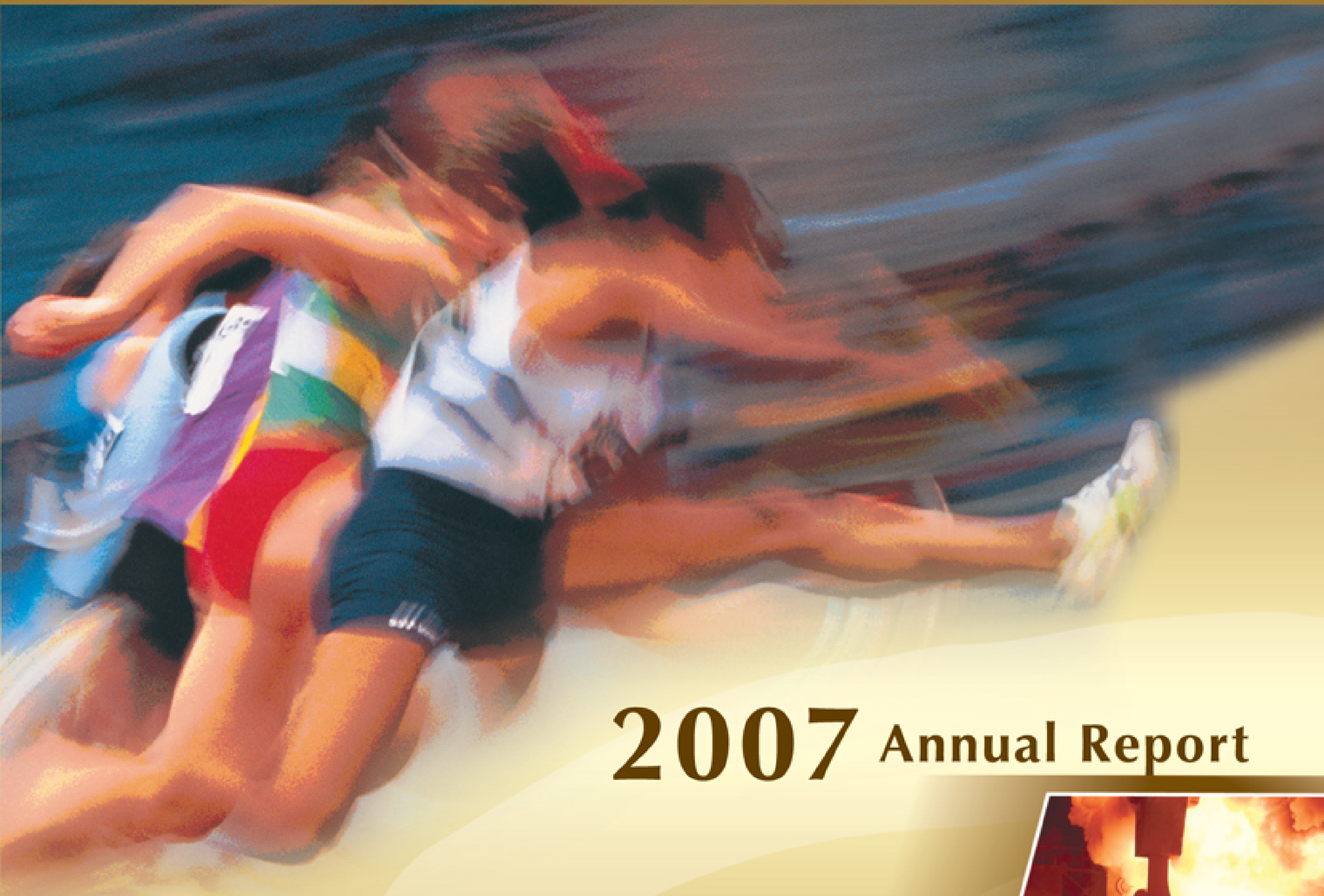
Jiangxi Copper Company Limited

(A Sino-foreign joint venture joint stock limited company
incorporated in the People's Republic of China)

(Stock Code H Share: 0358 A Share: 600362)



2007 Annual Report

Important Notice

1. The board of directors (the "Board") and the supervisory committee of the Company and its directors (the "Directors"), supervisors (the "Supervisors") and senior management warrant that there are no false representations, misleading statements contained in or material omissions from this report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained.

2. All the Directors of the Company attended the Board meeting in person.

3. The Company's financial statements for the year ended 31 December 2007 prepared in accordance with PRC Accounting Standards ("PRC GAAP") and International Financial Reporting Standards ("IFRS") have been audited by Ernst & Young Hua Ming and Ernst & Young Certified Public Accountants, which issued auditors' report with standard unqualified opinions respectively.

4. The Company's Chairman, Mr. Li Yihuang, Director and Financial Controller, Mr. Wu Jinxing, and Manager of the Financial Department, Ms. Qiu Ling, represent that they warrant the truthfulness and accuracy of the financial statements contained in this annual report.

5. The audit committee ("Audit Committee") of the Company has reviewed the financial report for the year ended 31 December 2007.

Contents

Corporate Information

1.	Legal name of the Company in Chinese:	江西銅業股份有限公司
	Chinese abbreviation:	江西銅業
	Legal name of the Company in English:	Jiangxi Copper Company Limited
	English abbreviation:	JCCL
2.	Legal representative:	Li Yihuang
3.	Company Secretary:	Pan Qifang
	Address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
	Telephone:	86701-3777736
	Fax:	86701-3777013
	E-mail:	jccl@jxcc.com
	Securities Affairs Representative:	Zhou Zhenghua
	Address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
	Telephone:	86701-3777733
	Fax:	86701-3777013
	E-mail:	jccl@jxcc.com
4.	Registered address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
	Office address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
	Postal code:	335424
	Website:	http://www.jxcc.com
	E-mail:	jccl@jxcc.com
5.	Name of newspapers for information disclosure:	Shanghai Securities News
	Websites publishing Annual Report:	http://www.hkex.com.hk, http://www.sse.com.cn
	Place available for inspection of Annual Report:	Secretarial Office of the Board 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
6.	Stock Exchange of listing A Shares:	Shanghai Stock Exchange
	Stock abbreviation (A Shares):	Jiangxi Copper
	Stock code (A Shares):	600362
	Stock Exchange of listing H Shares:	The Stock Exchange of Hong Kong Limited London Stock Exchange (secondary listing) The Bank of New York (Level I American Depository Receipt)
	Stock abbreviation (H Shares):	Jiangxi Copper
	Stock code (H Shares):	0358
7.	Other relevant information	
	First registration date:	24 January 1997
	First registration address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
	Business license registration number:	Qi Gu Guo Fu Zi No. 000732
	Taxation registration number:	360681625912173
	Auditors (Domestic):	Ernst & Young Hua Ming
	Address of auditors (Domestic):	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Ave., Dong Cheng District, Beijing, China
	Auditors (Overseas):	Ernst & Young
	Address of auditors (Overseas):	18/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

