

The Board of the Company is pleased to present the report of the Board and the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2005 for the review.

## 1. Principal businesses

The Company is an integrated producer of copper in the People's Republic of China (the "PRC"). Its operations consist of copper mining, milling, smelting and refining to produce copper cathode and other related products, including pyrite concentrates, sulphuric acid and electrolytic gold and silver. It also provides smelting and refining services pursuant to tolling arrangements for customers. Business details of subsidiaries are set out on Note 20 to Financial Statement.

## 2 Proposed profit distribution or transfer of capital reserve to share capital

The audited net profit for the year of the Company calculated according to the PRC GAAP and IFRS for the financial year ended 31 December 2005 was RMB1,851,383,945 and RMB1,899,753,000 respectively. In accordance with the Company Law of the PRC and the Articles of Association of the Company, the Board of Directors proposed to contribute the profit after taxation calculated according to PRC GAAP as follows: 10% to the statutory surplus reserve, 10% to the public welfare funds; and 20% to the discretionary surplus reserve, totalling RMB744,273,448.

The Board of Directors, based on the total share capital of 2,895,038,200 shares as at the end of 2005, proposed payment of a final dividend of RMB1.92 (tax inclusive for A Shares) per ten shares to all shareholders, representing a total amount of RMB555,847,334. No transfer of capital reserve to share capital was recommended for the year. A surplus undistributed amount of RMB551,263,163 prepared in accordance with PRC GAAP is transferred to the following years for distribution.

Dividends for shareholders of H Shares will be distributed to shareholders whose names appear on the Company's register of holders of H Shares on Monday, 22 May 2006. Further announcement will be made in respect of the date for registration of holders of A Shares for dividend payment according to the relevant requirements after the application therefor has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

The register of holder of H Shares will be closed from Tuesday, 16 May 2006 to Thursday, 15 June 2006 (both days inclusive) during which period no transfer of shares will be registered.

This profit distribution plan will be proposed to the annual general meeting to be held on Thursday, 15 June 2005 for consideration and approval.

## 3. Daily work of the Board

During the reporting period, the Company convened eight Board meetings. The resolutions passed at each Board meeting were published on the following day on China Securities Journal, Shanghai Securities News, Securities Times and the relevant resolved matters are published on Hong Kong Economic Times and the Standard, etc.

### (1) Board meetings held and the resolution passed during the reporting period

- 1) The Company convened the 15th meeting of the third Board on 25 January 2005, at which the establishment of Jiangxi Copper Alloy Company Limited jointly invested by the Company and JCC was considered and approved. The Company shall build production facilities with annual production capacity of 220,000 tonnes of copper and copper alloy rods and wires.
- 2) The Company convened the 16th meeting of the third Board on 10 March 2005, which considered and approved the Company's PRC and overseas financial auditors' reports for the year of 2004, Annual Report and its summary, Report of the Board, Chairman's Statement, Management Discussion and Analysis and Report of the Supervisory Committee; the profit distribution plan; the production operation and finance, loan and capital expenditure plan of the Company for the year of 2005; the remuneration and annual bonus of executive Directors and the remuneration of supervisors for the year of 2004; the management methods of connected transactions and a general mandate on issue of H shares up to 20% of outstanding H share capital; and matters relating to the confirmation of the convening of the Annual General Meeting.
- 3) The Company convened the 17th meeting of the third Board on 8 April 2005, which considered and approved the proposed placement of not more than 231,000,000 new H shares and authorisation of a panel consisting of any two Directors of the Company to deal with at its sole discretion and, if thought fit, decide the relevant matters.
- 4) The Company convened the 18th meeting of the third Board on 11 April 2005, at which the 2005 First Quarterly Report (unaudited) prepared under the PRC GAAP was considered and approved.
- 5) The Company convened the 19th meeting of the third Board on 3 June 2005, which considered and approved the establishment of the Financial Company jointly invested by the Company and Bank of China Group Investment Limited and members of JCC; change of Chief Financial Officer, etc.
- 6) The Company convened the 20th meeting of the third Board on 9 August 2005, which considered and approved the full text of 2005 Interim Report and its abstract; the 2005 Interim Financial Statements; the 2005 Interim Profit Distribution Plan.
- 7) The Company convened the 21st meeting of the third Board on 12 September 2005, which considered and approved issue of short-term debentures; proposed change of executive Directors; proposed establishment of Remuneration Committee; authorisation of reviewing internal monitoring system.
- 8) The Company convened the 22nd meeting of the third Board on 20 October 2005, at which the 2005 Third Quarterly Report (unaudited) prepared under the PRC GAAP was considered and approved.

## 3. Daily work of the Board *(Continued)*

### (2) Execution of the resolutions passed at the general meeting by the Board

#### 1) Execution of profit distribution for 2004

On 20 May 2005, the Company's profit distribution plan for 2004 was considered and approved at the 2004 annual general meeting, pursuant to which RMB1.2 (tax inclusive for A shares) was distributed for every 10 shares to all shareholders on 9 June 2005.

#### 2) Issue of 231,000,000 new H shares

On 20 May 2005, the authorisation of the Board to issue new H shares was considered and approved at the 2004 annual general meeting. On 25 July 2005, the Company signed the Placement Agreement in Hong Kong to place 231,000,000 new H shares, details of which are set out in the section headed "CHANGE OF SHARE CAPITAL" of the annual report.

