

The Board of the Company is pleased to present the report of the Board and the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2006 for the review.

I. Principal Operations

The Company is an integrated producer of copper in the People's Republic of China (the "PRC"). Its operations consist of copper mining, milling, smelting and refining to produce copper cathode and other related products, including pyrite concentrates, sulphuric acid and electrolytic gold and silver. It also provides smelting and refining services pursuant to tolling arrangements for customers.

II. Results and Profit Distribution

The audited net profit for the year of the Company calculated according to the PRC GAAP and IFRS for the financial year ended 31 December 2006 was RMB4,609,345,518 and RMB4,704,736,000 respectively. In accordance with the Company Law and the Articles of Association of the Company, the Board proposed to contribute the profit after taxation calculated according to PRC GAAP as follows: 10% to the statutory surplus reserve and 30% to the discretionary surplus reserve, totalling RMB1,866,809,382.

The Board, based on the total share capital of 2,895,038,200 shares as at the end of 2006, proposed payment of a final dividend of RMB4 (tax inclusive for A Shares) per ten shares to all shareholders, representing a total amount of RMB1,158,015,280. Dividends for shareholders of H Shares will be distributed to shareholders whose names appear on the Company's register of holders of H Shares on 1 June 2007. Separate announcement will be made in respect of the date for registration of holders of A Shares for dividend payment according to the relevant requirements after the application therefor has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

No transfer of capital reserve to share capital was recommended for the year. An accumulative undistributed amount of RMB2,840,949,489 prepared in accordance with PRC GAAP is transferred to the following years for distribution.

This profit distribution plan will be proposed to the annual general meeting to be held on Tuesday, 26 June 2007 for consideration and approval.

III. Daily Work of the Board

During the reporting period, the Company convened eight Board meetings. The resolutions passed at each Board meeting and the relevant resolved matters were published on the following day on Shanghai Securities News, Hong Kong Economic Times and The Standard.

1. Board Meetings Held and the Resolution Passed During the Reporting Period

- (1) The Company convened the 23rd meeting of the third session of the Board on 3 March 2006, at which the implementation of share reform plan of the Company was considered and approved. The announcement on resolution was published in Shanghai Securities News, China Securities Journal, Economic Times, Hong Kong Economic Times and The Standard in Hong Kong on 6 March 2006.

- (2) The Company convened the 24th meeting of the third session of the Board on 19 April 2006, at which the Company's PRC and overseas financial auditors' reports for the year of 2005, Annual Report and its summary, Report of the Board, Chairman's Statement, Management Discussion and Analysis and Report of the Supervisory Committee; the profit distribution plan; the production operation and finance, loan and capital expenditure plan of the Company for the year of 2006; the remuneration and annual bonus of executive directors and the remuneration of supervisors for the year of 2005; the management methods of connected transactions and a general mandate on issue of H shares up to 20% of outstanding H share capital; and matters relating to the confirmation of the convening of the Annual General Meeting were considered and approved.
- (3) The Company convened the 25th meeting of the third session of the Board on 19 April 2006, at which the 2006 First Quarterly Report (Unaudited) prepared under PRC GAAP was considered and approved.
- (4) The Company convened the 26th meeting of the third session of the Board on 30 May 2006, at which the establishment of three trading subsidiaries in Beijing, Shanghai and Shenzhen was approved.
- (5) The Company convened the 1st meeting of the fourth session of the Board on 8 August 2006, at which members of the new Board and election of directors, establishment of an ore investment company and implementation of overseas resource development strategy were approved.
- (6) The Company convened the 2nd meeting of the fourth session of the Board on 22 August 2006, at which the full text of 2006 Interim Report and its summary; the 2006 Interim Financial Statements; the 2006 Interim Profit Distribution Plan were considered and approved.
- (7) The Company convened the 3rd meeting of the fourth session of the Board on 16 October 2006, at which the 2006 Third Quarterly Report (Unaudited) prepared under PRC GAAP was considered and approved.
- (8) The Company convened the 4th meeting of the fourth session of the Board on 5 December 2006, at which the matters relating to connected transactions entered into between the Company and its subsidiaries were considered and approved.

2. Execution of the Resolutions Passed at the General Meeting by the Board

(1) Execution of profit distribution for 2005

On 15 June 2006, the Company's profit distribution plan for 2005 was considered and approved at the 2005 annual general meeting, pursuant to which RMB1.92 (tax inclusive for A shares) was distributed for every 10 shares to all shareholders on 5 July 2006.

