

The Directors of the Company (“Directors”) hereby submit the Report of the Directors and the audited financial statements of the Company and the Group for the year ended 31 December 2006.

PRIMARY BUSINESS

The Company is principally engaged in the exploration, mining, processing, refining and sale of gold and non-ferrous metals and other mineral resources in the PRC, and is a large mining conglomerate primarily engaged in the production of gold and non-ferrous metals. The Company produces mainly gold bullions of 99.99% and 99.95% purity under the “ZIJIN” brand, and copper cathodes, copper concentrates and iron concentrates. Currently, the sales of gold products represent over 70% of total revenue.

Details regarding the key business of the Company’s subsidiaries and associates are set out in notes 20 and 21 to the financial statements, respectively.

OPERATING RESULTS

The operating results of the Group for the year ended 31 December 2006 are set out in the financial statements on pages 64 to 158.

INVESTMENT IN SUBSIDIARIES

On 12 January 2006, Shanxi Zijin Mining Company Limited (“Shanxi Zijin”) was established and its registered capital is RMB159.1 million. The Company invested RMB81.14 million by cash and holds its 51% shareholding. Fanshixian Yixingzhai Gold Mining Co., Ltd. (“Yixingzhai Gold Mine”) invested RMB54.1 million by assets and holds its 34% shareholding. Zijin International Mining Co., Ltd. (“Zijin International”) invested RMB23.86 million by cash and holds its 15% shareholding. The Company and Zijin International invested RMB46,144,000 and RMB7,956,000 respectively, and signed the agreement of share transfer with Yixingzhai Gold Mine to acquire 29% and 5% shareholding of Shanxi Zijin. After the acquisition, the Company and Zijin International hold 80% and 20% shareholding of Shanxi Zijin respectively. Shanxi Zijin becomes the wholly-owned subsidiary of the Group.

On 20 January 2006, the Company signed an agreement with Yunan Wenshan Longxing Mining Co., Ltd. in Yunnan Province, to acquire 51% shareholding of its subsidiary, Guangnan Longxing Mining Co., Ltd. (“Guangnan Longxing”) at a consideration of RMB25.5 million. The registered capital of Guangnan Longxing is RMB50 million. Yunnan Wenshan Longxing Mining Co., Ltd. and Xiamen Minxing Investment Co., Ltd. are its other two shareholders, holding its 25% and 24% shareholdings respectively. Guangnan Longxing is principally engaged in exploration of Yunnan Dixu Gold Mine.

Report of the Directors

In March 2006, the Company's subsidiary Yunnan Huaxi Mining Co., Ltd. ("Yunan Huaxi") and Mr. Huang Jinyun jointly invested a company namely Wenshan Huayuan Mining Co., Ltd. ("Wenshan Huayuan") in Wenshan County, Yunnan Province. Its registered capital is RMB3 million. Yunan Huaxi invested RMB1.8 million and holds its 60% shareholding. Mr. Huang Jinyun invested RMB1.2 million and holds its 40% shareholding. Wenshan Huayuan mainly carries out exploration of gold and other nonferrous metals in Wenshanzhou.

On 5 April 2006, the Company's subsidiary, Xinjiang Zijin Mining Co., Ltd. ("Xinjiang Zijin") and Labor Union Committee of the Company jointly established the Fuyun Gold Mountains Processing Co., Ltd. Its registered capital is RMB120 million. Xinjiang Zijin and Labor Union Committee invested RMB72 million and RMB48 million by cash, representing 60% and 40% shareholding respectively. After the company's establishment, it is mainly involved in the construction of 0.3 million tonnes of reduction iron project and the development of the eastern part of Mengku Iron Mine.

In April 2006, the Company and Shandong Longkou Jinxing Gold Company ("Longkou Jinxing") signed the contract to increase the registered capital of Shandong Longkou Jintai Gold Co., Ltd. ("Longkou Jintai") to RMB200 million. The Company invested RMB102 million by cash, holding its 51% shareholding. Longkou Jinxing invested RMB98 million by evaluated net assets, holding its 49% shareholding. The company is mainly engaged in development of gold mine in Longkou, Shandong. On 16 January 2007, the Company signed the agreement of share transfer with Longkou Jinxing, using RMB90 million to acquire 39% shareholding of Longkou Jintai. After the acquisition, the Company will hold 90% shareholding of Longkou Jintai. Above acquisition constitutes a connected transaction, which has been announced by the Company.

In May 2006, the Company, Chongli State Property Management Centre, and Labor Union of Dongping Gold Mine ("Chongli Zijin Labor Union") established Chongli Zijin Mining Co., Ltd. ("Chongli Zijin"), whose proposed registered capital is RMB237.5 million. The Company, Chongli State Property Management Centre and Chongli Zijin Labor Union invested RMB142.5 million, RMB85.5 million, and RMB9.5 million, representing 60%, 36%, and 4% shareholding, respectively. As at 22 June 2006, the company's paid-up capital is RMB181.685 million. The investment amount of the Company and Labor Union has been fully paid. According to the agreement, the remaining RMB55.815 million of Chongli State Property Management Centre should be paid in 2 years. Chongli Zijin will fully consolidate and exploit the original Dongping Gold Mine and adjacent mine.

In May 2006, the Group established a wholly-owned company, Fujian Jinshan Gold Refinery Co., Ltd. with registered capital of RMB50 million. The Company is mainly engaged in refractory gold ore with 200 tonnes/day processing capacity.

On 31 May 2006 and 25 July 2006, the Company's subsidiary, Zijin International Mining Co., Ltd. ("Zijin International") signed a share transfer agreement with Mr. Liu Daonan and Mr. Huang Mao to acquire 60% shareholding of Wulatehouqi Zijin Mining Co., Ltd. ("Wulate Zijin") by investing RMB6 million. The registered capital of Wulate Zijin is RMB10 million.

On 13 June 2006, the Company signed an agreement with Mr. Xu Kaiyu to invest RMB11 million to acquire 35.48% equity interests in Hunan Tongyong Mining Holdings Co., Ltd. (“Hunan Tongyong”), from Mr. Xu Kaiyu. Then, the Company unilaterally invested RMB19 million to increase Hunan Tongyong’s registered capital from RMB31 million to RMB50 million. So far, the Company totally invested RMB30 million, holding its 60% equity interest, and changed its name to Hunan Zijin Mining Co., Ltd. The company is principally engaged in the exploitation of Hunan Liaojiaping Gold Mine and nearby tungsten and antimony mines.