#### 3) Implementation of issue of convertible debentures and acquisition of Chengmenshan

On 26 November 2004, the extraordinary general meeting and class meeting held by the Company approved the Company's application to CSRC for issue of convertible debenture convertible into the Company's A shares of up to RMB2,000,000,000 within the maturity period of such general meetings. At the same extraordinary general meeting, the shareholders approved acquisition of operating assets, relevant liabilities and mining rights of Chengmenshan Copper Mine. As at 26 November 2005, due to material change in the financing policies of the PRC A share capital market, the Company's issue of debenture convertible into A shares was suspended and the resolutions passed at such general meetings expired. Meanwhile, the agreement for acquisition of Chengmenshan Copper Mine has not been completed within the prescribed time limit.

#### 4) Issue of Short-term Debentures

On 1 November 2005, the proposal relating to the Company's issue of a short-term debenture with accumulated maximum repayment amount of not more than RMB2,000,000,000 and the relevant authorisation was considered and approved at the extraordinary general meeting. On 24 February 2006, the Company received the notification of filing issue of the debentures issued by the People's Bank of China. On 1 March 2006, the Company completed the issue of the first tranche of the debentures. The total principal amount of the first tranche debenture was RMB500,000,000 with issue price of RMB100, bearing an interest rate of 2.28% and having a maturity period of 90 days.

## 4. Substantial shareholders and change in share capital

### (1) Shareholders

During the reporting period, the Company had 59,092 shareholders in total, of which 4 were holders of unlisted shares, 57,608 were holders of listed A shares, and 1,480 were holders of listed H shares.

1) As at 31 December 2005, shareholdings of the top ten shareholders are as follows:

Name of shareholder	Type of shareholders	Percentage of the total share capital at the end of the year (%)	Number of shares held at the end of the year	Number of unlisted shares held at end of the year	Number of shares pledged or frozen
HKSCC Nominees Limited	Holder of H Shares	47.56	1,376,920,056	—	Unknown
Jiangxi Copper Corporation	Holder of State-owned shares	44.06	1,275,556,200	1,275,556,200	Nil
Jinxin Securities Investment Fund	Holder of A Shares	0.35	10,161,282	—	Unknown
Tongsheng Securities Investment Fund	Holder of A Shares	0.14	3,959,782	—	Unknown
Hongyang Securities Investment Fund	Holder of A Shares	0.07	2,099,000	—	Unknown
Boshi Securities Investment Fund	Holder of A Shares	0.06	1,773,650	—	Unknown
CITIGROUP	Holder of A Shares	0.06	1,744,492	—	Unknown
HSBC Nominees (Hong Kong) Limited	Holder of H shares	0.05	1,496,000	—	Unknown
Guoyan Securities Company Limited	Holder of A Shares	0.04	1,176,700	—	Unknown
UBS LIMITED	Holder of H shares	0.04	1,170,000	—	Unknown

*Notes:*

- (1) So far as the Directors are aware, Jiangxi Copper Corporation ("JCC"), the de facto controller of the Company, and the second to the tenth shareholders are neither connected person nor party act in concert. The existence of such relationship amongst the second to the tenth shareholders is unknown.
- (2) HKSCC Nominees Limited held a total of 1,376,920,056 H Shares of the Company in capacity of nominee on behalf of a number of customers, representing approximately 47.56% of the total issued share capital of the Company. HKSCC Nominees Limited is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.

## 4. Substantial shareholders and change in share capital *(Continued)*

### (1) Shareholders *(Continued)*

2) As at 31 December 2005, shareholdings of the top ten holders of listed shares are as follows:

Name of shareholder	Number of listed shares held	Class of shares
HKSCC Nominees Limited	1,376,920,056	Overseas listed foreign shares (H Shares)
Jinxin Securities Investment Fund	10,161,282	Ordinary shares denominated in RMB (A Shares)
Tongsheng Securities Investment Fund	3,959,782	Ordinary shares denominated in RMB (A Shares)
Hongyang Securities Investment Fund	2,099,000	Ordinary shares denominated in RMB (A Shares)
Boshi Securities Investment Fund	1,773,650	Ordinary shares denominated in RMB (A Shares)
CITIGROUP	1,744,492	Ordinary shares denominated in RMB (A Shares)
HSBC NOMINEES (HONG KONG) LIMITED	1,496,000	Overseas listed foreign shares (H Shares)
Guoyan Securities Company Limited	1,176,700	Ordinary shares denominated in RMB (A Shares)
UBS LIMITED	1,170,000	Ordinary shares denominated in RMB (A Shares)
New Century Securities investment Fund	1,029,680	Ordinary shares denominated in RMB (A Shares)

Notes:

- (1) For the above holder of listed shares, the Company is not aware of any connected relationship among them, nor aware whether they fall within the definition of party acting in concert as specified in Management Method of the Information Disclosure in relation to the Changes of Shareholdings of Shareholders of Listed Companies issued by China Securities Regulation Commission ("CSRC").
- (2) As at 31st December 2005, the interests or short positions of the shareholders, other than Directors / supervisors or chief executive of the Company, in the shares and underlying shares of the Company as record in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

## 4. Substantial shareholders and change in share capital (Continued)

### (1) Shareholders (Continued)

- 2) As at 31 December 2005, shareholdings of the top ten holders of listed shares are as follows:  
(Continued)

