

Corporate Governance

The board of directors of the Company (the "Board" or the "Board of Directors") and senior management of the Company are always of the opinion that a rational operation and continuous enhancement in corporate governance shall be the foundation on which better corporate value is based. In view of this, the Company has spared no efforts to achieve and maintain a high standard of corporate governance.

The Board

The Board of the Company consists of 9 Directors, of which 4 are executive Directors, 3 are non-executive Directors and 2 are independent non-executive Directors.

Each Director shall act in the interests of shareholders, and use his best endeavours to perform the duties and obligations as a Director as provided in all the applicable laws and regulations. Duties of the Board include the following: decision-making with respect to the Company's business plan and investment scheme, formulation of proposals for the Company's capital operation, and implementation of resolutions approved by annual general meetings.

The Company's two independent Directors are professionals in the fields of finance and resources science respectively and they are well experienced in such fields. With dedication, they have provided the Company with professional advice with respect to the steady operation and development of the Company. They also exercise supervision and coordination to safeguard interests of the Company and its shareholders.

In 2003, the Company held four Board meetings, with an average participation rate of 72.2%. Details of the meetings are recorded by a designated officer, all proposals approved in each meeting form resolutions of the Board, which are archived in accordance with relevant laws and regulations.

An Audit Committee has been established under the Board. The Audit Committee's duties mainly comprise the review of the Company's financial reports, consideration of appointment of the independent auditors and approval of audit and audit-related services, and supervision over the Company's internal financial reporting procedures and management policies. The Committee consists of two independent Directors and one non-executive Director of the Company. Mr. Chiu Chi Cheong Clifton was appointed as the chairman of the Audit Committee. At least two meetings of the Audit Committee shall be convened annually to review the accounting standards, control system adopted and the relevant financial issues, so as to ensure integrity, fairness and accuracy of the Company's financial statements and the relevant information. In 2003, the Audit Committee held two meetings with an average participation rate of 100%.

A Compensation Committee and a Planning and Development Committee have also been established under the Board. The duties of the Compensation Committee include the review of the Company's remuneration policy and the assessment of the performance of the Company's Directors and senior management. The duties of the Planning and Development Committee include the consideration and evaluation of the Company's development, financial budget, investment, business operation and strategic plan for annual investment returns. These committees have to perform their duties in accordance with their respective rules of procedures.

The second Board will be elected at the Annual General Meeting on June 7, 2004. The new Board and special committees will be organised under the amended provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

Corporate Governance *(Continued)*

Supervisory Committee

The Supervisory Committee of the Company consists of 3 members, of which one Supervisor is elected from the staff as a representative of the employees of Chalco. The Supervisory Committee is responsible for supervision over the Board and its members and senior management, so as to prevent them from abusing their authority and violating the legal interests of shareholders, the Company and its staff members.

In 2003, the Supervisory Committee convened two meetings at which the Company's financial position and legal compliance of corporate operations as well as work performance of the senior management were reviewed. The committee has complied with the principle of credibility to proactively perform their functions.

General Meeting

General meeting is the highest authority of the Company. It provides a good opportunity for direct communications between the Board and the shareholders of the Company. Therefore, the Company attaches much importance to the meetings. In 2003, the Company convened two general meetings.

President Meeting

The Company convenes regular president meetings, which are hosted by the President, and attended by senior management executives, including department heads from the Company's headquarters. The Company's operation, implementation of investment projects and financial issues are considered and determined at the meetings. The Company's management, including managers of branches, subsidiaries and department heads from the headquarters, will convene a work meeting semi-annually in order to review the operational performance of the first half of the year and to make arrangements for the second half. The meetings have facilitated coordination, communication and implementation of the Company's planned operation.

Corporate Management

The Company set the year 2003 as the "Year of Development". The Company has achieved a smooth operation under its business mode of "centralised management and unified operation". By conducting centralized management over finance, marketing, human resources, investment, research and development, the Company has effectively shared resources and exercised efficient control over expenses. Furthermore, the Company has improved the structure of its headquarter organisations and the reallocation of personnel. The Company made breakthrough reforms in staff positioning and distribution system.

Information Disclosure and Disclosure Committee

Great importance has been attached by the Company to the information disclosure on an accurate, timely, fair, justified and open basis in compliance with disclosure requirements in the Hong Kong Listing Rules. All discloseable information (including annual and interim results) shall be subject to approval of the Company's Disclosure Committee with the President as its chairman or a representative authorised by the Committee. For the purpose of discloseable financial statements and the relevant information, the Chief Financial Officer shall confirm that the Company's results and financial position have been reflected on a true and fair basis under relevant accounting standards and requirements.

Investor Relations

The Company has established a designated department for investor relations, which is responsible for matters concerning investor relations and has formulated the "Investor Management Measures" to regulate the relationships with the investors. The Company's management maintains close communications with investors, analysts and the media by various means including roadshows, individual interviews, meetings and investors' visits to the Company, thereby further increasing investors' recognition of the Company.