In June 2006, the wholly-owned subsidiary of the Company, Gold Mountains (H.K.) International Mining Co., Ltd. (“Gold Mountains”) signed a share transfer agreement with Zhongkuang Sichuan Co., Ltd. to acquire 51% equity interest of its subsidiary Sichuan Jinkang Mining Co., Ltd. (“Sichuan Jinkang”) by investing US\$1. Besides, Gold Mountains must fulfill its responsibility of investing US\$5 million to Sichuan Jinkang. The registered capital of Sichuan Jinkang is US\$9.804 million, Gold Mountains further invested US\$2.2 million to Sichuan Jinkang and its paid-up capital was US\$2.5 million at the end of 2006, and remaining capital will be gradually injected based on the developing process of the project. The other shareholder, Deyang Mining Development Co., Ltd., holds 49% shareholding. The company is mainly engaged in exploration and development of Sichuan Hongyuan Shuajingsi Gold Mine.

On 14 July 2006, the Company’s subsidiary, Fujian Zijin Investment Co., Ltd. (“Zijin Investment”) reached an agreement with Financial Bureau of Shanghang County and Economics and Commerce Bureau of Shanghang County, to acquire 100% shares of Fujian Shanghang Guanzhuang Marble Mine (“Guanzhuang Marble”) in Shanghang County Fujian Province by the consideration of RMB1.43 million. The company is mainly engaged in exploration of marble. As at the end of 31 December 2006, its registered capital is RMB2.38 million.

On 24 July 2006, Fujian Zijin Processing Detection Technology Co., Ltd. was established. It is a wholly owned subsidiary of the Company with the registered capital of RMB5 million. The company is mainly involved in detection of mine product and research on smelting experiments.

On 9 August 2006, Fujian Zijin Hotel Management Co., Ltd. was established. It is a wholly owned subsidiary of the Company with the registered capital of RMB5 million. The company is principally engaged in hotel operation and management.

On 5 September 2006, the Company’s subsidiary, Hunchun Zijin Mining Co., Ltd. (“Hunchun Zijin”) reached an agreement with Mr. Jiang Zhenlong and Mr. Su Xiaofeng, to acquire 100% equity interest of Hunchun Jinfeng Mining Investment Co., Ltd. (“Hunchun Jinfeng”) by the consideration of RMB75 million. The company is mainly engaged in mining investment with registered capital of RMB10 million.

Report of the Directors

On 10 October 2006, a wholly-owned subsidiary of the Company, Hunchun Zijin and Heilongjiang Geology Science Research Institute (“HGSRI”) jointly established Heilongjiang Zijin Mining Investment Co., Ltd. with registered capital of RMB100 million. Hunchun Zijin and HGSRI hold 85% and 15% thereof, respectively. Such company is mainly engaged in investment in mining industry.

On 23 October 2006, the Company established Yunnan Jinfeng Mining Co., Ltd. in Yunnan, with a registered capital of RMB50 million. It is a wholly owned subsidiary of the Company. It is responsible for the investment and exploration of mines in Yunnan and southeast Asia.

On 28 October 2006, the Company’s subsidiary, Yunnan Jinfeng Mining Co., Ltd. (“Yunnan Jinfeng”) and Yunnan Zhongtao Economics and Trading Co., Ltd. (“Yunnan Zhongtao”) signed an agreement to increase Yunnan Zhongtao’s registered capital from RMB5 million to RMB35 million. Yunnan Jinfeng injected RMB30 million into Yunnan Zhongtao and acquired its 60% equity interest. The company is mainly engaged in trading and investing across border, and owning the exploitation permit of Vietnam Ha Giang Lead-Zinc Mine. Its registered capital is RMB35 million.

On 31 October 2006, the Company, Mr. Zhou Xueqing and Mr. Guo Weisong entered into a share transfer agreement, investing RMB50 million to acquire 100% equity interest of Hengyang Shangqing Co. Ltd. from them. The company’s registered capital is RMB50 million, mainly responsible for the exploitation of Qidong Iron Mine in Hunan.

On 31 December 2006, an agreement was arrived at among the Company, Hunchun Zijin, Hunchun Jinfeng and Longkou Jinfeng Investment Company (“Longkou Jinfeng”). Four parties jointly invested RMB47,620,354 to acquire 86.65% equity interest of Longkou Jinfeng. The company mainly works on the gold exploitation and processing, with registered capital of RMB10 million.

ACQUISITION AND INVESTMENT IN ASSOCIATE COMPANIES

On 5 January 2006, the Company, Western Mining Co., Ltd., Heilongjiang Mining Group Co., Ltd., Heilongjiang Heilong Mining Group Co., Ltd. and Haerbin Baifu Investment Co., Ltd. jointly invested and established a new company, namely, Heilongjiang Duobaoshan Copper Joint Stock Co., Ltd. The company is mainly engaged in exploration of copper and molybdenum in Duobaoshan. According to the agreement, its registered capital is RMB300 million. The Company is the biggest shareholder by holding 31% equity interest.

On 26 June 2006, the Company and Hainan Qianjinda Investment Co., Ltd. signed a shares transfer agreement with Hainan Baohui Investment Co., Ltd. to acquire 17.5% and 7.5% Shareholding of its subsidiary, Wulatehouqi Wancheng Commercial Co., Ltd. (“Wancheng Commercial”), by investing RMB185.5 million and RMB79.5 million respectively. After the acquisition, the Company holds 25% shareholdings of Wancheng Commercial. The other shareholders include: Hainan Qianjinda Investment Co., Ltd. (52.5% equity interest), Hainan Baohui Investment Co., Ltd. (10% shares), and Qionghai Aoya Industry Co., Ltd. (12.5% equity interest). The company is mainly engaged in exploration of Dongshengmiao Lead and Zinc Mine in Wulatehouqi.

On 8 August 2006, the Company, Tongling Nonferrous Metal Group Co., Ltd. (“Tongling Nonferrous”) and Xiamen C&D Holdings Co., Ltd. (“Xiamen C&D”) jointly established Xiamen Zijin Tongguan Investment & Development Co., Ltd., with the registered capital of RMB50 million, and paid-up capital of RMB10 million. The Company invested RMB4.5 million, representing 45% equity interest. Tongling Nonferrous invested RMB3.5 million, representing 35% shares. Xiamen C&D invested RMB2 million, representing 20% equity interest. After its establishment, the company is mainly engaged in investment and exploration of overseas projects.

