

## Disclosure of Significant Events

1. During the year, the Company has no significant litigation and arbitration.
2. Acquisition, disposal and merger of assets during the reporting period

Assets acquired	Acquisition date	Consideration	Contribution to net profit from the Acquisition date	Whether a Connected transaction	Pricing principle
Sichuan Kangxi Copper Company Limited	10 September 2003	RMB40,000,000	RMB2,137,000	No	Market price

Note: The Company is able to obtain additional 20,000 tonnes of blister copper per year and the relevant gold and silver containing raw materials from the acquisition of Kangtong. The acquisition has not only promote the Company's self-supplying ratio in respect of raw materials, but also provide it a platform to enter and develop the southwest resource market and an optimistic prospect, paving the way for the Company's expansion in southwest market such as resource investigation and development. The acquisition has no impact on the stability of the Company's management.

3. During the year, Guixi Smelter Phase III and construction of 150,000 tonnes of Copper Rod and Wire project completed and operations commenced.
4. During the year, the Company's H shares are allowed to conduct transactions in the American capital market by way of ADR in The Bank of New York's counter.
5. During the year, the Company is qualified to conduct overseas futures transactions as approved by relevant state authorities.

### 6. Connected transactions

#### I. Purchase of commodities, provision of service fees and other on-going connected transactions

##### (1) Agreements, contents and amounts of transactions

On 16 May 1997 and the subsequent period, the Company and JCC entered into or amended a series of on-going connected transactions agreements for the purpose of the purchase of commodities and services. These agreements include: Consolidated Supply Agreement; Consolidated Industrial Services Agreement; Consolidated Miscellaneous Services Agreement; Waste, Filter Residue and Black Cement Copper Sales Agreement; An agency Agreement for the Development and Sales of Oxygen, Nitrogen and Argon; a Raw Copper Sulphate Agreement; a Gold and Silver-bearing Materials Agreement; a Land Use Right Leasing Agreement, a Property Leasing Agreement, Mining Right Transfer Agreement, Agreement for the Processing and Arranging Sales and Distribution of Imported Copper Concentrate; Agreement for the Purchase and Sales of Blister Copper, Blister Copper and Scrap Copper Processing Agreement.

Under these agreements, the Company will purchase copper concentrates, scrap copper, blister copper, gold and silver-bearing materials and auxiliary industrial products from JCC, sell copper cathode, sulphuric acid and auxiliary industrial products to JCC, process copper concentrates, blister copper and scrap copper imported by JCC into copper cathode and arrange for sales and distribution of such copper cathode for JCC, sell waste, filter residue and black cement copper to JCC, provide water and electricity to JCC, agency development and arranging sales of gas and obtain various industrial, social and support services from JCC and its affiliates and lease properties from/to and lease land use rights from JCC.

During the year, the Company entered into certain transactions with Jiangxi Xinxin and Hubei Sanxin (both of which are promoters of the Company). Details of these transactions are set out in note 45 to the financial statements prepared under PRC GAAP and regulations and note 32 to the financial statements prepared under IFRS.

In addition, JCPC, a non-wholly owned subsidiary of the Company, entered into a consolidated supply and service agreement with JCC. Pursuant to the agreement, JCPC will sell low oxygen copper rod and wire to JCC and will process copper cathode into low oxygen copper rod and wire, provide operation management service (other than financial auditing and management services) and procure power supply and transportation service.

Further, the Company entered into a consolidated supply agreement with JCPC. Pursuant to the agreement, the Company will sell copper cathode and fuel and gas to JCPC. During the year, the Company sold JCPC fuel and gas amounted to approximately RMB2.14 million. During the year, the Company had also sold sulphuric acid to and purchased blister copper from other non-wholly owned subsidiaries amounting to RMB 18.44 million and RMB 56.21 million respectively. Details of the connected transactions entered into between the Company and JCC and its related parties are as follows:

