

- 1. The Company had no Material Litigations and Arbitrations during the year.**
- 2. During the Reporting Period, the Company had no Acquisition or Disposal of Assets or Mergers.**
- 3. Details of the Related Transactions Relating to Day-to-day Operation between the Group and JCC During the Reporting Period are set out in Note 36 to the Financial Statements Prepared under IFRS and Note 47 to the Financial Statements prepared under PRC GAAP.**
- 4. Independent Directors' Special Statement and Independent Opinion on External Guarantees**

In accordance with Notice of Certain Issues in relation to Capital Transactions between Listed Companies and the Connected Parties and External Guarantees Granted by Listed Companies (《關於上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) (Zheng Jian Fa (2003) No. 56) issued by CSRC, the independent Directors examined the accumulative and current guarantees provided by the Company in a pragmatic and prudent manner, and make the following statement:

As at the end of the reporting period, the Company did not provide any guarantee to its controlling shareholder or subsidiaries. Nor did the Company provide any guarantee in any form to its subsidiaries or any other connected parties in which it held less than 50% share capital, non-corporate bodies or individuals.

5. Custody, Contracts and Leases

The Company did not have custody, contracts and leases during the year.

6. Guarantees and Custody Assets

The Company did not have any external guarantees or custody assets during the year.

7. Material Contract on Imported Copper Materials

The following table sets out the copper materials concluded by the Company as at the end of the reporting period:

Year	2007	2008	2009	2010	2011	2012
Qty. (tonne)	280,000	340,000	340,000	190,000	170,000	80,000



8. Performance of undertakings

- (1) On 22 May 1997, JCC undertook to the Company as follows

So far as JCC holds 30% or over of the voting rights of the Company, JCC and its subsidiaries and associated companies (except for those controlled through the Company) shall not engage in any business or activities which may directly or indirectly compete with the Company's business. Furthermore, JCC will devote utmost efforts to ensure the independency of the Company's Board of Directors and will not impose any control thereto in accordance with the requirements of the Hong Kong Stock Exchange and the London Stock Exchange. The Company's Board of Directors confirms that JCC has complied with the above undertakings.

- (2) When executing the share reform plan in 2006, JCC undertook as follows: during the year following completion of the share reform plan, JCC would propose to the Company's general meeting to inject or transfer to the Company its assets which are related to copper industry and in line with corporate strategic targets of the Company.

On 16 March 2007, the proposed non-public issue of not more than 290,000,000 A shares to not more than 10 targeted subscribers including JCC was considered and approved at the sixth meeting of the fourth Board of Directors of the Company. In particular, JCC Group uses assets such as mines or copper processing, equity interests held by it as consideration for subscription for not less than 44.63% of the total shares to be issued.

9. Provision for safe production expenses

The Company shall provide safe production expenses starting from 2007 in accordance with the notice of Provisional Measures on Financial Administration of Safe Production Expenses of Enterprises in Highly Dangerous Industries (Cai Qi [2006] No. 478) promulgated by the Ministry of Finance and State and the Administration of Work Safety on 8 December 2006. As specified in the document, the provision standard for the Company's metal mines is RMB4 per tonne of raw ore for pen-pit mines and RMB8 per tonne of raw ore for underground mines. Attaching importance to safe production, the Company has arranged relevant expenses for safe production for years, and therefore the provision for safe production expenses will have no material impact on its profits.

10. Cancellation of exemption from resource tax

During the reporting period, the State cancelled the policy of exemption from 30% resource tax, resulting in an increase of RMB15,930,000 in cost of the Company.

11. Change in Income Tax Policy

In accordance with Regulation on Reduction and Exemption of Local Income Tax for Foreign-funded Enterprises and Foreign Enterprises in Jiangxi Province (Gan Fu Fa Order No.10) and the certification of foreign-funded advanced technology enterprises in Gan Wai Mao Wai Zi Zi [2002] No. 446, the Company is exempt from local income tax from 2001 to 2005 and enjoys a local income tax rate of 1.5% from 2006 to 2010. The Company was applicable to the local income tax rate of 1.5% in 2006. Therefore, the Company's income tax rate for 2006 was 16.5%. Local income tax increased by RMB 84,000,000 in 2006 as compared with last year.

12. Change in Accounting Policies

In accordance with Order 33 of the Ministry of Finance and the provisions in Notice in Relation to Issuing 38 Specific Standards including Accounting Standard for Business Enterprises No. 1 - Inventories (Cai Kuai [2006] No. 3), the Company executed new Accounting Standards for Business Enterprises since 1 January 2007, and adjusted the balance sheet as at 1 January 2007 pursuant to the requirements of Accounting Standard for Business Enterprises No. 38 - First Time Adoption of Accounting Standards for Business Enterprises. The Company determined appropriate accounting policies and made rational accounting estimates in accordance with the new Accounting Standard for Business Enterprises and in light of the corporate actual situation, which were approved by the Board. The Company has prepared the shareholders' equity reconciliation and disclosed it as supplemental information to the financial statements, in respect of the impact of the change in accounting policies arising from adoption of the new Accounting Standards for Business Enterprises on shareholders' equity as at 1 January 2007.

13. Punishment on the Company and the Board and its Directors

During the reporting period, none of the Company and the Board and its Directors was a subject of any investigation, administrative punishment or criticism by CSRC or any condemnation by any securities exchange.

14. Other Significant Events

Save as disclosed above and previously, the Company has no other significant events which are required to be disclosed.