8. Company Profile:

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China (the "PRC") on 24 January 1997. It was jointly established by Jiangxi Copper Corporation ("JCC"), International Copper Industry (China) Investment Company Limited ("International Copper"), COFCO Property (Group) Co., Ltd. (formerly know as "Shenzhen Baoheng (Group) Company Limited"), Jiangxi Xinxin Enterprise Company Limited (formerly known as "Shangrao City Zhenda Copper Industrial Group") and Hubei Sanxin Gold Copper Company Limited (formerly known as "Hubei Huangshi Gold & Copper Mine Limited Company) as promoters. The Company's main scope of operations includes: non-ferrous metal mines, rare metals, non-metal mines; smelting, mangle rolling processing and further processing of non-ferrous metals and related by-products; chemical products related to the abovementioned operations, production and processing of permanent gas, sale and after sale services for self-produced products together with related enquiry services and businesses; participation in overseas futures hedging businesses.

The quality assets owned and controlled by the Company include:

– Dexing Mine and Yongping Mine, two largest open pits copper mines in the PRC under development at mining; Wushan Copper Mine, the largest underground copper mines in the PRC; and Chengmenshan Copper Mine, a large open pits copper mine under development.

– Guixi Smelter, the largest copper smelter and refiner in the PRC with the largest scale, most advanced technologies and best environment protection.

– Jiangxi Copper Products Company Limited and Jiangxi Copper Alloy Company Limited, two modern copper product processing plants.

– Sichuan Kangxi Copper Company Limited and Shanxi Diaoquan Silver and Copper Mine Company Limited, located in southwestern China and northwestern China respectively.

– JCC-Wengfu Chemical Company Limited and Jiangxi Copper Group Chemical Company Limited, two sulphuric acid plants with leading technology.

Since its listing, the Company has been adhering to the strategy "Based on solid foundation for fast growth", which enables the Company to become one of the largest copper enterprises in the world:

1. The Company owns abundant mineral resource reserve which ranks No. 1 in the PRC. As at the end of 2007, the Company had a copper metal reserve of approximately 9,120,000 tonnes of copper, 260 tonnes of gold, 7,379 tonnes of silver and 270,000 tonnes of molybdenum.

2. Currently, the Company's production capacity of copper cathode has reached 700,000 tonnes, which enables the Company to become a global leading large-scale copper manufacturer. In 2007, the Company produced 550,000 tonnes of copper cathode.

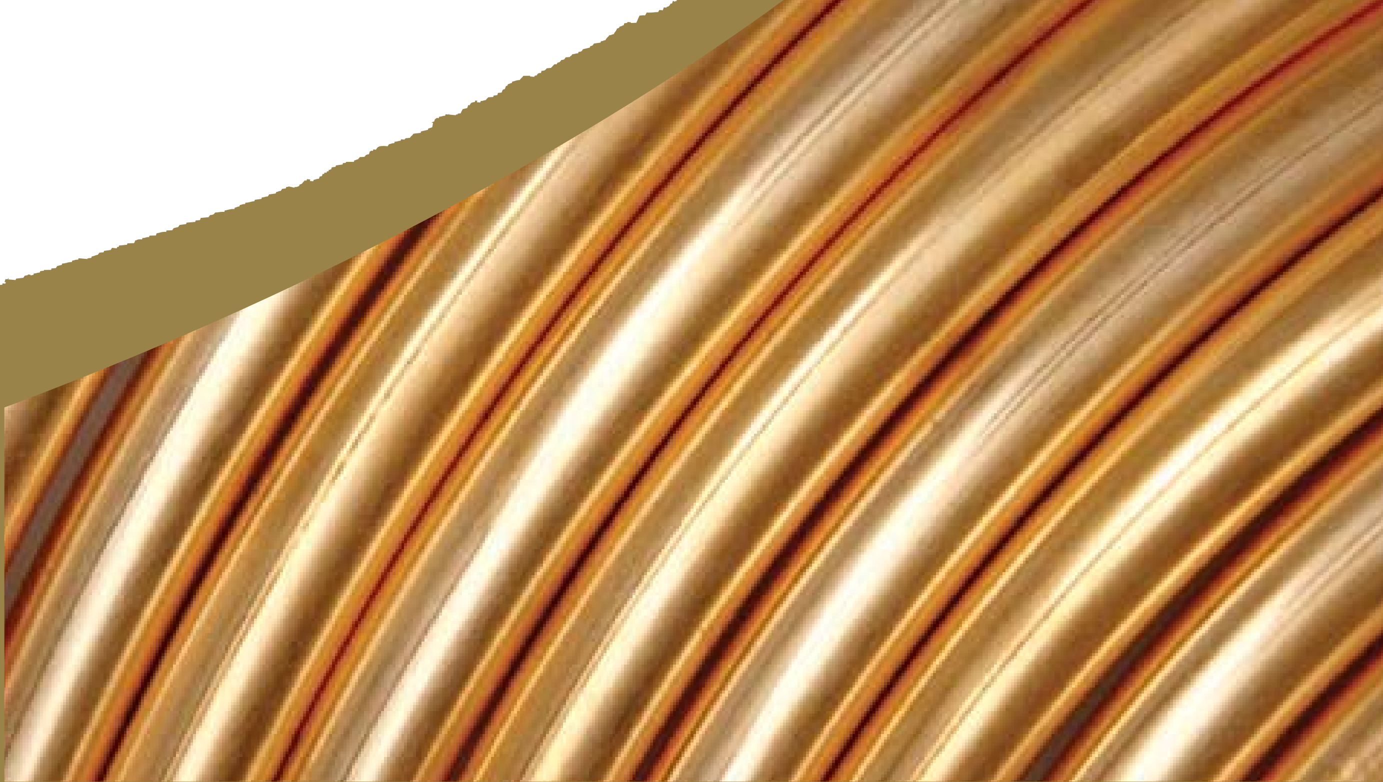
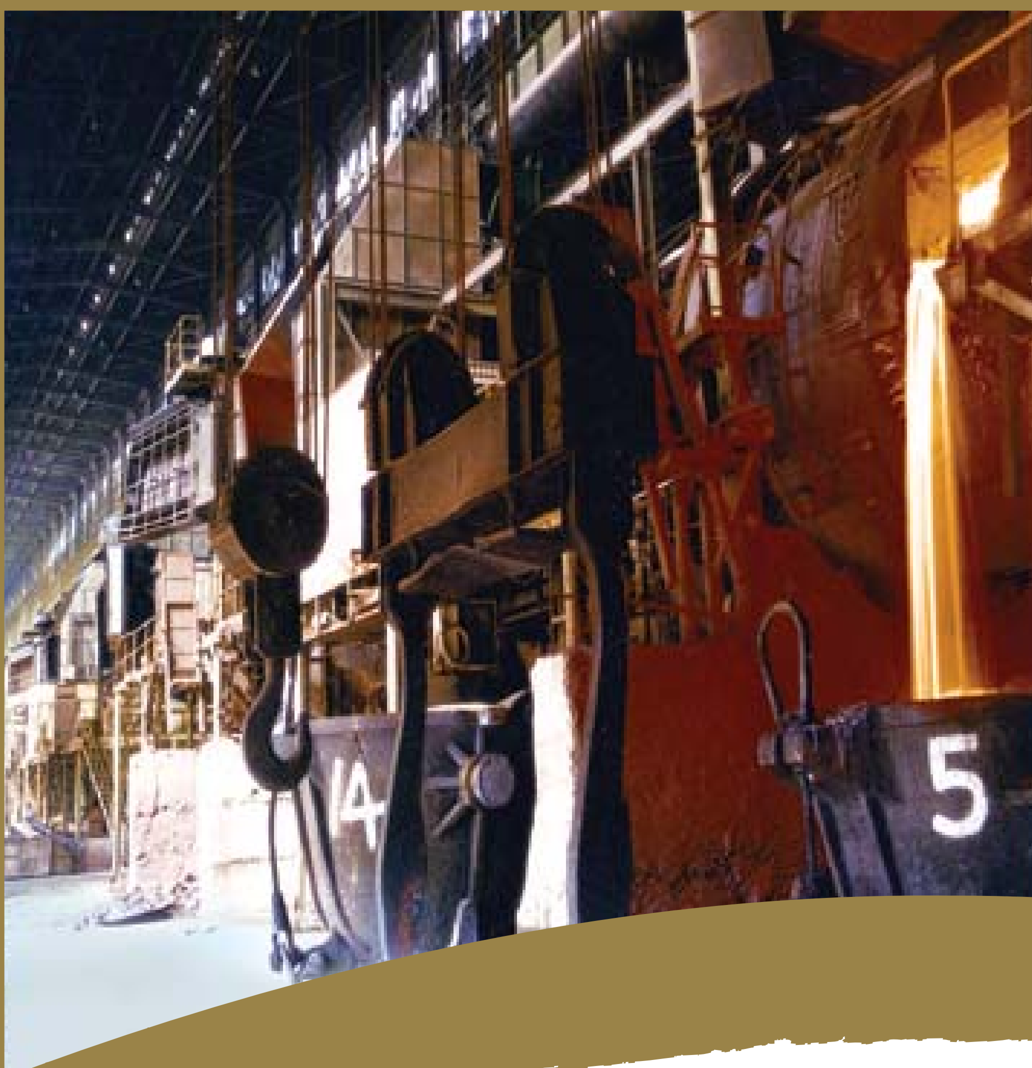
3. The Company is one of the largest gold and silver manufacturers in the PRC. In 2007, the Company produced 13,192kg of gold and 360 tonnes of silver.

