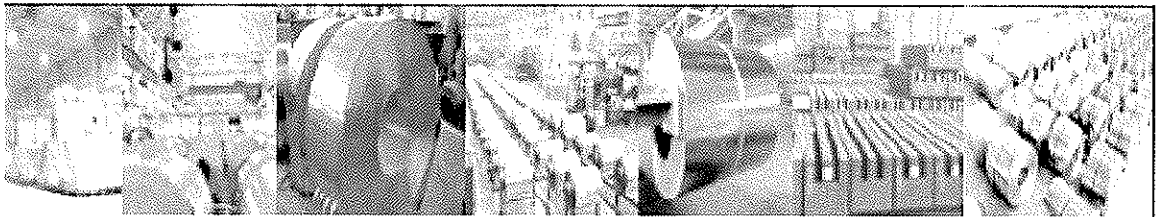




中国铝业公司
ALUMINUM CORPORATION OF CHINA

ALUMINUM CORPORATION OF CHINA (“CHINALCO”)



AN OVERVIEW

FEBRUARY 2009

Table of Contents

MESSAGE FROM CHINALCO'S PRESIDENT	3
COMPANY OVERVIEW	5
PRODUCTS AND SERVICES	8
OVERSEAS DEVELOPMENT	16
RESEARCH AND DEVELOPMENT	18
CORPORATE GOVERNANCE	19
SUSTAINABLE DEVELOPMENT	24



中国铝业公司
ALUMINUM CORPORATION OF CHINA

MESSAGE FROM CHINALCO'S PRESIDENT

I am very pleased to present an overview of CHINALCO's business, its recent successes, its solid fundamentals and the competitive strengths which will allow it to achieve a leading position in the industry and become a leading global diversified resources company.

CHINALCO is an industry leader in processing nonferrous minerals. It conducts exploration and mining of minerals and provides engineering and technical services to the mining industry. Headquartered in Beijing, CHINALCO and its subsidiaries have operations across 22 provinces in China and 15 overseas offices across 10 countries.

Our vision is to establish a leading global diversified resources company through developing our domestic operations, expanding our international operations and broadening our product portfolio. We are working to enhance the international competitiveness of our domestic operations through investment in research and development, deployment of cutting-edge technology, and capitalising on the competitive advantages being a leading operator in China, the top consumer of most major commodities. We are accelerating our program of international investment and have recently extended our operations to a number of locations including Australia (via the development of the Aurukun Project by Aluminum Corporation of China Limited ("CHALCO")) and Peru as well as a proposed development in Saudi Arabia. We have also successfully expanded our business from aluminum to copper and other metals.

Performance

In 2007, CHINALCO's management and employees delivered another year of very strong performance. By the end of 2007, CHINALCO was, globally, the second largest alumina producer, the third largest primary aluminum producer and the fifth largest aluminum fabricator. In the first half of 2008, CHINALCO generated revenue of RMB70.4 billion (US\$10.3 billion)* and gross profits of RMB11.8 billion (US\$1.7 billion), with total assets of RMB377.7 billion (US\$55.2 billion). In 2008, CHINALCO became a Fortune Global 500 company.

Social and Environmental Responsibility

We are committed to ensuring our operations respect the health and safety of all employees, the welfare of the communities associated with our operations, and that we minimise the environmental impact of those operations.

We contribute to sustainable development through the implementation of stringent environmental protection policies and the reduction of pollution levels, including greenhouse gas emissions, from our facilities. We recycle by-products where

* 6.8367 as exchange rate of USD/RMB, and 1.5327 as exchange rate of USD/AUD in this document, wherever applicable.

possible, and always strive to have industry-leading sustainability practices. Wherever we operate we seek to conduct our business with integrity, harmony and fairness. We comply with the relevant laws and regulations, provide employment opportunities to the local communities and ensure fair treatment of our employees. We have operations located in 22 regions across mainland China. Each of these operations contributes significantly to local economic development and is an active participant in improving the welfare of the communities in which we operate.

Outlook and Prospects

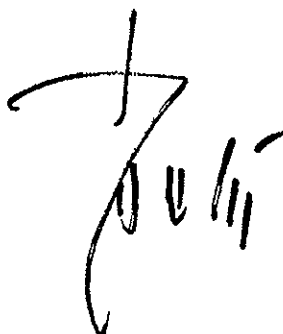
Our confidence in the long-term development of China's economy as well as the emergence of strong demand for commodity products in China has led us to pursue an aggressive growth strategy since CHINALCO's establishment in 2001. This strategy has positioned CHINALCO as one of China's leading diversified resources companies, with strong market positions in aluminum and copper, while expanding its business to a robust portfolio of other metals, such as titanium.

As a result of the current global economic downturn, demand for commodities has decreased, and commodities prices have dropped. CHINALCO has been impacted by these market events as well.

However, I remain very confident in the long-term prospects of the industry as well as the company. CHINALCO has consistently delivered superior outcomes for its customers, suppliers, employees and communities. We are continuously exploring growth opportunities to further enhance our position in the global metals industry. We look forward to working together with partners in the commercial and financial sectors to develop into a leading global resources company.



Mr. Xiao
CHINALCO's President

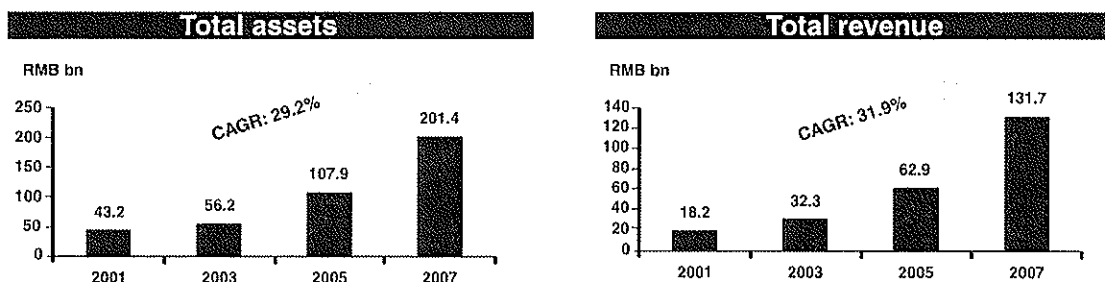
A handwritten signature in black ink, appearing to be the name 'Xiao' in a stylized, cursive script.

COMPANY OVERVIEW

A World-leading Resources Company

CHINALCO is one of the largest diversified metals and mining companies in China and is engaged in exploring, mining and processing various mineral resources including bauxite, copper and other metals. CHINALCO is the largest domestic Chinese producer of aluminum, and the third largest domestic Chinese producer of copper. It also produces other metals and most of these metals' fabricated products. CHINALCO is also one of the world's leading alumina and primary aluminum producers. CHINALCO's assets are primarily located in China, with other assets, operations and investments located around the world.

CHINALCO has 34 directly owned or controlled subsidiaries, and approximately 200,000 employees. Since its establishment in 2001, it has maintained excellent financial performance. Between 2001 and 2007, CHINALCO's assets increased by a factor of approximately 4.7, representing a compound annual growth rate of approximately 29%. Over the same period, its total revenue increased by a factor of approximately 7.2, representing a compound annual growth rate of approximately 39%.



CHALCO, a subsidiary of CHINALCO (38.56% owned), is listed in New York, Hong Kong and Shanghai, and, as of the date of this document, has a BBB+ credit rating from Standard & Poor's. CHINALCO also indirectly owns 26.61% of Yunnan Copper Co. Ltd, a Shenzhen-listed company.

CHINALCO maintains an ongoing global expansion strategy, and has made significant steps towards its goal of being a leading globally-diversified mining company. Its key overseas projects include the Toromocho copper mine in Peru and an interest in the Aurukun Project (bauxite mine/refinery project) in Australia through CHINALCO's 38.56% interest in CHALCO. CHINALCO also expects to be involved in the construction of a primary aluminum plant in Saudi Arabia (via CHALCO). In February 2008, CHINALCO and Alcoa Inc. ("Alcoa") jointly acquired a stake of approximately 12% in Rio Tinto plc, the UK listed arm of the Rio Tinto group (the world's third largest mining company) to become its largest shareholder. CHINALCO is also exploring business opportunities in other countries including Russia, Vietnam, Mongolia, Guinea, Indonesia and India.

Origins of the Company

CHINALCO was established in 2001 when twelve Chinese aluminum companies were consolidated into CHINALCO. In 2001 CHINALCO also formed CHALCO, to which CHINALCO transferred the majority of its alumina and primary aluminum production operations, research activities, mining operations and mining rights for its bauxite mines, as well as other related assets and liabilities. CHALCO was listed on the New York and Hong Kong stock exchanges in 2001, and the Shanghai stock exchange in 2007. CHINALCO continues to hold 38.56% of the issued share capital of CHALCO.

In 2003, CHINALCO established China Aluminum International Engineering Co. Ltd (“CHALIECO”). CHALIECO’s major assets include the Guiyang Aluminum & Magnesium Engineering & Research Institute and the Shenyang Aluminum & Magnesium Engineering & Design Institute, which were previously wholly-owned subsidiaries of CHINALCO. CHALIECO provides engineering design and contracting services to the metals industry. CHINALCO continues to hold 95% of the issued share capital of CHALIECO.

In 2006, CHINALCO, together with Fushun Aluminum Plant, established a joint venture, Fushun Titanium Co Ltd, in which CHINALCO has a 70% interest.

In 2007, CHINALCO acquired 49% of Yunnan Copper Ltd (Group), the third largest producer of copper in China, significantly expanding the scale of its copper business.

After seven years of rapid development, restructuring and acquisitions, CHINALCO has established a diversified metals business in domestic and global capital markets.

