

SIGNIFICANT EVENTS

(1) INTERIM DIVIDEND

The Board resolved not to declare interim dividend for the six months ended 30 June 2006. No interim dividend was distributed in the corresponding period of last year.

(2) IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

On 15 June 2006, the Company's profit distribution plan for 2005 was considered and approved at the annual general meeting, pursuant to which RMB1.92 (tax inclusive for A shares) was distributed to all shareholders for every ten shares. On 5 July 2006, the Company distributed RMB0.192 (tax inclusive for A shares) per share in cash to its H shareholders whose names appear in the register of members of the Company on 22 May 2006 and A shareholders whose names appear in the Company's register of members of A shares and legal person shareholders on 28 June 2006.

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

(4) ASSETS TRANSACTION

During the reporting period, the Company had no acquisition, disposal of assets and merger.

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(5) MATERIAL CONNECTED TRANSACTIONS IN THE REPORTING PERIOD

1. Connected transactions relating to day-to-day operation

(1) *Material connected transactions relating to purchase of goods and receipt of services*

Name of Connected parties	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions (RMB)	Amount of connected transactions (RMB'000)	As a percentage in similar transactions (%)	Settlement methods
JCC	Copper contained in blister and scrap copper (tonne)	Cost of purchasing and expense of purchasing (RMB/tonne)	51,742	695,666	20.31	Cash settlement
JCC	Gold contained in blister and scrap copper (kilogram)	Market price (RMB/tonne)	14,009	29,146	9.02	Cash settlement
JCC	Silver contained in blister and scrap copper (kilogram)	Market price (RMB/tonne)	2,218	48,822	34.09	Cash settlement
JCC	Copper contained in copper concentrates (tonne)	Market price (RMB/tonne)	37,351	204,476	7.37	Cash settlement
JCC	Gold contained in copper concentrates (kilogram)	Market price (RMB/tonne)	110,813	10,723	6.10	Cash settlement
JCC	Silver contained in copper concentrates (kilogram)	Market price (RMB/tonne)	1,972	6,775	6.58	Cash settlement
JCC	Sulfur contained in copper concentrates (tonne)	Market price (RMB/tonne)	62	630	3.13	Cash settlement
JCC	Gold contained in anode residue (kilogram)	Market price (RMB/tonne)	151,124	507	46.96	Cash settlement
JCC	Silver contained in anode residue (kilogram)	Market price (RMB/tonne)	2,233	582	72.39	Cash settlement
JCC	Materials	Market price		112,986	13.83	Cash settlement
JCC	Spare parts	Market price		88,541	47.67	Cash settlement
JCC	Equipment	Market price		1,970	2.58	Cash settlement
JCC	Transportation	Cost+tax+ industry profit		116,927	82.7	Cash settlement
JCC	Water supply	Cost + tax		8,865	100.00	Cash settlement
JCC	Motor repair	Industry price		2,250	98.09	Cash settlement

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(2) *Material connected transactions relating to sale of goods and provision of services*