OTHER MAJOR ACQUISITION

On 21 June 2006, a wholly-owned subsidiary of the Group, Best Ground Group Ltd. (“Best Ground”) and four shareholders of China Gold Development Group (H.K.) Co. Ltd., (“China Gold”) namely, China Mining Investment Limited (“CMI”), German Kingston Financial Investment Inc. (“GKF”), Gold Rich International Mining Investment Inc. (“GRI”), and Sonic International Investment Inc. (“SII”) entered into a share transfer agreement. Best Ground proposed to invest US\$20 million to acquire 25%, 25%, 19.99%, and 0.01% (total 70%) shareholding (57,330,000 shares) of China Gold from GRI, SII, GKF, and CMI respectively. The Company will indirectly control Shandong Guoda by acquiring shareholding of China Gold. Please refer to the circular published on 13 July 2006 for the detailed transaction information.

On 29 September 2006, the Company’s wholly-owned subsidiary, Gold Mountains signed a subscription offer with Ridge Mining plc to invest GBP8.2 million to subscribe its 16 million ordinary shares, approximately 20% of its total share capital. After the offer, Gold Mountains becomes the largest shareholder of Ridge Mining plc, and has subscribed its 10 million warrants, which can be used to subscribe its new ordinary shares in a period of three years after issue at the execution price of GBP0.7 per share. If the 10 million warrants are fully executed and Ridge Mining plc does not issue any further shares during the execution period, Gold Mountains will hold its 29.3% shares. The company is a listed company on AIM of London. The major assets include Blue Ridge Platinum mine in South Africa and Sheba’s Ridge Platinum and Palladium and Nickel Multi-metal Ore Mine. For details please refer to the Company’s announcement dated 29 September 2006.

CONNECTED TRANSACTION

On 18 January 2006, the Company signed an outsourcing contract of Zijinshan gold mine open-pit mining with Fujian Xinhua Engineering Co., Ltd. and Shanghang Hongyang Mining Engineering Co., Ltd. to outsource partial mining and stripping projects for a period of three years. Fujian Xinhua Engineering Co., Ltd. is a promoter of the Company, and Shanghang Hongyang Mining Engineering Co., Ltd. is a promoter of its subsidiary, Hunchun Zijin. Thus, above transactions constitute non-exempt continuing connected transactions, and each of relevant percentage ratios as defined in Rule 14A.35 of the Listing Rules are not less than 2.5%. The transactions and new annual cap for the three financial years are subject to prior approval by the independent shareholders of the Company by poll. The Company published the announcement on the website of Hong Kong Stock Exchange on 27 January 2006, sent out the circular and notice of the extraordinary general meeting (EGM) on 21 February 2006 and passed the above connected transactions in the EGM held on 7 April 2006.

Report of the Directors

On 23 October 2006, the Company's subsidiary-Bayannaer Zijin Non-ferrous Metals Co., Ltd. ("Bayannaer Zijin") entered into an agreement with Gansu Jianxin Enterprise Group Co., Ltd. ("Gansu Jianxin") in relation to the purchase of zinc concentrates from it for a term from 23 October 2006 to 31 December 2008. Gansu Jianxin owns 90% shareholding of Huao Mining Co., Ltd. ("Huao Mining"), and Huao Mining owns 10% shareholding of Bayannaer Zijin. Therefore, according to the Listing Rules, above transaction constitutes a non-exempt continuing connected transaction, and each of relevant percentage ratios as defined in Rule 14A.35 of the Listing Rules are not less than 2.5%. The transactions and new annual cap for the three financial years are subject to prior approval by the independent shareholders of the Company by poll. The Company published the announcement on the website of Hong Kong Stock Exchange on 24 October 2006, sent out the circular and notice of the extraordinary general meeting (EGM) on 13 November 2006 and passed the above connected transaction in the EGM held on 28 December 2006.

On 25 October 2006, the Company and Zijin International Mining Co., Ltd. (Zijin International) invested RMB46.144 million and 7.956 million respectively to acquire 29% and 5% shareholding of Shanxi Zijin Mining Co., Ltd. ("Shanxi Zijin") held by Fanshixian Yixingzhai Gold Mine Co., Ltd. After the acquisition, the Company will hold 80% shares of Shanxi Zijin, while Zijin International will hold 20% of it. Shanxi Zijin will become a wholly owned subsidiary of the Company.

On 26 July 2006, the Company aggregately invested RMB89,375,000 to acquire 17.875% shareholding of Hunchun Zijin Mining Co., Ltd. ("Hunchun Zijin") from two connected persons, Fujian Shanghang Hongyang Mine Engineering Co., Ltd. and Xiamen Hengxing Mining Co., Ltd. and other five natural persons Mr. Wang Chongya, Yang Fugang, Duan Zhan, Wu Zaijiu and Huang Jingyuan. After the transaction, the Company will hold 100% interests of Hunchun Zijin.

On 18 November 2006, the Company aggregately invested RMB19,524,000 to acquire 24.405% equity interest of Sichuan Jiuzhaigou Zijin Mining Co., Ltd. ("Jiuzhaigou Zijin") from the connected person, Fujian Xinhua Engineering Co., Ltd. and Zijin Mining Group Co., Ltd. Labor Union. After the acquisition, the Company will hold 84.405% equity interest of Jiuzhaigou Zijin.

Apart from the above disclosure, please refer to the appendix of financial statements in 2006 annual report for the details of commodity purchase, labor offering and other continuing connected transactions.

DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES AND DISPOSAL OF ASSETS

On 12 April 2006, all the shareholders of Hubei Gedian Dida Nanometer Technology Development Co., Ltd. consented to sell the company to payoff debts and cancel its registration at the same time. It incurred a loss about RMB730,943.

On 25 April 2006, Yunnan Huaxi entered into a share transfer contract with Yunnan Aluminum Holdings Co., Ltd., pursuant to which Yunnan Huaxi transferred its 51% shareholding in Yunnan Wenshan Aluminum Co., Ltd. to Yunnan Aluminum Holdings Co., Ltd. at a consideration of RMB15.3 million. Gain incurred under the above shares transfer was approximately RMB9,451,553.