Corporate Strategy

CHINALCO focuses on minerals and plans to expand vertically along the supply chain of exploring, mining and processing such minerals.

CHINALCO’s goal is to become the world-leading aluminum producer. It seeks to secure its supply of bauxite and alumina through international partnerships and through the development of its own mines. Moreover, CHINALCO intends to realise value through capitalising on consolidation opportunities to become more competitive in price negotiation. To strengthen its long-term competitive advantage, CHINALCO will continue to invest in research and development of high value-added aluminum products.

To become a leading diversified resources company, CHINALCO actively seeks to expand its businesses in copper, titanium and other metals.

CHINALCO will continue to take advantage of the low cost of operating in China through its domestic exploration, infrastructure and operation activities. With its operations outside China, CHINALCO intends to continue to utilise its intensive marketing and distribution networks in China, and increasingly, use its growing global network to develop.

Management

CHINALCO is a Chinese state-owned enterprise (“SOE”), however, Chinese law ensures that a separation exists between the ownership interests in an SOE and its assets and the management of the commercial operations of the enterprise.

CHINALCO’s management team is led by Mr Xiao Yaqing, President of CHINALCO, who works with the other seven senior members of the Executive Committee to formulate strategy and manage day-to-day operations.

A Supervisory Committee oversees and reviews the performance of the President and the Executive Committee, as well as the company’s operational and financial performance.

The President, Executive Committee and Supervisory Committee are appointed by various bodies, including the State Council, the State Assets Supervision and Administration Commission (“SASAC”) and CHINALCO employees.

Please refer to section VI for further information on the management of CHINALCO.

PRODUCTS AND SERVICES

CHINALCO is China's largest producer of nonferrous metals and related fabricated products. It is also a producer of chemicals required for nonferrous metallurgy.

Its businesses include leading engineering design and research institutes specialising in ore mining and dressing, refining, smelting and fabrication of metals.

CHINALCO offers customers high-quality products and services at competitive prices. It generates significant value through ongoing investment in research and development, implementation of cost saving measures and vertical integration across its operations.

CHINALCO's four business units reflecting its principal product categories are:

- **Alumina and Aluminum**
- **Copper**
- **Other Metals**
- **Engineering Design and Technical Services**

Details of these business units are set out below.

Alumina and Aluminum

CHINALCO is the largest alumina and primary aluminum producer in China, one of the fastest growing major aluminum markets in the world.

CHINALCO also has a significant presence in the global aluminum business. As of the end of 2007, CHINALCO was the second largest producer of alumina worldwide, as well as the third largest producer of aluminum.

To achieve higher margins, CHINALCO continues to work to vertically expand its operations in the production of fabricated aluminum. Over the past seven years, CHINALCO's production has grown rapidly. Since 2001, CHINALCO's production of:

- **alumina has more than doubled at an annual growth rate of approximately 15%;**
- **primary aluminum has increased by a factor of approximately 5, at an annual growth rate of nearly 31%**
- **fabricated aluminum has increased to nearly 800,000 tonnes from an initial 10,000 tonnes.**

In 2007, CHINALCO produced:

- **nearly 4.8 million tonnes of bauxite**
- **nearly 10.5 million tonnes of alumina**
- **nearly 3.6 million tonnes of primary aluminum**
- **nearly 800,000 tonnes of fabricated aluminum products**

Operations

The majority of CHINALCO's high quality bauxite, alumina, primary aluminum and fabricated aluminum businesses are located in mainland China. However, CHINALCO is committed to expanding its mining and processing businesses internationally and on a global scale.

CHINALCO's Alumina and Aluminum Business Unit is divided into three principal business segments according to steps in the aluminum production process: Bauxite and Alumina, Primary Aluminum, and Fabricated Aluminum. Alumina is chemically refined from bauxite and is the key raw material for producing primary aluminum, which in turn is the key raw material in aluminum fabrication.

In addition, CHINALCO produces and sells a comparatively small amount of alumina chemical products, including alumina hydrate and alumina-based industrial chemical products, as well as carbon products (including carbon anodes and cathodes) and gallium.

Bauxite and Alumina

CHINALCO's refineries are located in most cases close to abundant bauxite reserves in order to reduce transportation costs. CHINALCO's bauxite supply is procured principally from three sources: (1) self-owned bauxite mining operations; (2) jointly operated mines; and (3) purchases from other suppliers, which principally include small independent mines in China and, to a lesser extent, imports. CHINALCO is not dependent on any single supplier or small group of suppliers for its bauxite requirements. CHINALCO is focused on exploring new bauxite reserves and streamlining its bauxite procurement system to support the growth of its alumina production. For example, CHALCO has invested in Australia's Aurukun Project which is intended to be developed into a bauxite mining and processing facility to produce alumina.

Primary Aluminum

Primary aluminum ingots are the major product in this business unit. CHINALCO's standard ingots are 20-kilogram remelt ingots used for general aluminum fabrication predominately by the automotive, construction, power and consumer goods industries.

CHINALCO also produces a number of higher-end primary aluminum products for certain special industrial applications.

CHALCO, together with Malaysia Mining Company (MMC) and Saudi Arabian Binladin Group (SBG), has entered into a Cooperation Framework Agreement to jointly construct a primary aluminum smelter with an annual capacity of 1 million tonnes in Saudi Arabia. This smelter will have low production costs as it will be able to use low-cost local heavy crude for electricity generation.

Fabricated Aluminum

CHINALCO continues to expand capacity in this high-end segment of its business through the development of its existing infrastructure and fabrication processes, as well as acquisitions of complementary businesses. CHINALCO's key fabricated aluminum products include high precision aluminum plates and belts and aluminum alloys used primarily by the aviation and aerospace, consumer goods and automotive industries. In 2007, most of CHINALCO's fabricated aluminum outputs were supplied to customers in China.

Energy

Access to secure competitively priced electricity is vital in the aluminum industry. In China, CHINALCO owns and operates power plants which generated approximately 11,000 GWh in 2008. To the extent that the electricity generated by these plants is insufficient to meet CHINALCO's needs, CHINALCO purchases the

shortfall from regional power grids pursuant to power supply agreements at tariffs mandated by the local authorities.

Since its founding in 2001, CHINALCO has pursued a strategy of continual improvement and as a result has reduced energy consumption in its refining, smelting and production facilities, through the introduction of energy-saving technology and streamlining production workflow.

Copper

China's rapid economic development and industrialisation has led to increased demand for copper. To take advantage of this, CHINALCO has expanded its copper business through acquisitions to secure copper ore supplies, increasing geographic diversification and achieving vertical integration in the extraction, processing and fabrication of copper products.

In 2007, CHINALCO acquired 49% of Yunnan Copper Ltd (Group), the third largest producer of copper in China, for RMB 9.5 billion (US\$1.4 billion), significantly increasing its copper smelting production capacity.

In the same year, CHINALCO successfully acquired 100% of Peru Copper Inc (listed in Canada, the US and Peru prior to CHINALCO's acquisition) for approximately US\$860 million and in doing so obtained development rights to the Toromocho mining project in Peru. The resource of copper metal in the Toromocho mining project is estimated to be over 12 million tonnes. The acquisition of the rights to the Toromocho project has secured significant future copper ore supplies for CHINALCO. This acquisition has also provided it with a major competitive advantage over other Chinese copper smelters as it will help alleviate the bottleneck that exists in the supply of copper ore in China.

In addition, CHINALCO has acquired 80.99% of Luoyang Copper Co Ltd and 66.67% of CHINALCO Daye Copper Plate & Strip Co. Ltd to strengthen its downstream fabrication business. These acquisitions, together with CHINALCO's acquisition of 44.14% of Shanghai Copper Co Ltd, form the key operating entities within CHINALCO's Copper Business Unit.

In 2007, CHINALCO produced approximately 135,000 tonnes of copper concentrate, approximately 464,000 tonnes of copper cathode and approximately 255,000 tonnes of fabricated copper products.

CHINALCO's Copper Business Unit also produces gold and silver which are valuable co-products of copper extraction.

Corporate strategy and competitive advantages

To further expand the Copper Business Unit, CHINALCO is focused on:

- **Vertical Integration**
- **Economies of Scale**
- **Technology leadership**

Vertical Integration

CHINALCO has established vertical production capacities from upstream copper mining to processing and downstream fabricated products to realise integration synergies in its Copper Business Unit. The acquisition of Peru Copper Inc, which will secure the supply of copper ore to CHINALCO's smelters, underpins CHINALCO's vertical integration strategy.

Economies of Scale

CHINALCO believes that economies of scale are the key competitive advantage to succeed in the copper industry. CHINALCO aims to expand its copper operations through global partnerships and industry consolidation. In terms of copper ore supply, CHINALCO now owns the development rights to Toromocho copper mine, which, in CHINALCO's view, is one of the highest quality undeveloped copper mines in the world. CHINALCO expects to invest US\$2.15 billion in Toromocho and expects to achieve an initial planned annual capacity of copper metal of 250,000 tonnes. In addition, CHINALCO's strategic investment in Yunnan Copper Ltd has expanded its copper smelting capacity.

Technology Leadership

CHINALCO seeks to differentiate itself in the copper industry as a leader in technology. CHINALCO's copper smelting furnaces have been built with cutting-edge ISA smelting technology. Luoyang Copper Co Ltd, a subsidiary of CHINALCO, utilises sophisticated copper processing equipment in its copper smelters. Luoyang Copper Co Ltd also owns a research centre which undertakes research and development in copper smelting technologies. The Luoyang Nonferrous Metals Fabrication Design & Research Institute, another subsidiary of CHINALCO, is a leading engineering design and technical services institute in downstream nonferrous metals fabrication in China.

Other Metals

To become a leading diversified resources company, CHINALCO has been expanding its metal product portfolio. CHINALCO is currently expanding its product offering to include sponge titanium and titanium alloys.

