

OUTLOOK AND PROSPECTS

In the second half of the year, the Company will further strengthen and develop its businesses in order to realize its annual operational target. The Company will mainly focus on the following:

- To continue the integration of its business operations, with special focus on centralizing the management of purchasing; and to determine the reasonable fixed quota for storage of raw and auxiliary materials. The Company will further enhance its management efficiencies and reduce its cost.
- To strengthen cost management, stringent control of expenditure, further implementation of cost reduction with special focus on reduction of material and energy consumption, inventory and accounts receivable.
- To reinforce market expansion, further improve unified sales management structure and implementation mechanisms, adopt more flexible and diversified sales strategy and prepare customer service.
- To actively proceed with the negotiations with Alcoa on the formation of the joint venture company to own and operate the Pingguo plant with the Company. The Company will strive to commence operation of the joint venture at the earliest possible date.
- To strengthen the project management of its business development plan in order to maintain its project schedule and quality, as well as to achieve commercial production and target output of investment project construction in time.