

CHAIRMAN'S STATEMENT



Chairman and General Manager: Mr. He Changming

To Shareholders,

Thanks for your trust and support towards Jiangxi Copper Company Limited ("JCCL"). I am pleased to report that the results of JCCL for the financial year ended 31 December 2000 recorded significant growth over 1999. During the year, the turnover of JCCL recorded an increase of 30% over the previous year amounting to Rmb3,524,512,000; net profit increased by 369% amounting to Rmb108,661,000; basic earnings per share was Rmb0.045. The directors are pleased with such significant growth in results.

DIVIDEND

The Board of Directors recommended the payment of a final dividend of RMB0.01 per share, amounting to RMB24,340,000 (1999: nil) for the financial year ended 31 December 2000 to the shareholders whose names appear on the register of members of JCCL on Tuesday, 24 April 2001. This dividend distribution proposal is subject to the approval by the shareholders at the Annual General Meeting to be held on 17 May 2001.

Final dividends for domestic shares will be distributed and paid in Renminbi while dividends for H shares will be declared in Renminbi and paid in Hong Kong dollars (at the average rate of converting Renminbi to Hong Kong dollars as quoted by the People's Bank of China for the week immediately preceding 17 May 2001). The register of members will be closed from Tuesday, 17 April 2001 to Thursday, 17 May 2001 (both days inclusive)

during which no share transfer will be registered. Dividend will be distributed to shareholders on 31 May 2001.

REVIEW

The development of the PRC economy improved significantly during 2000. The gross domestic product increased by 8% over the previous year. The continuous growth in the national economy has speeded up the development of domestic copper industry and revitalised the domestic copper market. In 2000, the production of refined copper in the PRC was approximately 1,330,000 tonnes, increased by 14%, and the consumption of refined copper was approximately 1,700,000 tonnes. The shortage in supply of approximately 370,000 tonnes is a main source of insufficiency in world copper supply. It is expected that the PRC will become one of major countries causing an increase in global copper consumption.

In the meantime, the high level of copper stock of London Metal Exchange (the "LME") was being gradually absorbed in 2000. The stock has reduced by 450,000 tonnes from 790,000 tonnes at the end of 1999 to 340,000 tonnes at the end of 2000. As a result, the global copper price continued to move upward after its rebound during the second half of 1999. Nevertheless, this upward movement rate has reduced at the end of 1999 as it was affected by the news that the growth of the US economy would slow down. However, the average price of three-month copper futures for the year still increased by approximately 14% over last year, and was USD0.82 per pound. The average price (exclusive of tax) of three-month copper futures in Shanghai Metal Exchange was approximately USD0.87 per pound, representing an increase of 15% from the previous year, and was approximately 6% over the LME average for the corresponding period.

REMARKABLE PERFORMANCE

In 2000, JCCL recorded growth in production, operation and construction, which could hardly be attained in recent years, during the transition upon completion of the change in the management system of non-ferrous metal industry smoothly. As a result, the leading position of JCCL in the domestic copper market can be further consolidated.

Technological reform and scientific advancement leading to increase in production capacity of JCCL's copper cathode

JCCL had invested Rmb1,300 million in the redevelopment and expansion of Guixi Phase II which has been fully completed and commenced operation in 2000. The project adopted international advanced technology in metallurgy and process. The redevelopment and

expansion work on the original flash furnace was completed in over two odd years and attained its production target in the year of completion. Consequently, the production capacity of copper cathode of JCCL has been increased from 120,000 tonnes before technological reform to 200,000 tonnes currently.



A corner of copper cathode workshop with an annual production of 200,000 tonnes

Substantial increase in volume of production and sales

In 2000, JCCL produced 194,224 tonnes of copper cathode (including subcontracting copper), representing an increase of approximately 24% over the previous year, 760,000 tonnes of sulphuric acid, increased by 31%; 5,361 kg of gold, increased by 20%; 68,019 kg of silver, increased by 21%; 119,000 tonnes of copper in concentrate which is produced by JCCL, increased by 4%. JCCL recorded sales of 189,660 tonnes of copper cathode (including subcontracting copper) was recorded, representing an increase of 12% over the previous year; 5,292 kg of gold, representing an increase of 20% over the previous year; 63,642 kg of silver, representing an increase of 17% over the previous year; 800,000 tonnes of sulphuric acid, representing an increase of 40% over the previous year; 620,000 tonnes of pyrite concentrate, representing a decrease of 10% from the previous year. The production to sales ratio of copper cathode, sulphuric acid, pyrite concentrate, gold and silver are 98%, 105%, 93%, 99% and 94% respectively for the year.

Apparent improvement in results

The financial statements of JCCL in 2000 prepared in accordance with International Accounting Standards indicate that the turnover and profit has been improved apparently, representing 30% and 369% increase respectively over the previous year. Net cash inflow from operating activities amounted to Rmb687 million, increased by 78%. Operating cash return generated per share was Rmb0.28, increased by Rmb0.12 over the previous year.

Formulation of the 1st ten-year development plan for the new millennium to procure long-term development of JCCL

JCCL has made use of the survey conducted in respect of domestic and overseas copper markets to formulate the 1st ten-year development plan for the new millennium. The development objectives of JCCL in the next ten years are continuing to explore copper resources and to enhance production. It is anticipated that copper production by the single flash furnace can achieve the target of producing 350,000 tonnes at the end of 2002. It is expected that JCCL will then be further expanded, strengthened and improved aiming at becoming a top-class international mining company.

