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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

INCREASED AND FINAL SHARE OFFER PRICE OF HK\$1.45

**IRREVOCABLE UNDERTAKINGS OBTAINED
TO VOTE IN FAVOUR OF THE SCHEME**

RESUMPTION OF TRADING

**Financial Adviser to AA Investments Company Limited
Merrill Lynch (Asia Pacific) Limited**



AA Investments notified Asia Aluminum that the Share Offer Price under the Share Proposal is to be increased from HK\$1.30 to HK\$1.45 for each Scheme Share. Correspondingly, the Option Offer Price under the Option Proposal is to be increased from HK\$0.49 to HK\$0.64 for each Outstanding Option. The Proposals will be revised accordingly. No other changes to the Proposals are being made.

The Revised Share Offer Price represents a premium of approximately 99.4 per cent. over the 30-day Average Pre-announcement Price of HK\$0.73 per Asia Aluminum Share which is by far the highest premium level paid in a comparable Hong Kong privatisation transaction in the past five years.

AA Investments has stated that it will not further increase the Revised Share Offer Price and the Revised Option Offer Price. Asia Aluminum Shareholders should be aware that, following the making of this statement, AA Investments will not be allowed to further increase the Revised Share Offer Price and Revised Option Offer Price, save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code. Notwithstanding the above, AA Investments reserves the right not to be bound by the no increase statement in the event of a competing offer.

As at the date of this announcement, Scheme Shareholders who hold in aggregate approximately 51.4 per cent. of the Scheme Shares held by Independent Shareholders, have irrevocably undertaken to AA Investments to vote in favour of the Scheme in respect of such Scheme Shares. The irrevocable undertakings will lapse in certain circumstances which are more fully described below.

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

Asia Aluminum Shareholders, Optionholders and/or potential investors in Asia Aluminum should be aware that the implementation of the Revised Proposals are subject to the satisfaction or waiver of the same conditions as applicable to the original Proposals and therefore the Revised Proposals may or may not become effective. They are advised to exercise caution when dealing in Asia Aluminum Shares and/or Options.

INTRODUCTION

Reference is made to the joint announcement dated 16 March 2006 (the "Announcement") made by AA Investments and Asia Aluminum, in which it was announced that AA Investments requested the Board to put forward the Share Proposal 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. Terms defined in the Announcement have the same meaning when used in this announcement, unless otherwise defined herein.

INCREASED AND FINAL SHARE OFFER PRICE

Increased Price

AA Investments has notified Asia Aluminum that the Share Offer Price under the Share Proposal is to be increased from HK\$1.30 to HK\$1.45 per Scheme Share (the "Revised Share Offer Price"). Correspondingly, the Option Offer Price under the Option Proposal is to be increased from HK\$0.49 to HK\$0.64 for each Outstanding Option (the "Revised Option Offer Price"). The Proposals will be revised accordingly (the "Revised Proposals"). No other changes to the Proposals are being made.

Comparison of Value

The Revised Share Offer Price represents:

- a premium of approximately 99.4 per cent. over the 30-day Average Pre-announcement Price of approximately HK\$0.73 per Asia Aluminum Share, by far the highest premium level paid in a comparable Hong Kong privatisation transaction in the past five years;

- a premium of approximately 74.7 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 101.7 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 84.8 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 27.9x, based on Asia Aluminum's reported basic earnings per Asia Aluminum Share of HK5.19 cents for the year ended 30 June 2005;
- a premium of approximately 58.0 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 147.9 per cent. increase over Asia Aluminum's split-adjusted IPO price of approximately 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.*

Total Consideration

Based on the Revised Share Offer Price and Revised Option Offer Price, the total amount of cash required to effect the Revised Proposals will be increased to approximately HK\$3,069.8 million if none of the Options is exercised prior to the Record Date in accordance with the terms of the Share Option Scheme. If all Options are exercised prior to the Record Date, the total amount of cash required would be increased to an aggregate of approximately HK\$3,108.1 million under the Revised Proposals.

Confirmation of Financial Resources

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

No Further Increase Statement

AA Investments has stated that it will not further increase the Revised Share Offer Price and the Revised Option Offer Price. Asia Aluminum Shareholders should be aware that, following the making of this statement, AA Investments will not be allowed to further increase the Revised Share Offer Price and Revised Option Offer Price, save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code. Notwithstanding the above, AA Investments reserves the right not to be bound by the no increase statement in the event of a competing offer.

As at the date of this announcement, Mr. Kwong and parties acting in concert with him held 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. Hence, AA Investments believes that the likelihood of any third party making a competing offer is low.

IRREVOCABLE UNDERTAKINGS

AA Investments has received irrevocable undertakings to vote at the Court Meeting and at the Special General Meeting (the "Meetings") to approve the proposals to privatise the Company at the Revised Share Offer Price in respect of a total of 1,064,946,843 Scheme Shares (representing a total of up to approximately 51.4 per cent. of the Scheme Shares held by Independent Shareholders) from Genesis Fund Managers LLP and Genesis Asset Managers LLP (together, 124,364,000 Scheme Shares), Fidelity Investments International ("Fidelity" – 165,094,000 Scheme Shares), Mondrian Investment Partners Limited (300,710,000 Scheme Shares), Morgan Stanley Investment Management Company (305,486,843 Scheme Shares), Penta Investment Advisers Limited (135,800,000 Scheme Shares), Franklin Templeton Investments (Asia) Limited and Franklin Templeton Investment Management Limited ("Templeton" – 180,000 and 33,312,000 Scheme Shares, respectively) (the "Irrevocable Undertakings").

The Irrevocable Undertakings shall lapse if (i) the proposal to privatise the Company is not approved at the Meetings or (ii) a third party makes a higher competing offer for the Company. In addition, the Fidelity Irrevocable Undertaking shall lapse in any event on 31 May 2006, and the two Templeton Irrevocable Undertakings shall automatically lapse upon the approval of the Revised Share Proposal to privatise the Company at the Meetings.

SCHEME DOCUMENT

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 Revised Proposals and the Scheme, the expected timetable, the recommendations of the Independent Board Committee in respect of the Revised 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.

RESUMPTION OF TRADING

Trading in Asia Aluminum Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 15 March 2006 (Hong Kong time) pending the issue of the Announcement. At the request of the Stock Exchange, trading in Asia Aluminum Shares remained suspended pending the release of the Company's Interim Results. Following the release today by Asia Aluminum of its Interim Results for the six months ended 31 December 2005, the Company has applied for a resumption of trading in its shares with effect from 9.30 a.m. on Tuesday, 28 March 2006 (Hong Kong time).

WARNING

Asia Aluminum Shareholders, Optionholders and/or potential investors in Asia Aluminum should be aware that the implementation of the Revised Proposals are subject to the satisfaction or waiver of the same conditions as applicable to the original Proposals and therefore the Revised 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.

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, 27 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 Asia Aluminum 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.”