

	Six months ended 31 December 2004 (Unaudited)					
Group	Hong Kong	Mainland China	North America	Asia Pacific, excluding Mainland China and Hong Kong	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Sales to external customers	53,559	1,457,315	166,819	79,995	5,174	1,762,862

3. OTHER INCOME AND GAINS

	For the six months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Exchange gains, net	**22,758**	–
Interest Income	**20,462**	12,560
Net gains/(losses) on trading of forward contracts		
Realised gains	**–**	2,851
Unrealised losses	**–**	(6,413)
Fair value gains on derivative financial instruments	**425**	–
Sales of scrap materials	**3,966**	2,444
Sundry Income	**5,937**	3,618
	53,548	15,060

4. PROFIT FROM OPERATING ACTIVITIES

	For the six months ended 31 December	
	2005	2004
	(Unaudited)	(Restated and unaudited)
	HK$'000	*HK$'000*
Profit from operating activities was determined after charging/(crediting) the following:		
Cost of inventories sold	**1,538,622**	1,313,081
Cost of services provided	**174**	89
Depreciation	**66,182**	75,117
Amortisation of prepaid land lease payments	**13**	13

5. FINANCE COSTS

	For the six months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**17,728**	29,343
Interest on finance leases	**7,634**	29
Interest on fixed rate senior notes	**148,195**	4,960
Interest income over deposits held in escrow account pledged against the fixed rate senior notes	**(13,725)**	–
Total interest	**159,832**	34,332
Less: Interest capitalised	**(60,000)**	–
	99,832	34,332
Other finance costs		
Amortisation of deferred expenditure	**–**	394
	99,832	34,726

6. TAX

	For the six months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current period:		
Provision in Hong Kong	**7,200**	–
Provision in Mainland China	**78,378**	85,804
Under provision in previous years in Hong Kong	**–**	73
Total tax charge for the period	**85,578**	85,877

Hong Kong profits tax has been provided at a rate 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. In prior period, no provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits from its operations in Hong Kong during the six months period ended 31 December 2004. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The statutory rate for Mainland China corporate income tax is 33% (2004: 33%). Under the relevant tax laws and regulations in Mainland China, certain subsidiaries (the "PRC Subsidiaries") of the Company operating in Mainland China are exempt from income tax for two years from their respective first profit-making year and are eligible for a 50% reduction in income tax for the following three years. During the six months ended 31 December 2005 and 2004, provisions for income tax have been made at the applicable reduced rate for the PRC subsidiaries.

7. DIVIDENDS

The directors have resolved not to declare any interim dividend for the six months ended 31 December 2005 (2004: NIL).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	For the six months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Earnings (net profit attributable to equity holders of the parent for the period) for the purpose of basic and diluted earnings per share calculation	**125,991**	152,253
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**3,245,732,401**	3,175,232,401
Effect of dilutive share options	**–**	25,642,857
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,245,732,401**	3,200,875,258

9. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following significant events took place:

(a) On 14 March 2006, the Company entered into an agreement with Mr. Kwong Wui Chun, Record Break Investments Limited and Think Success Industries Limited, the minority shareholders in CSD, whereby the minority shareholders granted to the Company 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). 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 Wui Chun and 10 per cent. held by each of Record Break Investments Limited and Think Success Industries Limited. Mr. Kwong Wui Chun, 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 Company intends to exercise the call option to acquire the outstanding minority interests and related shareholder loans after the subsequently announced privatisation (see below) of the Company has become effective. The acquisition of the CSD shares and related shareholder loans, if and when the call option is exercised by the Company, will be financed by the Company from the proceeds of an issue of new shares to AA Investments Company Limited ("AA Investments"). If the privatisation does not become effective, the Company 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.

(b) On 16 March 2006, the Company made a joint announcement with AA Investments in which it was announced that the Company intended to put forward a proposal to the shareholders other than the Company's Chairman and controlling shareholder, Mr. Kwong Wui Chun, his spouse Ms. Li Chuk Kuan and Viewlink Assets Limited (a company wholly owned by Mr. Kwong Wui Chun) (the "Scheme Shareholders"), regarding the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act of Bermuda (the "Share Proposal"). The Company proposed that all shares held by the Scheme Shareholders (the "Scheme Shares") will be cancelled in exchange for HK$1.30 in cash for each Scheme Share. In the same announcement, it was announced that AA Investments would, in parallel with the Share Proposal, make a proposal to the holders of share options granted under the Company's share option scheme for the cancellation of their outstanding options in exchange for HK$0.49 in cash for each outstanding option, subject to and conditional upon the scheme of arrangement becoming effective.

