

DISCLOSURE OF SIGNIFICANT EVENTS

THE ISSUANCE OF SHARES AND THE LISTING THEREOF

Issuance and Listing of Shares

During the year, the Company had issued 230,000,000 A Shares. As per the section headed “Successful issuance of 230 million A Shares to expand financing sources and to boost the Company’s development” under “Operating Strategy” contained in the Chairman’s Statement.

During the year, the Company was not involved in significant legal proceedings or arbitration events.

The Company had no significant asset acquisitions or sale, or merger or consolidation events during the year.

CONNECTED TRANSACTIONS

During the year, the Company had following connected transaction regarding purchase, supply of processing and labor service with Jiangxi Copper Company or the companies it controls:

Connected party/ Connected transactions	Amount of transaction (RMB Ten Thousand)	Pricing principle	Payment method of	Percentage of similar transactions
With Jiangxi Copper Company or its controlled companies				
Supply of processing on materials provided	21,579	market price	cash	74%
Sale of electrolytic copper, cathode and sulphuric acid	18,106	market price	cash	9%
Sale of auxiliary industrial products	7,325	market price	cash	53%
Sale of by-products	1,363	market price	cash	100%
Purchase of copper concentrates	14,294	market price	cash	84%
Purchase of scrap copper	13,852	market price	cash	100%
Purchase of auxiliary industrial products	15,959	local market price	cash	43%
Rental expenses for rail transportation	717	actual price + tax	cash	100%
Rental expenses for land use right	1,500	State price	cash	100%
Rental expenses for office building	401	contract price	cash	100%
Rental expenses for staff quarter and use of common facilities	1,389	amortise to staff	cash	100%
Repair and maintenance services provided to the Group	8,163	On basis of actual cost repair of machinery on basis of standard of non-ferrous metals industry, repair of vehicle on basis of standard set by Jiangxi Provincial Government	cash	90%
Construction service provided to the Group	2,742	Jiangxi regulation	cash	54%
Vehicle transportation service provided to the Group	4,227	Vehicles for production On basis of actual cost +tax, other vehicles on basis of Jiangxi standard	cash	99%
Supply of water and transmission of electricity by the Group	2,926	actual price + tax	cash	74%
Industrial water supplied to the Group	1,843			
Brokerage agency services provided to the Group	99			
Railway transport and unloading services provided to the Group	1,176	Rmb18/ton, Xiangsi Station of Dexing Copper Mine	cash	100%
Environmental greenery services provided to the Group	295	actual cost amortised by number of staff	cash	100%
Social welfare and support services provided to the Group	8,365	welfare and medical service On basis of 18% of total salary, thers on basis of actual cost in proportion to the number of staff or asset	cash	100%

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The above connected transactions were made in the ordinary and usual course of the Company, and were made on normal commercial terms or on terms no less favourable than terms available to or from independent third parties. They are fair and reasonable to shareholders of the Company. The above connected transactions were done within the prescribed amount according to different categories, without going beyond the caps set at waivers given by the Stock Exchange of Hong Kong or approved by independent shareholders at general meeting.

DEBT AND LIABILITY (PREPARED UNDER PRC GAAP)

Nature	Items	Amount (RMB0'000)	Reasons
Liability	Accounts receivable	722	• Normal, including guarantee for futures
	Other receivable	1,586	
	Prepayments	1,101	• Paid under normal commercial terms • Draft on demand endorsed and paid by Jiangxi Copper Company and its controlled companies
	Bills receivable	577	
	Total	<u>3,986</u>	
Debt	Bills payable	2,300	• Bank draft on demand by the Company to Jiangxi Copper Corporation and its controlled companies
	Accounts payable	3,821	• Normal payment payable to Jiangxi Copper Corporation and its controlled companies, mainly transactions under supply contract and "Industry Service Contract"
	Recoipes in advance	112	• Received under normal commercial terms
	Other payables	13,117	• Normal payment payable to Jiangxi Copper Corporation and its controlled companies, mainly transactions under "Comprehensive Service Contract"
	Long-term liability	187	• Mining right transfer fee payable to Jiangxi Copper Company, due within one year
	Long-term payable	4,491	• Mining right transfer fee payable to Jiangxi Copper Company due after one year
Total	<u>24,028</u>		

The aforesaid debt and liability with holding shareholders are mainly normal commercial actions regarding advance payment for purchases and sales, which have no adverse affect on the Company's financial status.



Asset acquisition — the Wushan Mine, currently one of the largest underground copper operations

The Company completed acquisition of operating assets, related liability and mining right of Wushan Copper Mine in January 2002. Detail of such acquisition was set out in Prospectus in connection with the issuance of the Company's A Shares.

Details of other connected transactions are set out in note 31 to the financial statements prepared under IAS and note 48 to the financial statements prepared under PRC GAAP.