In 2006, CHINALCO established Fushun Titanium Co Ltd, a joint venture with Fushun Aluminum Plant. CHINALCO owns a 70% share of this joint venture. Most of the operating assets of the joint venture were transferred from Fushun Titanium Plant, a subsidiary of Fushun Aluminum Plant. The production facilities of the joint venture are operated under ISO9001:2000. Fushun Titanium Co Ltd produces high-quality sponge titanium, which conforms to or exceeds many industry standards such as ASTM International in the U.S. and Japanese Industrial Standards.

In 2008, CHINALCO established Heilongjiang Jiatai Titanium Co Ltd, a joint venture with Aricom plc (a U.K. listed company with operations in Russia). Under the terms of the joint venture, Aricom plc will secure the supply of ilmenite ore for the joint venture, while CHINALCO will exclusively own the sales rights to the sponge titanium produced by the joint venture. It is intended that the joint venture will develop and operate a sponge titanium plant in China with a planned total annual capacity of 15,000 tonnes by stage 1. Beyond stage 1, the joint venture parties may pursue an increase in capacity of the plant to 30,000 tonnes per annum, depending on future demand (stage 2). CHINALCO currently has a 35% interest in the joint venture. If the project progresses to stage 2, CHINALCO will have the option to increase its interest in the joint venture to become a controlling shareholder upon completion of that stage.

In 2007, CHINALCO produced 5,052 tonnes of sponge titanium. With increased capacity from its joint ventures, CHINALCO expects to be a leading titanium producer in the Chinese market in the near future. Moreover, as China plans to produce large commercial aircraft domestically by 2020, Chinese demand for titanium alloys and sponge titanium is expected to increase dramatically. CHINALCO expects to be a major supplier of aluminum alloys and titanium alloys to the Chinese aircraft industry.

Engineering Design and Technical Services

CHINALCO also provides world-class engineering and technical services from mining and smelting to fabricating in the metals industry. CHALIECO is CHINALCO's leading entity in this business.

CHALIECO was established in 2003 and was created from major entities including the Guiyang Aluminum Magnesium Design & Research Institute and the Shenyang Aluminum Magnesium Design & Research Institute. As a leading engineering design and contracting company in China, CHALIECO provides engineering design services to many of China's alumina and aluminum projects and the magnesium, titanium sponge and metal silicon plants. In total, CHALIECO has designed over 15 alumina refineries and over 100 aluminum smelters. CHALIECO has also designed a lead-zinc concentrator with a capacity of 5,500 tonnes per day as well as the largest Chinese electrolytic lead plant with an annual capacity of 100,000 tonnes.

Services

CHALIECO provides the following services to the minerals mining and processing industries:

- **Engineering Procurement Construction (EPC)**
- **Engineering design**
- **Technical consulting**
- **Equipment and materials procurement**
- **Construction management**
- **Project supervision**
- **Mining design and construction**

Select Engineering Design and General Contracting Projects

CHALIECO has provided services for the South Aluminum Smelter in Iran and the following high profile projects in China:

- **Huanyin 1.6Mt/y Alumina Refinery Project**
- **Technical Retrofitting Project of Lanzhou Aluminum Smelter**
- **Captive Thermal Power Plant of Henan Branch, CHALCO**
- **Phase 3 Refinery of Guangxi Branch, CHALCO**
- **Chongqing 800Kt/y Alumina Refinery Project of CHALCO**
- **Zunyi 800Kt/y Alumina Refinery Project of CHALCO**
- **Expansion Project of Fushun Aluminum Smelter**
- **Alumina Expansion Project of Zhongzhou Branch, CHALCO**
- **Technical Retrofitting Project of Zunyi Aluminum Smelter**
- **Indian Aluminum Smelter Project of Bharat Aluminium Company Ltd.**
- **Indian Aluminum Smelter Project of Vedanta Aluminium Ltd.**
- **Indian Alumina Refinery Project of Vedanta Aluminium Ltd.**
- **Vietnam Alumina Refinery Project of Vietnam National Coal-Mineral Industries Group**

OVERSEAS DEVELOPMENT

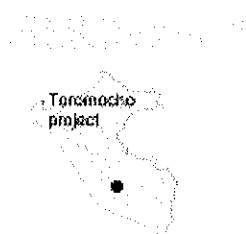
CHINALCO pursues a global expansion strategy through partnering and investing in the development of overseas metals projects in regions rich in natural resources and with secure and ample energy supplies. Some of its major recent overseas investments include the acquisition of Peru Copper Inc., the acquisition by CHALCO of the bauxite exploration license to study the development of the Aurukun mine and associated alumina refinery in Australia and the formation of a joint-venture to build an aluminum plant with an annual capacity of 1 million tonnes in Saudi Arabia. CHINALCO believes that these investments establish CHINALCO as a leading Chinese company in development of mineral resources outside China.

In February 2008, CHINALCO, in partnership with Alcoa, purchased a stake of approximately 12% in Rio Tinto plc, the UK listed arm of the Rio Tinto group (the world's third largest mining company) for a total consideration of approximately US\$14 billion. To date, this is the largest overseas investment that has been made by a Chinese company. The strategy for this acquisition was threefold:

1. CHINALCO is confident in the long-term prospects of the mining cycle. This transaction increased and diversified the range of CHINALCO's exposure to the resources sector.
2. Rio Tinto is a well managed company with a long history of leading the mining industry, and is well placed to prosper throughout the mining cycle – CHINALCO expects to earn an appropriate financial return in the long term.
3. CHINALCO is better positioned to participate in the reshaping of the industry landscape.

Milestone Overseas Projects

Peru Toromocho Copper Mining Project



Quick facts:

Major business: Copper mining
 Estimated future Capex: US\$2.15 billion
 Estimated reserve of copper metal: 7.3 million tonnes
 Estimated planned capacity of copper metal: 250,000 tonnes per annum

In 2007, CHINALCO acquired 100% of Peru Copper Inc. (listed in Canada, the US and Peru prior to CHINALCO's acquisition) for US\$860 million. Peru Copper Inc. owns the development rights to the Toromocho copper mining project in Peru. CHINALCO believes that Toromocho is one of the highest quality undeveloped copper projects in the world, taking into account factors such as its significant reserve, low stripping ratio, long life and infrastructure support. Its estimated

reserve of copper is over 7.3 million tonnes and estimated resource is over 12 million tonnes, significantly increasing CHINALCO's copper reserve for future production. CHINALCO expects to invest US\$2.15 billion in the project to achieve a planned capacity of copper metal of 250,000 tonnes per annum by 2012.

This project represents an important step in CHINALCO's strategic expansion outside China. CHINALCO expects to utilise its financial and technical strengths to develop the Toromocho Project.

Australia Aurukun Bauxite Project



Quick facts:

Major business: Bauxite mining and alumina refinery
Estimate future Capex: approximately AU\$3 billion (US\$2 billion)
Estimated reserves: 420 million tonnes
Estimated planned capacity (bauxite mining): initial 6.4 million beneficiated tonnes per annum
Estimated planned capacity (alumina refinery): 2.1 million tonnes per annum

Australia is a key area of investment for CHINALCO and CHALCO. The Aurukun Project in Cape York, Queensland, is intended to develop a bauxite mine with an initial annual capacity of 6.4 million beneficiated tonnes, and construct bauxite loading facilities, and potentially an alumina refinery with an annual capacity of 2.1 million tonnes.

In March 2007, CHALCO and the State Government of Queensland entered into the Aurukun Project Development Agreement. CHALCO also entered into a Land Use Agreement with the indigenous people with respect to the Aurukun Project. The Queensland Government has since officially issued the Aurukun bauxite exploration permit to CHALCO via its Australian subsidiary, CHALCO AUSTRALIA.

CHALCO commenced a feasibility study in the fourth quarter of 2007, and a principal contractor for the Aurukun Project was selected through a bidding process. CHALCO expects to complete the feasibility study in the first half of 2009, and to get approval from the Queensland Government with respect to the related Environmental Evaluation Statement.

RESEARCH AND DEVELOPMENT

CHINALCO's research and development efforts have facilitated the expansion of its production capacity and reduced unit production costs. CHINALCO has successfully commercialised various research and development initiatives. Since its inception, CHINALCO has invested millions of dollar in R&D (nearly RMB2.5 billion (US\$366 million) in 2007) and applied for 3,411 patents (1,411 of which have been granted to date), including some critical technologies for refining and smelting processes for aluminum, copper, magnesium and titanium. CHINALCO is well respected throughout the mining industry for its industry-leading technologies and continuous efforts to improve upon operational practices through the use of technology.

Two of CHINALCO's most successful self-developed technologies and processes are the Ore-dressing Bayer Process and the 400kA High-amperage Electrolytic Aluminum Cell. CHINALCO's patented aluminum alloys and titanium alloys have been selected as key materials for use in the production of a number of products including Long March rockets, Shenzhou Spacecraft and the Chang'e-1 Satellite.

CORPORATE GOVERNANCE

CHINALCO's Executive Committee is committed to high standards of corporate governance as an essential element in fulfilling their corporate objectives.

CHINALCO is a Chinese state-owned enterprise, however, Chinese law provides for the separation of the ownership of CHINALCO and its assets from the management of its commercial operations.

The State Council, the highest executive body of the Chinese state, exercises ownership rights over CHINALCO and China's other state owned enterprises. Most of these ownership rights and duties have been delegated to SASAC, a body which reports directly to the State Council.

CHINALCO is managed at the highest level by the President of CHINALCO, an Executive Committee and a Supervisory Committee with an internal management structure. The management group is structured around CHINALCO's principal products and their related business units.