(2) Share reform plan

On 3 April 2006, the Company convened the relevant shareholders' meeting in respect of share reform plan, at which the share reform plan was considered and approved, pursuant to which 2.2 shares were transferred to holders of A shares from the holders of non-tradable shares as consideration. As at 19 April 2006, the holders of non-tradable shares of the Company transferred such shares to holders of A shares.

(3) Issue of short-term debentures

On 1 November 2005, the proposal relating to the Company's issue of short-term debentures in instalments with accumulated maximum repayment amount of not more than RMB2,000,000,000 and the relevant authorisation were considered and approved at the extraordinary general meeting. On 14 February 2006, the Company received the notification of filing issue of the debentures issued by the People's Bank of China. On 1 March 2006, the Company completed the issue of the first tranche of the debentures. The total principal amount of the first tranche of the debentures was RMB500,000,000 with par value of RMB100 and coupon rate of 2.28% and a maturity period of 90 days. On 25 May 2006, the issue of the second tranche of the debentures was completed. The total principal amount of the second tranche of the debentures was RMB500,000,000 with par value of RMB100 and coupon rate of 3.23% and a maturity period of 1 year. On 10 January 2007, the Company completed the issue of the third tranche of the debentures. The total principal amount of the third tranche of the debentures was RMB1,000,000,000 with par value of RMB100 and coupon rate of 3.8% and a maturity period of 1 year.

IV. Change in Shareholders and Share Capital

1. Shareholders

As at the end of the reporting period, the Company had 62,031 shareholders in total, of which 4 were holders of tradable shares subject to trading moratorium, 60,973 were holders of tradable A shares, and 1,054 were holders of tradable H shares.

(1) Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholders	Percentage of total issued share capital (%)	Total number of shares held (Share)	Number of shares subject to trading moratorium (Share)	Number of shares pledged or frozen
HKSCC Nominees Limited	Holder of foreign shares (H Shares)	47.62	1,378,543,900	—	Unknown
Jiangxi Copper Corporation	State-owned shareholder	42.31	1,225,035,414	1,225,035,414	Nil
Wang Yuanzhong	Unknown	0.17	4,876,724	—	Unknown
Dong Guoshun	Unknown	0.13	3,723,321	—	Unknown
CITIGROUP	Unknown	0.09	2,681,325	—	Unknown
Goldman Sachs International	Unknown	0.08	2,237,474	—	Unknown
Shanghai Zhulian Properties Development Limited	Unknown	0.07	2,000,092	—	Unknown
Societe Generale SA	Unknown	0.07	1,999,970	—	Unknown
HSBC NOMINEES (HONG KONG) LIMITED	Unknown	0.06	1,612,000	—	Unknown
Jiali Energy	Unknown	0.05	1,483,645	—	Unknown

Notes:

- (i) So far as the Directors are aware, Jiangxi Copper Corporation (“JCC”), the de facto controller of the Company, and the second to the tenth shareholders are neither connected person nor party act in concert. The existence of such relationship amongst the second to the tenth shareholders is unknown.
- (ii) HKSCC Nominees Limited held a total of 1,378,543,900 H Shares of the Company in capacity of nominee on behalf of a number of customers, representing approximately 47.62% of the total issued share capital of the Company. HKSCC Nominees Limited is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.

(2) Shareholdings of the top ten holders of shares not subject to trading moratorium

Name of shareholders	Number of shares not subject to trading moratorium (Share)	Class of shares
HKSCC NOMINEES LIMITED	1,378,543,900	H Share
Wang Yuanzhong	4,876,724	A Share
Dong Guoshun	3,723,321	A Share
CITIGROUP	2,681,325	A Share
Goldman Sachs International	2,237,474	A Share
Shanghai Zhulian Properties Development Limited	2,000,092	A Share
Societe Generale SA	1,999,970	A Share
HSBC NOMINEES (HONG KONG) LIMITED	1,612,000	H Share
Jiali Energy	1,483,645	A Share
Shenzhen Toten Precision Machinery Co., Ltd	1,387,808	A Share

Note:

For the above holders of tradable shares not subject to trading moratorium, the Company is not aware of any connected relationship among them, nor aware whether they fall within the definition of persons acting in concert as specified in “Management Method of the Information Disclosure in relation to the Changes of Shareholdings of Shareholders of Listed Companies” issued by China Securities Regulatory Commission.

