

SIGNIFICANT EVENTS

(1) CORPORATE GOVERNANCE

Specific provisions regarding shareholders and general meetings, directors and Board of Directors, supervisors and Supervisory Committee, senior management, connected transaction, information disclosure were provided in the Company's Articles of Association, which are in compliance with the relevant requirements of the Stock Exchange in which the shares of the Company are listed. The convening of the Company's general meetings, meetings of Board of Directors and Supervisory Committee and their daily work are in accordance with the provisions of the Company's Articles of Association.

The Company set up the system of independent director in January 1997. The Company's Board comprising 11 members, of which 4 are independent directors and 2 are external executive directors. The Company also established an independent audit committee comprising independent directors in August 1998.

(2) INTERIM DIVIDEND

The Board resolved not to declare the interim dividend for the six months ended 30 June 2004. No interim dividends were distributed in the corresponding period in last year.

(3) IMPLEMENTATION OF PROFIT APPROPRIATION PLAN DURING THE REPORTING PERIOD

The 2003 Annual General Meeting, which was held on 19 May 2004, considered and approved the resolution in relation to dividend distribution. Based on the total share capital of 2,664,038,200 shares as at the end of 2003, the Company distributed final dividend of RMB0.12 (tax inclusive for A shares) per share to all shareholders, totalling RMB319,684,584. The announcement relating to such resolution was published on China Securities Daily, Shanghai Securities News, Hong Kong Economic Times and The Standard on 21 May 2004. The dividends were distributed to all shareholders of the Company on 7 June 2004 in accordance with the contents and requirements of the announcement.

(4) AS AT THE END OF THE REPORTING PERIOD, THE COMPANY WAS NOT INVOLVED IN ANY MATERIAL LITIGATION OR ARBITRATION.

(5) PARTICULARS OF CONNECTED TRANSACTIONS. PLEASE REFER TO NOTE 41 TO THE UNAUDITED FINANCIAL STATEMENTS PREPARED UNDER PRC GAAP AND NOTE 14 TO THE FINANCIAL STATEMENTS OF THE COMPANY FOR THE REPORTING PERIOD PREPARED UNDER IFRS FOR THE DETAILS.

(6) DURING THE REPORTING PERIOD, THE COMPANY HAS NO OTHER LIABILITIES AND DEBT WITH CONNECTED PARTIES OTHER THAN COMMODITY PURCHASE, TRANSACTIONS IN RELATION TO PROVISION OF SERVICE, ASSET ACQUISITION AND DISPOSAL TRANSACTION.

(7) ASSET ACQUISITION, DISPOSAL AND MERGER DURING THE REPORTING PERIOD

On 16 June 2004, the Company acquired 45.957% equity interest in Shanxi Diaoquan Silver and Copper Mining Co., Ltd. (山西省刁泉銀銅礦業有限公司) for cash consideration of RMB35,000,000. The purpose of the acquisition is to increase the supply of copper concentrates and gold and silver-bearing raw materials and to establish a platform for the Company in the development of copper resources in the north-west region.

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(8) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. As at the end of the reporting period, save and except for those which have been mentioned in previous announcements, the Company had no significant events of managing on custody, contracting or leasing assets of other corporations, or having other corporations managing on custody, contracting or leasing assets of the Company.
2. As at the end of the reporting period, the Company had no external guarantee contracts. However, the Company's subsidiary, Kangxi Copper Company Limited, has provided a guarantee of approximately RMB3,000,000 to its supplier.

As at the end of the reporting period, the Group had pledged machines, inventories and mining right which had carrying values as at 30 June 2004 of RMB36.79 million, RMB8.94 million and RMB30.69 million respectively to secure general banking facilities granted to the Group.

3. As at the end of the reporting period, the Company had no significant contracts concerning financial management on trust.
4. As at the end of the reporting period, the Company did not have deposit on trust at financial institutions or non-financial institutions, and also did not have circumstances of failure to recover time deposits due.
5. On 25 May 2004, the Company entered into a connected transaction agreement with JCC in relation to the processing of imported copper raw materials, a quota privilege owned by JCC as granted by the state. Pursuant to the agreement, the Company will process approximately 80,000 tonnes of imported copper raw materials annually for JCC and sell on behalf of it. The transaction amount will not exceed RMB270,000,000 per annum. The agreement was approved by independent shareholders at the extraordinary general meeting of the Company held on 29 July 2004.
6. According to the document Gan Ji Shang Jia Zi[2003] 1309 issued by Development and Planning Commission of Jiangxi Province, and the document Gan Fa Gai Shang Jia Zi [2004] No. 551 issued by Planning and Reform Commission of Jiangxi Province, Jiangxi Province has increased the price of electricity used in major industries on 1 January 2004 and 15 June 2004 respectively, raising a total of RMB0.058/kwh. It is expected that the rise in the price of electricity will cost the Company approximately RMB72,000,000 for the whole year.

(9) TAX PREFERENCE POLICY

The income tax rate payable by the Company for a period of three years from year 2002 to year 2004 is 15%.

According to the document Cai Shui Zi[2000]49, the Company had been approved by the Jiangxi Provincial Tax Bureau that the unutilized tax benefit in respect of investment for acquiring the PRC produced plant and machinery in 2002 and 2003 was RMB30,258,737 and RMB21,461,935 respectively, which can be applied to set off against income tax in 2004 and the subsequent years. As the current year's accrued income tax of the Company has exceeded the income tax of 2001 and 2002, the tax benefit to be approved for 2002 and 2003 can set off against the current year's income tax.

(10) INDEPENDENT AUDIT COMMITTEE

The Independent Audit Committee of the Company held a meeting on 12 August 2004 at which the financial statements and interim report of the Company for the six months ended 30 June 2004 were reviewed and approved.

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(11) OTHER MATERIAL MATTER

During the reporting period, the Company, the Board and its directors, senior management has not been subjected to any investigation, administrative punishment or criticism by the securities regulatory departments in the PRC nor condemnation by any other administrative departments or any securities exchange on which the Company's shares are listed.

(12) CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six-month period ended 30 June 2004 in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

(13) 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 external guarantee. Details of which are as follows:

During the reporting period, save for the provision of a guarantee of approximately RMB3,000,000 (accounting for about 0.05% of the Company's net asset) by Kangxi Copper Company Limited to its supplier, Luodong Copper Company (洛東銅業公司), the Company has not provided any external guarantee in any form to its controlling shareholder or any of its subsidiaries or to the Company's 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.

(14) UNDERTAKINGS OF SHAREHOLDERS HOLDING 5% OR MORE INTERESTS AT THE END OF THE REPORTING PERIOD

Details regarding the undertakings of shareholders holding 5% or more interests are set out in the same section as contained in the Company's 2003 Annual Report.