Establishing a modern human resources oriented management concept to enhance core corporate capacity

(1) JCCL has organised training programmes for its management. During the year, most of the medium or senior rank management have taken business administration programmes and the quality of JCCL's human resources has been enhanced; (2) The environmental conservation work done by the JCCL has been shifted to pursuing environmental concept of human-oriented from merely environmental protection, and JCCL was benefited from such shift; (3) JCCL has started to build up its corporate culture so as to strengthen its internal unity.

Subsequent to registration with the LME successfully in 1996, copper cathode of JCCL has been certified by the international quality assurance system of ISO9002 during the year.

PROSPECT

Notwithstanding a slow down in growth of the US economy, the PRC economy has started to recover, and it is predicted that the economy can maintain its relatively high growth rate. As copper is a major material consumed by industrial sector, its consumption will be further increased as a result of future economic growth. The insufficient supply of copper is expected to be increasing continuously. In addition, structural reform implemented with respect to industries in the PRC and particular the policy of aiding the competents and eliminating the weak towards copper industry will result in close down of some of the enterprises which are outdated in technology, high energy consumption and have low environmental conservation awareness. Those metallurgical enterprises which have advanced technology and management, good environmental protection awareness and possess development potential will certainly be further assisted by the policy of the State.



Slope of a copper mine

All these will bring about another unprecedented opportunity for JCCL and will enlarge the market, and become a strong force motivating the development of JCCL.

STRATEGIES

Perfect corporate management and rationalisation of administration structure

Situation of JCCL's controlling shareholder serving as a senior management of JCCL will be avoided. The management structure of JCCL is further simplified to make a clear distinction between rights and responsibilities. JCCL is able to guarantee growth in economic benefits and protect the interests of shareholders by means of outstanding corporate management.

Actively proceeding with the A share issue, speeding up construction of Guixi Phase III, exploitation of Fujiawu Copper Mine and acquisition of Wushan Copper Mine

- Foundation stone laying ceremony of the technological reform project in respect of Guixi Phase III was held by JCCL on 28 December 2000. The project will employ the most advanced metallurgical technology all over the world to further explore the production potential of the existing facility. It will take around two years' time to achieve the target of producing 350,000 tonnes of copper by the single flash furnace.



Actively explore long-term source of material supply

- The project proposal in relation to Fujiawu Copper Mine had been approved by the State. This is a world rank open pit copper mine which has good resource occurrence and its geological structure is simple. The reserve of minable copper reached 2,090,000 tonnes. Fujiawu Copper Mine serves as a continuing mine for Dexing Mine of JCCL, and the life of Dexing Mine can be extended to 2050.
- Wushan Copper Mine is being exploited and its annual production of copper in concentrate is 8,000 tonnes. The mine is one of the largest among other similar type of copper mines in the PRC. Minalable copper of the mine above minus-400-meter level is 520,000 tonnes whereas its minable copper beneath the minus-400-meter level is 500,000 tonnes. The cash mining cost of such mine is currently USD0.55 per pound, which is lower than the international average level. The acquisition of the mine can bring about profits to JCCL.

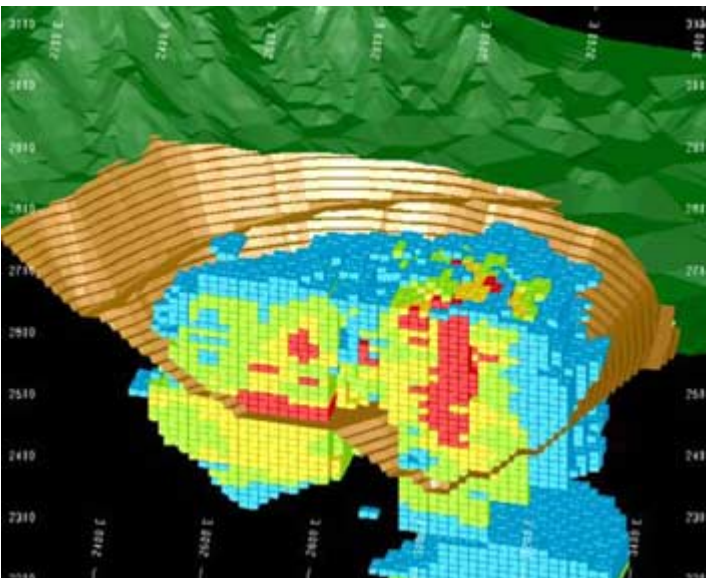
Increasing production and reducing costs

Under the circumstances that the production capacity amounted to 200,000 tonnes only, JCCL will strive to increase copper cathode production by 11%, in 2001 through implementation of detailed on-site production management, strengthening supervision over the daily operation of equipment and making full use of the function of advanced equipment.



On-line computer control in the course of production

Speeding up the pace of technological renovation, making a breakthrough in traditional industry, using information and network development technology, reforming and enhancing the control level of production process, establishing e-business system and stepping up upgrade of JCCL.



JCCL is the first company using advanced copper mine planning software in the PRC

Actively engage in exploring mechanisms for encouraging the senior management and results assessment and further strengthening corporate management. JCCL will endeavour to improve its consolidated benefits to bring forth satisfactory returns to the shareholders.

By Order of the Board
He Changming
Chairman

16 March 2001