



Mr. He Changming, Chairman

To shareholders,

Thanks for your trust and support towards the Company. I am pleased to report the business results of the Company for the year ended 31 December 2005. For the financial year 2005, revenue from principal operations as audited under PRC GAAP amounted to RMB13,340.69 million (2004: RMB10,627.27 million), representing an increase of RMB2,713.42 million or 25.5% from last year. Net profit amounted to RMB1,851.38 million (2004: RMB1,143.5 million), representing an increase of RMB707.88 million or 61.9% from last year. Earnings per share (fully diluted) amounted to RMB0.64 (2004: RMB0.43), representing an increase of RMB0.21 or 48.8% from last year.

Dividend policy

The Company is committed to the dividend policy to return shareholders with steady cash dividends. The Board has recommended distributing to shareholders a final dividend of RMB1.92 for every 10 shares (inclusive of tax for A Shares) for the financial year ended 31 December 2005 (2004: RMB1.2 for every 10 shares (inclusive of tax for A Shares)).

1. Business review

(1) Industry development

During the reporting period, China's copper industry witnessed a fast growth as driven by the continuous strong momentum of domestic economy. In 2005, China produced 2,530,000 tonnes of refined copper, increased by 24% over last year. Apparent consumption increased by 13% to 3,610,000 tonnes from last year; and net import of refined copper amounted to approximately 1,020,000 tonnes. As the largest copper consumer in the world, China accounted for 22% of global copper consumption, whereas its domestic output of refined copper accounted for approximately 15% of the world. According to latest report of International Copper Study Group (ICSG), global output of refined copper in 2005 amounted to 16,433,000 tonnes, of which mining output was approximately 14,920,000 tonnes. The global consumption of refined copper was approximately 16,431,000 tonnes, representing a basic balance between supply and demand.

Dividend policy *(Continued)*

1. Business review *(Continued)*

(2) Market review

Despite the alleviated divergence between global copper supply and demand, the market still saw the fact including the declining global apparent copper stock, and the frequent extraordinary events such as strikes and earthquakes which harassed global copper manufactures. The concern of potential supply suspension pushed consumers to speed up their procurement and attracted large-scale futures funds' speculation in the market, leading to a historical most outstanding and super-bullish copper price record. During the reporting period, the average three-month copper futures closing price and the average copper spot closing price on London Metals Exchange was US\$3,504 per tonne and US\$ 3,678 per tonne, representing an increase of 25.6% and 28.4% respectively as compared with last year. The copper spot price increased by approximately 110% over the average price of 2003 when copper price saw a resilient hike.

As to China, domestic copper consumption recorded a strong growth arising from the construction of the "World Manufacturing Plant", power and infrastructure investment, and fast growing motor, real estate and other industries. Domestic copper price read strong hikes in line with the global price, as a result of domestic shortage, continuous spot undersupply, plummeting apparent stock, and the surging global copper futures prices. According to monthly statistics of Shanghai Futures Exchange, the domestic average three-month copper futures closing price (inclusive of tax) and the average current-month copper future closing price (inclusive of tax) during the reporting period was RMB32,862 per tonne and RMB34,168 per tonne, representing an increase of 24.4% and 25.5% respectively as compared with last year.

(3) Production and operation review

1. Expanding to secure the Company's position as a global leading large-scale copper manufacturer.

The Company embarked on a new round implementation of development planning during the reporting period for expansion in scale. Guixi Smelter Phase IV Expansion project in which the Company invested RMB3.4 billion duly commenced construction. Accordingly, the Company's production capacity of copper cathode by 2007 will be increased to 700,000 tonnes from the existing 400,000 tonnes. Meanwhile, the copper alloy rod and wire project with an annual capacity of 220,000 tonnes of Jiangxi Copper Alloy Company Limited, a subsidiary of the Company, is expected to start its pilot production by April 2006. By then the Company's processing capacity of copper products will reach 370,000 tonnes. Hence, the Company's position as a global leading large-scale copper manufacturer will be further established and secured.



World-renowned garden plant — Guixi Smelter

Dividend policy *(Continued)*

1. Business review *(Continued)*

(3) Production and operation review *(Continued)*

2. Enhancing strength for contribution to shareholder value and the Company's brand value.

The Company's profit is principally derived from copper cathode and related products including copper rods, wires, gold as well as silver operation, which accounting for 39.1%, 26.6% and 22.0% of the Company's total gross profit respectively. With the hiking market prices and strict internal control during the reporting period, the Company's turnover, profit and cash flow from operating activities hit the record level since its establishment once again, laying a solid foundation for its operating background. In 2005, the Company was named as one of top 50 blue chips of China with the most growth potential in the coming 10 years, for two consecutive years, by The Investors magazine. In addition, the Company's JCC-branded gold was registered with London Gold and Silver Market Association (LBMA). As such, the Company's obtained world recognition of its brands for copper cathode, gold, silver products, leading to a contribution to the Company's brand value and shareholder value.