4. The Company's currently processing capacity of copper products is 370,000 tonnes. In 2007, the Company produced 378,000 tonnes of copper products.

5 The Company is the largest chemical industry base in the PRC. In 2007, the Company and the Company's controlled enterprises produced 1.62 million tonnes of sulphuric acid and 1.22 million tonnes of sulphuric concentrate. At present, the Company has production capacity of 2 million tonnes of sulphuric acid.

6. The Company is ranked tenth in the top 100 listed companies which listed in Shanghai and Shenzhen by China Securities Journal in 2006.

The Company sets forth its future strategic target at: to exploit its advantages in brand, capital and technologies to enhance resource strategy; to increase resource reserve to improve its self-supply ratio, paving a way to a global leading copper enterprise; and to penetrate into copper product processing business, moderately falling within high-technology sector with a strategic high level and large scale.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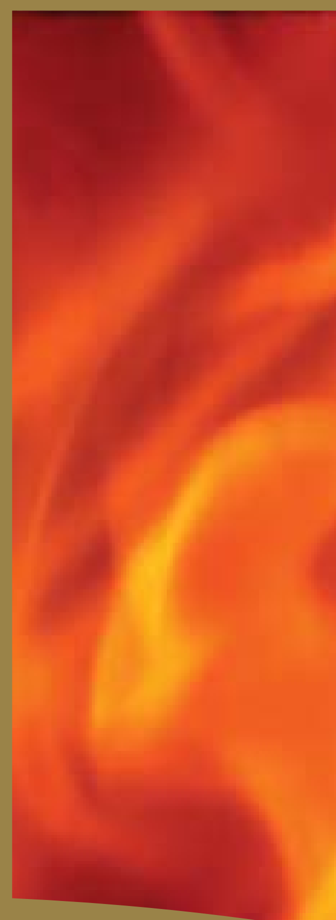


Summary of Accounting and Business Data

Retrospective adjustments were made for the comparative figures under the PRC accounting standards due to the implementation of the new Accounting Standards for Business Enterprises and merger of enterprises under the same control.

Retrospective adjustments were made for the comparative figures under IFRSs due to the merger of enterprises under the same control.

(I) Summary of major accounting data and financial indicators prepared in accordance with the PRC GAAP

1. Major financial data for the reporting period

Unit: '000 Currency: RMB

Item	Amount
Operating profit	4,915,669
Total profit	4,924,446
Net profit attributable to shareholders of the listed company	4,132,735
Net profit after extraordinary items attributable to shareholders of the listed company	4,049,818
Net cash flow from operating activities	1,595,677

2. Net profit attributable to holders of ordinary shares of the Company after deducting extraordinary items is set out below:

Unit: '000 currency: RMB

Net profit attributable to holders of ordinary shares of the company	4,132,735
Plus: Profit and loss of disposal of non-current assets	7,817
Other items in non-operating income and expense (excluding profit and loss of disposal of non-current assets)	(16,846)
Investments income or loss from disposal of subsidiaries	1,619
Net profits and losses of the current period of subsidiaries under same control arising from merger of enterprise	(93,307)
Income tax impact from extraordinary items	17,984
Net profit after extraordinary items	4,050,002
Less: Non-recurring profit and loss impact attributable to minority shareholders	(184)
Net profit attributable to holders of ordinary shares of the Company after deducting extraordinary items	4,049,818

3. Major accounting data and financial indicators for the last 3 years

Unit: '000 currency: RMB

Major accounting indicators	**As at 31 December 2007**	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Operating revenue *('000)*	**41,407,394**	25,071,039	65.16	13,428,684
Total profit *('000)*	**4,924,446**	5,730,888	(14.07)	2,311,651
Net profit attributable to shareholders of the listed company *('000)*	**4,132,735**	4,744,121	(12.89)	1,983,518
Net profit after extraordinary items attributable to shareholders of the listed company *('000)*	**4,049,818**	4,637,244	(12.67)	1,881,069
Net cash flow from operating activities *('000)*	**1,595,677**	2,208,685	(27.75)	2,191,455

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Total assets *('000)*	**30,054,809**	20,551,168	46.24	13,581,897
Shareholders' equity (excluding minority interests) *('000)*	**18,382,542**	13,290,526	38.31	9,034,736

Note 1: Set out above are the Company's major accounting data and financial indicators after adjustment for the last 3 years until the end of the reporting period.