On 23 June 2006, Xiamen Zijin entered into an agreement with Mr. Lijianguo to sell 51% shareholding of Wuhan Dida Nanometer Rare-earth Materials Development Co., Ltd. at a consideration of RMB3,000. It incurred a loss of RMB318,817.

On 29 June 2006, Yunnan Huaxi entered into a contract with Mr. Hu Yuyou and Mr. Yu Demin to sell 60% shareholding of Yingjiang Hualong Mining Co., Ltd. at a consideration of RMB5.7 million. It incurred a gain of RMB454,657.

Other than the above disclosure, there is no other share transfer involving its subsidiaries during the year 2006.

FINAL DIVIDEND

As audited by Ernst & Young, the Group's net profit for the year ended 31 December 2006 prepared under International Financial Reporting Standards ("IFRSs") and PRC GAAP was RMB1,704,514,000 and RMB1,725,193,000, respectively. The Board of Directors has proposed (subject to the approval of the Shareholders in the forthcoming annual general meeting) to pay dividends of RMB0.09 per Share in cash and issue additional 2.5 new ordinary shares to every 10 ordinary shares on the basis of 10,513,047,280 Shares in issue of the Company as at the end of 2006. The pay-out ratio is 55.5% calculated based on the net profit under IFRSs.

Capital Conversion

Apart from the above proposal for the declaration of a final dividend, on 8 March, 2007, the Board of Directors also proposed to convert a sum of RMB262,826,182 in the Company's reserve fund into 2,628,261,820 shares of a nominal value of RMB0.1 each. On the basis of the issued share capital of 10,513,047,280 shares as at the end of 2006, shareholders will be offered additional 2.5 ordinary shares for each 10 ordinary shares they hold. If any fractional shares (interest smaller than a whole share) occurred in this distribution, the fractional shares will not be issued and the Board will collect all these fractional shares and sell for the interest of the Company.

The H share register of the Company will be closed from Saturday, 31 March 2007 to Monday, 30 April 2007 (both days inclusive). Shareholders whose names appear on the H Share register of members of the Company at the close of business on 30 April 2007 (Monday), (being the record date) will be entitled to attend the Annual General Meeting to be held by the Company on 30 April 2007 (Monday) at Shanghai, and to receive the final dividends and the additional new Ordinary Shares to be issued pursuant to the capital conversion plan.

For the distribution of dividends, dividends for holders of Domestic Shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars (conversion of RMB into HK\$ shall be calculated on the average price of the medium price of the conversion of RMB into HK\$ announced by Bank of China one calendar week preceding 30 April 2007 (Monday)).

Report of the Directors

The proposed distribution of final dividends and capital conversion are subject to approval by shareholders at the Annual General Meeting to be held on 30 April 2007 (Monday).

RESERVES

Details of movements in the reserves of the Company and the Group for the year ended 31 December 2006 are set out in note 37 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

According to the articles of association of the Company, the reserves available for distribution are based on the lower of the Company's profits determined under PRC general accepted accounting standards and regulations and IFRS.

In accordance with the Company Law of the PRC, profit after tax can be distributed as dividends after the transfer to the statutory surplus reserve and public welfare fund. As at 31 December 2006, the Company's reserves available for distribution (before proposed final dividend of RMB946,174,000) were approximately RMB1,057,058,000 (2005: RMB526,427,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Company and the Group for the year ended 31 December 2006 are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the movements of the share capital of the Company are set out in note 36 to the financial statements.

DONATIONS

During the year 2006, donations made by the Group was RMB148.42 million, of which RMB114.78 million has been donated by Xinjiang Ashele Copper Mine.

BANK LOANS

Details of the Group's bank loans are set out in note 31 to the financial statements.

TAXATION

The corporate income tax rate of the Company is 33%, details of which are set out in note 10 to the financial statements.

PRE-EMPTIVE RIGHTS

According to the Articles of Association of the Company and the laws of the PRC, there are no provisions for limited pre-emptive rights requiring the Company to offer new shares to its existing shareholders in proportion to their shareholdings.

FINANCIAL HIGHLIGHTS

The financial highlights of the Group are set out in pages 4 to 5 of this annual report.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 16 June 2006, the Company issued 5,256,523,640 new shares by transferring the surplus reserve fund. Of these new shares, 1,602,176,000 H Shares commenced its listing on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19 June 2006. Details regarding the issue of new shares are set out in note 36 to the financial statements.

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities as of 31 December 2006.

SHARE OPTION SCHEME

As at the date of this report, the Company has not granted nor agreed to grant any option to its Directors or Supervisors or to the employees of the Company or its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

Transactions of the Company's gold products were conducted and settled through the Shanghai Gold Exchange. Information about the ultimate customer is not known.

The Company's total purchases from the five largest suppliers and the largest supplier amounted to RMB71 million and RMB15.96 million respectively, representing 19.38% and 5.18% of the total purchases, respectively. All transactions between the Company and the related suppliers were entered into under normal commercial terms.

As far as the Directors are aware, none of the Directors, Supervisors and their respective associates (as defined in the Listing Rules of the Stock Exchange ("Listing Rules")) who owns more than 5% equity interest of the Company has any interest in the above five largest suppliers in the year 2006.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

Each of the Directors and Supervisors has entered into a service contract with the Company respectively. All these contracts will be ended on 18 August 2009.

Report of the Directors

Pursuant to article 93 of the Articles of Association, the terms for Directors will be for three years, (commencing from the date of its appointment or re-appointment) subject to re-appointment. Under the Company Law of the PRC, the term of appointment for supervisors is also for three years, and subject to re-appointment. Remuneration of Directors and Supervisors can be amended at Annual General Meetings.

Save as disclosed above, there are no service contracts (excluding contracts expiring or terminable by the Company within one year without payment of compensation other than statutory compensation) between the Company and any of the Directors or Supervisors.