In a further announcement dated 27 March 2006, the Company made a joint announcement with AA Investments in which it was announced that the share offer price is to be increased from HK$1.30 to HK$1.45 for each Scheme Share and correspondingly the option offer price is to be increased from HK$0.49 to HK$0.64 for each outstanding option. The Share Proposal and the proposal to optionholders are otherwise unchanged.

10. COMPARATIVE AMOUNTS

As further explained in note 1 to the condensed consolidated interim financial statements, due to the adoption of the HKASs/HKFRSs during the current period, the accounting treatment and presentation of certain items and balances in the condensed consolidated interim financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(a) Overview

The Group started the fiscal year 2005/06 facing a challenging operating environment with higher interest rates and a volatile metal price. For the six months ended 31 December 2005, the Group achieved turnover of approximately HK$1,984 million, representing a moderate 13% increase over the comparable period in 2004.

The Group's overall gross profit margin declined to 22% (2004: 26%) due to escalating manufacturing overheads, especially other material costs, although this was partly mitigated by the Group's enhanced economies of scale as well as a continued shift of product mix to higher-value categories and industrial extrusion products. Whilst world primary aluminum supply grew at a faster rate than overall demand in 2005, which brought the market from a supply deficit to a more balanced supply/demand position, the announcement of smelter closures by a number of aluminum producers in response to rising energy prices helped push aluminum prices sharply higher in the first half of fiscal 2005/06, in particular towards the calendar year end of 2005.

The Group's operating profit for the period increased slightly to HK$353 million (2004: HK$348 million) but the operating margin declined to 18% from 20% for the comparable period.

Profit attributable to equity holders of the parent for the period declined to HK$126 million (2004: HK$152 million). The 17% decrease was mainly due to a fall in gross profit, higher administrative expenses and increased interest costs in connection with the issuance of the US$450 million Senior Notes (the "Notes") in December 2004.

In terms of geographical spread, the Group remained focused on markets where we have established networks and competitive strengths. During the period under review, Hong Kong provided 2% (2004: 3%) of the Group's turnover, while Mainland China accounted for 81% (2004: 83%), North America 10% (2004: 9%), and Asia Pacific and others 8% (2004: 5%).

Aluminum extrusion continued to account for a large part of the Group's revenues in the reporting period. By business line distribution, aluminum extrusion and panels contributed 97% (2004: 96%) to the Group's total turnover and stainless steel 3% (2004: 4%).

(b) Segment Performance

Aluminum Extrusion and Panels

Sales of aluminum extrusion and panels contributed to a 13% increase in segment turnover to HK$1,917 million (2004: HK$1,701 million), spread across geographical regions. Segment results remained stable at HK$330 million (2004: HK$343 million) following initiatives to improve efficiency and cut costs, as well as continued efforts to advance into downstream processes, such as surface treatments and multiple coatings. By leveraging its strong market position in aluminum extrusion, the Group made further inroads in tapping new end-markets in the industrial and transportation sectors.

Stainless Steel

The stainless steel segment continued to be adversely affected by high raw material costs and severe market competition, resulting in a 65% decline in segment results year on year to less than HK$1 million (2004: HK$2 million). This segment provided a turnover of HK$65 million (2004: HK$62 million), or 3% (2004: 4%) of Group total. In the face of the continued low operating margins of this segment, the Group will continue to deploy resources to higher-margin growth segments.

Design and Testing Services

This segment recorded a turnover of HK$2 million (2004: HK$1 million) during its transition period, when the Group's testing chamber facilities were partly deployed internally in support of the expansion of the Industrial City in Zhaoqing.

FINANCIAL REVIEW

(a) Capital Resources and Liquidity

As at 31 December 2005, the Group had aggregate cash and bank balances, and other deposits of HK$4,081 million (30 June 2005: HK$4,556 million); against total borrowings of HK$4,456 million (30 June 2005: HK$4,324 million). Approximately 76% of total borrowings, or HK$3,394 million (30 June 2005: HK$3,499 million), was the HK$ equivalent of the Notes stated at amortised cost (with a notional amount of approximately US$450 million), and 23%, or HK$1,063 million (30 June 2005: HK$825 million), was the aggregate of trust receipts loans, import loans, interest-bearing loans and finance lease payables. With the exception of the Notes, a majority of the Group's banking facilities are for trade finance and working capital purposes and are denominated in US Dollars and Renminbi. Likewise, the majority of the bank deposits are denominated in US Dollars and Renminbi.

