

CHAIRMAN'S STATEMENT



Dear Shareholders,

I am pleased to present the annual report of Aluminum Corporation of China Limited (the “Company”) for the fiscal year ended December 31, 2002 and, on behalf of all of the employees of the Company, express my gratitude to all our shareholders.

Mr. Guo Shengkun

Chairman, President and
Chief Executive Officer

CHAIRMAN'S STATEMENT

Product Market Reviews

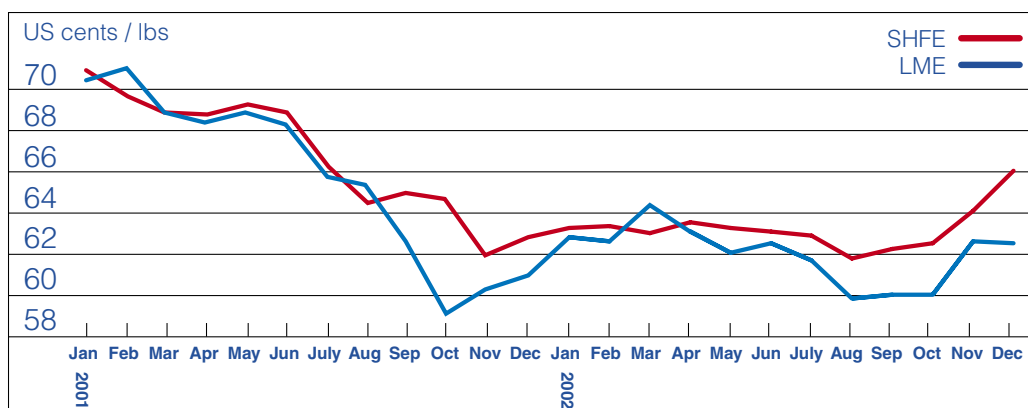
Primary aluminum

The global economy began to recover in early 2002, but the market picked up at a moderate rate due to a lack of confidence in the fundamental conditions of the macro-economic environment and the economic recovery at the beginning of the year had not led to a substantial growth in the global aluminum consumption. However, the global primary aluminum production capacity continued to rise in 2002. As a result, there was an excessive growth in the inventory of primary aluminum on the London Metals Exchange (the "LME") that caused prices of primary aluminum to remain low. In 2002, the LME spot prices of primary aluminum fluctuated within a narrow range between US\$1,280 and US\$1,450 per tonne. The average three-month primary aluminum futures price was US\$1,365 per tonne, representing a drop of approximately 6.1% compared with the previous year.

The market spot prices of primary aluminum in the PRC fluctuated substantially in 2002. Primary aluminum prices on the Shanghai Futures Exchange in the PRC were once lower than those on the LME in early 2002, with the inventory level of primary aluminum also on the increase. However, there existed an increasingly tight domestic primary aluminum spot market after August 2002 due to a growth of primary aluminum consumption in the PRC and the launch of the State's policy relating to the regulation of imported alumina. At the same time, transportation of primary aluminum products to be imported into the PRC was affected by the workers' strike in the ports of the west coast of the United States so that the supply of imported primary aluminum tightened and prices began to increase. In December 2002, the average prices of primary aluminum on the Shanghai Futures Exchange rose to RMB14,910 per tonne, representing an increase of approximately RMB1,407 or US\$170 per tonne as compared to that of the LME over the same period in 2001. The average three-month primary aluminum futures price was RMB13,514 per tonne on the Shanghai Futures Exchange in 2002, representing a drop of 5.7% from the previous year.

In 2002, the increase in aluminum consumption in the PRC remained above 10% a year as a result of the rapid growth in the PRC's national economy. The domestic primary aluminum consumption was approximately 4,110,000 tonnes in 2002, representing an increase of 14.2% over the previous year. The PRC's primary aluminum consumption was mainly in the construction, electric power and packaging sectors. At the same time, domestic primary aluminum production volume also saw rapid growth. Total domestic primary aluminum production volume was approximately 4,360,000 tonnes in 2002, representing an increase of 26.8% over the previous year, which surpassed the consumption growth and constricted the rebound in the prices of primary aluminum. The net export volume of domestic primary aluminum was approximately 322,000 tonnes in 2002.