TERMS OF DIRECTORS AND SUPERVISORS

During the year and up to the date of this report, the terms of the existing Directors and Supervisors are:

TERMS

EXECUTIVE DIRECTORS:

Chen Jinghe	3 years from his re-appointment on 18 August 2006
Liu Xiaochu	3 years from his re-appointment on 18 August 2006
Luo Yingnan	3 years from his re-appointment on 18 August 2006
Lan Fusheng	3 years from his re-appointment on 18 August 2006
Huang Xiaodong	3 years from his appointment on 18 August 2006
Zou Laichang	3 years from his appointment on 18 August 2006

NON-EXECUTIVE DIRECTOR:

Ke Xiping	3 years from his re-appointment on 18 August 2006
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INDEPENDENT NON-EXECUTIVE DIRECTORS:

Chen Yuchuan	3 years from his appointment on 18 August 2006
Su Congfu	3 years from his appointment on 18 August 2006
Lin Yongjing	3 years from his appointment on 18 August 2006
Loong Ping Kwan	3 years from his re-appointment on 18 August 2006

SUPERVISORS:

Zheng Jingxing	3 years from his appointment on 18 August 2006
Xu Qiang	3 years from his re-appointment on 18 August 2006
Lin Jingtian	3 years from his appointment on 18 August 2006
Lan Liying	3 years from her re-appointment on 18 August 2006
Zhang Yumin	3 years from his appointment on 18 August 2006

BRIEF BIOGRAPHY OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Brief biography of directors, supervisors and senior management are set out on pages 21 to 26 in this report.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Save for the service contracts of directors and supervisors as disclosed above, there were no contracts of significance to which the Company or its subsidiaries was a party and in which a director or supervisor of the Company had a material interest, either directly or indirectly, subsisting at the end of the year or at any time during the year.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE ISSUED SHARES OF THE COMPANY

As at 31 December 2006, the interests and short positions of directors, supervisors and chief executive in the share capital of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, are as follows:

(a) Shareholdings of directors, supervisors or chief executive in the Company as at 31 December 2006

Director	Number of Domestic Shares/amount of equity interests held	Nature of interests	Long/short positions	Proximate percentage of shareholding in such class of securities	Proximate percentage of shareholding in the registered capital
Ke Xiping	912,000,000 (note 1)	Company	Long	12.48%	8.67%
Chen Jinghe	91,675,200 (note 2)	Personal	Long	1.27%	0.87%

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(b) Shareholding of Directors, chief executive or supervisors in the Company's subsidiaries as at 31 December 2006

Directors	Name of subsidiaries	Amount of equity interests held	Nature of interests	Long/short positions	Proximate percentage of shareholding in the registered capital
Chen Jinghe	Guizhou Zijin (note 3)	2,340,000 (note 4)	Company	Long	2.34%
Chen Jinghe	Bayannaer Zijin (note 5)	3,000,000 (note 6)	Company	Long	1%

Notes:

- (1) Xiamen Hengxing Industrial Company Limited holds 380,000,000 Domestic Shares in the Company, and holds 49% shareholding in Fujian Xinhua Engineering Company Limited (which is holding 532,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 912,000,000 Domestic Shares in the Company. Mr. Ke Xiping owns 95.4% interest in Xiamen Hengxing Industrial Company Limited. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such Shares.
- (2) On 12 July 2004, Fujian Xinhua Department Store Company Limited and Shanghang County Jinshan Trading Company Limited, the shareholders of the Company, agreed to transfer 4,000,000 domestic shares and 6,000,000 domestic shares they held, to Mr. Chen Jinghe (a Director) respectively. (In June 2005, the Company issued bonus shares at a proportion of 10:10. Upon the share increment, Mr. Chen Jinghe is holding 20,000,000 Shares in the Company). On 4 January 2006, Shanghang County Jinshan Trading Company Limited agreed to transfer 10,000,000 domestic shares it held, to Mr. Chen Jinghe (a Director). (In June 2006, the Company issued bonus shares at a proportion of 10:10. Upon the share increment, Mr. Chen Jinghe is holding 60,000,000 Shares in the Company). On 1 November 2006, Shanghang County Jinshan Trading Company Limited agreed to transfer 31,675,200 domestic shares it held, to Mr. Chen Jinghe. The above share transfer has already been registered with the Domestic Share Trust, and report of interest has been reported to the Stock Exchange.
- (3) Guizhou Zijin Mining Co., Ltd. ("Guizhou Zijin") is a subsidiary in which the Company directly owns 51%.

- (4) On 15 March 2006, Xiamen Hengxing Mining Co., Ltd., a shareholder of Guizhou Zijin Mining Co., Ltd. (being a subsidiary of the Company) transferred 1,404,000 shares it held in Guizhou Zijin to Xiamen Jinhuang Technology Consultant Co., Ltd. ("Xiamen Jinhuang"). Guizhou Zijin applied its revenue reserve and retained profit to increase its registered capital from RMB60 million to RMB100 million in 2006. Xiamen Jinhuang increased shareholding to 2.34 million shares a pro-rata basis. Xiamen Jinhuang is held as to 34% by Mr. Chen Jinghe, a Director, and as to 32.7% by his wife Mrs. Lai Jinlian. Mr. Chen Jinghe is accordingly deemed as being interested in such shares under Rule 316 of the SFO. The relevant share transfer has been registered with the Domestic Shares Trust, and also filed with the Stock Exchange.
- (5) Bayannaer Zijin Non-ferrous Metals Co., Ltd. ("Bayannaer Zijin") is a subsidiary in which the Company directly owns 77.92%.
- (6) On 12 September 2006, 3 million shares were transferred to Xiamen Jinhuang Technology Consultant Co., Ltd. Xiamen Jinhuang Technology Consultant Co., Ltd. is held as to 34% by Mr. Chen Jinghe, a Director, and as to 32.7% by his wife Mrs. Lai Jinlian. Mr. Chen Jinghe is accordingly deemed as being interested in such shares under Rule 316 of the SFO. The relevant share transfer has been registered with the Domestic Shares Trust, and also filed with the Stock Exchange.

Save as disclosed above, none of the Directors, supervisors and the chief executive or their associates has any interest in the securities of the Company or its associated company (as defined in the SFO) during the year. None of the directors, supervisors and the chief executive or their spouse or children under the age of 18 years is holding any option to subscribe securities of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries during any time in the year, which will allow the Directors, supervisors or chief executive of the Company to be benefited by acquiring the shares or debentures of the Company or other body corporate.

SHAREHOLDING STRUCTURE

1. Change of issued shares

On 18 May 2006, the proposal of "Conversion of Reserve Funds into Capital" was passed in the AGM of 2005. Based on 5,256,523,640 Shares at nominal value of RMB0.1 each in issue by the end of 2005, the Company issued new shares to the shareholders on 10 to 10 basis at nominal value of RMB0.1 each.

