

PROSPECT

In view of the downward adjustments in interest rate for several times and the implementation of reducing tax rates in the United States ("US"), it is expected that the US economy and the global economic will be improved steadily. During the second half of the year, it is anticipated that the PRC economy will maintain a steady growth. It is expected that the prices of copper in and outside the PRC will rise gradually by the end of the year.

During the second half of the year, the Company will confront with new challenges and will ensure that the operating targets for the year can be achieved based on the undertaking by the Company to the shareholders in respect of the issue of A shares.

The Company will place emphasis on the following aspects:

1. The Company will endeavour to complete the issue of A shares as soon as possible and will arrange and use such proceeds reasonably in order to enhance the efficiency in the utilisation of the proceeds from the issue of A shares.
2. The Company will use the proceeds from the issue of A shares to actively expedite the progress of the Guixi Phase III expansion project and will perform the contract relating to the acquisition of Wushan Copper Mine by the Company. The Company will complete the acquisitions of the relevant assets and the mining right held by Jiangxi Fujiawu Copper Company Limited, which has declared bankrupt, and will develop Fujiawu District on a timely basis in accordance with the laws pursuant to the resolutions passed at the extraordinary general meeting held on 19 January 2001. Besides, the Company will implement the strategies of expanding its production capacity and reserve of resources to lay a solid foundation for the long-term development of the Company.
3. The Company will continue to expand its production capacity, increase production and sales volume. In order to avoid the risk arising from change in copper prices, the Company will make proper adjustments to the production and sales structure of copper cathode and tolling copper cathode so as to stabilise and increase gross profit.
4. The Company will reinforce its financial management, continue to consolidate and improve the effect of control over costs and expenses. The Company will also strengthen the management in purchase and sales in order to reduce sales cost. In addition, the Company will further strengthen its management of the accounts receivables.
5. The Company will further renovate the system of employing cadres and improve the mechanism for encouraging and assessing its staff. The Company will deliberately associate the interests of the staff with that of the Company in order to revitalise the management of the Company.