Note 2: The comparative accounting statements of the Company were audited by Deloitte Touche Tohmatsu Certified Public Accountants Ltd., which issued auditor's report with standard unqualified opinions. Retrospective adjustments were made for comparative accounting statements due to the implementation of Accounting Standards for Business Enterprises and merger of enterprises under the same control. Certain comparative figures were reclassified according to the representation ways for 2007.

Summary of Accounting and Business Data

Unit: '000 Currency: RMB

Major financial indicators	**As at 31 December 2007**	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Basic earnings per share	**1.40**	1.62	(13.58)	0.68
Basic earnings per share after extraordinary items	**1.38**	1.58	(14.49)	0.64
Return on net assets (fully diluted) *(%)*	**22.78**	36.85	(14.07)	22.88
Return on net asset (weighted average) *(%)*	**27.43**	43.86	(16.43)	27.60
Return on net assets after extraordinary items (fully diluted) *(%)*	**22.33**	36.02	(13.69)	21.60
Return on net assets after extraordinary items (weighted average) *(%)*	**26.73**	42.87	(16.14)	26.04
Net cash flow from operating activities per share	**0.54**	0.75	(28.00)	0.78

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Net assets per share attributable to shareholders of the listed company	**6.00**	4.45	34.83	3.12

4. Items measured at fair value

Unit: '000 currency: RMB

Item	Opening balance	Closing balance	Increase/ decrease	Impact on profits of the current period
Other current assets	38,747	54,704	15,957	32,107
Other current liabilities	19,279	0	(19,279)	—
Total	19,468	54,704	(35,236)	32,107

Explanation to items measured at fair value:

Other current assets and other current liabilities represents changes in fair value of open forward commodities contracts. As at 31 December 2007, financial derivative instruments included financial assets of RMB22,596,559 (31 December 2006: RMB38,747,100), which was forward commodities contracts on copper cathode for the purpose of hedging the Company's cash flow, and such forward commodities contracts was recognised as effective hedging instruments; changes in fair value of the related open forward commodities contracts at the year end were credited to the owner's equity. The Company also used forward commodities contracts on copper cathode for hedging the purchase of the future copper concentrate, copper rod and wire. As such hedging was not in compliance with requirements of No. 24 Hedging Accounting of Accounting Standards for Business Enterprises, changes in fair value of the related open forward commodities contracts on copper cathode at the year-end were credited to the income statement, increasing the Company's profit before tax by RMB32,107,000 during the reporting period.

(II) Financial data prepared in accordance with IFRS

currency: RMB

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Turnover *('000)*	**41,280,618**	24,582,665	67.93	13,428,684
Profit before tax *('000)*	**4,940,805**	5,730,888	(13.79)	2,311,651
Income tax *('000)*	**722,531**	905,549	(20.21)	300,149
Minority interests *('000)*	**73,270**	81,218	(9.79)	27,984
Profit attributable to shareholders for the year *('000)*	**4,145,004**	4,744,121	(12.63)	1,983,518
Basic earnings per share *(RMB)*	**1.40**	1.62	(13.58)	0.68
Net cash flow from operating activities *('000)*	**845,288**	994,080	(14.97)	2,169,894

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) *(%)*	As at 31 December 2005
Total assets *('000)*	**30,220,183**	20,612,939	46.61	13,581,897
Total liabilities *('000)*	**11,825,371**	7,322,412	61.50	4,547,161
Shareholders' equity *(excluding minority interests) ('000)*	**18,150,659**	12,875,196	40.97	8,667,445
Net assets per share *(RMB)*	**6.00**	4.45	34.83	3.12
Return on net assets *(%)* (Basic earnings per share/net assets per share)	**23.33**	36.40	(13.07)	21.79

(III) Differences in financial statements prepared under PRC GAAP and under IFRS

Unit: '000 Currency: RMB

	Net profit		**Net asset**	
Item	**As at 31 December 2007**	As at 31 December 2006	**At at 31 December 2007**	At 31 December 2006
Prepared under PRC GAAP	**4,206,005**	4,825,339	**18,382,542**	13,290,527
Adjustments made under IFRS:				
– Reversal of provision for safe production costs under IFRS	**16,359**		**16,359**	
– Deferred income tax impact arising from reversal of provision for safe production costs under IFRS	**(4,090)**		**(4,090)**	
Prepared under IFRS	**4,218,274**	4,825,339	**18,394,812**	13,290,527

Note: Differences between PRC GAAP and IFRS refer to reversal of provision for safe production costs under IFRS and related impact arising from deferred income tax.



Chairman's Statement

To shareholders,

Thanks for your trust and support towards the Company. For the financial year 2007, operating revenue as audited under PRC GAAP amounted to RMB41,407.39 million (2006: RMB25,071.04 million), representing an increase of RMB16,336.35 million or 65.16% from last year. Net profit amounted to RMB4,206 million (2006: RMB4,825.34 million), representing a decrease of RMB619.34 million or 12.84% from last year. Basic earning per share was RMB1.40 (2006: RMB1.62), representing a decrease of RMB0.22 or 13.58% from last year.

Dividend Policy

The Board has recommended distributing to all shareholders a final dividend of RMB3 for every 10 shares (inclusive of tax for A Shares) for the financial year ended 31 December 2007 (2006: RMB4 for every 10 shares (inclusive of tax for A Shares).

Chairman's Statement

Business Review

(I) Industry Development

In 2007, in spite of China's rising consumer price index and accelerating asset prices as well as tightening macro economic control policies, China's economy continued its stunning growth as driven by rapid growing world economy and strong demand in domestic market. The development of China's copper industry was favoured by macro economic environment. During the reporting period, the production volume of refined copper increased by 17.8% over last year, attaining 3,440,000 tonnes. As for consumption, the domestic copper consumption increased significantly. Apparent consumption increased by 36.3% to 4,770,000 tonnes from last year. A large amount of domestic copper consumption was satisfied by import as a result of the increasing undersupply of copper in China. According to data from China Customs's Statistics, net import of refined copper amounted to approximately 1,370,000 tonnes in 2007, increased by 130.25% from last year. According to the latest released data of International Copper Study Group (ICSG), for the first 11 months of 2007, global output of refined copper amounted to 16,660,000 tonnes, of which mining output was approximately 14,090,000 tonnes. The global consumption of refined copper was approximately 16,810,000 tonnes, representing consumption exceeding supply.