(3) Shareholdings of the top ten holders of shares subject to trading moratorium and the condition of trading moratorium

No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium (A Shares)	Date of commencement of trading	Conditions of trading moratorium
1	Jiangxi Copper Corporation	1,225,035,414	19 April 2009	Within 12 months after expiry of trading moratorium of 36 months, if trading through Shanghai Stock Exchange, Jiangxi Copper Corporation may only sell the original non-tradable shares at a price of not less than RMB9.00
2	Zhongliang Properties (Group) Co. Limited	960,392	19 April 2007	Trading moratorium of 12 months
3	Jiangxi Xinxin Enterprise Company Limited	480,197	19 April 2007	Trading moratorium of 12 months
4	Hubei Sanxin Gold Copper Company Limited	480,197	19 April 2007	Trading moratorium of 12 months

(4) As at 31 December 2006, the interests or short positions of the shareholders, other than Directors, Supervisors or Chief Executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO") were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Percentage of total number of the relevant class shares (%)	Percentage of total issued share capital (%)
Jiangxi Copper Corporation	Tradable A shares subject to trading moratorium	Beneficial owner	1,225,035,414 (L)	99.84	42.31
Halbis Capital Management (Hong Kong) Limited	H shares	Investment Manager	109,515,000 (L)	7.89	3.78
JPMorgan Chase & Co.	H shares	Note (2)	100,921,890 (L) 23,149,000 (P) (note 2)	7.27 1.67	3.49 0.80
Merrill Lynch & Co., Inc.	H shares	Interests of controlled corporation	76,003,229 (L) (note 3)	5.47	2.63

Notes:

- (1) "L": long position; S: short position; P: shares held in a lending pool
- (2) According to the corporate substantial shareholder notice filed by JPMorgan Chase & Co. on 3 January 2007, the 100,921,890 H Shares were held in long position by JPMorgan Chase & Co. as at 29 December 2006 in the following capacities:

Capacity	Number of H Shares
Beneficial owner	64,542,890
Investment Manager	13,230,000
Custodian Corporation /approved lending agent	23,149,000

According to the notice, 20,000,000 H shares in long position were held in physically settled unlisted derivative.

- (3) According to the corporate substantial shareholder notice filed by Merrill Lynch & Co., Inc. on 28 December 2006, among its interests in the Company, 7,500,000 H shares in long position and 4,397 H shares in short position were interest in physically settled unlisted derivative.

Save as disclosed above, the register required to be kept under section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2006.

2. Change in Share Capital

(1) Issue and listing of shares for the past three years

Pursuant to the approval of Zheng Jian Guo He Zi [2004] No. 16 issued by China Securities Regulatory Committee, the resolutions passed at general meeting on 20 May 2005 and the Board meeting on 8 April 2005, the Company and Citigroup Global Markets Hong Kong Futures and Securities Limited ("Citigroup Global Markets") signed the placement agreement in Hong Kong on 25 July 2005, pursuant to which 231,000,000 new H shares with par value of RMB1.00 each ("Placing Shares") were placed to overseas investors ("Placing"). Citigroup Global Markets placed the Placing Shares to not less than six places, each of whom or its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The placing price for the new shares is HK\$3.813 per Placing Share, representing a discount of about 7% to the closing price as immediately following the suspension of trading of H Shares. The net amount of the placing price after deducting the expenditures and commissions amounted to approximately HK\$3.7056 per H share.

The proceeds raised from the Placing would be used for the expansion of production capacity of copper cathode of the Company, technological renovation of mining technology and the development of the processed copper products, at such time when any of them first requires funding.

Category of shares	Date of agreement for the issue	Issuing price (HK\$)	Number of shares issued (Shares)	Date of listing	Number of shares approved for listing (Shares)
H share	2005-07-25	3.813	231,000,000	2005-08-05	231,000,000

(2) Total shares and change in share capital structure

Statement of changes in share capital

	As at 31 December 2005		Change during the reporting period (shares)	As at 31 December 2006	
	Number of shares held (shares)	Percentage (%)		Number of shares held (shares)	Percentage (%)
1. Shares subject to trading moratorium					
State-owned shares	1,275,556,200	44.06	(50,520,786)	1,225,035,414	42.31
Domestic legal person shares	2,000,000	0.07	(79,214)	1,920,786	0.07
Total	1,277,556,200	44.13	(50,600,000)	1,226,956,200	42.38
2. Listed tradable shares not subject to trading moratorium					
A shares	230,000,000	7.94	50,600,000	280,600,000	9.69
H shares	1,387,482,000	47.93	0	1,387,482,000	47.93
Total	1,617,482,000	55.87	50,600,000	1,668,082,000	57.62
3. Total shares	2,895,038,200	100	0	2,895,038,200	100

Approval of the change in share capital

On 3 April 2006, the class meeting of listed A Shares of the Company approved the resolution in relation to the transfer of a total of 50,600,000 shares to holders of listed A Shares by all holders of non-tradable shares, and each holder of listed A Shares was offered 2.2 shares of A Shares for every 10 listed A Shares held by such holder of listed A Shares.