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Percentage of total number of the relevant class shares (%)	Percentage of total issued share capital (%)
JCC	Domestic Shares	Beneficial owner	1,275,556,200(L)	99.84	44.06
Merrill Lynch & Co.	H Shares	Interests of controlled corporation	100,525,921(L)	7.25	3.47
JPMorgan Chase & Co.	H Shares	Interests of controlled corporation	95,288,290(L)	6.87	3.29
			390,000(S)	0.03	0.01
			16,839,000(P)	1.21	0.58
UBS AG	H Shares	Interests of controlled corporation	350,000(S)	0.03	0.01
		(Note 2)	77,856,000(L)	5.61	2.69

Notes:

- (1) L: long position; S: short position; P: shares held in a lending pool
- (2) According to the substantial shareholder notice filed by UBS AG on 3 January 2006, the 77,856,000 H Shares were held in long position by UBS AG as at 29 December 2005 in the following capacity:

Capacity	Number of H Shares
Beneficial owner	59,209,000
Person having a security interest in shares	18,297,000
Interests of controlled corporation	350,000

Save as disclosed above, the register required to be kept under section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2005.

## 4. Substantial shareholders and change in share capital (Continued)

### (2) Change in share capital

#### 1) Issue and listing of shares for the past three years

Pursuant to the approval of Zheng Jian Guo He Zi [2004] No. 16 issued by CSRC, the resolutions passed at general meeting on 20 May 2005 and the Board meeting on 8 April 2005, the Company and Citigroup Global Markets Hong Kong Futures and Securities Limited ("Citigroup Global Markets") signed the placement agreement in Hong Kong on 25 July 2005, pursuant to which 231,000,000 new H shares with face value of RMB1.00 each ("Placing Shares") were placed to investors ("Placing"). Citigroup Global Markets placed the Placing Shares to not less than six placees, each of whom or its ultimate beneficial owner were third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The placing price for the new shares is HK\$3.813 per Placing Share, representing a discount of about 7% to the closing price as immediately following the suspension of trading of H Shares. The net amount of the placing price after deducting the expenditures and commissions amounted to approximately HK\$3.7056 per H share.

The proceeds raised from the Placing would be used for any of expansion of production capacity of copper cathode of the Company, technological renovation of mining technology and the development of the processed copper products, at such time when any of them first requires funding.

Category of shares	Date of issue	Issuing price (HK\$)	Number of shares issued	Date of listing	Number of shares approved for listing	Close date of trading
H share	2005-07-25	3.813	231,000,000	2005-08-05	231,000,000	N/A

#### 2) Total shares and change in share capital structure

Since the Company placed 231,000,000 new H shares to overseas investors in Hong Kong during the reporting period, the total share capital was increased from 2,664,038,200 shares at the beginning of the reporting period to 2,895,038,200 shares and there was also a change in the share capital structure of the Company. Details of total shares and change in share capital structure of the Company were set out below.

## 4. Substantial shareholders and change in share capital (Continued)

### (2) Change in share capital (Continued)

#### 2) Total shares and change in share capital structure (Continued)

Unit: Share

	Before the change		Issue of new shares during the reporting period	After the change	
	Number	Approximate Percentage of the total issued share capital of the Company (%)		Number	Approximate Percentage of the total issued share capital of the Company (%)
I. Unlisted non-tradable shares					
Promoters' shares	1,277,556,200	47.96	—	1,277,556,200	44.13
State-owned shares	1,275,556,200	47.88	—	1,275,556,200	44.06
Domestic legal person shares	2,000,000	0.08	—	2,000,000	0.07
Total unlisted non-tradable shares	1,277,556,200	47.96	—	1,277,556,200	44.13
II. Listed tradable shares					
1. Ordinary shares denominated in RMB (A Shares)	230,000,000	8.63	—	230,000,000	7.94
2. Overseas listed foreign shares	1,156,482,000	43.41	231,000,000	1,387,482,000	47.93
Total listed tradable shares	1,386,482,000	52.04	231,000,000	1,617,482,000	55.87
III. Total shares	2,664,038,200	100.00	231,000,000	2,895,038,200	100.00



## 4. Substantial shareholders and change in share capital (Continued)

### (3) Particulars of controlling shareholder and de facto controller

#### 1) Particulars of controlling shareholder

Company Name: Jiangxi Copper Corporation

Legal person representative: He Changming

Registered capital: RMB3,896,060,000

Date of incorporation: 1 July 1979

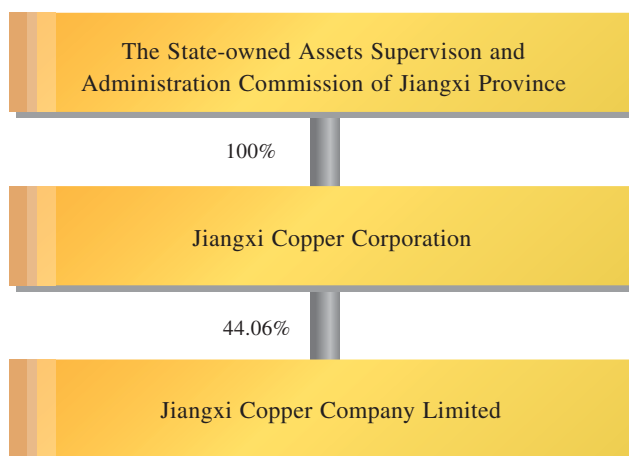
The controlling shareholder of the Company, JCC, was established on 1 July 1979. Its legal representative is Mr. He Changming with a registered capital of RMB3,896.06 million and its principal business covers non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing. As at the end of 2004, its total asset amounted to RMB3,075.78 million, while total net profit amounted to RMB397.73 million. JCC currently holds approximately 44.06% of the total issued share capital of the Company and will hold approximately 42.63% of the total issued share capital of the Company after the formal implementation of the share reform plan on 19 April, 2006. Accordingly, JCC is the Company's holding company.