The distribution of new shares was completed on 16 June 2006 and the new H Shares were started to trade on 19 June 2006 on the Stock Exchange.

As at 31 December 2006, the Company issued 10,513,047,280 ordinary shares at nominal value of RMB0.1 each.

Report of the Directors

	31 December 2006	31 December 2005
		Unit: share
Domestic Shares	7,308,695,280	3,654,347,640
H Shares	3,204,352,000	1,602,176,000
Total Shares	10,513,047,280	5,256,523,640

2. The Status of Major Shareholders

As at 31 December 2006, the Company has a total of 836 shareholders, of which 827 are holders of H Shares and 9 are holders of Domestic Shares.

The shareholdings of the Company's top ten shareholders are as follows:

	Shareholders' names	Class of Shares	Number of Shares held	Proximate percentage of shareholding in the registered capital
1.	Minxi Xinghang State-owned Assets Investment Company Limited	Domestic Shares	3,368,721,696	32.04%
2.	HKSCC Nominees Limited (Note 1)	H Shares	3,182,119,250	30.27%
3.	Xinhuadu Industrial Company Limited (Note 2)	Domestic Shares	1,383,200,000	13.16%
4.	Shanghang County Jinshan Trading Company Limited	Domestic Shares	1,293,084,800	12.30%
5.	Fujian Xinhuadu Engineering Company Limited (Note 2)	Domestic Shares	532,000,000	5.06%
6.	Xiamen Hengxing Industrial Company Limited (Note 3)	Domestic Shares	380,000,000	3.61%
7.	Fujian Gold Group Company Limited	Domestic Shares	120,572,168	1.15%
8.	Fujian Xinhuadu Department Store Company Limited (Note 2)	Domestic Shares	114,948,000	1.09%
9.	Chen Jinghe	Domestic Shares	91,675,200	0.87%
10.	Fujian Minxi Geologist	Domestic Shares	24,493,416	0.23%

Notes:

- (1) HKSCC Nominees Limited is holding 3,182,119,250 H Shares in the Company as a nominee, representing 30.27% of the Company's Shares in issue. HKSCC Nominees Limited is a member of the Central Clearing and Settlement System, which carries out securities registration and trust business for customers.

Report of the Directors

- (2) Xinhua Industrial Company Limited, Fujian Xinhua Engineering Company Limited and Fujian Xinhua Department Store Company Limited are connected with each other. Xinhua Industrial Company Limited holds 51% in Fujian Xinhua Engineering Company Limited and holds 64.54% in Fujian Xinhua Department Store Company Limited.
- (3) Xiamen Hengxing Industrial Company Limited holds 49% in Fujian Xinhua Engineering Company Limited.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at 31 December 2006, the interests and short positions of substantial shareholders (other than directors, supervisors and the chief executives of the Company) in the issued share capital of the Company which will be required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or holding 5% or above in the issued share capital of the Company which will be required to be notified to the Company are as follows:

Names of shareholders	Class of Shares	Number of Shares/equity interest held	Proximate percentage of shareholding in the registered capital	Proximate percentage of shareholding in Domestic Shares	Proximate percentage of shareholding in H Shares	Long/short position
Minxi Xinghang State-owned Assets Investment Company Limited	Domestic Shares	3,368,721,696	32.04%	46.09%	-	Long
Xinhua Industrial Company Limited	Domestic Shares	2,030,148,000 (Note 1)	19.31%	27.78%	-	Long
Chen Fashu	Domestic Shares	2,030,148,000 (Note 2)	19.31%	27.78%	-	Long
Shanghai County Jinshan Trading Company Limited	Domestic Shares	1,293,084,800	12.30%	17.69%	-	Long
Xiamen Hengxing Industrial Company Limited	Domestic Shares	912,000,000 (Note 3)	8.67%	12.48%	-	Long
Ke Xiping	Domestic Shares	912,000,000 (Note 4)	8.67%	12.48%	-	Long
Fujian Xinhua Engineering Company Limited	Domestic Shares	532,000,000	5.06%	7.28%	-	Long
Merrill Lynch & Company Inc	H Shares	671,809,776 (Note 5)	6.39%	-	20.97%	Long

Report of the Directors

Notes:

- (1) Xinhua Industrial Company Limited holds 1,383,200,000 Domestic Shares in the Company, and holds 51% in Fujian Xinhua Engineering Company Limited (which holds 532,000,000 Domestic Shares in the Company), and holds 64.54% in Fujian Xinhua Department Store Company Limited (which holds 114,948,000 Domestic Shares in the Company). Therefore, under Section 316 of the SFO, Xinhua Industrial Company Limited is interested in 2,030,148,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 73.56% interests in the issued share capital of Xinhua Industrial Company Limited, therefore, under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 2,030,148,000 Domestic Shares in the Company.
- (3) Xiamen Hengxing Industrial Company Limited holds 380,000,000 Domestic Shares in the Company, and holds 49% in Fujian Xinhua Engineering Company Limited (which holds 532,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 912,000,000 Domestic Shares in the Company.
- (4) Mr. Ke Xiping holds 95.4% interests in the issued share capital of Xiamen Hengxing Industry Company Limited. Under Section 316 of the SFO, Mr. Ke Xiping is deemed to be interested in 912,000,000 Domestic Shares in the Company.
- (5) The 671,809,776 H Shares (long positions), representing 20.97% of the Company's total issued H Shares, are being held by Merrill Lynch Company Inc., of which 659,651,000 H Shares are held by the subsidiaries of Merrill Lynch Company Inc., including Merrill Lynch Group, Inc., ML Invest. Inc., ML Invest Holding Ltd., Merrill Lynch Investment Managers Group Ltd., and Merrill Lynch Investment Managers Ltd. (on behalf of discretionary clients), while 12,158,776 H Shares are being held by the subsidiaries of Merrill Lynch Company Inc., including Merrill Lynch Investment Managers Ltd., Merrill Lynch Int'l Incorporated, Merrill Lynch Int'l Holdings, Merrill Lynch Europe Plc., Merrill Lynch Europe Intermediate Holdings, Merrill Lynch Holdings Limited, ML UK Capital Holdings and Merrill Lynch International.