Name of Connected parties	Content of connected transactions	Pricing policy for connected transaction	Price of connected transaction (RMB)	Amount of connected transactions (RMB'000)	percentage in similar transactions (%)	Settlement methods
JCC	Electrical maintenance	Industry price		25,366	97.07	Cash settlement
JCC	Engineering construction	Industry price		21,390	53.97	Cash settlement
JCC	Office rental	Cost+ tax		1,208	100.00	Cash settlement
JCC	Services of public facilities	Shared on the cost basis according to the percentage of assets		7,462	100.00	Cash settlement
JCC	Staff welfare	Based on 18% of staff salaries		17,131	100.00	Cash settlement
JCC	Contribution to retirement benefit	Based on 20% of staff salaries		23,504	100.00	Cash settlement
JCC	Environmental and sanitary rental	Shared on the cost basis according to the percentage of staff		1,738	100.00	Cash settlement
JCC	Environmental greenery	Shared on the cost basis according to the percentage of staff		1,905	100.00	Cash settlement
JCC	Primary and secondary education	Shared on the cost basis according to the percentage of staff		1,295	100.00	Cash settlement
JCC	Telecommunication services	Shared on the cost basis according to the percentage of assets		1,497	99.95	Cash settlement
JCC	Share of management expenses	Shared on the cost basis according to the percentage of assets		3,881	100.00	Cash settlement
JCC	Land use rental	Valuation price		6,250	100.00	Cash settlement
JCC	Mining rights rental	Valuation price		935	100.00	Cash settlement
JCC	Futures agency fee	Market price		4,883	100.00	Cash settlement
JCC	Management fee	Based on cost and shared among staff of both sides		1,174	100.00	Cash settlement
JCC	Transportation within factory	Agreed price (RMB/tonne)	12	877	100.00	Cash settlement
JCC	Highway transportation	Cost+tax+industry profit		2,713	100.00	Cash settlement
JCC	Power charge (kWH)	Cost + tax		5,138	100.00	Cash settlement
JCC	Water charge (tonne)	Cost + tax		84	100.00	Cash settlement

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(2) *Material connected transactions relating to sale of goods and provision of services (continued)*

Name of Connected parties	Content of connected transactions	Pricing policy for connected transaction	Price of connected transaction (RMB)	Amount of connected transactions (RMB'000)	As a	Settlement methods
					percentage in similar transactions (%)	
JCC	Copper cathode	Market price (RMB/tonne)	45,798	732,571	8.66	Cash settlement
JCC	Sulphuric acid	Market price (RMB/tonne)	204	79	0.08	Cash settlement
JCC	Customer-supplied material tolling	Market price (RMB/tonne)	995	24,210	24.25	Cash settlement
JCC	Raw copper sulphate	Agreed price		6,353	80.29	Cash settlement
JCC	Smelting slag	Agreed price		10,149	86.68	Cash settlement
JCC	Materials	Market price		53,711	60.98	Cash settlement
JCC	Spare parts	Market price		3,675	24.07	Cash settlement
JCC	Gas	Agreed price		1,889	30.57	Cash settlement
JCC	Water /power/ steam supply	Cost + tax		32,963	20.70	Cash settlement
JCC	Telecommunication	Share on the cost according to the number of call		11	1.12	Cash settlement
JCC	Copper rod and wire	Market price	48,681	18,444	44.10	Cash settlement
JCC	Fabricating of copper rod and wire	Market price	672	26,352	63.01	Cash settlement
JCC	Waste and by-products	Market price	39,229	7,031	31.55	Cash settlement
JCC	Social service	Share on the cost according to the proportion of employees		559	100.00	Cash settlement

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- (3) During the reporting period, the Company conducted certain transactions with Jiangxi Xinxin Enterprise Company Limited ("Jiangxi Xinxin") and Hubei Sanxin Gold Copper Company Limited, both being promoters of the Company, details of which are set out in Note 15(ii) to financial statements.

As at the end of the reporting period, there was no other creditors' rights and debt due to or from the Company and connected parties other than amortization of commodity, provision or receipt of services and asset acquisition and disposal.

(6) APPROPRIATION OF FUNDS AND REPAYMENT PROGRESS IN THE FIRST HALF OF 2006

Outstanding amount of funds of the listed company appropriated by the largest shareholder and its subsidiary companies for a non-operation purpose

At the beginning of the period (RMB million)	At the end of the period (RMB million)	Total amount of repayment in the reporting period (RMB million)	Repayment method	Amount of repayment (RMB million)	Time of repayment (month)
1.1	0	1.1	Cash payment	1.1	March, 2006

Explanation of appropriation of funds of the listed company by the largest shareholder and its subsidiary companies for a non-operation purpose and progress of repayment

In year 2005, JCC-Yezhi Copper Foil Company Limited, a subsidiary of Jiangxi Copper Corporation, had borrowed on provisional basis from the Company's Guixi Smelter in an accumulated amount of RMB7.6 million to cater for the urgent financial need for construction. At the beginning of the reporting period, outstanding amount was RMB1.1 million. On 13 March 2006, JCC-Yezhi Copper Foil Company Limited settled the outstanding debt in cash.