On 12 April 2006, the Company received the approval (Shang Zi Pi No. [2006] No. 1064) from the Ministry of Commerce for the transfer of the 50,600,000 shares mentioned above.

During the share reform plan, JCC, the controlling shareholder of the Company transferred 50,520,786 shares to holders of A shares, while Zhongliang Properties (Group) Co. Limited (formerly known as Shenzhen Baoheng Co., Ltd.), Hubei Sanxin Gold Copper Company Limited and Jiangxi Xinxin Enterprise Company Limited, other promoters of the Company, transferred 39,608, 19,803 and 19,803 shares respectively to the holders of A Shares.

3. Particulars of Controlling Shareholder and De Facto Controller

(1) Particulars of controlling shareholder

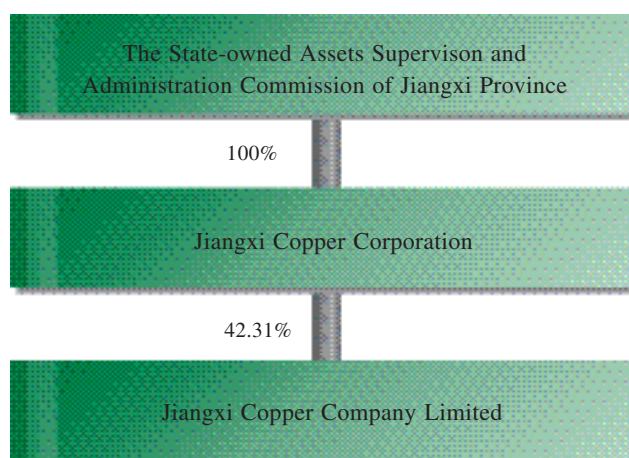
The controlling shareholder of the Company, JCC, was established on 1 July 1979. Its legal representative is Mr. Li Yihuang with a registered capital of RMB3,896.06 million and its principal business covers non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing. As at the end of 2005, its total asset amounted to RMB9,832.75 million, while realised net profit amounted to RMB211.125 million. JCC currently holds approximately 42.31% of the total issued share capital of the Company and hence is the Company's holding company.

There is no change in controlling shareholder and the de facto controller during the reporting period.

(2) Information on the de facto controller

Company Name: State-owned Assets Supervision and Administration Commission of Jiangxi Province

(3) The relationship between the Company and the de facto controller as at the end of the reporting period



4. Staff Shares

The Company did not have staff shares as at 31 December 2006.

5. Other Legal Person Shareholders with 10% or More of Shareholding

Save as disclosed, as at 31 December 2006, the Company had no legal person shareholders with 10% or more of shareholding.



6. Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

7. Purchase, Sale or Redemption of Listed Securities of the Company

During the reporting period, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the reporting period.

8. Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the relevant PRC laws which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

V. Directors, supervisors and senior management

1. Position held by Directors and Supervisors in Shareholders' Entities

Name	Shareholder entity	Position held	Appointment Date	End of appointment	Whether receive remuneration or allowance
He Changming	JCC	General Manager	1993-05-01	2006-12-31	No
Qi Huaiying	JCC	Secretary to the Party Committee	1997-12-01	2006-09-29	No
Li Baomin	JCC	Secretary to the Party Committee	2006-09-29	Present	No
Wang Maoxian	JCC	Secretary to the Disciplinary Committee	2001-01-01	Present	No
Li Ping	JCC	Deputy General Manager	2001-10-01	Present	No
Gan Chengjiu	JCC	Chief Accountant	2001-10-01	Present	No

Note: Save as disclosed above and so far as the Directors are aware, none of the Directors, Supervisors or senior management members of the Company held a position in other entity of the Company's shareholders as at 31 December 2006.

2. Service contracts of Directors and Supervisors and Interests in Contracts

All Directors and Supervisors have entered into services contracts with the Company up to the date of the 2008 annual general meeting of the Company to be held in the year 2009.

Pursuant to relevant provision in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including independent non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment. Under Company Law, the term of office of supervisors is also three years and they are eligible for re-election and re-appointment.

Save as disclosed above, none of the Directors or Supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

3. Interest of Directors, Supervisors and Chief Executive in Shares

As at 31 December 2006, none of the Directors or Supervisors or chief executive of the Company had any interests or short positions in any shares, and underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.