MATERIAL CONTRACTS AND THEIR PERFORMANCE

Save and except for those which have been mentioned in the announcements in the past, the Company had no significant events of managing on custody, contracting or leasing assets of other companies, or having other companies managing on custody, contracting or leasing assets of the Company during the year.

During the year, the Company had no significant guarantee events.

During the year, the Company had no significant events concerning financial management on trust.

During the year, the Company did not have any deposit on trust at financial institutions or non-financial institutions, and also did not have any circumstance of failure to recover time deposits due.

UNDERTAKINGS OF SHAREHOLDERS HOLDING 5% OR MORE INTERESTS

In accordance with the undertakings provided by Jiangxin Copper Company on 22 May 1997 to the Company and the “Agreement to Inject Assets” entered into with the Company on 16 May 1997, Jiangxi Copper Company made the following undertakings to the Company:

During the period when it holds 30% or more voting right of the Company, Jiangxi Copper Company and its subsidiaries and associates (including companies, enterprises and business controlled by Jiangxi Copper Company) (except for those controlled through the Company) shall not engage in any activities or business which may directly or indirectly compete with the Company’s business.

During the period when it holds 30% or more voting right of the Company, Jiangxi Copper Company will devote utmost efforts to ensure the independence of the Board of Directors of the Company and will not impose any control in accordance with requirements of HongKong Stock Exchange and LME.

The Company will have pre-emptive right to acquire the land use right in relation to Dexing Copper Mine, Yongping Copper Mine and Guixi Smelter if it is to be transferred.

The Company will have pre-emptive right to buy copper concentrates produced by its mines and the purchase price shall not exceed market price.

By an option agreement dated 16 May, 1997, Jiangxi Copper Company has granted to the Company to purchase from Jiangxi Copper Company any mines, smelters or refineries owned and/or operated by it now or in the future, and any exploration and mining rights and assets held by Jiangxi Copper Company now or in the future. Such options are exercisable from time to time during which Jiangxi Copper Company remains interested in such assets and rights. Such assets or rights should be determined by independent appraiser in accordance with relevant laws and approved by relevant State assets authorities. The price would not be more than the fair market value of such rights and assets.

AMENDMENTS TO ARTICLES OF ASSOCIATIONS

The Extraordinary General Meeting of the Company held on 19 January 2001 approved to authorize the Board of Directors (or director committee appointed by the Board) to handle register procedure regarding the Company’s registered capital and amendments to Articles of Associations by way of special resolution.

On 31 December 2001, the director committee appointed by the Board of Directors made the following amendments to the Articles of Association in accordance with the special resolution passed on 19 January 2001:

Article 21 “The Company issued 656,482,000 shares of ordinary share after establishment, all of which are overseas listed foreign investment shares H Shares, representing 26.97% of the Company’s listed ordinary shares. The share structure after the aforesaid issuance was: 2,434,038,200 ordinary shares, of which promoter holds 1,777,556,200 shares (including domestic investment shares and foreign investment shares (H Shares, such promoter shares are not transferable within three years upon the date of establishment of the Company under the Securities Law), other shareholders of overseas listed foreign investment share H Shares hold 656,480,000 shares”

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Amended to

“The Company issued 656,482,000 shares of overseas listed foreign investment H Shares and 230,000,000 shares of domestic listed domestic investment A Shares, which are all ordinary shares, representing 24% and 9% of the Company’s ordinary shares. The share structure after the aforesaid issuance is : 2,664,038,200 ordinary shares, of which promoter holds 1,777,556,200 shares: including domestic investment share and foreign investment share(H Shares), such promoter share is not transferable within three years upon the date of establishment of the Company), other shareholders of overseas listed foreign investment share (H Shares) hold 656,482,000 shares and shareholders of domestic listed investment share hold 230,000,000 shares”.

Article 24 “The Company’s registered capital is Rmb2,434,038,200” amended to “The Company’s registered capital is Rmb2,664,038,200.”

APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTANTS

During 2001, the Company reappointed Deloitte Touche Tohmatsu Shanghai Certified Public Accountants Ltd., PRC, and Deloitte Touche Tohmatsu Certified Public Accountants , Hong Kong as the Company’s PRC and international auditors. The Board of Directors recommends to reappoint the above firms as the Company’s PRC and international auditors for the year 2002.

REMUNERATION PAID TO CERTIFIED PUBLIC ACCOUNTANTS DURING THE YEAR

	2001	2000
For the year	HKD2,780,000	HKD1,550,000
For issuance of A Shares	HKD3,900,000	—
For estimation of earnings from issuance of A Shares	RMB50,000	—
For valuation on proceeds raised from issuance of A Shares	RMB30,000	—
Others (travel and accomodation expenses)	RMB60,000	RMB160,000

During the year, none of the Company, the Board of Directors, directors, supervisors and senior managers has been punished by China Securities Regulatory Commission through administrative punishment circulation criticism or publicly criticized by any securities exchanges.