

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.

- We will reasonably adjust and improve the Group's production structure and continue to rationalize and optimize product mix and operation in the aluminum industry chain in order to raise industry and technology standards. Taking advantage of the favorable opportunities arising from the integration of the aluminum market, the Group will expedite the mergers and acquisitions of aluminum enterprises, aiming at a total smelting capacity of approximately 9,050,000 tonnes of alumina and 3,000,000 tonnes of primary aluminum by the end of 2006. We will also take initiatives in improvement of the industry chain from smelting to fabrication of aluminum to strengthen our ability to hedge market risks.
- We will address to improvement of technology to enhance the Company's core competitiveness and increase efforts in technology innovation to foster our proprietary technologies and core technologies. We will select technology-linked and industry-driven products or projects for a breakthrough in key fields to boost industrial development.
- Reinforce the foundation and strengthen cost management to further reduce material and energy consumption and cut expenses in order to maintain the stability of the Group's profit.
- We will continue to spare efforts in strengthening and refining our management as a basis of the Group's management. Using production lines as milestones, we aim to widely apply standardized quantitative management. We will standardize our accounting and auditing for more timely and accurate accounting information. Through comprehensive budget management, we expect to further improve the effectiveness of production and investment process. By focusing on fund management, we expect to further enhance the effectiveness of risk management during the operation. The Group will reinforce management on newly established enterprises and promote the integration of corporate culture and value recognition for further development.

CORPORATE GOVERNANCE

The Articles of Association, the Terms of Reference of the Audit Committee, the Terms of Reference of the Supervisory Committee and the code of conduct regarding securities transactions by the Directors and specific employees form the framework for the code of corporate governance practice of the Company. The Board has reviewed its corporate governance documents and is of the view that such documents have incorporated most of the principles and code provisions in the "Code on Corporate Governance Practices" (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Code A.2.1 of the CG Code requires the roles of chairman and chief executive officer to be separate and not be performed by the same individual. Currently, Mr. Xiao Yaqing serves as the Chairman and Chief Executive Officer of the Company. The Directors are of the opinion that this arrangement does not have a material adverse impact on the corporate governance of the Company.

Subject to the transitional arrangements of the CG Code and the deviation of the Company's own corporate governance practices from the code provisions in the CG Code mentioned above, the Board is of the view that the Company has complied with the code provisions of the CG Code during the period from January 1, 2006 to June 30, 2006.