President & Executive Committee

Mr Xiao, appointed President of CHINALCO by the State Council in 2004, is, with the assistance of the other members of the Executive Committee, responsible for setting and implementing CHINALCO's corporate strategy and the operational management of CHINALCO.

The Executive Committee consists of the President and seven senior managers.

The members of the Executive Committee are as follows:

President & Secretary-General of the Executive Committee



Xiao Yaqing

Appointment

Appointed to the role of President and Secretary-General of the Executive Committee in April 2004.

Skills and experience

Mr Xiao is also Chairman and Chief Executive Officer of CHALCO, and Chairman of CHALCO's Remuneration and Nomination Committee. Mr Xiao has an undergraduate degree from the Central South University of Industry in China, majoring in pressure processing, and he was also awarded a doctorate degree in Metallic Materials by the same university. Mr Xiao has more than 20 years of experience in metallic materials and enterprise management. Prior to his

appointment as President of CHINALCO, Mr Xiao served as CHINALCO's Vice President. During his career Mr Xiao has held various engineering and management positions at the Northeast Light Alloy Fabrication Plant and was general manager of Northeast Light Alloy Corporation Limited. He has also been Factory Manager of Southwest Aluminum Fabrication Plant, and Chairman and President of Southwest Aluminum (Group) Co. Ltd. Mr Xiao served as an Alternate Member to the 17th National Congress of the Communist Party of China (the "Party") in 2007.

Executive Committee Member



Luo Jianchuan

Appointment

Appointed to the role of Executive Committee Member in October 2003.

Skills and experience

Mr Luo is also currently President of CHALCO. Mr Luo has an undergraduate degree from Kunming University of Science and Technology, majoring in mining, and he also has a doctorate degree in Natural Resources and Environmental Economics from the Central South University in China. He has more than 20 years' experience in nonferrous metals trading. He served as an engineer with the Lead and Zinc Bureau of China Nonferrous Metals Industry Corporation and has been: Manager of Haikou Nanxin Industry & Commerce Corporation; Assistant to the General Manager of Jinpeng Mining Development Corporation; Vice President of Beijing Xinquan Tech-trading Corporation; Assistant to the President of China Nonferrous Metals Industry Trading Group Corporation; Deputy Chief of the Trading Division of China Copper, Lead & Zinc Group Corporation; General Manager of China Aluminum International Trading Corporation Limited; and General Manager of the Operations and Sales Division of CHALCO.

Vice President & Executive Committee Member



Lu Youqing

Appointment

Appointed to the role of Vice President and Executive Committee Member in December 2003.

Skills and experience

Mr Lu has a doctorate degree in Economic Management from Sichuan University and he has extensive management experience. He has held the following positions:

Vice Mayor, Nanchong, Sichuan Province (August 1997 to February 2001); Member of the Standing Committee of the Party and Vice Mayor, Luzhou City, Sichuan Province (February 2001 to February 2003); and Member of the Standing Committee of the Party and Deputy Secretary of the Party, Luzhou City, Sichuan Province (February 2003 to December 2003).

Vice President & Executive Committee Member



Ao Hong

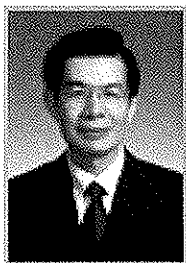
Appointment

Appointed to the role of Vice President and Executive Committee Member in October 2005.

Skills and experience

Mr Ao has an undergraduate degree from Kunming University of Science and Technology, where he specialized in Metallurgy and also has a master's degree in Management from the Central South University of Industry in China. He has extensive experience in nonferrous metals research and corporate management. Mr Ao has formerly served as Head of General Office, Deputy Secretary, Secretary of the Party and Vice President of Beijing General Research Institute for Nonferrous Metals, and as Chairman of the following companies: GRINM Semiconductor Materials Co. Ltd; Guorui Electronic Materials Co. Ltd; Beijing Guojing Infrared Optical Technology Co. Ltd; and Guo Jing Micro-electronic Holding Company Ltd in Hong Kong.

Vice President & Executive Committee Member



Liu Caiming

Appointment

Appointed to the role of Vice President and Executive Committee Member in January 2007.

Skills and experience

Mr Liu graduated from Fudan University with a major in political economy and he also has a doctorate degree. He has extensive management experience, having held the following positions throughout his career: Deputy Director-General of Finance Department, Yunnan Province (September 2002 to February 2004); and Assistant to Governor of Yunnan Province, Director & Party Secretary of SASAC of Yunnan Province (February 2005 to January 2007). Mr Liu was also the Vice President of China Nonferrous Metals Mining Construction (Group) Co. Ltd.

Vice President & Executive Committee Member



Zhang Chengzhong

Appointment

Appointed to the role of Vice President and Executive Committee Member in February 2007.

Skills and experience

Mr Zhang has a doctorate degree in Nonferrous Metallurgy from North East University. He also has extensive management experience. Positions held include: Manager of Shanxi Aluminum Factory (July 1997 to August 2001); Vice President, CHALCO (August 2001 to May 2007); Director, Guangxi Huayin Aluminum Co. Ltd (February 2003 to present); Chairman, China Aluminum International Engineering Corporation Ltd (November 2005 to present); Vice Chairman, Guangxi Huayin Aluminum Co. Ltd (September 2006 to present); and Director of CHALCO (October 2006 to May 2007).

Vice President & Executive Committee Member



Ren Xudong

Appointment

Appointed to the role of Vice President and Executive Committee Member in February 2007.

Skills and experience

Mr Ren has a degree in Computer Applications from Beijing Radio and Television University. He also has extensive management experience. He has held the following previous positions: Deputy Managing Director, China Nonferrous Metals Holding Co. Ltd (HK) (March 2000 to May 2003); Vice President and President of Sino Mining International Co. Ltd (May 2003 to May 2004); and Assistant to the President, China Minmetals Corporation (May 2004 to November 2005).

Executive Committee Member



Zhao Zhao

Appointment

Appointed to the role of Executive Committee Member in September 2008

Skills and experience

Mr Zhao graduated from Nanjing Institute of Industry, majoring in road engineering. He also has extensive management experience and has held the following positions: Assistant Editor of the Publishing House of People's Communications, the Ministry of Communications; Full-Time Deputy Secretary of Ministerial Departments Communist Party Youth League Commission of the Ministry of Communications; Director of Information Department of State Departments Communist Party Youth League Commission of Central Government; Director, Deputy Secretary of General Office of State Departments Communist Party Youth League Working Committee of Central Government; Deputy Director of People's Affairs Department of Central SOEs Working Committee; Deputy Director of People's Affairs Bureau of SASAC, State Council; and Secretary of Communist Party Youth League Working Committee of Central SOEs.

Supervisory Committee

The performance of the President and other members of the Executive Committee, as well as the company's operational and financial performance, are subject to oversight by the Supervisory Committee.

The Supervisory Committee oversees and reports to SASAC on: CHINALCO's regulatory compliance; financial records and reports; operating efficiency, profit allocation, valuation and management of assets; conduct and ethics; management team and their performance. It also makes recommendations on appointments, dismissals, remuneration and other incentives.

SUSTAINABLE DEVELOPMENT

CHINALCO is committed to sustainable development. It is CHINALCO's goal to create sustainable value for shareholders, employees, contractors, suppliers, customers, business partners and host communities whilst striving to become a leading global resources company.

CHINALCO's approach to sustainable development focuses on five key areas:

- Corporate Citizenship and Governance;
- Resourcing for the Future;
- Environmental Protection;
- Social and Economic Responsibility; and
- Health & Safety.

CHINALCO is operated in accordance with the International Organization for Standardization standard on Quality Management Systems - Requirements ISO 9001:2000.

Corporate Citizenship and Governance

CHINALCO always strives for transparency and accountability in its corporate governance. CHINALCO's governance structure is well suited to deliver value to stakeholders while managing the complex workings of an inter-continental enterprise working across various metal groups. The observation of local regulations and responsibilities are one of CHINALCO's primary goals as it continues its progress to conform to or exceed industry best practices.

Resourcing for the Future

Natural resources are limited and it is crucial that governments and corporations take a long-term approach to sustainable practices. CHINALCO works closely with local governments to develop resource sustainability plans and to operate within the guidelines set by management. CHINALCO's global expertise allows it to help local authorities formulate plans to ensure that their resources remain abundant for future generations and that they do not over-extract in the short-term.

Environmental Protection

Mining has historically been an industry that takes a heavy toll on the environment. CHINALCO is motivated to mitigate the environmental impact of its mining and related operations and to preserve the ecosystems in which it operates. CHINALCO's technological abilities and expertise have also allowed it to adapt its mining and smelting operations to be exemplary examples of sustainable practices.

Many of CHINALCO's operations are energy intensive, and CHINALCO has

developed an energy management system that significantly reduces its production needs. Compared to energy consumption levels in 2006, CHINALCO reduced its energy consumption by an amount equivalent to 590,000 tonnes of standard coal in 2007 and reduced emission of sulfur dioxide by approximately 5.3% and waste dust by approximately 14.2%.

Additionally, CHINALCO has aggressively promoted a “zero emission of waste water” project, and in 2007, over 80% of its alumina refineries realized the “zero emission” target, representing a reduction of almost 40 million tonnes of emissions. This project, coupled with CHINALCO’s extensive recycling and reusing program, has significantly lowered the impact of its operations on the environment.

Finally, when CHINALCO closes a mine, it makes an effort to ensure that its impact is not permanent. At Guangxi, CHINALCO has implemented a biological land rehabilitation project to enable the sites of former mines to be suitable for agricultural harvest. Through its leading rehabilitation practices and technology, CHINALCO has achieved rehabilitation in post-mining areas.