There is no change in controlling shareholder and the de facto controller during the reporting period.

#### 2) Information of the de facto controller

Company Name: State-owned Assets Supervision and Administration Commission of Jiangxi Province

#### 3) The relationship between the Company and the de facto controller as at the end of the reporting period



#### 4. Substantial shareholders and change in share capital *(Continued)*

(4) Staff shares

There were no shares held by staff of the Company as at 31 December 2005.

(5) Other legal person shareholders with 10% or more of shareholding

Save as disclosed, as at 31 December 2005, the Company had no legal person shareholders with 10% or more of shareholding.

(6) Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

(7) Purchase, sale or redemption of listed securities of the Company

Save as disclosed, during the reporting period, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the reporting period.

(8) Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the relevant PRC laws which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## 5. Directors, supervisors and senior management

### (1) Particulars of Directors, supervisors and senior management

Name	Position	Sex	Age	Appointment date	End of appointment	No. of shares held as at 1 January 2005	No. of shares held as at 31 December 2005	Remunerations received during the reporting period (RMB'0000)
He Changming	Chairman	Male	64	2003-06-12	2006-06-12	0	0	72.91
Qi Huaiying	Executive Director	Female	63	2003-06-12	2006-06-12	0	0	72.91
Li Yihuang	Executive Director and General Manager	Male	43	2003-06-12	2006-06-12	0	0	72.91
Du Xinmin	Executive Director and Chief Financial Officer	Male	62	2003-06-12	2005-11-01	0	0	0.00
Wang Chiwei	Executive Director and Deputy General Manager	Male	52	2003-06-12	2006-06-12	0	0	72.91
Wu Jinxing	Executive Director and Chief Financial Officer	Male	43	2005-11-01	2006-06-12	0	0	72.91
Gao Jianmin	Executive Director	Male	46	2003-06-12	2006-06-12	0	0	18.38
Liang Qing	Executive Director	Male	52	2003-06-12	2006-06-12	0	0	18.38
Kang Yi	Independent non-executive Director	Male	65	2003-06-12	2006-06-12	0	0	2.00
Liu Xixi	Independent non-executive Director	Male	51	2003-06-12	2006-06-12	0	0	2.00
Shi Zhongliang	Independent non-executive Director	Male	59	2003-06-12	2006-06-12	0	0	2.00
Yin Hongshan	Independent non-executive Director	Male	60	2003-06-12	2006-06-12	0	0	2.00
Wang Maoxian	Chairman of the Supervisory Committee	Male	53	2003-06-12	2006-06-12	0	0	30.76
Li Baomin	Supervisor	Male	48	2003-06-12	2006-06-12	0	0	30.76
Li Ping	Supervisor	Male	47	2003-06-12	2006-06-12	0	0	30.76
Gan Chengjiu	Supervisor	Male	43	2003-06-12	2006-06-12	0	0	30.76
Hu Faliang	Supervisor	Male	46	2003-06-12	2006-06-12	0	0	30.76
Liu Yuewei	Deputy General Manager	Male	45	2001-05-16	Present	0	0	47.26
Liu Jianghao	Chief Engineer	Male	44	2001-11-21	Present	0	0	47.26
Huang Dongfeng	Company Secretary (Domestic)	Male	47	2000-01-12	2005-12-31	0	0	6.20
Tung Tat Chiu, Michael	Company Secretary (Hong Kong)	Male	43	1997-07-01	Present	0	0	0.00
Total	/	/	/	/	/	/	/	663.83

Notes: 1. The remunerations received by the Company's Directors, supervisors and senior management include basic salary, annual bonus and other allowance. No remuneration was paid to independent non-executive Directors by the Company, but the Company should compensate them appropriate allowance and meeting expense at the annual rate of RMB20,000 per person.

2. During the reporting period, all of the Directors and the supervisors, except Mr. Du Xinmin, received remuneration from the Company.

## 5. Directors, supervisors and senior management (Continued)

### (2) Individuals with the Highest Remuneration

All the five individuals with the highest remunerations paid by the Company during the year were Directors of the Company.

### (3) Remuneration Policy

Pursuant to the Articles of Association, the determination procedures for remunerations of directors and supervisors of the Company shall be subject to consideration and approval by general meeting of the Company.

The remuneration of the Company's senior management is subject to consideration and approval by the Board.

During the reporting period, the remuneration amounts (inclusive of tax) of directors, supervisors and senior management of the Company are set out in the table headed "Particulars of directors, supervisors and senior management".

### (4) Position held by Directors and supervisors in Shareholders' entities

Name	Name of shareholder	Position held	Appointment date	End of appointment	Whether receive remuneration or allowance
He Changming	JCC	General Manager	1993-05-01	N/A	No
Qi Huaiying	JCC	Secretary to the Party Committee	1997-12-01	N/A	No
Li Baomin	JCC	Deputy Secretary to the Party Committee	2001-01-01	N/A	No
Wang Maoxian	JCC	Secretary to the Disciplinary Committee	2001-01-01	N/A	No
Li Ping	JCC	Deputy General Manager	2001-10-01	N/A	No
Gan Chengjiu	JCC	Chief Accountant	2001-10-01	N/A	No

Note: None of directors, supervisors or senior management members of the Company held a position in other entity as at 31 December 2005.