**The average three-month aluminum futures price
London Metals Exchange vs Shanghai Futures Exchange**



CHAIRMAN'S STATEMENT (CONTINUED)

Alumina

In 2002, the market prices of international and domestic alumina remained low in the business cycle of the industry. The annual average spot price of alumina in the international market was US\$146 per tonne, representing a drop of 0.7% from the previous year. The annual average selling price of domestic alumina was RMB1,930 per tonne, representing a drop of 12.9% from the previous year. There was a stable rise in the global alumina prices in the first half of 2002 but the prices began to fall in the second half due to sufficient supply, and remained at a low level in October. The prices of domestic alumina fell to the lowest level of RMB1,830 per tonne. Towards the year end, alumina prices in the international market stopped falling and began to rebound rapidly as a result of a number of factors such as the substantial rise in demand for alumina in the PRC and various problems with certain alumina production in Australia and areas around the Caribbean Sea. At the end of the year, the selling price of alumina in Australia set a new high of US\$180 per tonne for the year and the selling prices of domestic alumina reached as high as RMB2,000 per tonne. In addition, as a result of the resumption of primary aluminum production in a number of western countries and the rapid growth of the PRC's primary aluminum production in 2002, the global demand for alumina increased accordingly, contributing to the rise in alumina prices.

In 2002, the total domestic alumina output was approximately 5,410,000 tonnes, representing an increase of 15% over the previous year, making the PRC the second largest alumina producing country in the world. In 2002, the annual domestic consumption was approximately 9,100,000 tonnes, representing an increase of 26% over the previous year. Strong domestic demand for alumina resulted in a substantial rise in the import of alumina into the PRC. The volume of import reached 4,570,000 tonnes in 2002, representing an increase of 36% over the previous year.

Review of Operations and Performance

The PRC's national economy maintained a fast rate of growth in 2002. Gross domestic production grew by 8% annually. The rapid growth of the national economy led to a rapid development of the PRC's aluminum industry. As the largest primary aluminum producer in the PRC, the Group experienced a lot of opportunities and challenges. Confronted with intensifying market competition and pressure, the Group focused on corporate and management restructuring while ensuring stable production and operations as well as development, and achieved all of the Group's expected targets.

- Focused on scientific research and technological reform to improve product quality: The Group focused on internal sharing of technology, technological upgrading and improvement of operation practices to further improve its various technological and economical benchmarks and to increase capacity and efficiency of its equipment. With respect to product quality, further improvement in the physical benchmarks of alumina was made through scientific and technological reforms and improvement in the Group's operating standards. In 2002, the Group produced 5,410,000 tonnes of alumina products, representing an increase of 15.1% over the previous year. It produced 750,000 tonnes of primary aluminum products, representing an increase of 5.6% over the previous year.

- Strengthened management, adherence to the market and adjustment of sales strategies on a timely basis: The Group established a series of marketing management systems on the basis of a unified sales management structure. Progress has been achieved during the integration process of management procedures. The Group also adjusted its marketing strategies on a timely basis in response to the market conditions by targeting sales of alumina products at different categories of users, shortening transportation distances to enhance sales competitiveness. Prices of primary aluminum products were subject to a unified quotation system, which provided a unified basis for reference of selling prices by other PRC domestic aluminum smelters, while making the Group a leader in the PRC's domestic aluminum sales market. In 2002, the Group was approved by the State to engage in futures hedging business outside China. The Group recorded 4,230,000 tonnes of alumina products for external sales and a sales volume of 760,000 tonnes of primary aluminum products and the production to sales ratio reached 103.8% and 101.3% respectively.
- Adjusted development strategies and enhanced competitiveness: The Group has adjusted its development strategies on a timely basis in response to the changes in the supply and demand of the domestic aluminum market.

Alumina

Capitalizing on the market opportunities occasioned by rapid growth of domestic primary aluminium production and consumption, and leveraging the Group's unique competitive advantages in terms of resources, technology and extensive market access, the Group has made alumina its development priority and has increased and expedited its investment in alumina:

- Progress in the construction of the Pingguo Alumina Phase II Project is expected to be six months ahead of schedule.
- Zhongzhou Kilns No. 5 and 6 came into operation ahead of schedule, and the 300,000 tonnes "Ore-dressing" Bayer project commenced ahead of schedule.
- The construction of the Shanxi 800,000 tonnes alumina Phase III project is expected to commence ahead of schedule.
- A new bauxite deposit was discovered in the western part of Guangxi Province. A cooperation agreement for a joint venture was signed and a feasibility study has been underway. If it is feasible, a joint venture for an alumina plant with an annual output of 800,000 tonnes is proposed to be established.

Primary Aluminum

In line with the changes in the market, the Group adjusted its primary aluminum development strategy properly by expanding the primary aluminum production capacity on a selective basis using a variety of methods as well as by lowering costs so as to consolidate the Group's leading position in the PRC's aluminum industry.

- The Company signed a joint venture contract with Shanxi Zhangze Power Co., Ltd. for the establishment of an aluminum-power joint venture company.

CHAIRMAN'S STATEMENT *(CONTINUED)*

- A smelter with an annual output of 500,000 tonnes, the Phase I construction scale of which has an output of 250,000 tonnes, was proposed to be established in Yichang City of Hubei Province, and a letter of intent for a preferential direct power supply was signed with Three Gorges Power.
- A letter of intent has been signed in Henan Province for the acquisition of production facilities with an annual output of 190,000 tonnes of primary aluminum.