Social and Economic Responsibility

At CHINALCO, the respect for human dignity and diversity is central to all operations. CHINALCO seeks to contribute to sustainable development and to be an outstanding corporate citizen. Wherever CHINALCO operates, it conducts its business with integrity, harmony and fairness by complying with the relevant laws and regulations and employing local people and ensuring fair treatment for its workforce.

CHINALCO works closely with local communities and participates in various social activities, realising its mission “to serve the host country, to reward stakeholders, and to benefit staff and all of the society”. In recent years, CHINALCO has donated over RMB100 million to improve education and living conditions for residents in disaster-stricken areas and poverty areas. CHINALCO’s member enterprises across 22 regions in China, are significant contributors to local economic development, as well as active participants in improving community welfare. In regions such as Pingguo County (formerly a poverty-stricken region), CHINALCO’s subsidiary, Pingguo Aluminium Company, has implemented an economic development program to help increase the province’s income nearly 40 fold from 1993 to 2007, making it financially one of the strongest provinces in Western China.

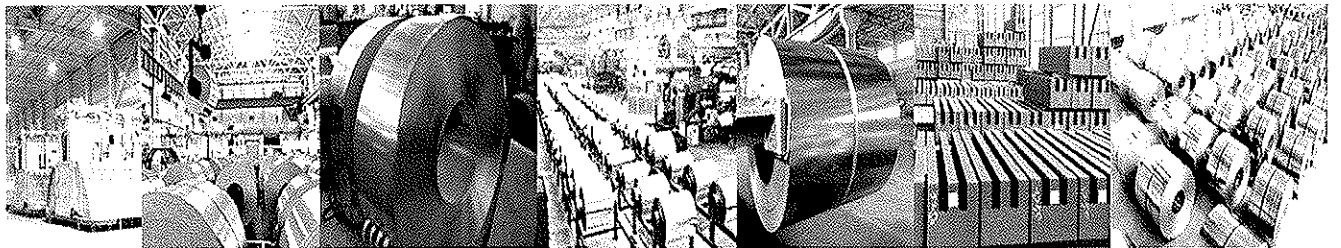
Health and Safety

CHINALCO believes that every employee is vital to its business, both in terms of current operations and future development. The health and safety of its employees is paramount to CHINALCO. Currently, the majority of CHINALCO’s production facilities are operated in accordance with the OHSAS 18001:1999 and GB/T 28001-2001 health and safety standards.

CHINALCO has a two-pronged approach to safety: (1) that CHINALCO’s

operations aim to be injury and fatality free, and (2) that CHINALCO aims to enhance the well-being of its employees and those people working in and around its projects. CHINALCO appreciates the difficulty of achieving the first goal, as its operations often expose employees to hazardous materials and dangerous operations. However, by providing its workforce with appropriate training and regularly monitoring the safety of operations, CHINALCO is able to significantly reduce risks. CHINALCO seeks to create an environment in which people are mindful of work safety – regardless of where they are in the world, what role they undertake, or in which business they work. Since 2001, CHINALCO has decreased the injury rate to 0.28 in every 1,000 people from 0.52.

*ALUMINUM CORPORATION OF CHINA
("CHINALCO") - OWNERSHIP &
GOVERNANCE*



2009

TABLE OF CONTENTS

- I OVERVIEW**
- II GOVERNANCE ARRANGEMENTS**
- III REGULATION OF SOES IN CHINA**
- IV CHINESE INVESTMENT APPROVALS**
- V RELATIONSHIP WITH OTHER BODIES**

SCHEDULE 1 - SASAC'S MAIN FUNCTIONS AND RESPONSIBILITIES

1 Overview

CHINALCO was established in 2001 as part of the reorganisation and consolidation of China's¹ aluminum industry. Twelve enterprises and institutions in the Chinese aluminum industry were consolidated into a single enterprise, CHINALCO.²

Since 2001, CHINALCO has developed into a dynamic commercial enterprise, driven by its objective to become a world leading diversified metallic resources company. CHINALCO appreciates that a high standard of corporate governance is essential for it to be competitive internationally. It is an enterprise owned by the Chinese people, operated as an independent commercial enterprise, with an independent and sound corporate governance structure, corporate policies in relation to, and most importantly a culture of integrity and transparency.

In addition to improving the efficiency of its existing operations, CHINALCO's management continues to pursue a dynamic international M&A strategy in order to achieve its objective of being a leading global diversified metallic resources player. In implementing this strategy, CHINALCO, like all Chinese enterprises (state-owned and private), is required to seek certain approvals from Chinese authorities.

This document provides an overview of CHINALCO's governance arrangements, relationship with the Chinese government, and the investment approvals required for Chinese enterprises to invest overseas.

¹ The terms "China" and "PRC" (ie the People's Republic of China) are used interchangeably in this document.

² Reply to Certain Questions regarding the Formation of the Aluminum Corporation of China, State Council, No. 12, 23 January 2001.

2 Governance arrangements

2.1 Ownership and legal status

(a) Ownership

CHINALCO is registered with the State Administration for Industry and Commerce (“SAIC”)³ as an “enterprise owned by the whole people”, otherwise known as a “wholly state-owned enterprise”⁴ (“SOE”), and has registered capital of RMB 15.4 billion (contributed by the State).⁵

The State Council, the highest executive organ of the Chinese state, exercises its ownership rights over CHINALCO and China’s other SOEs on behalf of the Chinese people.⁶ Most of these ownership rights and duties are delegated to the State Assets Supervision and Administration Commission (“SASAC”), an agency which reports directly to the State Council.⁷ The ownership role in SOEs as delegated to SASAC is largely analogous to the role of a shareholder in a corporate enterprise.

(b) Legal status

Chinese law provides for separation of the ownership interests in an SOE and its assets from the management of the commercial operations of the enterprise. This separation is based on the concept of independent legal personality applicable to all Chinese enterprises, and is expressed in relevant legislation on SOEs.⁸

To enjoy independent legal personality, an SOE must be approved and registered by the relevant authorities and have:

- sufficient funds as stipulated by the State;
- articles of association;
- an organisational structure;
- its own premises; and
- the ability to independently bear civil liability.⁹

CHINALCO has met all of the above requirements for independent legal status and is therefore capable of entering into legal relations in its own name: it may enter into binding arrangements with other parties, own property, sue and be sued.¹⁰ Most

³ This body acts as China’s companies registry, among other regulatory functions.

⁴ These terms are used interchangeably in Chinese legislation.

⁵ CHINALCO’s business licence, dated 15 June 2007.

⁶ Article 5, Interim Measures for the Supervision and Administration of the State-owned Assets of Enterprises promulgated in 2003 (“**Interim Measures for SOEs**”).

⁷ Article 12, Interim Measures for SOEs.

⁸ General Principles of Civil Law, China’s Civil Code, adopted in 1986 (“**General Principles of Civil Law**”); and, specifically in relation to SOEs, the Law of the People’s Republic of China on Industrial Enterprises Owned by the Whole People (“**Law of PRC SOEs**”) and Interim Measures for SOEs.

⁹ Article 37, General Principles of Civil Law

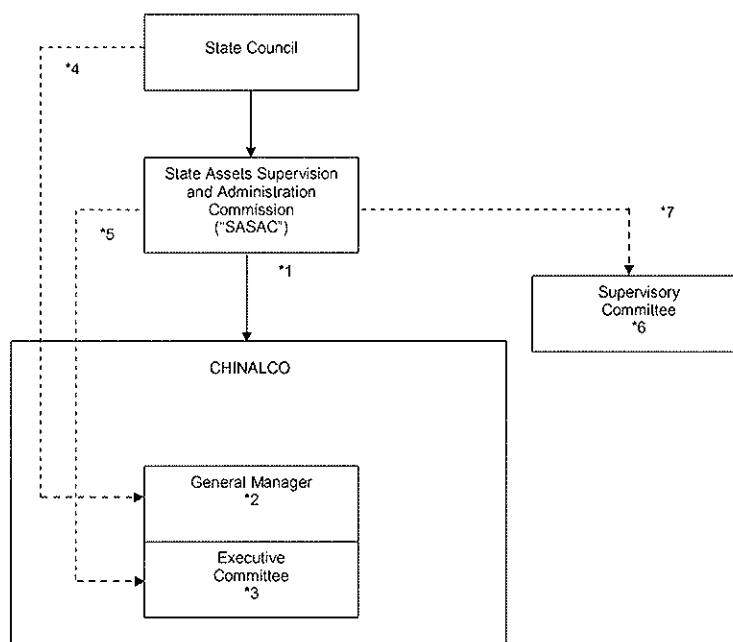
¹⁰ Chapter 3, General Principles of Civil Law; Articles 3 and 15 CHINALCO’s Articles of Association dated 19 February 2001 (“**Articles of Association**”).

importantly, CHINALCO can lawfully enjoy the rights of management over the property that the State has authorised it to manage, including the ability to possess, utilise and dispose of that property.¹¹

By law, CHINALCO is also required to bear civil liability with respect to its property and operations.¹² Like other SOEs, it has limited liability, with its liability limited to its property and operations. There is no further recourse to the State.

2.2 Governance structure

CHINALCO's corporate governance arrangements are represented in the diagram below.



- *1 Registered capital of RMB 15.4 billion. Share capital is owned by the whole people of China.
- *2 The President is responsible for the day-to-day operations of CHINALCO.
- *3 The President manages CHINALCO through the Executive Committee, over which he presides. The Executive Committee is responsible for making all major decisions of CHINALCO.
- *4 The President is appointed by the State Council.
- *5 SASAC appoints the other members of the Executive Committee.
- *6 The Supervisory Committee performs an oversight and review function but is generally not permitted under relevant Chinese regulations to interfere in the day to day operations of CHINALCO.
- *7 Most of the members of the Supervisory Committee are appointed by SASAC, with two of the members selected from and by employees of CHINALCO.