### 5. Directors, supervisors and senior management (*Continued*)

#### (5) Service contracts of Directors and interests in contracts

All Directors have entered into services contracts with the Company up to the date of the annual general meeting of the Company to be held in the year 2006.

Pursuant to relevant provision in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment. Under the Company Law, the term of office of supervisors is also three years and they are eligible for re-election and re-appointment.

Save as disclosed above, none of the Directors or supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

#### (6) Interest of Directors, supervisors and chief executive in shares

As at 31 December 2005, none of the Directors or supervisors or chief executive of the Company had any interests or short positions in any shares, and underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

#### (7) Rights to purchase shares or debentures

At no time during the year was the Company or its holding company or its subsidiary a party to any arrangements to enable the Directors, supervisors or chief executives of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

#### (8) Loan or guaranty for loan granted to Directors

During the reporting period, none of loan or guaranty for loan was granted, either directly or indirectly, to any of Directors, supervisors or senior management or their respective associates of the Company or its controlling shareholder.

### 5. Directors, supervisors and senior management (*Continued*)

#### (9) Directors' and supervisors' interests in competitive business or other interests in contracts

During the year and as at the date of this report, none of the Directors or supervisors had any interest in any business which competes or may compete with the business of the Company.

As at 31 December 2005 or at any time during the reporting year, none of the Directors or supervisors was materially interested, either directly or indirectly, in any contracts of significance to which the Company or its holding company or its subsidiaries was a party.

#### (10) Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Based on specific enquiries to all Directors and supervisors, the Company confirms that all Directors and supervisors have complied with the requirements of the Model Code during the reporting period.

#### (11) Code on Corporate Governance Practice

The Company is committed to maintaining and establishing high level of corporate governance. The interim report of the Company for the six months ended 30 June, 2005 discloses that the Company has not established a remuneration committee under the Code Provision B.1.1 of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules ("Code on Corporate Governance"). The Company has already set up a remuneration committee in September, 2005.

There were eight board meetings held in the year 2005. Given that the Directors were frequently on business trips, six of the board meetings were held by way of written resolutions. However, the company secretary of the Company ensured that every Director understood the resolutions and the contents of the relevant documents before they have made the decision as to whether to vote for the resolution. The company secretary of the Company also invited the Directors to give their view and opinion. Although the Company is unable to comply with Code A.1.1 of the Code on Corporate Governance during the reporting period, the Company will arrange the Directors to participate the board meeting in person or by telephone conferences in the coming year. Save as disclosed, the Company has complied with the code provisions of Code on Corporate Governance. The details of implementation are set out in the "Report of Corporate Governance Practice" in 2005 Annual Report.

The Company has not employed a Qualified Accountant as senior management of the Company pursuant to Rule 3.24 of the Listing Rules. As at the end of the reporting period, the Company has not finalised any employment terms with any candidate. The Company is actively recruiting a suitable candidate to act as the Qualified Accountant.

#### (12) Audit Committee

The composition and duties of the Audit Committee of the Company are detailed in the section headed "Report of Corporate Governance Practice" in this annual report.

### 5. Directors, supervisors and senior management *(Continued)*

#### (13) Change in Directors, supervisors and senior management

On 3 June 2005, the Board considered and approved the resignation of Mr. Du Xinmin from Chief Financial Officer of the Company due to attaining the retiring age, and appointed Mr. Wu Jinxing as the new Chief Financial Officer of the Company. On 3 June 2005, the Board considered and approved the resignation of Mr. Du Xinmin from Chief Financial Officer due to his attaining the retiring age, and appointed Mr. Wu Jinxing as the new Chief Financial Officer of the Company.

#### (14) Profile of Directors, supervisors and senior management

##### 1) Internal executive Directors

- (1) He Changming, born in October 1941, is a professor-grade Senior Engineer, the Chairman of the Board of the Company and a standing committee member of the People's Congress of Jiangxi Province. He is the Vice President of China Non-ferrous metals industry Association, the President of the 1st Administrative Committee of China Copper Development Centre, a member of the Administrative Committee of the Futures Industry Association and the Shanghai Futures Exchange and Vice Chairman of China Mining Industry Association. From January 1990 to May 1993, he was the director of the Guixi Smelter. From May 1993, Mr. He has been the Manager of JCC. Since the Company established in 1997, Mr. He has been the executive Director and Chairman and also the General Manager of the Company until 15th May, 2001. The Board held a meeting on 16th May, 2001 and accepted the resignation of duties of General Manager by Mr. He. Mr. He has extensive experience in corporate management and is a technical expert in smelting and refining. Mr. He graduated from Guizhou Industrial College specialising in smelting.
- (2) Qi Huaiying, born in November 1942, is a Senior Economist and an executive Director of the Company. Ms. Qi is a standing committee member of the People's Congress of Jiangxi Province, a standing committee member of China Industrial and Economic Federation, Deputy Chief Secretary to the Administrative Committee of China News Agency's "Jiangxi Nei Can", a consultant of MBA Educational Guidance Committee of Jiangxi Financial University. She has about 30 years of experience in non-ferrous mining production planning and business management, and has extensive experience. She graduated from the Economics Department of Beijing Mining Industrial College and was Deputy Manager of JCC from 1984 to 1997. She was the Deputy Manager of the Company from 1997 to 2000. She has been the executive Director of the Company from the establishment of the Company in 1997. She is currently the Secretary to the Communists Party Committee of JCC.