The total debt to total capital (debt/shareholders' funds) ratio of the Group as at 31 December 2005 was 145% (30 June 2005: 145%).

As at 31 December 2005, the Group had no contingent liabilities related to bills discounted with recourse (30 June 2005: HK$28 million). The Group had granted a guarantee to and utilised by a minority equity holder in respect of banking facilities of HK$11 million (30 June 2005: HK$11 million).

(b) Treasury Policy

The overall treasury and funding policy of the Group is to manage exposures to fluctuations in foreign currency exchange rates and interest rates on specific transactions. The Group will use appropriate financial instruments, including forward foreign exchange contracts, currency swaps and interest rate swaps, to manage its exposure to foreign currency and interest rate risks in order to minimize the impact of exchange rate and interest rate fluctuations on earnings, assets and liabilities.

(c) Dividend

The Board resolved not to declare an interim dividend for the six months ended 31 December 2005 (2004: Nil) in order to maintain flexibility to support further investment in the future, including the expansion of the Asia Aluminum Industrial City ("Industrial City") in Zhaoqing, Guangdong Province, the PRC. In addition, in light of the tight restrictions on distributions imposed by the covenants on the US$450 million Notes issued on 23 December 2004, the Board does not envisage declaring a dividend in the foreseeable future.

FUTURE PLANS AND PROSPECTS

(a) Future Plans

The commissioning of the Industrial City will add approximately 200,000 metric tons of aluminum extrusion capacity and provide for the introduction of 400,000 metric tons of rolled-products capacity beyond the current fiscal year. Part of the new production base has also been earmarked to incorporate expanded capabilities in downstream processes and to enable the development of a broader offering of aluminum products.

New Extrusion Facilities

The installation of machinery imported from Japan, Italy and the US has been progressing at the new extrusion plant in the Industrial City. Testing of the equipment has commenced. When fully operational, the new extrusion facilities in Zhaoqing will deliver a capacity of about 200,000 metric tons each year.

Rolled Products Project

The construction of the new rolled products plant is ongoing at the Industrial City in Zhaoqing. The project experienced some initial delay owing to adverse weather conditions and prolonged negotiations over some design and engineering contracts. Efforts are now focused on trying to maintain the overall project commissioning timeline.

(b) Prospects

The Group continues to face a challenging operating environment with aluminium prices close to a historical high. At the same time, demand for the Group's core products is stable.

Research and development and capacity expansion will continue to be closely aligned with the needs of the Group's core businesses and for tapping new growth areas. The Group is focused on improving manufacturing processes and developing new product applications for a more diversified range of markets and customers.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2005, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") throughout the six months ended 31 December 2005.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in the Appendix 10 of the Listing Rules as its code of conduct regarding the directors' securities transactions. Having made specific enquiry of all directors of the Company, they have confirmed that they complied with the required standard as set out in the Model Code during the six months ended 31 December 2005.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 1 April 2005 which comprises three independent non-executive directors of the Company, namely Mr. Ma Tsz Chun, Mr. Yau Wing Keung and Mr. Chou Shun, Alan. The remuneration committee would meet at least annually to make recommendation to the Board on the Group's remuneration policy including remuneration packages, bonuses and other compensation payable to the directors and management of the Company.

AUDIT COMMITTEE

The Company has an audit committee (the "Committee") which was established for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The existing member of the Committee are Mr. Ma Tsz Chun, a certified public accountant, Mr. Yau Wing Keung and Mr. Chou Shun, Alan, all of them are independent non-executive directors of the Company.

The Committee has reviewed together with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the unaudited consolidated interim results of the Group for the six months ended 31 December 2005.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The Stock Exchange's website – http://www.hkex.com.hk and the Company's website – http://www.asiaalum.com will contain all the information required by paragraph 46(1) to 46(6) inclusive of Appendix 16 of the Listing Rules on or before 31 March 2006.

RESUMPTION OF TRADING

The Company has applied for a resumption of trading in its shares with effect from 9:30 a.m. on Tuesday, 28 March 2006. Following the joint announcement on 16 March 2006 by the Company and AA Investments regarding the proposed privatisation of the Company, trading in the shares of the Company on the Stock Exchange was suspended at the request of the Stock Exchange pending the release of these Interim Results.

On behalf of the Board
Mr. Kwong Wui Chun
Chairman

Hong Kong, 27 March 2006

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

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