4. Rights to Purchase Shares or Debentures

At no time during the year was the Company or its holding company or its subsidiary a party to any arrangements to enable the Directors, Supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

5. Loan or Guarantee for Loan Granted to Directors

During the reporting period, none of loan or guarantee for loan was granted, either directly or indirectly, to any of Directors, Supervisors or senior management or their respective associates of the Company or its controlling shareholder.

6. Directors' and Supervisors' Interests in Competitive Business or Other Interests in Contracts

During the year and as at the date of this report, none of the Directors or Supervisors had any interest in any business which competes or may compete with the business of the Company.

As at 31 December 2006 or at any time during the reporting year, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any contracts of significance to which the Company or its holding company or its subsidiaries was a party.

7. Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Based on specific enquiries to all Directors and Supervisors, the Company confirms that all Directors and supervisors have complied with the requirements of the Model Code during the reporting period.

8. Code on Corporate Governance Practice

The Company is committed to maintaining and establishing high level of corporate governance. In addition to those events disclosed in the Report of Corporate Governance Practice, the Company has complied with the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" to the Listing Rules.

9. Audit Committee

The composition and duties of the Audit Committee of the Company are detailed in the section headed "Report of Corporate Governance Practice" in this annual report.

10. Remuneration Policy

Pursuant to the Articles of Association, the determination procedures for remunerations of Directors and supervisors of the Company shall be subject to consideration and approval by general meeting of the Company upon recommendation of the remuneration committee.

The Company adopts the policy of linking annual remuneration of the Company's senior management to performance of the Company. Remuneration for officers is determined by the Board of Directors.

Remuneration of Directors, supervisors and senior management is determined by the Company's general meeting or resolved at the Board meeting based on their service contract and the annual results growth of the Company.

Remuneration amounts (inclusive of tax) of Directors, supervisors and senior management of the Company are set out in the table headed "Particulars of directors, supervisors and senior management" in Note 11 to the financial statements prepared under IFRS.

11. Individuals with the Highest Remuneration and Directors Emoluments

All the five individuals with highest remuneration paid by the Company during the year were Directors of the Company. Details relating to remuneration to the Directors are set out in Note 11 to the financial statement prepared under IFRS.

12. Change in Directors, Supervisors and Senior Management

On 15 June 2006, the general meeting of the Company considered and approved the resignation of Mr. Shi Zhongliang and Mr. Liu Xinxi as independent non-executive Directors since they had served as Directors for two consecutive terms in the Company, and appointed Ms. Zhang Rui and Mr. Tu Shutian as independent non-executive Directors of the new Board of the Company.

On 3 April 2007, the general meeting of the Company considered and approved the resignation of Mr. He Changming and Ms. Qi Huaiying as executive Directors, the appointment of Mr. Li Baomin and Mr. Long Ziping as executive Directors were also approved at the general meeting.

13. Profile of Directors, Supervisors and Senior Management

During the reporting period, profiles of Directors, supervisors and senior management are as follows:

(1) Internal Executive Directors:

- 1) **Li Yihuang**, born in October 1962, professor-grade Senior Engineer, is an Executive Director and the General Manager of the Company. Mr. Li was appointed as the Executive Director of the Company in June 2003. Mr. Li graduated from Northeast Industrial Institute with major in heavy smelting. He worked in Guixin Smelter of the Company from August 1982 to January 2001, where he held the positions such as deputy director and director. Prior to the appointment of General Manager of the Company, Mr. Li held the position of Deputy Manager of JCC. Mr. Li is experienced in smelting business and management.
- 2) **Li Baomin**, born in May 1957, is a Senior Economist. He is a supervisor of the Company and is currently a Deputy Secretary of the Party Committee of JCC. Mr. Li was appointed as the Supervisor of the Company in June 2003. Mr. Li held a number of management positions in Jiangxi Copper Corporation with extensive management experience. He graduated from the Faculty of History of Jiangxi Teachers' University, the Corporate Management College of Fudan University in 1992 and postgraduate programme of economics of Jiangxi Provincial Party Committee College in 2001. Mr. Li Baomin was officially appointed as the Executive Director of the Company after approval of the EGM of the Company on 3 April 2007.
- 3) **Wang Chiwei**, born in August 1953, is a Senior Economist, and an Executive Director and Deputy General Manager of the Company. He is an arbitrator of Shanghai Arbitration Commission and Vice President of China Huaxue Mine Association. Mr. Wang graduated from Zhongnan Industrial University majoring in engineering management. He was Deputy Manager of JCC before 24 May 2001. From December 1995 to July 1998, Mr. Wang was Deputy Director of the Shanghai Smelter. From July 1998 to the present, he has been serving as the Executive Director of the Company. Mr. Wang has certain experience in business operation and sales.
- 4) **Mr. Long Ziping**, born in August 1960, is a senior engineer. He is a Deputy Manager of JCC. Mr. Long has served at JCC Guixi Smelter since August 1982 as and had served as Deputy Factory Head and Factory Head. He has extensive experience in copper smelting technology and management. In October 2001, he was appointed the Deputy Manager of JCC. Mr. Long graduated from Jiangxi Institute of Metallurgy majoring in smelting in July 1982.