## 5. Directors, supervisors and senior management (*Continued*)

### (14) Profile of Directors, supervisors and senior management (*Continued*)

#### 1) Internal executive Directors (*Continued*)

- (3) Li Yihuang, born in October 1962, professor-grade Senior Engineer, is an executive Director and the General Manager of the Company. Mr. Li was appointed as the executive Director of the Company in June 2003. Mr. Li graduated from Northeast Industrial Institute with major in heavy smelting. He worked in Guixin Smelter of the Company from August 1982 to January 2001, where he held the positions such as deputy director and director. Prior to the appointment of General Manager of the Company, Mr. Li held the position of Deputy Manager of JCC. Mr. Li is very experienced in smelting business and management.
- (4) Du Xinmin, born in August 1943, is a Senior Accountant, and an executive Director and Chief Financial Officer of the Company. Mr. Du resigned from his position in November 2005. He was the Chief Accountant of JCC before 24 May 2001. Mr. Du has over 30 years of experience in accounting and finance of the mining and smelting industry, and has extensive experience in financial management. He graduated from Beijing Business College majoring in commercial economics. Mr. Du is currently an independent director of Jiang Zhong Pharmaceutical Company.
- (5) Wang Chiwei, born in August 1953, is a Senior Economist, and an executive Director and Deputy General Manager of the Company. He is an arbitrator of Shanghai Arbitration Commission and Vice President of China Huaxue Mine Association. Mr. Wang graduated from Zhongnan Industrial University majoring in engineering management. He was Deputy Manager of JCC before 24 May 2001. From December 1995 to July 1998, Mr. Wang was Deputy Director of the Shanghai Smelter. From July 1998 to the present, he has been serving as the executive Director of the Company. Mr. Wang has certain experience in business operation and sales.
- (6) Wu Jinxing, born in February 1962, is the Han nationality and from Ruichang Jiangxi and a senior accountant. Mr. Wu graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting in 1982 and graduated from the Central Communist Party School majoring in correspondence economic management in 1998. Mr. Wu was appointed as the executive Director of the Company in November 2005. He had been the deputy head of the production and finance division and the Comprehensive Division of the Financial Department of JCC, the deputy head and head of the Financial Department of JCC Import and Export Company, deputy chief account and chief accountant of JCC Materials Equipment Company, the general management of the Financial Department of the Company, the Chief Account of Deixing Mine of the Company, and the Chief Financial Officer of the Company.



### 5. Directors, supervisors and senior management (*Continued*)

#### (14) Profile of Directors, supervisors and senior management (*Continued*)

##### 2) External executive Directors

- (7) Gao Jianmin, born in December 1959, is an Executive Director of the Company. Mr. Gao has been serving as the Executive Director of the Company from the establishment of the Company in 1997. Mr. Gao has more than 10 years of experience in finance, industrial investment and development. He graduated from Qinghua University. Mr. Gao is also a director and general manager of International Copper Company Limited and a director of Qingling Motors Co. Ltd. Mr. Gao has been a Director of the Company since its incorporation.
- (8) Liang Qing, born in May 1953, is an executive Director of the Company. Mr. Liang was appointed as the Director of the Company in June 2002. He is currently a Vice President and General Manager of China Minmetals H.K. (Holdings) Limited. He has over 10 years of experience in international trading.

##### 3) Independent non-executive Directors

- (9) Kang Yi, born in November 1940, is a professor-grade Senior Engineer. Mr. Kang was appointed as the independent non-executive Director of the Company in June 2002. He had been Deputy General Manager of the former China National Nonferrous Metals Industry Corporation and Deputy Director of the State Nonferrous Metals Industry Management Bureau and is now the chairman of China Nonferrous Metals Industry Association and President of China Nonferrous Metals Institute. He has over 30 years of experience in management of nonferrous metals enterprise.
- (10) Liu Xinxi, born in July 1954, is the President, a professor and tutor of Master Programme of the Law Faculty of Nanchang University. He is also a committee member of the Academic Committee of Nanchang University, a lawyer of Jiangxi Tianyi Law office. Mr. Liu was appointed as the independent non-executive Director of the Company in May 2001. Mr. Liu is also a member of China Legal Science Society, a member of China Civil and Economic Law Research Institute, a committee member of Intellectual Property Committee of China Lawyers' Association, the Vice President and Arbitrator of Nanchang Arbitration Committee and an executive member of Jiangxi Provincial Legal Science Society and the President of the Faculty of Law of Nanchang University. Mr. Liu graduated from Xinan Political Law University in 1982 specialising in laws.
- (11) Shi Zhongliang, born in January 1944, is the President, a professor and tutor of a PhD programme of the Jiangxi Financial University. Mr. Shi was appointed as the independent non-executive Director of the Company in October 2000. Mr. Shi is also the Vice-Chairman of China Industrial and Economic Research and Development Procurement Union, Vice-Chairman of Jiangxi Social Union and a member of the Teaching Guidance Committee of Economics under the Education Department. Mr. Shi graduated from Shanghai Fudan University majoring in economics. Mr. Shi has profound and extensive research experience in the areas of industrial economy, resource economy and regional economy.