(7) SHARE REFORM PLAN

The share reform proposal, proposed by holders of non-tradable shares, including Jiangxi Copper Corporation, Shenzhen Baoheng (Group) Company Limited (currently known as "Zhongliang Properties (Group) Co., Limited), Jiangxi Xinxin Company Ltd and Hubei Sanxin Gold & Copper Company Ltd (collectively "holders of non-tradable Shares"), was implemented on 19 April 2006. Holders of A shares, whose names appeared on the member of register of the Company on 24 March 2006, were offered 2.2 shares of consideration shares by holders of non-tradable shares for every 10 shares held by such holders of A shares ("Share Reform"). The shares held by holders of non-tradable shares were granted a status of listing since 19 April 2006 but are subject to trading moratorium. The consideration shares were listed and traded on the Shanghai Stock Exchange on 19 April 2006.

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(8) UNDERTAKINGS

Special undertakings of original holders of non-tradable shares in the Share Reform are as follows:

Name of shareholders	Special undertakings
JCC	JCC would not sell any share in the Company held by it within 36 months from the date of implementation of the share reform plan. Within one year after the expiry of such 36-month trading moratorium, JCC can only sell shares in the Company held by it through the trading system of Shanghai Stock Exchange, with price at not lower than RMB9.00 per share. The selling price will be adjusted due to ex-rights as a result of dividend payment, bonus issue and share allotment of the Company (the adjustment to the minimum selling price of shares held by JCC will be disclosed at announcement in relation to dividend payment released in future). The fund arising from disposal will be transferred to the account of the Company with authorization given to the Depository Company should there be any breach to the undertakings.
JCC	JCC undertook that if the Company's A share trading price falls below RMB5.80 per share within two months immediately after the first trading day from the date of implementation of the share reform plan, JCC shall increase its shareholding by purchasing A shares of the Company with a total amount of not more than RMB150,000,000 but not less than RMB100,000,000 and at a price of not more than RMB5.80 per share; and JCC should not sell any of such purchased shares within the 6 months thereafter. The fund arising from disposal will be transferred to the account of the Company with authorization given to the Depository Company should there be any breach to the undertakings.
JCC	Within one year after implementation of the share reform, JCC will propose to the Company's general meeting to inject or transfer to the Company its assets which are related to copper industry and in line with corporate strategic targets of the Company, in order to improve the operating results of the Company and reduce the connected transactions between JCC and the Company and industry competitions.

(9) CUSTODY

The Company did not have custody during the reporting period.

(10) CONTRACTS

The Company has not entered into any contracts during the reporting period.

(11) LEASES

The Company has not entered into any leases during the reporting period.

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(12) GUARANTEES

The Company did not have any guarantees during the reporting period.

(13) FUND MANAGEMENT ON TRUSTS

The Company did not have any fund management on trusts during the reporting period.

(14) OTHER MATERIAL CONTRACTS

As at 30 June 2006, the floating profit of the outstanding copper cathode future contracts was approximately RMB21,119,714 (31 December 2005: floating loss was RMB94,979,159 million).

(15) INDEPENDENT AUDIT COMMITTEE

The independent audit committee of the Company had a meeting on 15 August 2006, at which the financial statements and interim report of the Company for the six months ended 30 June 2006 were considered and approved.

(16) CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2006, the Company has complied with the code provisions of the Code on Corporate Governance Practices 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").

(17) PURCHASE, DISPOSAL AND REPURCHASE OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2006, the Company did not repurchase any of its shares. Neither the Company nor any of its subsidiaries purchase or dispose of any shares of the Company during the six months ended 30 June 2006.