- 5) **Wu Jinxing**, born in February 1962, is the Han nationality and senior accountant. Mr. Wu graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting in 1982 and graduated from the Central Communist Party School majoring in correspondence economic management in 1998. Mr. Wu was appointed as the Executive Director of the Company in November 2005. He had been the deputy head of the production and finance division and the Comprehensive Division of the Financial Department of JCC, the deputy head and head of the Financial Department of JCC Import and Export Company, deputy chief account and chief accountant of JCC Materials Equipment Company, the general management of the Financial Department of the Company, the Chief Account of Deixing Mine of the Company, and the Chief Financial Officer of the Company.
 - 6) **He Changming**, born in October 1941, is a professor-grade Senior Engineer, and the former Chairman of the Board. He resigned as an executive Director with effect from 3 April 2007. From January 1990 to May 1993, he was the director of the Guixi Smelter. Mr. He was the Manager of JCC. Since the Company established in 1997, Mr. He had been the executive Director until 3 April 2007. Mr. He has extensive experience in corporate management and is a technical expert in smelting and refining. Mr. He graduated from Guizhou Industrial College specialising in smelting.
 - 7) **Qi Huaiying**, born in November 1942, is a Senior Economist and a former executive Director of the Company. Ms. Qi resigned as an executive Director with effect from 3 April 2007. She has about 30 years of experience in non-ferrous mining production planning and business management. She graduated from the Economics Department of Beijing Mining Industrial College and was Deputy Manager of JCC from 1984 to 1997. She was the Deputy Manager of the Company from 1997 to 2000. She had been the executive Director of the Company from the establishment of the Company in 1997 until 3 April 2007.
- (2) External Executive Directors:
- 8) **Gao Jianmin**, born in December 1959, is an Executive Director of the Company. Mr. Gao has been serving as the Executive Director of the Company from the establishment of the Company in 1997. Mr. Gao has more than 10 years of experience in finance, industrial investment and development. He graduated from Qinghua University. Mr. Gao is also a director and general manager of International Copper Company Limited and a director of Qingling Motors Co. Ltd. Mr. Gao has been a Director of the Company since its incorporation.
 - 9) **Liang Qing**, born in May 1953, is an Executive Director of the Company. Mr. Liang was appointed as the Director of the Company in June 2002. He is currently a director and General Manager of China Minmetals H.K. (Holdings) Limited. He has over 10 years of experience in international trading.

(3) Independent Non-executive Directors:

