

MEETINGS OF THE SUPERVISORY COMMITTEE IN THE REPORTING PERIOD

In 2005, the Supervisory Committee held two Supervisory Committee Meetings.

The Fifth Meeting of the Second Supervisory Committee was held at the Company's conference room on 28 March 2005. In the meeting, deployments have been made to strengthen supervisory administration works on external investment projects during the reporting period, and set down 2005 working plan for the Supervisory Committee. The Sixth Meeting of the Second Supervisory Committee was held at the Company's conference room on 3 May 2005. The Company's final financial statements of 2004 year and the audit report issued by Ernst & Young were reviewed. Conclusions were drawn on the annual performance of the Supervisory Committee, where the "2004 Working Report of the Supervisory Committee" was considered and approved in the meeting for submission to the general meeting.

INDEPENDENT WORKING REPORT OF THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisors attended all the Board meetings. The chairman of the Supervisory Committee also participated in the general manager management meeting, attended to the working reports of the management, and participated in the discussions and issued opinions on the resolutions on major decisions, significant change in appointments, and guarantee for funding of the Company.

1. Compliance of the Company's operations during the reporting period

In 2005, the Board has implemented all the resolutions passed in the 2004 Annual General Meeting, the 2004 profit distribution plan, the capitalization of the Company's reserves and the plan for the changes to the Company's registered capital, amendments to the Articles of Association, payment plan of the 2004 remunerations of the Directors and Supervisors, the resolution regarding the re-appointment of Ernst & Young, handling of charity donations within 2% of the taxable profits in 2005, compliance with the Company Law and the Articles of Association in the decision procedures of external investment projects by the Board.

The management has implemented the various resolutions of the Board, implemented various management systems passed by the Board, including administration on project investments, rules for connected transactions, administration on external guarantees, material purchases system, administration of engineering project tendering, implementation of payments to investment projects in accordance Board resolutions, implementation of personnel assignments in accordance with Board resolutions, guarantees to subsidiaries, assessments of the operation team, integration of subsidiaries.

No violation of the laws, regulations, the Articles of Association or actions harming the Company's interests have been discovered during the discharge of duties by the Company's Directors and senior management.

2. Audits for the year

The Group's financial statements for the year was audited by Ernst & Young, which has issued an audited report with an unqualified opinion.

During the year, the Group realised sales income of RMB3,036 million and net profits of RMB704 million, an increase of 68.49% over the previous year, and has completed the working plans for the year satisfactorily.

3. Use of proceeds

In 2003, the Company issued 400,544,000 H Shares, and the net proceeds from the listing was RMB1,205,748,000. As at 30 June 2005, all the proceeds have been fully applied. The application of the proceeds have not changed the use of proceeds as set out in the prospectus.

4. Connected transactions

Upon review and examination, none of the Company's connected transactions has been discovered to be harmful to the Company's interests, and full disclosures have been made in accordance with Article 14A.45 of the Listing Rules, of which, the major services provided by the connected parties being: "Sub-contracting contracts of Zijinshan Gold Mine open pit project". In 2005, the transaction conducted between the Company and Xinhua Engineering was RMB87,430,000 in terms of monetary amount, representing 37.83% of similar transactions (cap of waiver was RMB105,000,000). The transaction actually conducted by the Company with Hongyang Mine Engineering Company Limited was RMB75,820,000 in terms of monetary amount, representing 32.8% of similar transactions (cap of waiver was RMB80,000,000). These transactions were non-exempted connected transactions for which waivers have been applied, and the total value of the transactions in the year have not exceeded the caps as required.

5. Guarantees to external parties

Total utilised guarantees to external parties as at the end of 2005 amounted to RMB210,822,000, of which, RMB11,250,000 was provided to Longyan Makeng, RMB173,400,000 was provided to Xinjiang Ashele Copper Mine, RMB20,000,000 was provided to Guizhou Zijin, RMB4,172,000 was provided to Zijin Copper Mine, and RMB2,000,000 was provided to Zijin Investment. Save as disclosed above, the Supervisory Committee was not aware of any other guarantee items.

6. Donations during the year

The Company's total donations in 2005 amounted to RMB7,080,000, which has not exceeded the scope as authorized by the general meeting of within 2% of the taxable incomes during the year.

7. Other issues

- (1) A review has seriously been made on the total investments in the construction of copper mines, and the "Report regarding investigation on the investments for the construction of copper mines" have been submitted to the Board, with final decision of total investment at RMB248 million, which has not exceeded the scope for controlling the total amount within RMB270 million as required by the Board;
- (2) Special audits have been made on the administration of wages and salaries of the Company's senior management in 2004, for submission to the Board;
- (3) Made specific examination on the administration of wages, external sponsorships, donations, operating expenses, appropriation of funds of the parent by subsidiaries, and calculation of the interests accrued, and issued related opinions on the review. In 2005, the Company's total wages paid in 2005 were strictly in accordance with the Board resolutions, which were less than the administration requirement of the total controlled amount, and total operating expenses during the year were RMB2,647,000;
- (4) Reviewed the Company's transactions in copper future transactions, funds, profits and loss in 2005;
- (5) Reviewed the Company's 2006 profit forecasts, and considered that the various economic indicators to be advanced and reasonable.

2006 WORKING PLAN

In the process of rapid development and expansion of the enterprise, it required to further strengthen the studies in investment projects and the supervision in subsidiaries to prevent risk in investment operations and management. The Supervisory Committee should carry out planned studies on the investment projects and supervision in subsidiaries, supervise the enhancement of performance assessment to staff on assignment, and regularize decisions on material investment projects and administration of subsidiaries:

1. Stress should be made on the Company's decisions, implementation and management of material investment projects, material issues such as connected transactions, external guarantees, review of financial information;
2. To continue clearing and inspecting the establishment and implementation of the relevant internal control system of the Company and its subsidiaries, with focus on the supervision of the project set-up, contract, inspection acceptance, settlement management, financial approval power limit management, logistics management, and propose amendments and upgrading to the existing system in accordance with the needs in the Company's production operations;

Report of the Supervisory Committee

3. Make use of the supervisory functions of supervision and audits, and reflect problems existing in the decision process and other operating management of the Company and its subsidiaries through supervision to the operating activities, and propose feasible solutions, so as to promote the enhancement of operating management and regularised operation of the Company;
4. Be concerned on the Company's major economic operations, whether they are in compliance with the relevant requirements: donations, guarantees, future contracts for the same of copper, procedures for the decision of project investments;
5. Be concerned whether the connected transactions of the Company are fair and are not harmful to the Company's interests and the compliance of Listing Rules;
6. Promote overall amendment, upgrading of the Company's systems and effective supervisory works within the Group;
7. Enhancement in the management of appointment and removal, working inspection on the Company's supervisors on assignment.

By Order of the Supervisory Committee

Zeng Qingxiang

Chairman of the Supervisory Committee

Shanghang, Fujian, the PRC

29 March 2006