



Mr. Kwong Wui Chun
Chairman

“A Year of Consolidation of Business”

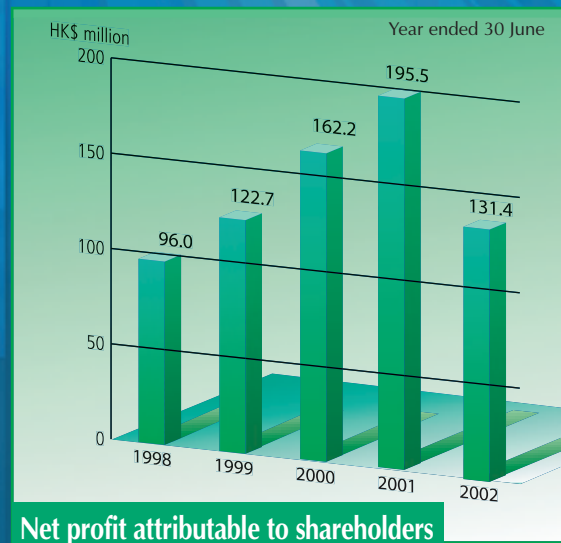
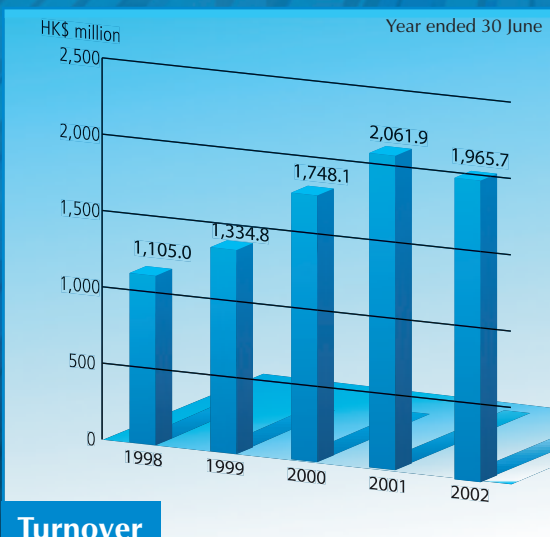
To Our Shareholders

I am pleased to present the annual financial report of Asia Aluminum Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 30 June 2002.

During the current fiscal year, the Group recorded a turnover of HK\$1,965.7 million, 4.7% lower than the previous year. As a result of the adoption of the new Hong Kong accounting standards that came into effect during the current financial year, the net profit attributable to shareholders for the year included certain non-recurring

expenditure of approximately HK\$73.6 million. The net profit attributable to shareholders, therefore, decreased by HK\$64.0 million to HK\$131.4 million. Basic earnings per share were HK\$5.78 cents, a decrease of 35.9% over the previous year’s figure.

The adjusted profit before tax for the year under review, excluding the exceptional gain on disposal of interests in subsidiaries, gain on disposal of discontinued operations, the write-off of fixed assets and the expenditure in the acquisition of business database, was HK\$271.4 million, an increase of 56.2% compared with last year.



The board of directors (the "Board") recommends a final dividend of HK1.5 cents per share. Together with the interim dividend of HK1.0 cent per share paid earlier this year, the full year dividend is HK2.5 cents per share, up by 25.0% compared with that of last year, excluding the special dividend of HK3.5 cents paid for 2001. The dividend payout ratio for the year ended 30 June 2002 is 45.5%.

On a consolidated basis before non-recurring items, the Group has achieved another year of continued growth despite an unfavourable market environment and fierce competition.

BUSINESS HIGHLIGHTS

The Group further strengthened its leading position in the aluminum extrusion market during the year, especially in the People's Republic of China ("PRC"), the largest of our markets and which contributed 74.1% to total turnover. Manufacture and sales of aluminum and stainless steel products continued to be the Group's two core businesses, accounting for 91.9% and 6.8% of the Group's total sales for the year respectively.

The Group's alliance with Indalex Aluminum Solution Group ("Indalex"), which commenced in June 2001, worked more effectively through quarterly meetings

and regular communications, and the two groups are working closely with each other for the purposes of exploring the business development strategies for both Indalex and the Group. The alliance ensures that both groups can enjoy optimum utilization of common resources.

In the last quarter of 2001, the Group further expanded its annual production capacity to 120,000 metric tons with the establishment of two aluminum extrusion manufacturing joint ventures in Nanhai, the PRC.

PROSPECTS

The Group's future profitability enhancement will continue to come from both demand-driven business growth and increased production efficiency arising from economies of scale and reorganisation of the manufacturing chain.

Despite an unstable global economic environment in the first two quarters of 2002, the Group believes that the PRC economy will continue to maintain strong growth over the next few years. Demand for aluminum extrusion products in the PRC will increase in line with economic growth in the PRC. The Group recognizes the

The Group originally built its success in manufacturing aluminum products and we shall continue to maximize our strength, expertise and competitive strengths in this business to provide more sophisticated products to a wider spectrum of customers around the world and to create additional value to shareholders.

tremendous opportunities in the PRC construction market arising from the successful bid to host the 2008 Olympic Games, from accession to the World Trade Organization and from the major developments in China's western region. To capitalize on these anticipated opportunities, the Group continued to expand its production capacity through acquisitions, organic growth and outsourcing as well as through the expansion of our distribution network.

Acknowledging that economies of scale represent a key factor for success, the Group will continue to expand and strengthen its position as a leading player in the industry. We will also continue to invest in research and development to keep abreast of technological innovations. Improvements in production technology can increase our product quality, expand their range and applications and reduce production costs so that we can offer our products at better prices to maintain and enhance our competitiveness.

Closer relationships with business partners, including leading suppliers and sales distributors, will be developed to ensure adequate and efficient supply of quality raw materials, especially aluminum billets, to meet production requirements and to achieve greater cost savings.

Infrastructure aside, the Group will further strengthen its management team, enhance marketing capabilities and tighten cost controls to facilitate operating efficiency and expansion of market share.

We take pride to announce our inclusion in the “World’s 200 Best Small Companies for 2002” polled by Forbes Global, an international financial magazine. It is an honour which reflects the quality and dedication of our team, to whom we owe our success.

A NOTE OF THANKS

On behalf of the Board, I would like to take this opportunity to express our gratitude for the support of our shareholders, especially in such difficult times. I would also like to extend our appreciation to all members of the Group for their invaluable

contributions, diligence and loyalty over the past year. A final word of thanks goes to our business associates, partners and friends for their ongoing trust and support.

Kwong Wui Chun

Chairman

Hong Kong, 18 October, 2002