- 10) **Kang Yi**, born in November 1940, is a professor-grade Senior Engineer. Mr. Kang was appointed as the Independent Non-executive Director of the Company in June 2002. He had been Deputy General Manager of the former China National Nonferrous Metals Industry Corporation and Deputy Director of the State Nonferrous Metals Industry Management Bureau and is now the chairman of China Nonferrous Metals Industry Association and President of China Nonferrous Metals Institute. He has over 30 years of experience in management of nonferrous metals enterprise.
- 11) **Yin Hongshan**, born in August 1945, is a Senior Economist. Mr. Yin was appointed as the Independent Non-executive Director of the Company in June 2003. Mr. Yin is currently the Chief Secretary to the Metallurgical Branch of the Chinese Labour Society. He had been the Deputy Chief Economist of Jiangxi Provincial Department of Metallurgy of Jiangxi Province, Research Officer of the Development and Research Centre of Jiangxi Provincial Government and the Strategic Consultation Committee of the Jiangxi Provincial Government. Mr. Yin has over 30 years of experience in metallurgical corporate engineering technology, management and capital operation as well as human resources management. Mr. Yin graduated from Tianjin University majoring in metal physics chemistry.
- 12) **Zhang Rui**, female, born in June 1962, currently serves as the dean of accounts department, and a professor, doctor in Management (Accounting), and a tutor of PhD Programme in Jiangxi University of Finance and Economics. She enjoys the special subsidy from the State Council. Ms. Zhang is currently a Consultant of the Committee of China Accounting Standard, committee member of China Accounting Professor Society, vice chairman of Accounting Association of Jiangxi Province, vice chairman of Jiangxi Institute of Internal Auditors, and committee member of China Youth Society of Finance and Cost. Ms. Zhang is experienced in accounting theory and practice, auditing theory and practice and results analyze.
- 13) **Tu Shutian**, male, born in March 1963, currently serves as a professor, a tutor of the Master programme in Department of Law, and a member of the Academic Committee in Nanchang University. Mr. Tu graduated from Southwest China Institute of Political Science in 1984 with a bachelor of law degree. Mr. Tu has served as the representative of the Ninth People's Congress, the member of Committee for Internal and Judicial Affairs, the member of the Standing Committee of the Tenth People's Congress of Jiangxi Province, the member of Commission of Legislative Affairs, the legislative consultant of the People's Government of Jiangxi Province, the director of China Institute of Procedural Law, the Deputy President of Jiangxi Institute of Procedural Law and the arbitrator of Nanchang Arbitration Commission. He has relatively high accomplishment and abundant experience in procedural law, civil and commercial law.
- 14) **Liu Xinxi**, born in July 1954, is a former independent non-executive Director. He is the President, a professor and tutor of Master Programme of the Law Faculty of Nanchang University. He is also a committee member of the Academic Committee of Nanchang University, a lawyer of Jiangxi Tianyi Law Office. Mr. Liu was appointed as the independent non-executive Director of the Company in May 2001 and resigned as an independent non-executive Director with effect from 15 June 2006. Mr. Liu graduated from Xinan Political Law University in 1982 specialising in laws.

15) **Shi Zhongliang**, born in January 1944, is a former independent non-executive Director. He is the President, a professor and tutor of a PhD programme of the Jiangxi Financial University. Mr. Shi was appointed as the independent non executive Director of the Company in October 2000 and resigned as independent non-executive Director with effect from 15 June 2006. Mr. Shi graduated from Shanghai Fudan University majoring in economics. Mr. Shi has profound and extensive research experience in the areas of industrial economy, resource economy and regional economy.

(4) Supervisors:

16) **Wang Maoxian**, born in February 1952, is a Senior Accountant. He is a supervisor of the Company and is currently a Secretary of the Party Committee of JCC. Mr. Wang was appointed as the Supervisor of the Company in June 2003. He held a number of management positions and has extensive experience in finance, accounting and personnel management. Mr. Wang graduated from Central Finance and Monetary College majoring in finance and accounting.

17) **Li Ping**, born in March 1958, is a Senior Engineer. He is currently a Supervisor of the Company and the Deputy General Manager of JCC. He was once the Director of Dexing Copper Mine. Mr. Li was appointed as the Supervisor of the Company in June 2003. Mr. Li has been working for JCC for over 20 years and has a wide range of experience in mechanical engineering, equipment and management. Mr. Li graduated from Northeast University majoring in mechanical engineering of copper mine.

18) **Gan Chengjiu**, born in February 1962, is a Senior Accountant. He is a Supervisor of the Company and is currently the Chief Accountant of JCC. Mr. Gan has been engaging in financial management in JCC with extensive experience in finance, accounting and assets management. Mr. Gan was appointed as the Supervisor of the Company in June 2003. Mr. Gan graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting and graduated from Jiangxi University of Finance and Economics.

19) **Hu Faliang**, born in February 1959, is a senior economist. He is a supervisor of the Company and also the Chairman of the Labour Union of JCC. Mr. Hu was appointed as the Supervisor of the Company in June 2003. Mr. Hu had been the Deputy Head of Yongping Mine, and he has extensive experience in management. Mr. Hu graduated from Zhejiang Metallurgy Economy Tertiary School with a major in planning and statistics.



