

Chairman's Statement

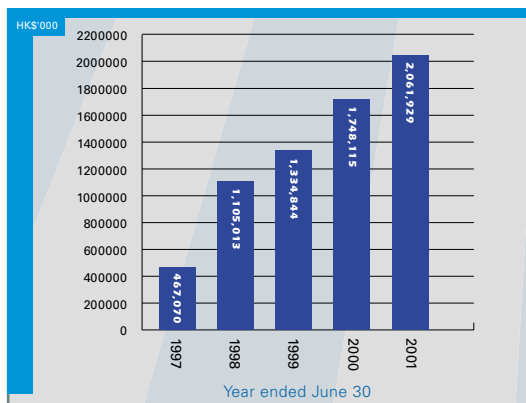


“A Year of Continued Growth”

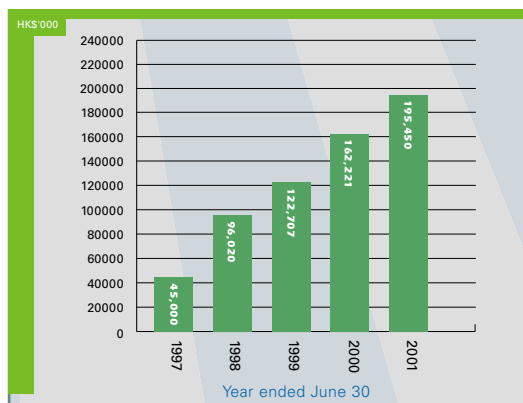
To Our Shareholders

I am pleased to report that Asia Aluminum Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) have achieved another year of continued growth for the year ended 30 June 2001 despite unfavourable market environment and intensive competition.

The Group reported a 18.0% growth in total turnover to HK\$2,061.9 million and a 20.5% increase in profit attributable to shareholders to HK\$195.5 million for the year. Disposal of interests in Asia Aluminum Group Limited (“AAG”), a major subsidiary of the Group engaged in the aluminium extrusion and stainless steel business, generated an exceptional gain of HK\$120.7 million.



Turnover



Profit for the year

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The Group further strengthened its leading position in the aluminum extrusion market, especially in the People's Republic of China ("PRC"), the largest of the Group's markets that contributed 74.0% to the total turnover. Manufacture and sale of aluminum and stainless steel products remained the Group's two core businesses, accounting for 85.4 % and 13.5 % of the Group's total sales for the year respectively.

In view of the favourable results, the directors recommend payment of a final dividend of HK1.0 cent and a special dividend of HK3.5 cents per share for the year.

BUSINESS HIGHLIGHTS — A RETURN TO OUR CORE STRENGTH

The year under review saw a successful introduction of Indalex Aluminum Solutions ("Indalex"), one of the top three aluminum extrusion manufacturers in the world, as the 26.2% strategic equity shareholder of the Group's aluminum business. This followed the signing of a three-year supply agreement under which the Group is to supply US\$220.0 million worth of aluminum extrusion products to Indalex, while Indalex acts as the Group's exclusive distributor for aluminum extrusion products in North America.

The Indalex alliance represents a significant milestone in the consolidation of the Group's business development strategy.

Together with Indalex, the Group's production capacity is now the largest in Asia and the second largest in the world. We now have more than 250 customers, including distributors in the PRC, Asia, North America and Australia.

"This is an excellent deal. It secures our relationship with this important strategic partner. It enhances Indalex's ability to grow market share in North America through utilizing a highly competitive cost base and supports AAG's growth opportunities in the PRC."
Mr. Jürgen Hintz, Chief Executive of Novar plc, the ultimate parent company of Indalex.



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To complement our focus on the core aluminum extrusion business, the Company has disposed of its business in the design, development and production of environmental protection products in August 2001.

The Group built its success in manufacturing aluminum products and we shall maximize our strength, expertise and competitive advantages in this business to provide more sophisticated products to a greater spectrum of customers around the world and to create value to shareholders. This explains the Group's recent name change back to Asia Aluminum Holdings Limited to fully reflect our business focus.