As an SOE, CHINALCO does not convene shareholder meetings, nor does it have a board of directors. CHINALCO's highest decision-making and management body is the Executive Committee, which functions as a quasi-board. The Executive Committee consists of CHINALCO's senior management team and is presided over by CHINALCO's President, Mr Xiao Yaqing.

(a) President, Executive Committee and other management

¹¹ Article 82, General Principles of Civil Law

¹² Article 48, General Principles of Civil Law

Mr Xiao, appointed President of CHINALCO by the State Council in 2004¹³ is, with the assistance of the other members of the Executive Committee, responsible for setting and implementing CHINALCO's corporate strategy and the operational management of CHINALCO.¹⁴ The Executive Committee of CHINALCO has full discretion, authority, and responsibility for setting and implementing CHINALCO's corporate strategy and managing its operational affairs, free from interference by SASAC, the State Council and all other PRC government agencies.¹⁵

CHINALCO's Articles of Association, specifically provide that CHINALCO's Executive Committee has the power to:

- decide its internal management regime and structure, including to merge its subsidiaries and to appoint and remove managers of each department and wholly owned enterprise of CHINALCO;¹⁶
- apply its profits for reinvestment or restructuring purposes;¹⁷ and
- invest in external assets and appoint individuals as corporate representatives in respect of their shareholding in other companies, and nominate individuals for positions on the boards of directors or Supervisory Committees of companies in which CHINALCO has a shareholding.¹⁸

Mr Xiao, in his capacity as President of CHINALCO, has legal authority to represent CHINALCO in its dealings with government authorities and to execute contracts and commence proceedings on behalf of the company.¹⁹

The Executive Committee consists of seven senior managers appointed by SASAC, in addition to the President. Executive Committee Members carry out their functions in accordance with CHINALCO's articles of association and delegation from the President.²⁰

No member of the Executive Committee is a government official.

The President and Executive Committee sit at the top of CHINALCO's internal management structure which is arranged based on CHINALCO's principal products and their related business units: alumina and aluminium; copper; other nonferrous minerals; and engineering design and technical services.

(b) Supervisory Committee

The performance of the President and other members of the Executive Committee as well as the company's operational and financial situation, are subject to oversight by a Supervisory Committee.²¹

¹³ Appointment and Dismissal of Xiao Yaqing and Guo Shenkun, Notice of the State Council No. 12, dated 28 April 2004.

¹⁴ Articles 9 and 10, Articles of Association.

¹⁵ Article 7, Law of PRC SOEs; Article 23, Regulations on the Transformation of the Mechanisms of the Industrial Enterprises Owned by the Whole People; Articles 4, 6, 10 Articles of Association.

¹⁶ Article 10(4), Articles of Association

¹⁷ Article 15(1), Articles of Association.

¹⁸ Articles 10(3), 10 (5) Articles of Association.

¹⁹ Article 8, Articles of Association

²⁰ Article 8, Articles of Association.

The Supervisory Committee consists of six professional supervisors appointed by SASAC and two employee supervisors selected by CHINALCO's employees (whose appointment is subject to SASAC's approval).

In 2007, SASAC established an improved supervision regime for SOEs known as "Supervision of Current Status". Under this regime, CHINALCO's Supervisory Committee conducts an integrated inspection of CHINALCO once a year, based on its daily supervision responsibilities.²² Following this annual inspection, the Supervisory Committee prepares an inspection report with comment on CHINALCO's:

- regulatory compliance;
- financial records and reports;
- operating efficiency, allocation of profit, valuation and management of assets;
- conduct and ethics;
- the performance by management personnel, with recommendations which may relate to their appointment, dismissal, remuneration and bonus structure.

The inspection report is subject to the State Council's review and approval. Once approved, the inspection report is provided to other relevant governmental authorities such as the Ministry of Commerce ("MOC", also known as "MOFCOM") and the Ministry of Finance for their reference.

The Supervisory Committee does not have a role in, and is precluded by law from interfering in, CHINALCO's decision-making process or the management of its business operations.²³

However, the Supervisory Committee may conduct ad hoc checks on the company for particular purposes from time to time,²⁴ and may submit a special report to SASAC, or directly to the State Council on any urgent and significant matters which the Supervisory Committee becomes aware of and believes should be reported to the State.²⁵ Circumstances in which the Supervisory Committee may submit a special report include an act of a senior officer which has not been made in good faith, or where a situation arises which will or may result in loss of, or significant damage to, State-owned assets.

By law, no member of CHINALCO's Executive Committee may concurrently serve as a member of its Supervisory Committee.²⁶

(c) Corporate governance policies

²¹ Interim Measures on the SOE Supervisory Committees.

²² Several Opinions on Improving and Strengthening the Operation of the Supervisory Committees for State-owned Enterprises issued by SASAC on 27 December 2006 ("Opinions on Improving SOE Supervisory Committees").

²³ Article 3, Interim Measures on the SOE Supervisory Committees.

²⁴ Art 6, Ibid.

²⁵ Article 11, Ibid.

²⁶ Article 52, the PRC Companies Law and Article 25, the State-owned Assets Law of the PRC Enterprises.

CHINALCO's Executive Committee is committed to high standards of corporate governance as an essential element in fulfilling their objective of developing CHINALCO into a leading international diversified metallic resources company.

CHINALCO is also required by law to continue to improve its governance model in accordance with best practice, including through strengthening its internal management structure and reforming (and, where required establishing) internal management structures for each of its subsidiaries.

(d) Communications

In addition to SASAC's reporting requirements (see 3.2 below), CHINALCO maintains a corporate website which provides stakeholders with information on CHINALCO's management structure and corporate strategy as well as updates on CHINALCO's operational progress.

2.3 Composition of governance bodies

(a) Executive Committee

The Executive Committee consists of the President and seven senior managers.

The members of the Executive Committee are as follows:

President & Secretary-General of the Executive Committee



Xiao Yaqing

Appointment

Appointed to the role of President and Secretary-General of the Executive Committee in April 2004.

Skills and experience

Mr Xiao is also Chairman and Chief Executive Officer of Aluminum Corporation of China Limited ("CHALCO"), and Chairman of CHALCO's Remuneration and Nomination Committee. Mr Xiao has an undergraduate degree from the Central South University of Industry in China, majoring in pressure processing, and he was also awarded a doctorate degree in Metallic Materials, by the same university. Mr Xiao has more than 20 years of experience in metallic materials and enterprise management. Prior to his appointment as President of CHINALCO, Mr Xiao served as CHINALCO's Vice President. During his career Mr Xiao has held various engineering and management positions at the Northeast Light Alloy Fabrication Plant and was General Manager of Northeast Light Alloy Corporation Limited. He has also been Factory Manager of Southwest Aluminum Fabrication Plant, and Chairman and General Manager of Southwest Aluminum (Group) Co. Ltd. Mr Xiao served as an Alternate Member to the 17th National Congress of the Communist Party of China ("Party") in 2007.

Executive Committee Member



Luo Jianchuan

Appointment

Appointed to the role of Executive Committee Member in October 2003.

Skills and experience

Mr Luo is also currently President of CHALCO. Mr Luo has an undergraduate degree from Kunming University of Science and Technology, majoring in mining, and he also has a doctorate degree in Natural Resources and Environmental Economics from the Central South University in China. He has more than 20 years experience in non-ferrous metals trading. He served as an engineer with the Lead and Zinc Bureau of China Non-ferrous Metals Industry Corporation; Manager of Haikou Nanxin Industry & Commerce Corporation; Assistant to the General Manager of Jinpeng Mining Development Corporation; Deputy General Manager of Beijing Xinquan Tech-trading Corporation; Assistant to the General Manager of China Non-ferrous Metals Industry Trading Group Corporation; Deputy Chief of the Trading Division of China Copper, Lead & Zinc Group Corporation; General Manager of China Aluminum International Trading Corporation Limited; and General Manager of the Operations and Sales Division of CHALCO.

Vice President & Executive Committee Member



Lu Youqing

Appointment

Appointed to the role of Vice President and Executive Committee Member in December 2003.

Skills and experience

Mr Lu has a doctorate degree in Economic Management from Sichuan University. Mr Lu has extensive management experience. He has held the following positions: Vice Mayor, Nanchong, Sichuan Province (August 1997 to February 2001); Member of the Standing Committee of the Party and Vice Mayor, Luzhou City, Sichuan Province (February 2001 to February 2003); Member of the Standing Committee of the Party and Deputy Secretary of the Party, Luzhou City, Sichuan Province (February 2003 to December 2003).

Vice President & Executive Committee Member



Ao Hong

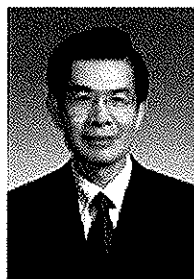
Appointment

Appointed to the role of Vice President and Executive Committee Member in October 2005.

Skills and experience

Mr Ao has an undergraduate degree from Kunming University of Science and Technology, specialising in Metallurgy and also has a master's degree in Management from the Central South University of Industry in China. He has extensive experience in non-ferrous metals research and corporate management. Mr Ao has formerly served as Head of General Office, Deputy Secretary, Secretary of the Party and Vice President of Beijing General Research Institute for Nonferrous Metals, and as Chairman of the following companies: GRINM Semiconductor Materials Co. Ltd; Guorui Electronic Materials Co. Ltd; Beijing Guojing Infrared Optical Technology Co. Ltd; and Guo Jing Micro-electronic Holding Company Ltd in Hong Kong.

Vice President & Executive Committee Member



Liu Caiming

Appointment

Appointed to the role of Vice President and Executive Committee Member in January 2007.

