

Chairman's Statement



A rational operation and continuous enhancement in corporate governance are the foundation on which better corporate value is based. In view of this, we have spared no efforts to achieve these goals.

Mr. Guo Shengkun

Chairman, President & CEO

Dear Shareholders,

I am pleased to present the annual report of Aluminum Corporation of China Limited (the "Company") for the financial year ended December 31, 2003 and, on behalf of the Board of Directors and all of the employees of the Company, express my gratitude to all our shareholders for their support to the Company.

Financial Results

The consolidated turnover and other revenues of the Group for 2003 amounted to RMB23,826.0 million, representing an increase of 37.6% over the previous year. The consolidated profit for the year was RMB3,552.0 million, representing an increase of 153.4% from the previous year. Consolidated earnings per share reached RMB0.34, representing an increase of 161.5% from the previous year.

The Company's Board of Directors has proposed to declare a final dividend of RMB0.096 per share, totalling RMB1,060,788,000 for 2003 based on 11,049,876,153 total outstanding shares as of March 29, 2004. The proposal to declare and pay this final dividend is to be submitted to the Annual General Meeting scheduled on June 7, 2004 for review and approval.

Chairman's Statement *(Continued)*

Business Review

The word "exceptional" could be used to summarise the Company's operation in 2003. The significant increase in the Company's results for 2003 was attributable not only to the increased prices of alumina and primary aluminum but also to our unremitting efforts to achieve the best performance and operational targets for the Company.

Capitalising on opportunities occasioned by strong growth in the PRC alumina market, the Company adjusted its development strategy by further increasing the ratio of investment in alumina projects and speeding up the alumina expansion projects in order to achieve the planned increase of production capacity ahead of schedule. In 2003, the Company produced 6,050,000 tonnes of alumina products, representing an increase of 11.8% over the previous year, thereby enabling the Company to realize more profits when alumina price is high.

To circumvent the substantial increase in raw material and energy prices as well as transportation bottleneck, the Company, through initiatives and creativity, has been able to maintain production safety while achieving steady increase in production volume of its principal products. On the other hand, the Company strived to improve the level of its operating performance, which resulted in further improvement in cost effectiveness and reduced the unit consumption of raw materials and energy power, thereby minimising the impact of these unfavourable factors on cost. In 2003, the Company accomplished the 3rd year goal set by its 3-year Cost Reduction Plan formulated at the time of listing of the Company, which further enhanced the market competitiveness of the Company's products.



Chairman's Statement *(Continued)*

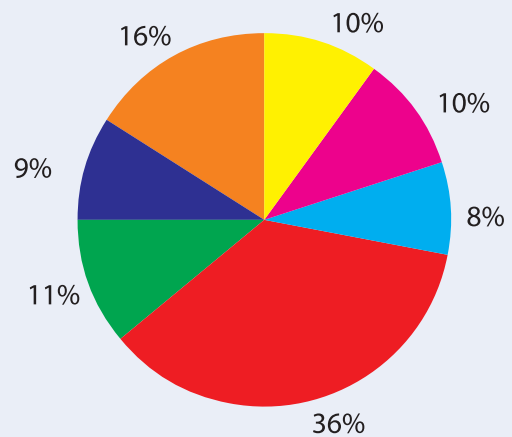
The Company reacted quickly in response to market changes. To capitalize on the opportunities arising from the rising alumina prices, the Company has adopted a flexible sales strategy by increasing the number of long-term alumina sales contracts for the next three years to secure profitability and to minimise the risks carried by the fluctuation in alumina spot price, thereby combining the short term benefit with the benefit from long term contracts. Furthermore, the Company adjusted its alumina price steadily in line with the alumina market and price trend. By expediting market development, the Company has established long term and stable cooperative relationship with customers and has improved its sales network and market coverage of its products. The Company had also begun to proactively seek opportunities for the exploration of domestic and overseas bauxite resources. In 2003, the Company obtained an additional 90,000,000 tonnes of domestic bauxite reserve.



Product Market Reviews

2003 was an exceptional year. Despite the outbreak of SARS and frequent natural disasters, China economy still achieved remarkable progress. The GDP growth rate reached 9.1%. In particular, heavy industries such as metallurgy, machinery, equipment and chemical engineering accounted for more than 50% of the total value of industrial production, leading China's industrial economy into a new platform for economic growth. The fast-growing economy of China has stimulated the increasing demand for aluminum products and aluminum consumption in different industries to various extent.