(5) Senior Management:

- 20) **Liu Yuewei**, born in February 1960, professor-grade Senior Engineer, is the Deputy General Manager of the Company. Mr. Liu graduated from Angang Iron and Steel Institute with major in mine extraction. He worked in Dexing Copper Mine of the Company since July 1982, where he held the positions such as deputy director and director of the mine. Prior to the appointment of Deputy General Manager of the Company, Mr. Li held the position of Assistant to Manager of JCC. Mr. Li is very experienced in extraction and management.
- 21) **Liu Jianghao**, born in March 1961, professor-grade Senior Engineer, is the Chief Engineer of the Company. Mr. Liu graduated from Jiangxi Metallurgical Institute with major in mine selection. He worked in Dexing Copper Mine of the Company since 1982, where he held the position of director of Sizhou Mine Selection Plant of Dexing Copper Mine. Mr. Liu is very experienced in mine selection and management. Mr. Liu was granted first and second prize for science and technology advancement by China Nonferrous Metallurgical Corporation for various times. Mr. Liu is granted Special Allowance by the State Council.
- 22) **Pan Qifang**, born in September 1964, is a Senior Economist and Secretary of the Company. He engaged in the work in relation to capital operation of the Company since 1997. He had worked for different departments such as Propaganda Dept. of JCC, the General Manager Office, the Secretarial Office of the Company, and participated in the arrangement and implementation of capital operation schemes such as the Company's IPO of A shares and H shares, issue of short-term debentures, placement of H shares, merger and acquisition and the share merger reform. Mr. Pan graduated from Chinese Language Literature major of Jiangxi Normal University with a Bachelor's degree of Arts.
- 23) **Tung Tat Chiu Michael**, born in April 1962, is the Secretary of the Company in Hong Kong. Mr. Tung is a partner of Tung Tat Chiu Michael Law Firm, the Company's Hong Kong legal advisers, and has over 10 years of experience as a practising lawyer in Hong Kong. Mr. Tung joined in the Company in June 1997. Mr. Tung is also the Company Secretary of a number of companies listed in Hong Kong, and the independent non-executive director of a company listed in Hong Kong. He holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom.

VI. Employees

Details of Employees

As at the end of the reporting period, the Company had 13,405 in-service employees, representing an increase of 374 employees over last year.

(1) Arrangement for retirement benefits

The Company has provided retirement insurance for its employees in compliance with the relevant provisions of Jiangxi Provincial Government. According to a consolidated services agreement entered into between the Company and JCC, the Company shall pay basic retirement benefits in the amount of 20% of the total wages of its staff to JCC. JCC shall be responsible for managing the retired employees and paying the actual retirement benefits for the retired employees. During the reporting period, the Company paid a total of RMB74.61 million as retirement benefits through JCC (2005: RMB65.12 million).

(2) Employees' basic medical insurance

Pursuant to a consolidated services agreement entered into between the Company and JCC and the requirements of the relevant department of the PRC Government, the Company shall pay a welfare fee based on 18% of the staff wages to JCC. JCC shall be responsible for unified management of the basic medical insurance for the employees of the Company and provide the employees of the Company with various social services including medical service. During the reporting period, the Company has paid a total of RMB67.29 million as welfare fee (2005: RMB57.53 million).

(3) Total Wages of Employees

During the reporting period, the Company actually paid a total of RMB381.78 million (2005: RMB325.07 million) as wages to its employees (including basic salary, annual bonus and other allowance).

(4) The structure of employees is as follows:

1) Positions

Positions	Number of persons
Production personnel	10,341
Technicians	783
Management personnel and salesmen	1,555
Others	726

2) Education level

Education level	Number of persons
Post-secondary or above	2,726
Technical secondary or senior secondary	6,099
Junior secondary or below	7,306



VII. Other matters

1. Major Suppliers and Customers

The purchase attributable to the Group's largest suppliers accounted for 5.29% of total purchases for the year.

The Group's largest customer accounted for 5.46% of the total turnover for the year. All transactions between the Group and the customers concerned were carried out on normal commercial terms.

	<i>RMB'000</i>	<i>Percentage in total</i>
Purchase from the five largest suppliers	3,856,910	18.70%
Sales to the five largest customers	5,115,331	20.12%

The second largest customer was a company whose interest was indirectly attributable to JCC but which was not controlled by it. The sales amount incurred during the year amounted to RMB1,234,970,000.

Save as disclosed above, so far as the Directors are aware, none of the Directors, associates or shareholders who hold 5% or more equity interests of the Company is interested in the five largest customers and suppliers.

2. Auditors

The Company's accounts are audited by Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (domestic) and Hong Kong Deloitte Touche Tohmatsu (overseas). During the reporting period, the remunerations payable by the Company to the said domestic and overseas auditors were HK\$2,570,000 and HK\$2,530,000 (2005: HK\$2,114,500 and HK\$2,565,500) respectively. The Company should also bear the miscellaneous expenses including accommodation expenses during the fieldwork period, excluding travelling expenses of the relevant auditors. Deloitte Touche Tohmatsu Certified Public Accountants Ltd. and Hong Kong Deloitte Touche Tohmatsu have provided audited for the Company for 10 consecutive years.