Skills and experience

Mr Liu graduated from Fudan University with a major in political economy and he also has a doctorate degree. He has extensive management experience, having held the following positions throughout his career: Deputy Director-General of Finance Department, Yunnan Province (September 2002 to February 2004); Assistant to Governor of Yunnan Province, Director & Party Secretary of SASAC of Yunnan Province (February 2005 to January 2007). Mr Liu was also the Deputy General Manager of China Non-ferrous Metals Mining Construction (Group) Co. Ltd.

Vice President & Executive Committee Member



Zhang Chengzhong

Appointment

Appointed to the role of Vice President and Executive Committee Member in February 2007.

Skills and experience

Mr Zhang has a doctorate degree in Non-ferrous Metallurgy from North East University. Mr Zhang has extensive management experience. Positions held include ; Manager of Shanxi Aluminum Factory (July 1997 to August 2001); Vice President, CHALCO (August 2001 to May 2007); Director, Guangxi Huayin Aluminum Co. Ltd (February 2003 to present); Chairman, China Aluminum International Engineering Corporation Ltd (November 2005 to present); Vice Chairman, Guangxi Huayin Aluminum Co. Ltd (September 2006 to present);and Director of CHALCO (October 2006 to May 2007).

Vice President & Executive Committee Member



Ren Xudong

Appointment

Appointed to the role of Vice President and Executive Committee Member in February 2007.

Skills and experience

Mr Ren has a degree in Computer Applications from Beijing Radio and Television University. Mr Ren has extensive management experience. He has held the following previous positions: Deputy Managing Director, China Non-ferrous Metals Holding Co. Ltd (HK) (March 2000 to May 2003); Vice President and President of Sino Mining International Co. Ltd (May 2003 to May 2004); Assistant to the President, China Minmetals Corporation (May 2004 to November 2005).

Executive Committee Member



Zhao Zhao

Appointment

Appointed to the role of Executive Committee Member in September 2008

Skills and experience

Mr Zhao graduated from Nanjing Institute of Industry, majoring in road engineering. He has extensive management experience and has held the following positions: Assistant Editor of the Publishing House of People's Communications, the Ministry of Communications; Full-Time Deputy Secretary of Ministerial Departments Communist Party Youth League Commission of the Ministry of Communications; Director of Information Department of State Departments Communist Party Youth League Commission of Central Government; Director, Deputy Secretary of General Office of State Departments Communist Party Youth League Working Committee of Central Government; Deputy Director of People's Affairs Department of Central SOEs Working Committee; Deputy Director of People's Affairs Bureau of SASAC, State Council; Secretary of Communist Party Youth League Working Committee of Central SOEs.

(b) Supervisory Committee

The members of the Supervisory Committee are as follows:

Name	Title	Date of appointment
He Jiacheng	Chair, SASAC appointee	17 November 2006
Wang Zhanjun	SASAC appointee	17 November 2006
Shao Guojian	SASAC appointee	17 November 2006
Li Wei	SASAC appointee	17 November 2006
Gu Xiaochen	SASAC appointee	17 November 2006
An Caixa	SASAC appointee	17 November 2006
Lu Lin	Employee representative Director, Audit Department, CHINALCO	18 March 2008
Yuan Li	Employee representative Director, Enterprise Culture, CHINALCO	April 2004

3 Regulation of State Owned Enterprises in China

3.1 Relationship with SASAC

There are approximately 115,000 SOEs in China,²⁷ all directly or indirectly under the supervision of different levels of government. At the central government level, SASAC is authorised by the State Council to supervise approximately 150 central SOEs, including CHINALCO.

At the central government level, SASAC consists of a Chairman, approximately 8 officers at the level of director, 98 senior officers, and 450 other staff. The size of SASAC compared to the enormous number of SOEs in China and the great variety of sectors in which they operate, evidently makes it difficult for SASAC to participate in the day to day running and operations of SOEs.

As described in SASAC's main functions and responsibilities (see Schedule 1), SASAC represents the State's ownership interests and performs certain administrative functions focussed on the supervision of SOEs. SASAC is precluded by law from participating in or intervening in the production and operation activities of an enterprise such as CHINALCO and an enterprise has sole discretion in determining its operating policies. SASAC may only have involvement in relation to matters relating to its ownership rights and in certain other limited circumstances.²⁸

The Chairman of SASAC, Mr Li Rongong has emphasised on many occasions that SASAC views all SOEs as autonomous commercial entities responsible for making their own business decisions. Mr Li, quoted in *The People's Daily* on 26 July 2007, stated that, "the principle we insist is to strictly separate government administration from enterprise management ... state-owned enterprises should be entitled to all kinds of rights that a market-driven business entity should enjoy, we should insist that ownership be separated from management, and fully respect the autonomy in management and property rights."²⁹

The ownership role in SOEs exercisable by SASAC is largely analogous to the role of a shareholder in a corporate enterprise and includes the contribution of capital to the enterprise and the right to:

- protect its ownership rights in the enterprise;
- appoint and remove members of the Executive Committee and other officers of the enterprise. However, CHINALCO's Executive Committee by virtue of its Articles of Association have the power to decide CHINALCO's internal management regime and structure and to appoint and remove managers of each department and wholly owned subsidiary of CHINALCO. SASAC does not appoint CHINALCO's officers below the Executive Committee level;³⁰

²⁷ As at 2007, according to 'General information on Reform and Development of SOEs over the Past Five Years since the Establishment of SASAC', Material for the Press Conference of 2008 BIMC, SASAC Media Release 10 August 2008.

²⁸ Articles 12 and 31, the State-owned Assets Law of PRC Enterprises; Interim Measures on the SOE Supervisory Committees.

²⁹ <http://www.sasac.gov.cn/n1180/n1549/n1600/n1765/1536141.html> (translated from Mandarin)

³⁰ Articles 10(4), 10 (5), 11 and 15(6), Articles of Association.

- appoint and remove members of the Supervisory Committee which oversees the enterprise's performance and processes;
- direct an SOE to distribute its profits. However, CHINALCO's Executive Committee is authorised by CHINALCO's Articles of Association to retain profits and apply them for "reinvestment and structural adjustment", including for example, increasing its registered capital or expanding its operations and investments;³¹ and
- initiate or review proposals from SOEs to establish, reform and restructure the enterprise; and
- review proposals from SOEs to:
 - supervise the maintenance and increase the value of the state-owned assets operated by the enterprise;
 - amend their articles of association;
 - declare bankruptcy;
 - dissolve their operations;
 - increase or reduce their registered capital; and
 - raise capital, for example through the issue of corporate bonds.

Other limited circumstances where SASAC has the right to intervene in the operations of an SOE include:

- where a Chinese law requires SASAC to regulate the conduct of SOEs generally, for example in relation to environmental protection; or
- where the SOE's actions are contrary to PRC law, for example if an SOE enters into a contract which violates PRC law; or
- where an officer of an SOE has not acted in good faith, for example where an officer has caused the SOE to enter into an arrangement in which the officer has a personal interest.

The role of SASAC in relation to SOEs is continuing to evolve as indicated by the new State-owned Assets Law of PRC Enterprises, which will come into effect in May 2009. This law provides that the central and provincial governments shall not intervene with the "lawful business activities of the enterprise" and it limits SASAC's main functions and responsibilities to the following (subject to applicable laws):

- to derive a profit from their assets;
- to participate in significant decisions;

³¹ Reply to Certain Questions regarding the Formation of the Aluminum Corporation of China; Article 15(1), Articles of Association.

- to elect the management; and
- to participate in the formulation of the articles of association.

This new law also specifically provides that SOEs will have the power to provide significant guarantees to third parties, transfer major assets and make significant investments and donations without requiring SASAC approval. It is expected that prior to this law coming into effect in May 2009, implementation regulation will be issued which will provide further details in relation to the law's application.

3.2 Reporting requirements

(a) Enterprise Annual Working Report

Like other SOEs, CHINALCO is required to deliver an annual report (known as the “**Enterprise Annual Working Report**”) to the Supervisory Committee and SASAC.

The Enterprise Annual Working Report must address the following areas:

- Condition and utilisation of State-owned assets;
- Management and operations overview;
- Reform and development initiatives;
- Material operational and financial risks;
- Disclosure of any non-compliance with laws or regulations;
- The performance of the management team; and
- The operational plan for the following year.

In an annexure to the report, information must be provided regarding:

- Development history of CHINALCO;
- Business scope;
- Articles of Association;
- Overview of CHINALCO's managerial personnel;
- Staff overview;
- Capital structure;
- Organizational structure chart;
- List of parent companies, subsidiaries and other associated entities;
- Significant litigation; and

- Any preferential treatment the enterprise is entitled to.

A review of the Enterprise Annual Working Report is the core part of the Supervisory Committee's annual inspection of CHINALCO.

(b) Other reporting requirements

CHINALCO is required to establish an independent financial and accounting system and have an internal audit organisation which is in charge of preparing its financial accounts.

CHINALCO is required to submit a full financial report to SASAC annually, and brief financial accounts to SASAC on a monthly basis .

CHINALCO must also immediately report any significant changes to CHINALCO's operations to SASAC.

3.3 Financial assistance

The State provides financial assistance to SOEs in a selective manner, with the State directing capital flows to promising industries and enterprises.

Recent regulation has been enacted with the intention of providing SOEs with greater access to funding from Chinese financial institutions in order to facilitate overseas acquisitions.³²

SOEs are subject to China's insolvency regime, and there are various examples of the State showing that it is not willing to continue to provide financial support to SOEs by allowing them to be declared bankrupt and wound-up.³³ If an SOE has been operating with a serious deficit and is unlikely to become profitable, or if an SOE relies heavily on certain natural resources or competitive advantages which are no longer available in China, the government may allow those SOEs to be declared bankrupt and wound-up for the benefit of the reform of the SOEs and the economy.³⁴

³² Notice of China Banking Regulatory Commission on Issuing the Guidelines on the Risk Management of Mergers and Acquisition loans of commercial banks.

