

## **DIRECTORS', CHIEF EXECUTIVE'S, AND SUPERVISORS' INTERESTS IN SHARES OF THE COMPANY**

During the six months ended June 30, 2006, none of the Directors, Chief Executive or Supervisors or their respective associates had any interests or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which are (a) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (c) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers. During the six months ended June 30, 2006, none of the Directors, Chief Executive, Supervisors or their spouses or children under the age of 18 was given the right to acquire any shares in or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

## **REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

The Company did not redeem any of its shares during the six months ended June 30, 2006. Neither the Company nor any of its subsidiaries purchased or sold any of its shares during the first half of 2006.

## **CHARGE ON GROUP ASSETS**

As of June 30, 2006, a long-term bank loan of RMB920,000,000 and a short-term bank loan of RMB10,500,000 was secured by a 220,000 tonnes aluminum production line of Shanxi Huasheng Aluminium Company Ltd ("Shanxi Huasheng"), a subsidiary of the Company. In addition, a short-term bank loan of RMB237,700,000 was secured by land use rights (Cost: RMB201,942,000; Net value RMB199,922,000) owned by Fushun Aluminum.

## **OUTLOOK AND PROSPECTS**

In the second half of 2006, the Group continues to face challenges both in production and operation including new changes in product markets, increased difficulties in market estimation due to increased uncertainties causing fluctuations in the international non-ferrous metal market prices, and increasing pressure on the Company's cost control due to rising prices of energy sources (coal, electricity and oil). The Company will pay particular attention to the macro economy and market trends, capitalize on and analyze all of its internal and external conditions, and take advantages of the Group's comprehensive resource platform for its objectives of 2006. In the second half of 2006, the Group will focus on the following aspects:

- The Group will fully implement and improve the mechanism linking production, supply and sales with personnel, properties and materials, carry out production plans in a serious manner and further strengthen the management on production and operation plans.
- We will closely monitor and study market dynamics to increase estimation accuracy, making decisions based on scientific methods and ensuring prompt responses. By application of market rules, we will further optimize the management model for centralized marketing, at the same time, the capital budget to avoid market risks.