## Disclosure of Significant Events

	Pricing principle	Transaction amount RMB'000	Percentage of same type of transaction %
<b>Consolidated miscellaneous supply agreement</b>			
Sale of copper cathode	Market price	415,304	11.4
Sale of auxiliary industrial products	Market price	72,131	62.4
Purchase of pyrite concentrates	Market price	110,191	8.1
Purchase of scrap copper	With reference to actual costs	497,215	64.4
Purchase of auxiliary industrial products	Market price	224,411	21.9
<b>Processing agreement</b>			
Receiving Specialised item of copper tolling fee and sale fee	Market price	263,692	77.9
Receiving blister (scrap) copper tolling fee	Market price	1,036	0.3
<b>Sale agreement</b>			
Sale of waste, filter residue and black cement copper	Market price	5,311	31.9
Sale of low oxygen copper rod and wire	Market price	120,278	25.7
Sale of blister sulphuric acid copper	Market price	14,050	100
<b>Purchase agreement</b>			
Purchase of gold and silver bearing material	Market price	27,985	4.9
Purchase of electric copper	Market price	127,751	25.6
<b>Gas agency development agreement</b>			
Payment for development and sale of gas agency fee	Market price	2,434	100
<b>Consolidated industrial services agreement</b>			
Payment for repair and maintenance services	As set by the industry	104,267	97.2
Payment for construction services	Standard set by Jiangxi Provincial Government	101,787	92.4
Payment for vehicle transportation service	Actual costs + tax	62,365	95.3
Payment for contracting fee on railway transportation service	Actual costs + tax	7,200	100
Payment for railway transportation service	Actual costs + tax	11,976	68.3
Payment for industrial water supplied	Actual costs + tax	19,671	100
Payment for supply of water and transmission of electricity	Actual costs + tax	44,623	35.6

## Disclosure of Significant Events

	Pricing principle	Transaction amount <i>RMB'000</i>	Percentage of same type of transaction %
<b>Real property leases</b>			
Payment for rental for land use rights	Contract price	15,000	100
Payment for rentals for office premises	Contract price	3,626	100
<b>Consolidated miscellaneous services agreement</b>			
Payment for welfare and medical services	On the basis on 18% of staff wages	47,478	100
Payment for primary and secondary education service	Allocation of actual costs based on assets ratio	12,411	100
Payment for technical education service	Allocation of actual costs based on assets ratio	3,926	100
Payment for internal telecommunications services	Allocation of actual costs based on assets ratio	1,352	100
Payment for use of representative offices	Allocation of actual costs based on assets ratio	2,808	100
Payment for retirement benefits contributions	On the basis on 21% of staff wages	53,293	100
Payment for use of common facilities	Allocation of actual costs based on assets ratio	14,761	100
Payment for environmental conservation and sanitary services	Allocation of actual costs based on assets ratio	7,034	100
<b>Others</b>			
Sale of gas	Market price	1,557	13.8
Receiving power supply	Actual costs	1,506	100
Payment for Brokerage agency services	Brokerage fee as stipulated by the State	3,048	100
Charging for rentals for office premises	Contract price	56	100
Receiving proceeds on disposal of fixed assets	Carrying book value	839	100
Management service fee	According to actual costs	2,290	100
Net amount of the swap of fixed assets	Carrying book value	3,010	100

## Disclosure of Significant Events

- (2) The independent non-executive directors of the Company have reviewed the above transactions and confirmed that:
- (i) the transactions have been entered into in the usual and ordinary course of business of the Group;
  - (ii) the transactions have been entered into either on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and
  - (iii) the transactions have been entered into on terms that are fair and reasonable so far as the shareholders of the Company are concerned.
- (2) On 28 November 2003, the Company entered into a connected transaction agreement with JCC. Both parties agreed to increase investment of the registered capital of JCPC in accordance with the respective shareholdings held by the Company and JCC to supplement JCPC's inadequacy of working capital. The additional registered capital to be contributed as to RMB45,000,000 by the Company and as to RMB 30,000,000 by JCC. After completion of the capital increase of the JCPC, the registered capital of it will be increased to RMB 225,000,000, of which RMB135,000,000, representing 60% of the total registered capital of the JCPC will be held by the Company and RMB90,000,000, representing 40% of the total registered capital of the JCPC will be held by JCC.
- (3) On 16 May 1997, the Company entered into the Asset Injection Agreement with JCC which is still effective as at 31 December 2003:
- JCC has given to the Company options to purchase from JCC any mines, smelters or refineries owned and/or operated by it at present or in the future, and any exploration and mining rights and assets held by JCC at present and in the future.
  - The Company may acquire the Chengmen Shan Mine from JCC at a price to be based upon a valuation conducted by an independent appraiser recognised under PRC laws and subsequently to be confirmed by the State Assets Administration Bureau.