(II) Market Review

Year 2007 witnessed a decline in global copper price after an upsurge. In the first half of 2007, copper price extended its uptrend and surged to a level above US$8,300 per tonne due to steady decline in LME stock, China's rapidly growing copper imports and constant miner's strikes. In the second half of 2007, copper price dropped as a result of China's tightened macro-economic control policies and the concerns over global economic growth triggered by sub-prime loan crisis in America. However, owing to a short supply resulting from low LME stock levels, accelerated depreciation of US Dollar and strike factors, copper price stubbornly hovered at a high level, ranging from US$7,000 to US$8,300 per tonne. For the whole year, copper price fluctuated between US$5,200 and US$8,300 per tonne, maintaining at a high level.

During the reporting period, the average three-month copper futures closing price and the average copper spot closing price on London Metal Exchange were US$7,088 per tonne and US$7,117 per tonne, representing increase of 6.3% and 5.9% respectively as compared with last year. As to China, 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 RMB62,358 per tonne and RMB62,538 per tonne, representing increase of 2.65% and 2.87% respectively as compared with last year.

(III) Strategy of Enhancing Mining Resource

During the reporting period, the Company defined the development strategy of enhancing mining resources. Accordingly, the Company adopted a series of measures:

1. Breakthrough achieved in resource strategy

During the reporting period, the Company enhanced resource development strategy and steadily carried forward its resource strategy layout in China and foreign countries: by taking over mineral exploration rights of Zhu Sha Hong Mine in Dexing area, the Company provided backup resources for 130,000 tonnes expansion project of Dexing Copper Mine. Chengmenshan Copper mine, which was acquired by the Company through non-public issue of A shares, is one of a few large open-pit copper mines pending for large scale exploitation in China; the consortium formed by the Company and China Metallurgical Group Corporation obtained the preferred bidder qualification for development of Aynak Copper Mine; the joint acquisition of 100% equity interests in Northern Peru Copper Corp. by the Company and China Minmetals Non-Ferrous Metals Co., Ltd. has been agreed by way of voting by shareholders representing 95.92% shares in Northern Peru Copper Corp.

2. Polymetallic strategy carried forward gradually

During the reporting period, in order to enhance its position as a mineral enterprise, the Company established an operating target for development of copper related multi-metals. During the reporting period, the Company proposed to issue bonds with warrants for an amount of not more than RMB6,800 million, certain proceeds from which will be used to acquire assets of JCC in relation to rare metal businesses such as molybdenum, selenium, rhenium, tellurium, and bismuth. In addition, the Company is seeking opportunities to enter into other metal industries.

3. Positive interaction system between finance and industry commenced construction

The Company has been managing to integrate industrial capital and financial capital, accelerating the industrial development through finance. During the reporting period, the Company commenced construction of positive interaction system between finance and industry. Certain proceeds from the issue of bonds with warrants for an amount of not more than RMB6,800 million will be used for acquiring assets of JCC in relation to financial business, including 46% equity interests in Jinrui Futures Agency Company Limited and 45% equity interests in Jiangxi Copper Corporation Finance Company Limited. Besides, the Company has invested RMB280 million in Nanchang City Commercial Bank, in which the Company holds 4.198% equity interests, being the second largest shareholder of the bank. The Company is committed to establish a relatively comprehensive financial service system which is complementary with, and provides financial service supports to the existing industry.

(IV) Innovation in Marketing Management System

During the reporting period, the Company, through internal structure adjustment, integrates marketing management resources and innovation in marketing management system, whereby raw material procurement, sales and futures hedging operation were organically integrated. Trade Division was established to coordinate raw material procurement, sale, and futures hedging operation, so as to improve operating efficiency, reduce procurement cost and enhance risk control.

(V) Reduced Connected Transactions by Capital Operation

During the reporting period, the Company successfully completed non-public issue of A shares. 127,795,527 shares were issued to 9 investors including Guotai Junan Investment Management Co., Ltd. at a price of RMB31.3 per share. The total raised proceeds amounted to RMB4,000 million (including RMB1,785 million contributed by JCC in the form of non-cash assets to subscribe the issued A shares) while the net proceeds amounted to RMB3,950 million (including RMB2,165 million in cash). The acquisition of Chengmenshan Copper mine provided the Company additional 1,530,000 tonnes of copper resources, thus increasing the Company's resource supply. In the meantime, the acquisition of other assets also decreased the connected transactions between JCC and the Company.

Prospect and Strategy

Looking forward to 2008, under the background of "unstable balance" between global demand and supply, copper price will remain at a high level as supported by historical low copper stock, rapid growth of China's economy and relevant industries, reconstruction after snow disaster, new countyside construction and implementation of "home appliance go to the countyside" policy. The increasing domestic copper demand will offset the slow-down demand in the United States. Copper price will linger at high level by strong support, unless global economy development is hindered by a severe decline of US economy as a result of sub-prime crisis. In addition, with more frequent and larger scale merger and acquisition as well as restructuring among global resource enterprises, it is more noticeable that global mineral resources tend to be dominated by few mining giants, which will exert positive effect on metal prices in a long run. Therefore, it is expected that copper price will stay at high level for most of the time in 2008, without ruling out the possibility of a new record high.

There were no signs of relief for global concerns over liquidity surplus at the end of 2007. As hard currencies, the Company's products such as gold and silver still have potential for further price hike in 2008.

The price of sulphuric acid and sulphuric concentrate products produced by the Company started to rebound after plunged into bottom at the end of 2006. As at the end of 2007, the price of sulphuric acid has risen to above RMB1,000 per tonne, and the price of sulphuric concentrate also increased noticeably. Since chemical industry is becoming more prosperous, the prices of sulphuric acid and sulphuric concentrate are likely to further increase in 2008.

However, global smelting processing fee remained at historical low level as at the end of 2007 and is expected to have little changes in 2008. The decline of smelting processing fee further shrank the profit of copper smelting business of the Company.

In light of this, the Company will be focusing on the following aspects:

(1) Continuing to push ahead resource strategy and enhance the Company's resource supply

Mineral resource development strategy is a basic strategy of the Company and will be carried forward by the Company in a long term. In 2008, on one hand, the Company will expedite the production capacity expansion of existing mines by the following measures: to ensure the 5,000 tonnes technological renovation project of Wushan Copper Mine put into production in the first half of 2008; to speed up the conversion of the open-pit to underground mining of Yongping Copper Mine and push forward the expansion project of phase II of Chengmenshan Copper Mine; to accelerate design of 130,000 tonnes expansion project of Dexing Copper Mine with a view to commencing operation in 2008; on the other hand, the Company will also actively but prudently press ahead overseas resource development projects such as Aynak Copper Mine Project and Northern Peru Copper Corp. project.