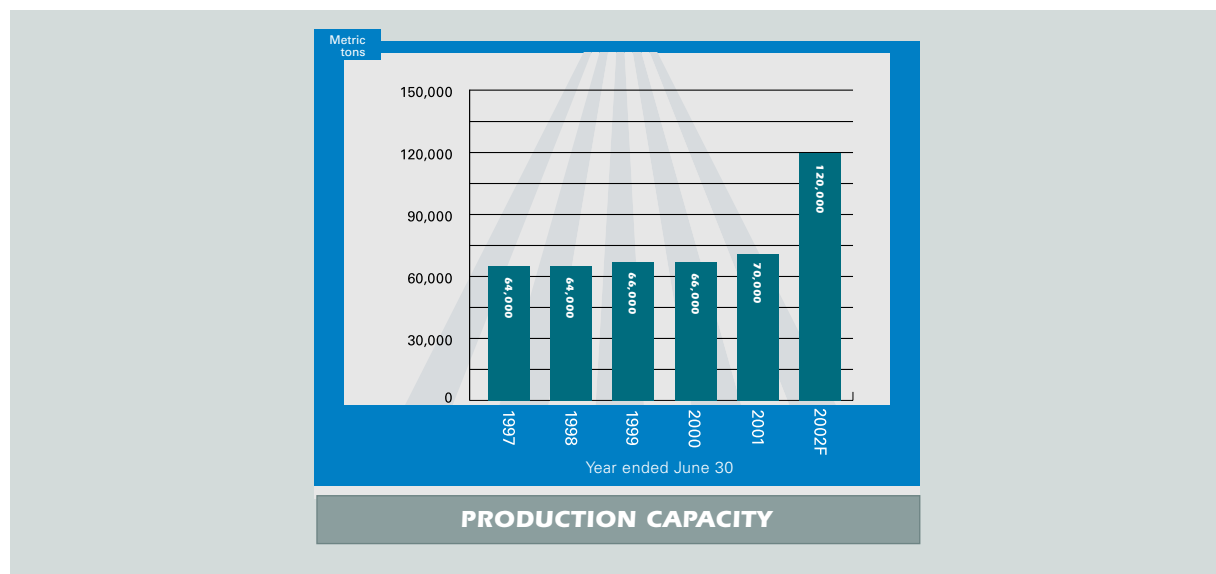
PROSPECTS

The Group recognizes the tremendous opportunities arising from the PRC construction market. The successful bid for hosting the 2008 Olympic Games entails the construction and development of world-class stadiums and many other auxiliaries in Beijing and other parts of the PRC. New business opportunities are also expected from the imminent entry into the World Trade Organization and growing demand for aluminum and stainless steel products from the Mega Development in the Western Region of the PRC.

“The Group built its **SUCCESS** in manufacturing aluminum products and we shall maximize our competitive advantages to provide more sophisticated products to a greater spectrum of customers around the world and to create value to shareholders.”

To capitalize on the anticipated opportunities, the Group continued to expand its production capacity through mergers and acquisitions. In August 2001, the Group expanded its production capacity further with the establishment of two manufacturing joint ventures in Nanhai, the PRC. Acknowledging that economy of scale is a crucial success factor, the Group will continue to expand and strengthen its position as a global player in the industry.

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We will continue to invest in research and development to keep abreast of technological innovation. The improvement in production technology can increase our product quality, expand range and applications and reduce our production costs so that we can offer our products at competitive prices. Closer relationships with business partners, including leading suppliers and customers, will be developed to ensure adequate and efficient supply of quality raw materials to meet their production requirements and the recoverability of trade debtors.

“Exciting developments in the PRC lead to tremendous business opportunities”

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

A NOTE OF THANKS

On behalf of the board of directors, I would like to thank the retired and resigned directors for their valuable contribution to the Group during their period of services. At the same time, I would like to welcome Messrs. Zhong Jianqiu, Ma Tsz Chun and Gan Ming Hui to the Board.

Finally, I would like to take this opportunity to express our gratitude to all members of the Company for their invaluable contribution, diligence and loyalty over the past year. A final word of thanks goes to our shareholders, bankers, business associates, partners and friends for their ongoing trust and support.

Kwong Wui Chun
Chairman

Hong Kong, 26 October 2001