In 2002, the Group had total capital expenditures of approximately RMB4 billion which was primarily used to expand alumina production capacity by 580,000 tonnes and primary aluminum production capacity by 42,000 tonnes.

- Strengthened budget management and further reduced costs and expenses: The Group has adopted a system that combines budget management and accountability appraisal. By centralizing procurement and verification of procurement quantity and prices, inventories declined by RMB560 million in the second half of the year. A special task force was formed to deal with overdue accounts receivable, and as a result, long outstanding accounts receivable amounting to RMB97.05 million were recovered during the year. Meanwhile, the accounts receivable decreased by RMB490 million in the second half of the year. The Company entered into a strategic cooperation with the Construction Bank of China, Industrial and Commercial Bank of China and Everbright Bank of China so that the Company was granted a comprehensive credit line of RMB18 billion, which further ensured a supply of sufficient and low interests funds to the Group and reduced finance costs by approximately RMB58.8 million. In 2002, the Group achieved the expected progress in its cost reduction plan. The manufacturing cost of alumina in terms of cash paid declined by 5.8% as compared to 2001, while the manufacturing cost of primary aluminum in terms of cash paid declined by 3.0% as compared to 2001.
- Benefited from government policies: The implementation of the development strategy for the western region of China and the preferential policies of the State served as factors in support of the development of the Company. As a result, the income tax rate applicable to the Group's Guizhou Plant, Qinghai Plant and Pingguo Plant decreased from 33% to 15%.

The consolidated turnover and other revenues of the Group for the year ended December 31, 2002 amounted to RMB17,316 million, representing an increase of 4.3% over the same period in the previous year. The consolidated profit for the year was RMB1,402 million, representing a drop of 11.7% from the same period of the previous year. Consolidated earnings per share amounted to RMB0.13.

Final Dividend

The Company's Board of Directors has proposed to declare a final dividend of RMB0.045 per share totaling RMB472,496,000 for 2002. The proposal to declare and pay this final dividend is to be submitted to shareholders at the annual general meeting to be held on June 12, 2003 for approval.

Future Development and Prospects of Businesses

PRC is the world's second largest and the fastest growing market for alumina and primary aluminum. The sustained, rapid and stable development of the PRC's economy will fuel the further growth of the PRC's aluminum industry. In particular, the implementation of strategies for the development of the western region of China and the 2008 Olympics Games will significantly stimulate the consumption of aluminum. With the increasing supply and demand in the PRC's aluminum market, the Group will experience more opportunities as well as greater pressure from intensified market competition.

The Group has been focusing on the development of its core business and making ongoing efforts to achieve the best operating performance and practices. The Group has set the year 2003 as the "Year of Development" in which the Group will improve its performance and carry out its continuous, rapid and well planned development by capturing market opportunities, accelerating development process, continuously reducing costs and strengthening management standards. The Group has strong confidence and capability to seize opportunities presented and meet challenges. The Group's main task objectives for 2003 are:

- Accelerate the construction of investment projects and the progress in equity joint ventures on the basis of the adjusted development strategies: The Group will implement its development strategy in full by giving priority to the development of its alumina business, and developing primary aluminum on a selective basis. The Group will enhance the exploration and development initiatives of bauxite deposits and the rational utilization of its bauxite deposits, further accelerate the construction of its alumina projects, and identify opportunities for the exploration of overseas bauxite deposits and alumina. The Group will also strive to implement its aluminum projects and cooperative or equity joint venture projects with power companies to take advantage of the State's restructuring policies in relation to the power industry. By focusing on low-cost acquisitions and mergers, the Group will strive to substantially expand its primary aluminum production capacity through acquisitions and mergers.
- Improve management by means of an information system: The Group will fully utilize the information technology in the restructuring and enhancement of the conventional aluminum industry. Built upon the Group's centralized management framework, the Group will achieve a completely unified operation in terms of a smooth and effective operation in business processes such as the flow of commodities, cash and information.
- Improve the Group's scientific and technological development strategies and facilitate scientific and technological research: The Group will formulate medium and long-term scientific and technological development plans to achieve advanced technology. The Group will further improve product quality, upgrade production techniques, reduce materials consumption, adjust product mix, and accelerate the commercialization of the achievements of its research and development.
- Strengthen budget management and further reduce costs: By introducing market sensitive factors, the Group will improve its budget control, security and appraisal systems. Based on a three-year cost reduction program, the Group will further reduce materials consumption, energy consumption and procurement expenses, and control its expenditures to increase the Group's profit.

Guo Shengkun

Chairman, President and Chief Executive Officer

Beijing, PRC
April 14, 2003