Strengthening resources exploration also plays an important role in the resource strategy of the Company. In 2008, the Company's resource control will focus on risk exploration. The Company currently is putting more efforts to in-depth exploration of existing mines and the vicinity as well as resource exploration of Zhu Sha Hong Mine at Dexing area.

(2) Implementing the proposal of "Issue of bonds with warrants for an amount of not more than RMB6,800 million" to press ahead polymetallic strategy and establish finance sector

In 2008, the Company will continue to implement proposal of "Issue of bonds with warrants for an amount of not more than RMB6,800 million", to enable the Company to initially implement polymetallic strategy and establish finance sector, thus increasing a new profit source for the Company. The connected transactions between JCC and the Company will decrease significantly while the Company's industrial chain will be extended and improved.

(3) Building up effective operation platform by organization reform and system adjustment

In 2008, the Company will continue to improve the Company's operation system and management regulations, put more efforts in organization integration, streamline management tier between general office and second level units, so as to shorten management chain, utilize fully internal human resources and improve management efficiency. Furthermore, the Company will improve staff assessment management mechanism, push forward basic salary system reform and attach importance on talent cultivation, catering for the demand arising from the Company's development in new areas such as copper processing, rare metals, overseas resources projects and finance and trading.

Gratitude

On behalf of the Board, I would like to thank our shareholders and the community for their care and support throughout 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.

Li Yihuang
Chairman

Jiangxi, the PRC
25 March 2008

The management of the Company is pleased to provide the following discussion and analysis of the Company's 2007 business results for better understanding of investors in reading this annual report. Unless otherwise specified, the financial data mentioned in this discussion and analysis is mainly extracted from the Company's financial statements prepared under the PRC GAAP, of which retrospective adjustments were made for the comparative financial figures due to the implementation of the new Accounting Standards for Business Enterprises and merger of enterprises under the same control. Investors are advised to pay attention to the Company's audited financial statements for year 2006 and 2007 prepared under the PRC GAAP when reading this discussion and analysis.

(I) Revenue from Principal Operations, Profit and Gross Profit Margin

Changes in the Company's operating revenue by industry and by products are set out as follows:

Unit: '000 Currency: RMB

By industry	Operating revenue	Operating cost	Gross profit margin (%)	Increase (decrease) in operating revenue from last year (%)	Increase (decrease) in operating cost from last year (%)	Percentage points of increase (decrease) in gross profit margin from last year
Non-ferrous metals (copper cathode and processing)	18,020,932	15,430,818	14.37	63.38	95.71	(14.15)
Copper products processing (copper rod and wire and processing)	18,351,889	16,512,621	10.02	81.33	129.05	(18.75)
Precious metals (gold/silver)	3,412,726	2,512,619	26.37	20.35	38.40	(9.61)
Chemical and others (sulphuric acid and sulphuric concentrate and recycled products)	1,443,052	866,661	39.94	135.42	80.65	18.20
Subtotal	41,228,599	35,322,719	14.32	67.60	103.13	(14.99)
Other operating revenue	178,795	168,425	5.80	(62.07)	(62.31)	0.60
Total	41,407,394	35,491,144	14.29	65.16	98.99	(14.57)

(1) Non-ferrous Metals

During the reporting period, operating revenue from non-ferrous metals increased by RMB6,990.64 million (or 63.38%) over last year, which was favoured by the substantial increase in sales volume of self-operated copper cathode and prices of copper cathode as a result of the commencement of operation of 300,000 tonnes copper cathode project. Meanwhile, cost of non-ferrous metals increased by RMB7,546.20 million (or 95.71%) over last year, which was attributable to increased prices and volume of purchased copper raw materials, increased cost of self-produced copper concentrates, decreased treatment and refining charges for copper smelting and increased resource tax. During the reporting period, gross profit from non-ferrous metals decreased by RMB555.57 million (or 17.66%) as compared with last year. Gross profit margin decreased to 14.37% from 28.52% in 2006.

(2) Copper products processing

During the reporting period, the Company's operating revenue from copper products processing increased by RMB8,231.22 million (or 81.33%) over last year, which was attributable to the increased prices of copper rod and wire as driven by copper price hikes, and a considerable increase in sales volume of copper rod and wire. Furthermore, due to the significant increase in prices and sales volume of raw materials including copper cathode, the Company's processing cost of copper products rose by RMB9,303.43 million (or 129.05%) from last year. During the reporting period, the percentage of copper products produced by purchased copper cathode was further increased. As a result, gross profit from copper products processing decreased by RMB1,072.22 million (or 36.83%) as compared with last year. Gross profit margin decreased to 10.02% from 28.77% in 2006.

(3) Precious Metals

During the reporting period, the Company's operating revenue from precious metals increased by RMB577.02 million (or 20.35%) over last year due to the rising gold and silver prices. Over the same period, the Company's purchase cost of precious metals also rose by RMB697.18 million (or 38.40%) from last year resulting from the growing prices of purchased raw materials containing gold and silver. During the reporting period, gross profit from precious metals decreased by RMB120.16 million (or 11.78%) as compared with last year, which was due to a decrease in gold content in the Company's copper concentrate and an increase in purchased gold raw materials. Gross profit margin decreased to 26.37% from 35.98% in 2006.

(4) Chemical Products and Others

During the reporting period, the Company's operating revenue and gross profit attributable to chemical products increased due to the price hike of sulphuric acid and sulphur concentrate. During the reporting period, gross profit from chemical products and other recovered products amounted to RMB576.39 million, representing an increase of RMB443.15 million (or 332.6%) from last year. Gross profit margin increased to 39.94% from 21.74% in 2006.

The Company's revenue from principal operations and its structure for 2007 and 2006 are set out as follows:

	2007		2006		Increase (decrease)	
	Sales revenue	**Percentage to total sales revenue**	Sales revenue	Percentage to total sales revenue	Sales revenue	
	RMB'000	**(%)**	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Copper cathode	**17,949,121**	**43.5**	10,895,401	44.3	7,053,720	64.7
Copper processing	**71,811**	**0.2**	134,895	0.5	(63,084)	(46.8)
copper rod and wire	**18,315,905**	**44.4**	10,020,405	40.7	8,295,500	82.8
processing of rod	**35,985**	**0.1**	100,269	0.4	(64,284)	(64.1)
Gold	**2,258,806**	**5.5**	1,819,517	7.5	439,289	24.1
Silver	**1,153,920**	**2.8**	1,016,185	4.1	137,735	13.6
Sulphuric acid	**580,807**	**1.4**	211,915	0.9	368,892	174.1
Sulphuric concentrate	**257,363**	**0.6**	163,314	0.7	94,049	57.6
By-products	**604,881**	**1.5**	237,735	0.9	367,146	154.4
Total	**41,228,599**	**100.0**	24,599,636	100.0	16,628,963	67.6

