

INTERIM DIVIDEND

The Board of Directors of the Company proposed not to declare an interim dividend for the period from January 1, 2005 to June 30, 2005 (for the period from January 1, 2004 to June 30, 2004: Nil).

MARKET REVIEW

PRIMARY ALUMINUM

The first half of 2005 saw noticeable fluctuations in international primary aluminum prices. At the beginning of the year, the global economy enjoyed steady growth and the three-month aluminum futures price on the London Metals Exchange (the "LME") rose to a high of US\$2,016.5 per tonne, the highest level for the past decade, which was attributable to the drive from funds. Due to the PRC's increased export, rebound of the US dollar and sell-off by certain funds, the primary aluminum price once dropped to US\$1,680 per tonne, the lowest price since September 2004. In the first half of 2005, the average primary aluminum future price on the LME amounted to US\$1,842 per tonne, representing an increase of 10.0% over the same period last year. The price of domestic primary aluminum recorded slight increase along with fluctuations. The primary aluminum spot price on the Shanghai Futures Exchange (the "SHFE") gradually increased to RMB16,936 per tonne in June from RMB16,029 per tonne in January. Primary Aluminum prices sank into a weak pattern since June with the impact of uncertainties including the State's macro-control policies, high prices of energy and raw materials as well as the abolishment of preferential policies regarding alumina tolling transactions. The average primary aluminum spot price on the SHFE was RMB16,579 per tonne, representing a decrease of 1.6% from the same period last year.

The global production and consumption of primary aluminum for the first half of 2005, both maintaining steadiness, amounted to 15,400,000 tonnes and 15,750,000 tonnes respectively. Despite the high prices of alumina and the increased power tariff in China, domestic production of primary aluminum still increased relatively significantly by 16.6% to 3,650,000 tonnes over the same period last year, while the consumption of primary aluminum amounted to 3,150,000 tonnes, representing an increase of 4.7% over the same period last year.

Price Trend of the Three-Month Aluminum Futures Prices on LME and SHFE