## 5. Directors, supervisors and senior management (*Continued*)

### (14) Profile of Directors, supervisors and senior management (*Continued*)

#### 3) Independent Non-executive Directors (*Continued*)

- (12) Yin Hongshan, born in August 1945, is a Senior Economist. Mr. Yin was appointed as the independent non-executive Director of the Company in June 2003. Mr. Yin is currently the Chief Secretary to the Metallurgical Branch of the Chinese Labour Society. He had been the Deputy Chief Economist of Jiangxi Provincial Department of Metallurgy of Jiangxi Province, Research Officer of the Development and Research Centre of Jiangxi Provincial Government and the Strategic Consultation Committee of the Jiangxi Provincial Government. Mr. Yin has over 30 years of experience in metallurgical corporate engineering technology, management and capital operation as well as human resources management. Mr. Yin graduated from Tianjin University majoring in metal physics chemistry.

#### 4) Supervisors

- (13) Wang Maoxian, born in February 1952, is a Senior Accountant. He is a supervisor of the Company and is currently a Secretary of the Party Committee of JCC. Mr. Wang was appointed as the supervisor of the Company in June 2003. He held a number of management positions and has extensive experience in finance, accounting and personnel management. Mr. Wang graduated from Central Finance and Monetary College majoring in finance and accounting.
- (14) Li Baomin, born in May 1957, is a Senior Economist. He is a supervisor of the Company and is currently a Deputy Secretary of the Party Committee of JCC. Mr. Li was appointed as the supervisor of the Company in June 2003. Mr. Li held a number of management positions in Jiangxi Copper Corporation with extensive management experience. He graduated from the Faculty of History of Jiangxi Teachers' University, the Corporate Management College of Fudan University in 1992 and postgraduate programme of economics of Jiangxi Provincial Party Committee College in 2001.
- (15) Li Ping, born in March 1958, is a Senior Engineer. He is currently a supervisor of the Company and the Deputy General Manager of JCC. He was once the Director of Dexing Copper Mine. Mr. Li was appointed as the supervisor of the Company in June 2003. Mr. Li has been working for JCC for over 20 years and has a wide range of experience in mechanical engineering, equipment and management. Mr. Li graduated from Northeast University majoring in mechanical engineering of copper mine.
- (16) Gan Chengjiu, born in February 1962, is a Senior Accountant. He is a supervisor of the Company and is currently the Chief Accountant of JCC. Mr. Gan has been engaging in financial management in JCC with extensive experience in finance, accounting and assets management. Mr. Gan was appointed as the supervisor of the Company in June 2003. Mr. Gan graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting and graduated from Jiangxi Financial University.

### 5. Directors, supervisors and senior management (*Continued*)

#### (14) Profile of Directors, supervisors and senior management (*Continued*)

##### 4) Supervisors (*Continued*)

- (17) Hu Faliang, born in February 1959, is a senior economist. He is a supervisor of the Company and also the Chairman of the Labour Union of JCC. Mr. Hu was appointed as the supervisor of the Company in June 2003. Mr. Hu had been the Deputy Head of Yongping Mine, and he has extensive experience in management. Mr. Hu graduated from Zhejiang Metallurgy Economy Tertiary School with a major in planning and statistics.

##### 5) Senior Management

- (18) Liu Yuewei, born in February 1960, professor-grade Senior Engineer, is the Deputy General Manager of the Company. Mr. Liu graduated from Angang Iron and Steel Institute with major in mine extraction. He worked in Dexing Copper Mine of the Company since July 1982, where he held the positions such as deputy director and director of the mine. Prior to the appointment of Deputy General Manager of the Company, Mr. Li held the position of Assistant to Manager of JCC. Mr. Li is very experienced in extraction and management.
- (19) Liu Jianghao, born in March 1961, professor-grade Senior Engineer, is the Chief Engineer of the Company. Mr. Liu graduated from Jiangxi Metallurgical Institute with major in mine selection. He worked in Dexing Copper Mine of the Company since 1982, where he held the position of director of Sizhou Mine Selection Plant of Dexing Copper Mine. Mr. Liu is very experienced in mine selection and management. Mr. Liu was granted first and second prize for science and technology advancement by China Nonferrous Metallurgical Corporation for various times. Mr. Liu is granted Special Allowance by the State Council.
- (20) Huang Dongfeng, born in December 1958, is a Senior Economist and Company Secretary of the Company and a Standing Committee member of the Listing Companies Association of Jiangxi Province. Mr. Huang had worked for different departments such as the General Manager Office, the Strategy Research Office, the Economic Development Department and the Director of the Secretarial Office of the Board of Directors of JCC. Mr. Huang joined in the Company on January 1997. He has 21 years of experience in corporate management, and has accumulated extensive experience in the areas of corporate management and capital operation. In 2004, Mr. Huang was named as "Gold" secretary to the board of director by Xincan, a Chinese magazine. Mr. Huang graduated from the faculty of management engineering of the Zhongnan Industrial University.
- (21) Tung Tat Chiu Michael, born in April 1962, is the Secretary of the Company in Hong Kong. Mr. Tung is a consultant of Messrs. David Lo & Partners, the Company's Hong Kong legal advisers, and has over 10 years of experience as a practising lawyer in Hong Kong. Mr. Tung joined the Company in June 1997. Mr. Tung is also the Company Secretary of a number of companies listed in Hong Kong, and the independent non-executive director of two companies listed in Hong Kong. He holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom.

## 6. Employees

### (1) Details of employees

As at the end of the reporting period, the Company had 13,030 in-service employees, representing a decrease of 10 employees over last year. During the reporting period, the Company actually paid a total of RMB325.07 million (2004: RMB299.78 million) as wages to its employees (including basic salary, annual bonus and other allowance).