Save as disclosed above, as far as the Directors, Supervisors and chief executive are aware, as at 31 December 2006, there are no interest or short position of other parties (other than Directors, Supervisors, the chief executive of the Company or senior management) in the shares or related securities of the Company which will fall to be disclosed to the Company and the Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO, and which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, or are the substantial shareholders (as defined in the Listing Rules) of the Company.

Based on members register and other published information, the Directors consider that the Company complies with the Listing Rules in relation to the requirement of minimum public shareholding.

CONNECTED TRANSACTIONS

Related party transactions entered into by the Group for the year ended 31 December 2006 are set out in note 39 to the financial statements. Certain of these transactions constitute connected transactions/ongoing connected transactions under the Listing Rules at the time when such transactions were entered into and which are required to be disclosed under rule 14A.45 of the Listing Rules. Such transactions/ongoing connected transactions are summarized as follows:

Contracted parties	Relationship with the Company	Nature of transaction	RMB'000		Notes
			2006	2005	
Fujian Xinhua Engineering Company Limited	A shareholder	Construction services	83,164	87,434	(a) and 1A
Fujian Shanghang Hongyang Mine Engineering Company Limited	A shareholder of Guizhou Zijin	Construction services	41,110	75,820	(a) and 1B
Gansu Jianxin Group Co., Ltd.	A shareholder of Bayannaer Zijin	Purchase of zinc concentrates	59,774	–	(a) and 1C
Xiamen Hengxing Mining Co., Ltd.	A shareholder of Hunchun Zijin	Purchase of 1.13% shares of Hunchun Zijin	5,625	–	(b)
Fujian Shanghang Hongyang Mine Engineering Co., Ltd.	A shareholder of Hunchun Zijin	Purchase of 6.75% shares of Hunchun Zijin	33,750	–	(b)
Hunchun Gold and Copper Mining Company Limited	A shareholder of Hunchun Zijin	Purchase of 9.125% shares of Hunchun Zijin	–	13,688	(c)
Fujian Xinhua Engineering Company Limited	A shareholder	Purchase of 10% shares of Jiuzhaigou Zijin	8,000	–	(d)
China Metallurgy Geology Exploration Engineering Northwestern Division	A shareholder of Xinjiang Zijin	Purchase of 20% shares of Xinjiang Zijin	20,000	–	(e)
Fujian Shanghang Daguangming Group	A shareholder of Wuping Zijin Hydro Power Company Limited	Purchase of 10% shares of Wuping Zijin	9,295	–	(f)
Yixingzhai Gold Mine Co. Ltd.	A shareholder of Shanxi Zijin	Purchase of 34% shares of Shanxi Zijin	54,100	–	(g)

Report of the Directors

Notes:

- (a) Waiver for such Non-exempt connected transaction which has been applied. The Directors (including the independent non-executive Directors) confirmed that: 1. such connected transactions has been or will continue to be conducted in the ordinary and usual course of business of the Group; 2. under normal commercial terms which are fair and reasonable and in the interests of shareholders as a whole; 3. Pursuant to rule 14A.35 of the Listing Rules, it will be subject to reporting, announcement and independent shareholders' approval requirements.
- 1A: For the three financial years ending 31 December 2008, the annual cap being the total value of transaction shall not exceed RMB90 million, RMB120 million and RMB150 million, respectively. The annual cap has been determined by reference to the Group's historical figures based on the relevant agreements, and on the possible increase in the Group's production scope in future.
- 1B: For the three financial years ending 31 December 2008, the annual cap being the total value of transaction shall not exceed RMB70 million, RMB100 million and RMB120 million, respectively. The annual cap has been determined by reference to the Group's historical figures based on the relevant contract agreements, and on the possible increase in the Group's production scope in future.
- 1C: For the three financial years ending 31 December 2008, the annual cap being the total value of transaction shall not exceed RMB75 million, RMB1,200 million and RMB1,200 million, respectively. The annual cap has been determined by reference to the future production potential of the refinery plant.
- (b) The transaction was executed according to the agreement entered into between the Group and the relevant party on 26 July 2006.
- (c) According to the agreement entered into between the Group and Hunchun Gold & Copper Mine Co., Ltd. on 18 June 2005, the Group acquired its 9.125% shareholding of Hunchun Zijin, at a consideration of RMB13.688 million.
- (d) The transaction was executed according to the agreement entered into between the Group and Fujian Xinhua Engineering Co., Ltd. on 18 November 2006.
- (e) The transaction was executed according to the agreement entered into between the Group and China Metallurgy Geology Exploration Engineering Main Office Northwestern Substation on 27 September 2006.
- (f) The transaction was executed according to the agreement entered into between the Group and Zijin Investment and Fujian Shanghang Daguangming Group on 20 September 2006.
- (g) According to the agreement entered into between the Group and Yixingzhai Gold Co., Ltd. on 25 October 2006, the Group acquired its 29% shareholding of Shanxi Zijin, at a consideration of RMB46.144 million.

According to the agreement entered into between Zijin International and Yixingzhai Gold Co., Ltd. on 25 October 2006, Zijin International acquired its 5% shareholding of Shanxi Zijin, at a consideration of RMB7.956 million.

Report of the Directors

Save as disclosed above, the disclosed related party transactions in the auditor report were not the discloseable connected transactions defined by Chapter 14A in the Listing Rules.

Accordingly, it is confirmed by the Directors that:

- (a) The connected parties in the above connected transactions have undertaken to the Company and the Stock Exchange to provide adequate access for the inspection of the relevant books and records, in order to review the above connected transactions and prepare the relevant reports.
- (b) The Company has undertaken to the Stock Exchange, if it is aware or has reasons to believe that the Independent Non-executive Directors and/or auditors are unable to confirm that the relevant transactions comply with the Listing Rules and the restrictions under the waiver conditions, it shall immediately notify the Stock Exchange. The Company may have to comply with the disclosure and independent shareholders' approval obligation, or make correction based on the instructions of the Listing Division of the Stock Exchange.
- (c) Independent directors of the Group has confirmed that all the connected transactions of the Group or its subsidiaries involved in the year 2006 were:
 1. entered into in the ordinary and usual course of business of the Group or its subsidiaries;
 2. entered into on normal commercial terms; or where no comparisons are available, then under terms which are fair and reasonable to the shareholders of the Company;
 3. entered into under the terms of the agreement governing such transactions; or where no such agreement is available, under terms not inferior from those available from or to independent third parties.
- (d) The Group's auditors have reviewed the transactions (details of which are set out in note 39 to the financial statements), and confirmed to the Board that:
 1. the transactions have been approved by the Board;
 2. terms of the agreement of the relevant transactions are attached to the connected transactions;
 3. the aggregated amounts of the transactions have not exceeded the respective annual caps as set out in Note 1 and Note 4 above.