The Company's revenue from principal operations by geographical location for 2007 and 2006 are set out as follows:

	2007	2006	Increase (decrease)
	RMB'000	*RMB'000*	*(%)*
Mainland China	**40,029,961**	22,305,961	79.46
Hong Kong	**856,227**	949,803	(9.85)
Taiwan	**192,191**	—	
Australia	**21,349**	—	
Thailand	**17,247**	—	
Belgium	—	23,135	
New Zealand	—	3,732	
Korea	—	343,375	
Holland	—	322,726	
USA	—	118,142	
UK	—	388,522	
Others	**111,624**	144,240	(22.61)
Total	**41,228,599**	24,599,636	67.60

(II) Working Capital and Cash Flow

During the reporting period, net cash inflow from operating activities of the Company amounted to RMB1,595.68 million, RMB2,610.32 million lower than the net profit of the Company during the reporting period, was mainly due to RMB13.54 million of reversal of provision for asset impairment, RMB584.61 million of fixed asset depreciation, RMB17.32 million of intangible asset amortisation, RMB262.70 million of interest expense made during the reporting period, as well as increase of RMB2,793.15 million in inventory and a decrease of RMB1,401.33 million in trade receivables, and an increase of RMB859.30 million in trade payables during the reporting period.

During the reporting period, the Company received RMB1,000 million in cash by issuing short term debentures, RMB2,164.84 million in cash by non-public issue of A shares and RMB6,125.21 million in cash by borrowings. During the reporting period, the Company repaid RMB500 million in cash for debenture, RMB4,056.01 million in cash for liabilities and RMB1,430.64 million for dividend distribution and interest payment. During the reporting period, net cash inflow from financing activities of the Company amounted to RMB3,303.41 million.

During the reporting period, a total of RMB3,202.19 million was used as capital expenditures for the Company's investment projects including Guixi Smelter Expansion, Fujiawu Mine Development and Construction Project, and technological renovation of Wushan Copper Mine with a processing capacity of 5,000 tonnes of ores per day, the conversion of the open-pit to underground mining of Yongping Copper Mine, representing an increase of RMB1,168.83 million from last year.

As at the end of the reporting period, the Company's balance of cash and cash equivalents amounted to RMB2,753.09 million, representing an increase of RMB1,731.6 million from last year.

(III) Financial Position and Capital Structure

As at the end of the reporting period, total assets and liabilities of the Company increased to RMB30.05481 billion and RMB11.67227 billion respectively from RMB20.55117 billion and RMB7.26064 billion at the end of 2006. Gearing ratio was 38.84%, representing an increase of approximately 3.51 percentage points. Capital-liabilities ratio (liabilities divided by shareholders' equity) was 63.49%.

(IV) Analysis on changes in items of financial statement

Analysis on items in consolidated financial statement with 30% (including 30%) or more changes and accounting for 5% (including 5%) or more of total assets at the balance sheet date, or 10% (including 10%) or more of the total profit in the reporting period:

(1) Monetary capital: As at the end of the reporting period, the monetary capital of the Company amounted to RMB2,753.09 million, representing an increase of 170% over last year, was mainly due to following factors: the monetary capital of RMB50,433.23 million received from sales of goods and provision of services, the new loan received of RMB6,125.21 million and the payment of RMB45,075.54 million for purchase of goods or acceptance of services, payment of taxes totaling RMB2,588.58 million, payment of RMB2,404.28 million for purchase and construction of fixed assets, intangible assets and other long-term assets and repayment of loan and bonds of RMB4,056.01 million and RMB500 million in the year.

(2) Accounts and notes receivable: As at the end of the reporting period, the accounts receivable and the notes receivable were RMB1,703,880,000 and RMB2,824,290,000 respectively, representing an increase of 90% and 35% over last year, mainly due to increase in the balance of accounts receivable at the end of the year with the development of the Company's business and the noticeable increase in sales over last year, the balance of the accounts receivable at the end of the year increased accordingly.

(3) Prepayment: As at the end of the reporting period, the prepayment of the Company amounted to RMB1,076,250,000, representing an increase of 70% over last year, was mainly due to increase in outsourcing materials with the improvement of smelting capability, the relative prepayment increased accordingly.

(4) Inventory As at the end of the reporting period, the inventory of the Company amounted to RMB8,939,920,000, representing an increase of 45% over last year, was mainly due to the increase in inventory to satisfy the needs from production upon the completion of 300,000 tonnes smelting project.

(5) Long-term equity investment: As at the end of reporting period, the long-term equity investment of the Company was RMB648,760,000, representing an increase of 492% over last year, was mainly attributable to the new investment of RMB36,000,000 in Jiangxi Copper EPI (Qingyuan) Limited, RMB460,000,000 in Minmetals-JCC Mining Investment Company Limited, RMB14,100,000 in JCC BioteQ Environmental Technologies Co., Ltd and RMB 6,190,000 in Japan Xingya Baohong Co. Ltd (日本興亞保弘株式會社).

(6) Fixed assets and construction in progress: As at the end of the reporting period, the fixed assets of the Company amounted to RMB9,427,740,000, representing an increase of 42% over last year, construction in progress were RMB1,236,600,000, representing a decrease of 46% from last year, mainly due to some projects of Fujiawu Mine development project, 300,000-tonne copper smelting project and 5,000-tonne technological renovation project of Wushan Copper Mine being transferred to fixed assets.

(7) Short-term borrowing: As at the end of the reporting period, the short-term borrowing of the Company amounted to RMB7,012,560,000, representing an increase of 121% over last year, mainly due to the increase in short-term borrowing for the reporting period with continuous expansion of the Company's business, thus providing abundant working capital for the business growth. Furthermore, the Company issued short term debentures due in one year with par value of RMB1 billion on 11 January 2007.

(8) Accounts and notes payable: As at the end of the reporting period, the accounts payable and notes payable of the Company were RMB249,920,000 and RMB1,694,780,000 respectively, representing an increase of 626% and 110% over last year, mainly due to increase in purchase of raw materials for production after the expansion of production scale of the Company, the amount payable increased accordingly.

(9) Long-term borrowing: As at the end of the reporting period, the long-term borrowing of the Company was RMB402,050,000, representing a decrease of 67% over last year, mainly due to repayment of part of long-term borrowing by the Company during the reporting period and some long-term borrowings due in one year being transferred into current liabilities due in one year.

(10) Operating revenue: During the reporting period, the Company's operating revenue were RMB41,407,390,000, representing an increase of 65% over last year, mainly attributable to the significant increase in production capacity, sales volume and hike in products price.

(11) Operating cost: During the reporting period, the Company's operating cost was RMB35,491,140,000, representing an increase of 99% over last year, mainly attributable to the increase in raw materials and sales volume.