Aluminum Consumption Structure in China in 2003



Chairman's Statement *(Continued)*

Primary Aluminum Market

In 2003, both domestic and international aluminum prices recorded a steady increase due to global economic recovery, a strong demand for aluminum driven by China's fast-growing economy and the influence of the weakening US dollar. For 2003, the average three-month aluminum futures price on the London Metals Exchange (the "LME") was approximately US\$0.65/lb, representing an increase of 4.6% over the previous year. The average three-month aluminum futures price on the Shanghai Futures Exchange (the "SHFE") was approximately US\$0.68/lb, representing an increase of 7.7% over the previous year.

The global aluminum production maintained a rapid growth in 2003. Total domestic primary aluminum production volume was approximately 5,560,000 tonnes in 2003, representing an increase of 27.5% over the previous year. China maintained a strong consumption demand for primary aluminum. The domestic primary aluminum consumption reached approximately 5,200,000 tonnes in 2003, representing an increase of 26.5% over the previous year. The increase in domestic consumption demand has basically absorbed the expanded domestic aluminum production volume.

Alumina Market

In 2003, the production volume of aluminum continued to increase, whereas in the world, there were relatively few alumina projects under construction or alumina expansion projects. These factors resulted in a large divergence between global demand and supply of alumina, leading to continuous increases in alumina prices. Spot price of alumina imported into China from international market increased to US\$410 per tonne at the end of the year from US\$170 per tonne at the beginning of the year. The annual average price of alumina reached US\$245 per tonne, representing an increase of 67.8% over the previous year. In 2003, the supply shortfall of domestic alumina further widened, which led to the continuous increase in domestic alumina prices in line with the rising imported price. The annual average spot price of domestic alumina in 2003 was RMB2,817 per tonne, representing an increase of 46% over the previous year.

Due to the surging alumina consumption in 2003, the global alumina market turned from oversupply two years ago to slight shortage this year. Domestic alumina production increased steadily in 2003. The annual production of alumina products amounted to approximately 6,050,000 tonnes, representing an increase of approximately 11.8% over the previous year; while demand amounted to approximately 11,880,000 tonnes, representing an increase of 30.5% over the previous year. In 2003, China imported approximately 5,610,000 tonnes of alumina, representing an increase of approximately 22.7% over the previous year.

Future Development and Prospects of the Company's Business

Multipolarization and economic globalisation are the two major trends on the current international economy. Driven by moderate recovery of Japan, United States and European economies, prospects of the international economic environment in 2004 will continue to be good. It is also expected that China will maintain a steady growth in its domestic economy, thus providing a favorable environment for consumption and production of aluminum. With the relatively steady growth in aluminum production in 2004, an increasing gap in the domestic alumina market is foreseen, thus leading to an increased imbalance of its supply and demand. China's macro economy will bring opportunities for the strategic development of the Company.



Chairman's Statement *(Continued)*

However, with China's accession to the WTO, enhanced international orientation and its gradual development of market economy, competition in industries and market is becoming increasingly fierce, mainly including:

- As a global-based industry, foreign suppliers and traders will fasten the speed and pace of investment in the huge domestic market. Such challenges from abroad cannot be underestimated.
- Many domestic investors, driven by profits in the industry, are planning to invest in the alumina industry. These have brought us pressure as well as an impetus. The Company is well positioned to take the challenge.
- Production and operating factors, such as the increasing prices of raw material and energy, power shortage and transportation bottleneck, will impose huge pressure and difficulties on the Company's production, operation and cost reduction.
- China's accession to the WTO, the decreasing import tariff rate of alumina and the reduction in tax rebate rate will, to a certain extent, affect the ability of the domestic aluminum industry in maintaining its former competitiveness.

In response to such opportunities and challenges in 2004, the Company will explore its potentials to digest the impact of any unfavourable factors, maintain and improve its core competitive edge and market share, and will strive to increase its profit and return to shareholders. The main targets in 2004 are as follows:

- To lay a solid foundation and improve its management: The Company will take initiatives to review and improve its cost budget management system designed for cost management; begin to formulate and strictly implement the second 3-year Cost Reduction Plan to achieve further reduction in cash cost.
- To promote technological innovation and strengthen its core competitive edge: The Company will further integrate its technological resources, and establish a unified and centralised operating system with respect to research, development and industrialisation to strengthen the development of new technology. The Company will also accelerate the pace of its investment in the overseas business development.
- To strengthen resource management and increase its bauxite reserve: The Company will enhance the exploration drive for new bauxite deposit and upgrade the bauxite utilisation ratio of bauxite deposit. To increase its bauxite reserve, the Company intends to obtain or control an additional 100,000,000 tonnes of reserve.

The Company is committed to fulfilment of the targets set for 2004, aiming to upgrade corporate value and profitability so as to maximize the return to investors.

Guo Shengkun

*Chairman, President and
Chief Executive Officer*

Beijing, PRC

March 29, 2004