Except for Mr. Liu Xiaochu and Mr. Ke Xiping who have interests in the connected transaction between the Company and Fujian Xinhudu Engineering Company Limited, the other directors do not have any interests in the major transactions.

Report of the Directors

MANAGEMENT CONTRACTS

There was no management and administrative contracts relating to the business as a whole or any principal operations of the Company entered into by the Company or existing for the year ended 31 December 2006.

MAJOR LITIGATION, ARBITRATION

The Company has no major litigation, arbitration during the reporting period.

ACQUISITIONS, DISPOSALS AND MERGERS

The Company has no acquisitions, sale or merger of assets during the reporting period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the 2005 annual general meeting of the Company held on 18 May 2006 and the second extraordinary general meeting of the Company held on 18 August 2006, resolutions on amendments of the Articles of Association of the Company were passed. Details of the amendments of the Articles of Association are set out in the Circulars of Annual General Meeting sent to the shareholders on 30 March 2006 and 30 June 2006, and the relevant announcement published on the Standard on the same date.

AUDITORS

In the coming Annual General Meeting, the Company will submit a resolution for the reappointment of Ernst & Young Hua Ming and Ernst & Young as the domestic and international auditors of the Company for the year 2007 respectively.

POST BALANCE SHEET EVENTS

On 14 March 2007, the Company's shareholder – Fujian Xinhua Engineering Co., Ltd. sold the holding of 532,000,000 shares Zijin's domestic shares. It sold 271,320,000 shares to Mr. Chen Fashu and 260,680,000 shares to Mr. Ke Xiping respectively.

On 14 March 2007, the Company's shareholder - Fujian Xinhua Department Store Co., Ltd. sold 114,948,000 shares Zijin's domestic shares. It sold 87,561,599 shares to Mr. Chen Fashu, 15,798,361 to Mr. Chen Zhiyong, 3,862,680 shares to Mr. Chen Zhicheng, 3,862,680 shares to Mr. Liu Xiaochu, and 3,862,680 shares to Mr. Ye Lusheng respectively.

On 14 March 2007, the Company's shareholder – Shanghang County Jinshan Trading Co., Ltd. ("Jinshan Trading") sold 1,026,172,800 shares Zijin's domestic shares. It sold 176,244,000 shares to Mr. Li Rongsheng, 165,304,000 to Mr. Hu Yuesheng, 132,400,000 to Mr. Deng Ganbin, 123,600,800 to Ms. Chen Xiaoqing, 122,400,000 to Mr. Xie Fuwen, 105,648,000 shares to Mr. Lin Yu, 77,608,000 shares to Mr. Wu Wenxiu, 70,792,000 shares to Mr. He Xixiang, and 52,176,000 shares to Mr. Chen Yunlan.

Report of the Directors

The above-mentioned transfers have been filed to the domestic shares trust unit and also filed it to The Stock Exchange of Hong Kong Ltd. accordingly.

Shareholder	Amount of equity interest held (Domestic Shares)	Nature of interest	Long/short positions	Proximate percentage held in similar class of securities	Proximate percentage of shareholding in the registered capital
Chen Fashu	358,881,599	Personal	Long	4.91%	3.41%
Jinshan Trading	266,912,000	Company	Long	3.65%	2.54%
Ke Xiping (<i>Director</i>)	260,680,000	Personal	Long	3.57%	2.48%
Li Rongsheng	176,244,000	Personal	Long	2.41%	1.68%
Hu Yuesheng	165,304,000	Personal	Long	2.26%	1.57%
Deng Ganbin	132,400,000	Personal	Long	1.81%	1.26%
Chen Xiaoqing	123,600,800	Personal	Long	1.69%	1.18%
Xie Fuwen	122,400,000	Personal	Long	1.67%	1.16%
Lin Yu	105,648,000	Personal	Long	1.45%	1.00%
Wu Wenxiu	77,608,000	Personal	Long	1.06%	0.74%
He Xixiang	70,792,000	Personal	Long	0.97%	0.67%
Chen Yunlan	52,176,000	Personal	Long	0.71%	0.50%
Chen Zhiyong	15,798,361	Personal	Long	0.22%	0.15%
Chen Zhicheng	3,862,680	Personal	Long	0.05%	0.04%
Liu Xiaochu (<i>Director</i>)	3,862,680	Personal	Long	0.05%	0.04%
Ye Lucheng	3,862,680	Personal	Long	0.05%	0.04%

On 1 March 2007, Xiamen Hengxing Industrial Co., Ltd. is a shareholder of the Company's subsidiary – Guizhou Zijin Mining Co., Ltd. ("Guizhou Zijin") and sold 1.1 millions shares of Guizhou Zijin to Xiamen Diyuan Investment Co., Ltd. ("Xiamen Diyuan").

Our director Mr. Lan Fusheng holds 51% interest of Xiamen Diyuan and his wife Ms. Lan Hongying holds 49% interest of Xiamen Diyuan. According to s.316 of the SFO, Mr. Lan Fusheng is deemed to be a holder of all the interest in Xiamen Diyuan. The above-mentioned transfer has been filed to the domestic shares trust unit and also filed with The Stock Exchange of Hong Kong Ltd. accordingly.

Director	Name of subsidiary	Amount of equity interest held	Nature of interest	Long/short positions	Proximate percentage of shareholding in the registered capital
Lan Fusheng	Guizhou Zijin	1,100,000	Company	Long	1.1%

Report of the Directors

As at 28 February 2007, the Company and the Group held 1,730 tonnes copper cathodes forward contracts and the average price is RMB59,116/tonne and the settlement dates will fall in the period from April 2007 to January 2008.

As at 28 February 2007, the Company and the Group held 176,000 ounces gold forward contracts and the average price is US\$589.66/ounce and the settlement dates will fall in the period from August 2007 to November 2010.

The details of the Group's other events after the balance date are set out in note 44 to the financial statements.

By order of the Board

Chen Jinghe

Chairman

Shanghang, Fujian, the PRC

8 March 2007