³³ Such as the spectacularly large and widely publicised failure of Guangdong International Trust and Investment Corporation in 1998

³⁴ http://www.mof.gov.cn/qiyesi/zhuantilanmu/zhengcexingguanbipochan/200806/t20080625_53394.html (in Mandarin)

4 Chinese investment approvals

Provided that it is within CHINALCO's scope of business, CHINALCO's Executive Committee is responsible for determining the level of domestic and foreign investment appropriate for CHINALCO and identifying the form that investment will take: when, in what location, in which enterprises and assets, and through what type of structure. In circumstances where the proposed investment falls outside CHINALCO's industry or scope of business, the investment plan must be submitted to SASAC for approval.

When any Chinese domestic enterprise (an SOE, privately owned enterprise ("POE") or foreign investment enterprise ("FIE")) proposes to make a particular investment offshore it must obtain approvals from certain government bodies prior to making that investment. The approvals from these bodies are sought after the investment decision has been made by the Executive Committee of the relevant enterprise.

Approval must be sought from the National Development and Reform Commission ("NDRC") and MOC. The NDRC and MOC each apply the same standards to, and impose the same requirements on, all PRC commercial entities seeking offshore investment approval (regardless of whether they are an SOE, POE or FIE).

The NDRC and MOC consider applications for offshore investment approval in accordance with the provisions of the Guidance Catalogue of Countries and Industries for Overseas Investment and relevant regulations on the examination and approval of overseas investment projects.³⁵

The NDRC is primarily concerned with reviewing the size and nature of the proposed offshore investment and the capacity of the SOE to make this investment.

MOC, on the other hand, will consider the following matters when reviewing an application to incorporate an offshore company:³⁶

- the investment environment of the proposed investment country/region;
- the risks associated with investing in the country/region in which the proposed investment is to take place;
- the political and economic relationship between the country/region in which the proposed investment is to take place and China;
- the reasonable distribution of China's investment in different countries/regions;
- the written conclusions drawn from a limited due diligence conducted by the State Administration of Foreign Exchange ("SAFE") on aspects of the investment

³⁵ See the Guidance Catalogue of Countries and Industries for Overseas Investment issued by MOC and the Ministry of Foreign Affairs on 8 July 2004, the Regulations on the Examination and Approval of Overseas Investment projects issued by MOC on 1 October 2004 and the Interim Measures on Administration of Examination and Approval of Overseas Investment Projects issued by NDRC on 9 October 2004.

³⁶ Article 5, Provisions on the Examination and Approval of Investment to Run Enterprises Abroad ("**Provisions on Investment Abroad**").

proposal with a particular focus on the legitimacy and authenticity of the source(s) of the investment funds in foreign exchange,³⁷

- opinions provided by the Commercial Sections of relevant Chinese overseas missions concerning the proposed offshore investment by central government enterprises,³⁸ and
- China's obligations relating to offshore investment in relevant international treaties.

Once approvals are received from NDRC and MOC, application must be made to SAFE for the purpose of foreign exchange registration relating to the offshore investment.

5 Relationship with other bodies

5.1 Other government bodies

Other central government bodies which regulate CHINALCO's activities include the:

- Customs General Administration (China's customs administration of import and export activities);
- Ministry of Land and Resources (China's national administrative organisation that regulates the transfer, leasing and expropriation of land and buildings);
- Ministry of Environmental Protection (China's national administrative organisation that implements and monitors environmental laws and regulations in China);
- State Administration of Industry and Commerce (China's companies registry); and
- State Administration of Taxation (China's tax administration authority).

5.2 Other SOEs

Although SOEs share a common ultimate ownership, they act independently of one another for operating and strategic purposes with each possessing its own operating assets, financial resources, management teams and workforces. Over the past decade, competition between SOEs has become more and more intense, both in their respective commercial markets and in the field of M&A activity, within China and abroad. This is because each entity makes decisions based on their own strategic objectives and economic interests.

The relationships between SOEs provides evidence of the independent commercial decision making of SOEs and their freedom from intervention by SASAC, the State Council and other organs of government.

CHINALCO's arrangements with other SOEs are all negotiated commercial arrangements, entered into on an arm's length basis.

³⁷ Article 8(1)(c) Provisions on Investment Abroad.

³⁸ Article 8(1)(c) Provisions on Investment Abroad.

5.3 Industry bodies

In 2003 CHINALCO took the lead in establishing the industry group China National Nonferrous Metals Industry Group (“CNNG”) (prior to 2007, CNNG was known as the “Aluminium Group of China” or “Chinalg”).

CNNG consists of a broad group of enterprises in the aluminium industry (comprising 134 SOEs, POEs and joint ventures as of 2007) with CHINALCO being the “core member”. The current Chairman of CNNG is the President of CHINALCO, Mr Xiao Yaqing.

6 Other legal requirements

In addition to the special statutory requirements applicable to SOEs, CHINALCO is required to comply with generally applicable Chinese national and local policies, laws and regulations, including in the areas of mining, environmental protection, import and export, land use, and taxation.

CHINALCO is also required to comply with all applicable laws and regulations in other jurisdictions in which it operates.

(a) Mineral resources laws and regulations

All exploration and mining operations in China must comply with the relevant provisions of the PRC Mineral Resources Law and are subject to the supervision by the Ministry of Land and Resources and local mining authorities. CHINALCO is required to apply for exploration and mining permits from the appropriate level of mining authority and needs to file annual reports with the authorities in the areas where it holds mining permits.

The exploration and mining permits give CHINALCO the right to explore and mine for specified minerals within a certain area and for a certain time. It is unlawful to conduct exploration and mining operations in areas designated for other legal mining operators. A mining operator whose exploitation causes harm to others in terms of production or in terms of living standards is liable for compensation and is required to take necessary remedial measures.

(b) Environmental protection laws and regulations

CHINALCO is required to comply with the environmental laws and regulations of China. PRC environmental regulations require companies to file an environmental impact report with the relevant environmental bureau for approval before undertaking the construction of a new production facility or any major expansion or renovation of an existing production facility. New facilities built pursuant to this approval are not permitted to operate until the relevant environmental bureau has performed an inspection and is satisfied that the facilities are in compliance with environmental standards.

The Environmental Protection Law requires any facility that produces environmental pollution or other hazards to incorporate environmental protection measures in its operations and to establish an environmental protection responsibility system. Such a system includes the adoption of effective measures to control and properly dispose of waste gases, waste water, waste residue, dust or other waste materials. Any entity that discharges pollution must register with the relevant environmental protection authority.

Any entity undertaking a construction project that fails to install pollution prevention and control facilities in compliance with environmental standards for a construction project may be ordered to suspend production or operations and may be fined. Criminal liability may be imposed for a material violation of environmental laws and regulations that causes loss of property, personal injury or death.

(c) Tax laws and regulations

CHINALCO's operations are subject to various types of tax specified in China's tax laws and regulations. It must pay enterprise income tax on its profits pursuant to the provisions of the PRC Enterprise Income Tax Law. The income tax rate is generally 25% but tax

reductions and holidays are available to certain types of enterprises or enterprises in certain industries.

CHINALCO may also be required to pay other types of tax during its operations. Value-added tax is assessed on the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC. The tax rates range between 4% and 17% depending on the services or goods. Business tax is payable on the provision of taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the type of services provided. CHINALCO may be subject to other taxes such as land appreciation tax, stamp duties, etc.

(d) Labour laws

CHINALCO is required to comply with the labour laws and regulations in China, and in particular the provisions of two key statutes: the PRC Labour Law and the PRC Labour Contract Law. These laws contain detailed provisions on, among others, labour contracts, working hours, wages, dismissal and resignation, work safety, child labour and labour disputes. The labour laws give the employees of PRC certain rights which employers may not violate. For instance, the law mandates a maximum work week of 40 hours. If overtime is necessary, overtime pay at fixed rates is mandatory. Employees may generally not be dismissed without cause. Working conditions must comply with safety and sanitary requirements.

Schedule 1 - SASAC's main functions and responsibilities

SASAC's "main functions and responsibilities" are set out in Article 13 of the State-owned Assets Law of the PRC Enterprises.

These main functions and responsibilities are published in English on the SASAC website and provide as follows:³⁹

- Authorized by the State Council, in accordance with "the Companies Law of the People's Republic of China" and other administrative regulations, the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) performs the responsibility as the investor, guides and pushes forward the reform and restructuring of state-owned enterprises; supervises the preservation and increment of the value of state-owned assets for enterprises under its supervision, and enhances the management of state-owned assets; advances the establishment of modern enterprise system in SOEs, and perfects corporate governance; and propels the strategic adjustment of the structure and layout of the state economy.
- Dispatches supervisory panels to some large enterprises on behalf of the state; takes charge of daily management of the supervisory panels.
- Appoints and removes top executives of enterprises, and evaluates their performances through legal procedures, either grants rewards or inflicts punishments based on their performances; establishes corporate executives selection system in accordance with the requirements of socialist market economy system and modern enterprise system, and perfects incentives and restraints system for corporate management.
- Supervises and administers the preservation and increment of the value of state-owned assets under the supervision of SASAC through statistics and auditing; establishes and perfects the index system of the preservation and increment of the value of state-owned assets, and works out assessment criteria; safeguards the rights and interests of the investor of state-owned assets.
- Drafts laws, administrative regulations of the management of the state-owned assets and draws up related rules; directs and supervises the management work of local state-owned assets according to law.
- Undertakes other tasks assigned by the State Council.

³⁹ <http://www.sasac.gov.cn/n2963340/n2963393/2965120.html>