



- Leveraging the favorable opportunities in domestic undersupply of alumina and integration of aluminum market, the Company will, on the one hand, focus on the construction of key projects including the 800,000-tonne alumina project in Shanxi Branch, the 700,000-tonne alumina project in Henan Branch and the 170,000-tonne series IV aluminum project in Guizhou Branch, which are all expected to be completed and put into operation by the end of 2005. On the other hand, the Company will actively identify aluminum enterprise target for acquisition or merger in the primary aluminum segment.
- Initiatives will be taken to establish new mechanism of acquiring mining rights. The Company will invest more in geological investigation to increase its bauxite reserve and improve its bauxite supply structure. At the same time, the Group will increase the investment in mines to enhance its production ability of self mining.
- We will closely monitor and study market dynamics to increase the accuracy of estimation, scientificness of decisions and response promptness. By fully applying the market rules, the Company will further optimize the management model of centralized marketing. At the same time, the capital budget will be improved to avoid market risks.
- By advocating clean production under a standard mass production model, the Company will undertake initiatives to implement and promote new technologies and innovative techniques. It will create an enterprise with an operating model based on efficiency. With the implementation of financial budget management and the focus on break-down of cost targets, the Group will carry out a cost objective management model to effectively control cost and lay a solid foundation for management fundamentals.
- The Group expects to further rationalize its management to improve operating efficiency. The Group is committed to forging a human-oriented and harmonious Chalco, paving the way for an international leading enterprise.

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, 2005 to June 30, 2005.