(18) AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

At the annual general meeting of the Company held on 15 June 2006, the shareholders of the Company approved the Company to amend the articles of association of the Company in accordance with the Company Law of the PRC (Revised in 2005), the Guiding Opinions on the Establishment of Independent Director System by Listed Companies, the Notice Procuring the Amendments of the Articles of Association of Listed Companies promulgated by the China Securities Regulatory Commission, and the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules and having regard to the Guidelines for Articles of Association of Listed Companies (Revised in 2006), other laws, administrative rules and regulations.

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(19) COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules regarding securities transactions by Directors of the Company (the "Model Code"). Having made specific enquiry of all Directors and supervisors of the Company, during the six months ended 30 June 2006, the Directors and supervisors of the Company have complied with the required standard set out in the Model Code.

(20) APPOINTMENT AND DISMISSAL OF AUDITORS

The Company did not change its auditors during the reporting period.

(21) QUALIFIED ACCOUNTANT

In accordance with Rule 3.24 of the Listing Rules on appointment of qualified accountants to serve as a company's senior management personnel, as at the end of the reporting period, the Company did not reach practicable and appropriate employment terms with relevant persons. Currently, the Company is seeking such a proper person to assume the position.

(22) PUNISHMENT ON THE COMPANY, THE BOARD OR ITS DIRECTORS

During the reporting period, none of the Company and the Board and its Directors and senior management was a subject of any investigation, administrative punishment or criticism by China Securities Regulatory Commission or any condemnation by any administrative authority or securities exchange.

(23) EXCHANGE RISK

The reporting currency of the Company is Reminbi ("RMB"). Transactions in foreign currencies are translated into RMB at the middle market exchange rates ruling on the first day of the transaction month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the middle market exchange rates ruling on the balance sheet date.

Although currently RMB is not a freely convertible currency in PRC, China government is taking initiatives for exchange reform and adjustment to exchange rate. Exchange rate fluctuations will have an impact on the Company's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Company believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange spending.

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(24) OTHER SIGNIFICANT EVENTS

1. On 29 June 2006, the Development and Reform Commission of Jiangxi Province issued a notice (Gan Fa Gai Shang Jia Zi [2006] No. 677). Pursuant to the notice, the electricity tariff of the Company rose by RMB0.02 for every KWH. In the preliminary estimate by the company, the cost in the second half of the year arising from the rise of electricity tariff will be increased by RMB20 million.
2. On 29 December 2005, the Ministry of Finance and the State Administration of Taxation, in compliance with a notice (Cai Shui [2005] No. 168), a preferential policy of 30% tax reduction for non-ferrous metal industry and ore resources was cancelled and imposed tax at a full rate with effective from 1 January 2006. The Company expected that withdrawal of the preferential policy will increase the cost of the Company for a whole year by RMB15 million.
3. On 1 July 2006, National Development and Reform Commission issued the Entry Conditions of Copper Smelting Industry, stipulated the requirements of scale, technology and equipment, energy consumption, resource utilization, environmental protection, safe production for newly-established or transformed copper smelting enterprises. It is helpful to speed up the adjustment to the structure of copper smelting industry, rationalize the investment behaviour of copper smelting industry and promote the sustainable and healthy development of copper industry in China. As the largest copper enterprise in China, the Company is constructing a project of 300,000-tonnes copper smelting in compliance with the requirements of Entry Conditions of Copper Smelting Industry.
4. In July 2006, the Company invested a total of RMB10 million to set up Beijing JC Marketing Centre Co. Ltd., which is mainly engaged in the sales of non-ferrous metal.
5. On 20 July 2006, the Company, Jiangsu Jinhui Group Company Limited and China Resources Copper Manufacturing Company Limited jointly established Jiangsu Jiangrun Copper Co. Limited. Its registered capital was RMB100 million, of which RMB20 million was contributed by the Company, accounting for 20% shareholding of that company. After commencement of production, that company will provide the Company with 100,000 tonnes of blister copper annually.
6. On 19 July 2006, the Company entered into contract with Zhejiang Honglei Group Company Limited, pursuant to which the Company will sell 40,000 tonnes of copper rods to the Honglei Group per annum.