#### 1) Arrangement for retirement benefits

The Company has provided retirement insurance for its employees in compliance with the relevant provisions of Jiangxi Provincial Government. According to a consolidated services agreement entered into between the Company and JCC, the Company shall pay basic retirement benefits in the amount of 20% of the total wages of its staff to JCC. JCC shall be responsible for managing the retired employees and paying the actual retirement benefits for the retired employees. During the reporting period, the Company paid a total of RMB65.12 million as retirement benefits through JCC (2004: RMB58.54 million).

#### 2) Employees' basic medical insurance

Pursuant to a consolidated services agreement entered into between the Company and JCC and the requirements of the relevant department of the PRC Government, the Company shall pay a welfare fee based on 18% of the staff wages to JCC. JCC shall be responsible for unified management of the basic medical insurance for the employees of the Company and provide the employees of the Company with various social services including medical service. During the reporting period, the Company has paid a total of RMB57.53 million as welfare fee (2004: RMB52.69 million).

## 6. Employees (Continued)

### (1) Details of employees (Continued)

#### 3) The structure of employees is as follows:

##### (1) Positions

<b>Positions</b>	<b>Number of persons</b>
Production personnel	9,820
Technicians	854
Management personnel and salesmen	1,524
Others	832

##### (2) Education level

<b>Education level</b>	<b>Number of persons</b>
Post-secondary or above	2,342
Technical secondary or senior secondary	6,129
Junior secondary or below	4,559

## 7. Other matters

### (1) Fixed assets

During the year, the Company acquired fixed assets of approximately RMB943,777,000, which mainly comprised the construction for the expansion of Guixi Phase III and upgrade and increase of the mining capacity of Deixing Mine and Yongping Mine and the open mining technology renovation project of Fujiawu Mine. Details of these and other movements in the fixed assets of the Company and the Company are set out in Note 17 to the financial statements prepared under IFRS.

### (2) Connected transactions

Details of the connected transactions of the Company are set out in the section headed "Major Connected Transactions" of the annual report.

## 7. Other matters (Continued)

### (3) Independent Directors' special statement and independent opinion on external guarantees

In accordance with Notice of Certain Issues in relation to Capital Transactions between Listed Companies and the Connected Parties and External Guarantees Granted by Listed Companies (《關於上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) (Zheng Jian Fa (2003) No. 56) issued by CSRC, we examined the accumulative and current guarantees provided by the Company in a pragmatic and prudent manner, and make the following statement:

As at the end of the reporting period, the Company did not provide any guarantee to its controlling shareholder or subsidiaries. Nor did the Company provide any guarantee in any form to its subsidiaries or any other connected parties in which it held less than 50% share capital, non-corporate bodies or individuals.

### (4) Major suppliers and customers

The purchase attributable to the Group's largest suppliers accounted for 6.33% of total purchases for the year. Aggregate purchases attributable to the Group's five largest suppliers accounted for 25.57% of total purchases for the year. JCC has interests in three of the Company's five largest customers.

The Group's largest customer accounted for 13.27% (Note) of the total turnover for the year. Aggregate turnover attributable to the Group's five largest customers accounted for 39.38% (Note) of the total turnover for the year. At 31 December 2005, JCC has interests in two of the Company's five largest customers. All transactions between the Group and the customers concerned were carried out on normal commercial terms.

Unit: RMB'000

Total purchase amount of the five largest suppliers	2,646,917	Percentage in total purchase amount	25.57%
Total sales amount of the five largest customers	5,253,609	Percentage in total sales amount	39.38%

Note: The total turnover is prepared in accordance with the PRC GAAP.

Save as disclosed above, so far as the directors are aware, none of the directors, associates or shareholders who hold 5% or more equity interests of the Company is interested in the five largest customers and suppliers.

### 7. Other matters *(Continued)*

#### (5) Donations

During the reporting period, the Company made donations amounting to approximately RMB2,306,000.

#### (6) Events after balance sheet date

Details of major events after Balance Sheet Date are set out in Note 39 to the financial statements prepared under IFRS.

#### (7) Income tax policy

The Company and its subsidiaries and associates pay enterprise income tax in accordance with the relevant PRC laws and regulations. Details of income tax policy are set out in Note 12 to the financial statements prepared under IFRS.

#### (8) Auditors

The Company's accounts are audited by Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (domestic) and Deloitte Touche Tohmatsu (overseas). During the reporting period, the remunerations payable by the Company to the said domestic and overseas auditors were HK\$2,114,500 and HK\$2,565,500 respectively (2004: HK\$1,465,000 and HK\$1,965,000). The Company should also bear the miscellaneous expenses including accommodation expenses during the fieldwork period, excluding travelling expenses of the relevant auditors.

As at the end of the reporting period, such accountant firms have provided the Company 10 years of auditing services. During the reporting period, Mr. Hu Fan, a certified public accountant of Deloitte Touche Tohmatsu Certified Public Accountants Ltd., has provided the Company five years of auditing services. In accordance with the relevant requirements of CSRC, the firm has appointed another certified public accountant Ms. Jiang Qianqian to provide the Company auditing services.

The auditors retired according to the relevant regulations and offered themselves for reappointment as auditors of the Company. A resolution will be put forward at the forthcoming annual general meeting to reappoint Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (domestic) and Deloitte Touche Tohmatsu (overseas) as the domestic and overseas auditors of the Company.