3. Performing efficiently for implementation of sustainable development strategy.

Along with its capacity expansion, the Company is committed to sustainable development including conservation-minded, clean and safe development as well as construction of greenary mines and plants, with a view to develop cycle economy. During the reporting period, the Company leveraged its technology strength throughout technological innovations. A number of high-technology environmental technology renovations had been completed and put in operation or were in progress, with satisfying return on investment as well as good social benefit. In particular, the project of Copper Recovering from Flash Furnace Slag with annual capacity of 5,000 tonnes copper in Guixi Smelter was completed and commenced operation during the reporting period; 1,500 tonnes of copper was recovered by Dexing Mine using SXEW technology for low grade ore; and Yongping Mine achieved closed-circuit of sewage. Other projects in progress included further smelting off-gas heat recovery for electricity generation, sewage treatment based on bio-engineering technology and the recovery of heavy metal ions. The successful test of pyrite calcine application technology provided a key technological support for establishment of a sulphate calcine iron dressing plant. During the reporting period, as approved by the State Environmental Protection Administration of China, the Company was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation. Meanwhile, as a leading player in exploring growth mode of China economy, the Company had been listed by the PRC into the first batch of enterprises for test running of cycle economy in the 11th Five-year Plan period.



Tailings tank of Wushan Mine

Dividend policy *(Continued)*

1. Business review *(Continued)*

(3) Production and operation review *(Continued)*

4. Focusing on both equity financing and debt financing to exploit financial resources.

To ensure large capital requirement for its new round of development, the Company focused on both equity financing and debt financing during the reporting period. On 25 July 2005, the Company signed the placing agreement for the placement of 231,000,000 H shares in Hong Kong, with net proceeds of RMB890 million. As approved by a special resolution at the general meeting on 1 November 2005, the Company was approved to issue short term debentures with outstanding balance up to RMB2,000,000,000.

2. Prospect and strategy

In 2006, the opening year of China's 11th Five-year Plan, China economy is expected to maintain a steady and healthy growth, and macroeconomic control policies of central government will be even flexible. It is expected that irrational expansion of copper smelting projects will be restricted. However, China's copper consumption will be further boosted by the large-scale investment in power grid renovation, railway construction, rural new infrastructure construction and growth of other manufacturing industries. Meanwhile, along with the growing world economy, the divergence between global copper supply and demand and low stock are not expected to be alleviated in a short period. Therefore, it is expected that the global copper price of 2006 will range at a high level subsequent to its rising momentum from the end of 2005. The Company will capture such good opportunity to advance its further development. On the other hand, the Company is fully aware of its increasing dependency on external resources along with its expansion. The Company will adopt active measures to address the challenge prudently.

1. The Company will put more investment in resource development and utilisation. While rationally exploiting with a resource conservation mind, the Company expects to expand resource reserve and achieve a shift in growth mode.

The Company will speed up its in-progress projects including Fujiawu Copper Mine construction, Wushan Copper Mine expansion, the Project of the Expansion of Pit-slopes in Yongping Copper Mine, as well as other development projects of mine resources. Moreover, the Company will join technological efforts of global leading mining companies for exploration in deeper part of existing mines and around the vicinity, so as to expand the Company's resource reserve. Also the Company will strive to improve mining and ore dressing technologies as well as technological and economic performance for rational exploiting and resource conservation. In addition, the Company will follow up tightly with JCC for its undertaking to propose to the general meeting of the Company to approve the assets injection or transfer from JCC in line with corporate strategic targets, as undertaken by JCC within the year after completion of the Company's share reform plan.

2. The Company will seek proper opportunity to increase investment in emerging copper processing projects falling within high technology sector, so as to meet the strong demands for high-grade copper and copper alloy from domestic electronics, electrical appliance and motor industries, aiming to build a new profit source for the Company.

Dividend policy (*Continued*)

2. Prospect and strategy (*Continued*)

3. The Company will reinforce its infrastructure, production and marketing processes.

In 2006, a key year to embark on its new round of development, the Company will push ahead construction of projects including the 300,000-tonne Guixi Smelter Phase IV Expansion, the additional 10,000-tonne blister copper environmental renovation project of its subsidiary Sichuan Kangxi Copper Company Limited, as well as the related resource development projects. The Company will strengthen project management and efficiency supervision to ensure on-streaming of projects as scheduled. Also, the Company aims to commence as soon as practicable the construction of cycle economy projects, including the recovery project of heavy metal ions from sewage of Dexing Mine with introduced foreign technology, the SXEN project with annual capacity of 600 tonnes in Yongping Copper Mine and the residual heat recovery project in Guixi Smelter, etc. Projects to be completed and put into operation in 2006 include the 400,000-tonne sulphuric acid plant of JCC-Wengfu Chemical Company Limited, and 220,000-tonne copper alloy rod and wire project of Jiangxi Copper Alloy Company Limited, both being the Company's subsidiaries. As such, the Company will strengthen its marketing, with improving service quality to satisfy customer needs for product sales.

4. Based on the experience from its futures hedging activities in 2005, the Company will further improve market study, keeping a close eye on domestic and global copper price movements, economic trend and fundamental supply and demand of copper. According to analysis of dynamics and trends of domestic and global copper markets and prices, the Company will formulate regular hedging strategies for its self-produced copper and imported ores respectively on active and prudent basis.

Gratitude

On behalf of the Board, I would like to thank our shareholders and all circle of life for their care and support through the years, and I also wish to extend sincere gratitude to all directors, supervisors, senior management members for their contribution and to our diligent staff during the past year.

Chairman
He Changming

Jiangxi, China
19 April 2006