## Disclosure of Significant Events

### 7. Connected debts and liabilities (Prepared in accordance with PRC GAAP and regulations)

Connected parties	Amount provided to connected parties		Amount provided by connected parties to the Company	
	Incurred	Balance	Incurred	Balance
	<i>RMB'0,000</i>	<i>RMB'0,000</i>	<i>RMB'0,000</i>	<i>RMB'0,000</i>
JCC and its controlled companies				
Account receivables	50,409	1,313		
Other account receivables	2,444	87		
Prepayments	8,317	1,492		
	61,170	2,892		
Notes payable			5	5
Accounts payable			64,255	1,255
Advance from customers			801	824
Other payables			29,406	9,207
			94,467	11,291

### 8. Specific statement in relation to the use of capital by controlling shareholders and other connected parties

#### Specific statement in relation to the use of capital by controlling shareholders and other connected parties of Jiangxi Copper Company Limited

De Shi Bao (Shen) Zi (04) No.0011

To the board of directors of Jiangxi Copper Company Limited:

We have been appointed to carry out the audit of the accompanying balance sheet of the Company and the Group as of 31 December 2003 and the related statements of income, profits appropriation and cash flows of the Company and the Group for the year of 2003 in accordance with Independent Auditing Standards for Chinese Certified Public Accountants, and have issued the De Shi Bao (Shen) Zi (04) No. P0169 unqualified opinion audited report on 11 March 2004.

In accordance with the requirement of the Notice in relation to issues of the regulation of cash flow between listed companies and connected parties, and external guarantees of listed companies as issued by China Securities Regulatory Commission and State-owned Assets Supervision and Administration Commission of the State Council, the Company prepared an investigation table ("investigation table") regarding the use of capital by the Company as of 31 December 2003 as shown in the attachment of this document.

To truthfully prepare and disclose the investigation table and to ensure its truthfulness, legality and completeness are the responsibility of the Company. We have cross examined the information set out in the investigation table as well as those related contents of the accounting information as set out in the financial statements of the Company for the year of 2003 as reviewed by us. We found no inconsistencies therein in all material respects. Save as the relevant auditing procedures conducted in relation to the connected parties transactions with respect to the auditing of accounting statement of 2003 for the Company, we have not undertaken any additional auditing procedures for the information set out in the investigation table.

This letter is solely for the purpose of presentation to China Securities Regulatory Commission by the Company regarding the use of capital of controlling shareholder and other connected parties of the Company for the year of 2003. It shall not be used for other purposes without our written consent.

**Deloitte Touche Tohmatsu**  
**Certified Public Accountants Ltd.**

**Shanghai, China**  
11 March 2004

### 9. Independent directors' special statement and independent opinion to the Company's external guarantee

Based on the document "Zheng Jian Fa (2003) no. 56" "Notice in relation to the capital flow between the Company and connected parties, and certain issues in relation to the external guarantees of the Company" issued by China Securities Regulatory Commission, we are practical, realistic and diligent in carrying out cautious examination on Jiangxi Copper Company Limited's cumulative and current external guarantee. Details of which are as follows:

During the reporting period, the Company has not provided any guarantee to its holding shareholders and subsidiaries, nor has it provided any external guarantee in any form to its holding subsidiaries and any other connected parties with shareholdings below 50%, or non-legal units or any persons.

We are of the opinion that the Company has been in compliance with its internal control system and there exists no breaching or inappropriate guarantees. The Company strictly controls the risks of external guarantee and protects the interests of small and medium shareholders.

### 10. Significant contracts and their execution

Save and except for those announced 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, save for the charge of asset of Kangtong for a guarantee of RMB3 million, which was existed before the Company's acquisition of subsidiary Kangtong on 30 September 2003, the Company had no significant guarantee.

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

During the year, the Company did not have any trust deposits placed with any banking financial institutions or non-banking financial institutions in the PRC and did not encounter any difficulties in making withdrawals of the Company's fixed deposits.

### 11. Undertakings of shareholders holding 5% or more interests

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 corporations (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.
- During the period when its holds 30% or over of the voting rights of the Company, JCC will in accordance with the requirements of the Hong Kong Stock Exchange and the London Stock Exchange, devote utmost efforts to ensure the independency of the Company's Board and will not impose any control thereto.

The Company's Board considers that JCC has complied with the above undertakings when it holds 30% or over of the voting rights of the Company.