

## INTERIM DIVIDEND

The Board proposes an interim dividend of RMB0.188 per ordinary share in respect of the six months ended June 30, 2006, totaling RMB2,190,177,000, calculated on the basis of 11,649,876,153 shares as at June 30, 2006. The proposed interim dividend will be considered at the special general meeting of shareholders to be held on October 13, 2006. The interim dividend is expected to be distributed on or before October 31, 2006.

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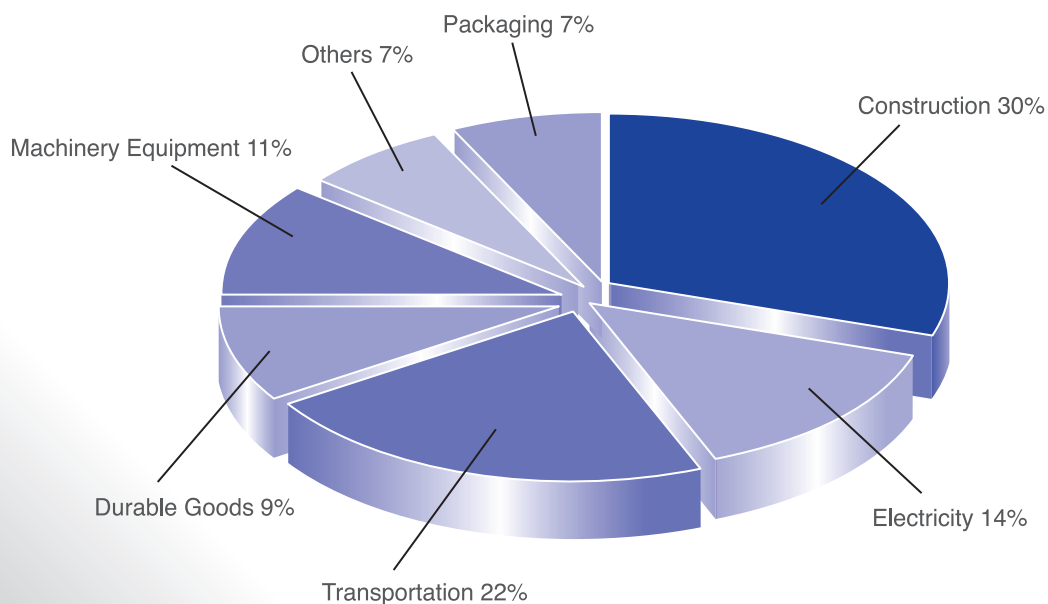
## MARKET REVIEW

### PRIMARY ALUMINUM

Both international and domestic aluminum markets saw an increase in the first half of 2006 as a result of investment by funds, increases in production cost and rising consumption demand. In May, the three-month aluminum futures price on the London Metals Exchange ("LME") reached US\$3,310 per tonne, whilst the aluminum spot price on the Shanghai Futures Exchange ("SHFE") rose to RMB23,800 per tonne, both reaching historical highs. However, since mid-May, aluminum prices experienced an adjustment as the impact of the rising US dollar and inflation led to decreases in prices of basic metals, oil and gold. At the end of June, the three-month aluminum futures prices on LME and SHFE fluctuated around US\$2,500 per tonne and RMB19,500 per tonne respectively. In the first half of 2006, the average three-month aluminum futures price on LME was US\$2,561 per tonne, representing an increase of 39.1% over the same period last year; the average price on SHFE was RMB20,773 per tonne, representing an increase of 24.9% from the same period last year.

The global production and consumption of primary aluminum remained steady for the first half of 2006, and amounted to 16,440,000 tonnes and 16,730,000 tonnes respectively, representing increases of 5.9 % and 7.4% respectively over the same period last year. As a result of rising aluminum prices, domestic production of primary aluminum increased by 17.5% to 4,290,000 tonnes over the same period last year, while the consumption of primary aluminum rose to 4,000,000 tonnes, representing an increase of 27.0% over the same period last year.

### CONSUMPTION STRUCTURE OF ALUMINUM PRODUCTS IN 2005



## ALUMINA

In the first quarter of 2006, alumina prices continued to increase. While the alumina FOB price in the international market reached a high of US\$630 per tonne, the spot retail price of imported alumina in China rose to RMB6,500 per tonne, both reaching historical new highs. Due to rapid growth of domestic-made alumina and reduced purchases from the international spot market, the international alumina spot price began to decline in the second quarter of 2006. At the end of June, the alumina FOB price in the international market dropped to US\$500 per tonne while the spot retail price of imported alumina in China fell to below RMB5,000 per tonne. In the first half of 2006, the average spot price of alumina of the Company was approximately RMB5,332 per tonne.

In the first half of 2006, global alumina production amounted to 32,970,000 tonnes with a consumption of 32,180,000 tonnes, representing year-on-year increases of 9.2% and 5.8% respectively. During the period, alumina supply increased due to the establishment of a number of domestic alumina enterprises that are not related to the Group. Notwithstanding the contribution of such new enterprises, demand continued to exceed supply by 32%. In the first half of 2006, China produced 5,950,000 tonnes of alumina, representing a year-on-year increase of 49%; the consumption of alumina amounted to 8,710,000 tonnes, representing a year-on-year increase of 14.3%. In the first half of 2006, China imported 3,330,000 tonnes of alumina, representing a year-on-year decrease of approximately 10%.

## BUSINESS REVIEW

In the first half of 2006, the Group closely monitored and studied market trends for market opportunities to expedite the Group's development. Effective measures were formulated to enhance safety, efficiency, quality and reduce unnecessary consumption. Staff members were unified and worked hard, focusing on management fundamentals and technological upgrades. As a result, in the first half of 2006, the Group recorded a new high in operating results and made great progress in the Group's development.

1. With comprehensive analysis on the production situation and in line with safe production and management, the Group carefully implemented its production plans with strengthened regulation, direction and management on production. For alumina, the Group took efforts to tap potentials for increases in production and efficiency. For aluminum, the Group captured favorable opportunities from market mergers and acquisitions, and took measures to save energy and reduce unnecessary consumption. Satisfactory results were achieved in production volume. During the first half of this year, the production volume of alumina amounted to 4,330,000 tonnes, representing an increase of 24.1% over the corresponding period last year. The production of alumina chemicals, namely alumina hydrate and multi-variety alumina, was 510,000 tonnes, representing an increase of 9.7% compared to the same period last year. The production of primary aluminum products amounted to 780,000 tonnes (inclusive of the 86,000 tonnes representing the total output of Lanzhou Aluminum Co., Limited ("Lanzhou Aluminum")), in which the Company holds a 28% stake), representing an increase of 67.8% over the corresponding period last year.