(V) Technological Innovations

Being the largest copper enterprises in China, leveraging its advanced technology, the Company maintains its leading position in the industry through years of technological innovations. During the reporting period, the Company spent RMB18.08 million for scientific research to optimize various indicators such as mining, milling and smelting, which has achieved certain progress: during the reporting period, the Company has begun to utilize low-grade ore with copper content below 0.2%. As a result, exploitable mineral resource reserve of the Company was increased and mine's life was prolonged. A material breakthrough was achieved in the Company's industrial experiment on improving grade of sulphuric concentrate. Grade of sulphuric concentrate was raised to 49.66% from 25%. Recovery rate of sulphur after acid-making reached 95.42%. Iron content in acid-making slag of pyrite concentrates was above 64%. During the reporting period, the undergoing technological renovation projects of the Company include expansion of copper recovering from slag of 300,000 tonnes copper smelting project, environmental protection project of arsenious acid, expansion project of anode mud, project of copper recovering from electric furnace slag and Wushan Copper Mine's 5,000 tonnes per day in-depth exploration project.

(VI) Energy Saving and Emission Reduction

The Company has been attaching great importance on energy saving and emission reduction since its incorporation. As a result, in February 2006, as approved by the State Environmental Protection Administration, the Company was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation.

During the reporting period, according to its Energy Conservation Plan and Comprehensive Working Program on Energy Saving and Emission Reduction, the Company steadily pushed forward energy saving and emission reduction: the Company and BioteQ Environmental Technologies of Canada set up a joint venture, JCC BioteQ Environmental Technologies Co., Ltd., of which 700 tonnes of copper metal could be recovered from the waste water in mines per year; the Company launched project of utilization of the heat recovered from smelting process with total investment of RMB272.61 million. Upon completion of the project, steam load in boiler plant will be decreased and emission of smog, dust, SO_2 will also be decreased. Accordingly, atmospheric environment in the plant area will be improved to certain extent. The expansion of copper recovering from slag with total investment of RMB212.14 million, will increase the rate of copper recovery in smelting process by nearly 1% and another approximately 2,000 tonnes of copper can be recovered from slag per year. Meanwhile, the slag residue can be further used to recover iron concentrate and for cement additive, thereby maximising the utilisation of resources.

(VII) Operating Results of the Company's Subsidiaries and Associated Companies

Operating results of the Company's subsidiaries and associated companies for the reporting period are set out as follows:

1. Jiangxi Copper Products Company Limited

This company's registered capital is RMB225,000,000, 100% of which is owned by the Company. It is mainly engaged in production, processing and sales of copper rod and wires. As at the end of the reporting period, the total assets of the company was RMB342,060,000. For year 2007, the company achieved sales revenue of RMB190,650,000, with a net profit of RMB65,140,000.

2. Sichuan Kang Xi Copper Limited Liability Company

This company's registered capital is RMB140,000,000, 57.14% of which is owned by the Company. It is mainly engaged in smelting of copper, with products such as blister copper and sulfuric acid. As at the end of the reporting period, the total assets of the company was RMB450,490,000. During the reporting period, the company achieved sales revenue of RMB1,635,540,000, with a net profit of RMB42,020,000.

3. Shanxi Diaoquan Silver and Copper Mine Company Limited

This company's registered capital is RMB76,160,000, 45.96% of which is owned by the Company. It is mainly engaged in copper mining and ore-dressing, with products including copper concentrate. As at the end of the reporting period, the total assets of the company was RMB147,490,000. During the reporting period, the company achieved sales revenue of RMB97,460,000, with net profit of RMB18,050,000.

4. Sure Spread Limited

This company's registered capital is HK$50,000,000, 55% of which is owned by the Company. It is mainly engaged in import and export trading and related technology services. As at the end of the reporting period, the total assets of the company was RMB464,300,000. During the reporting period, the company achieved sales revenue of RMB2,720,100,000, with net profit of RMB16,210,000.

5. Jiangxi Copper Alloy Company Limited

The company's registered capital is RMB199,500,000, 100% of which is owned by the Company. It is mainly engaged in production, processing and sales of copper rod and wires. As at the end of the reporting period, the total assets of the company was RMB321,070,000. For year 2007, the company achieved sales revenue of RMB199,110,000, with net profit of RMB111,300,000.

6. JCC-Wengfu Chemical Company Limited

The company's registered capital is RMB181,500,000, 70% of which is owned by the Company. It is mainly engaged in production and sales of sulfuric acid and its by-products. As at the end of the reporting period, the total assets of the company was RMB363,510,000. For year 2007, the company achieved sales revenue of RMB115,020,000, with net loss of RMB13,800,000.

7. Jiangxi Copper Shenzhen Trading Company Limited

The company's registered capital is RMB30,000,000. It is mainly engaged in sales of non-ferrous metal. As at the end of the reporting period, the total assets of the company was RMB714,320,000. For the 2007, the company achieved sales revenue of RMB5,680,640,000, with net profit of RMB51,130,000.

8. Jiangxi Copper Shanghai Trading Company Limited

The company's registered capital is RMB20,000,000. It is mainly engaged in sales of non-ferrous metal. As at the end of the reporting period, the total assets of the company was RMB231,610,000. For year 2007, the company achieved sales revenue of RMB5,377,110,000, with net profit of RMB20,510,000.

9. Jiangxi Copper Beijing Trading Company Limited

The company's registered capital is RMB10,000,000. It is mainly engaged in sales of non-ferrous metal. As at the end of the reporting period, the total assets of the company was RMB64,960,000. For year 2007, the company achieved sales revenue of RMB681,140,000, with net profit of RMB90,000.

10. Dexing Chemical

The company's registered capital is RMB42,640,000, 100% of which is owned by the company. It is mainly engaged in production and sales of sulfur chemicals products as well as further processing of mineral products. As at the end of the reporting period, the total assets of the company was RMB82,070,000. For year 2007, the company achieved sales revenue of RMB51,640,000, with net profit of RMB9,310,000.

11. JCC Dexing Transportation Company

The company's registered capital is RMB15,490,000, 100% of which is owned by the company. It is mainly engaged in passenger and cargo transportation by motor vehicles; cement products; machinery manufacture; motor repair; automotive parts; metal processing; repair of special vehicles; transportation and repair of motor vehicles with dangerous goods; railway transportation and loading; design, manufacture, maintenance and installation of hydraulic equipment; manufacture and sales of high-pressure fuel tube; electrical installation and maintenance, etc. As at the end of the reporting period, the total assets of the company was RMB30,150,000. For year 2007, the company achieved sales revenue of RMB66,860,000, with net profit of RMB2,080,000.

(VIII) Investment

During the reporting period, the Company had a total investment of RMB2,404,280,000, representing an increase of RMB496,470,000 (or 26.02%) over last year.

1. Progress of Projects Financed by Proceeds

As at the end of 2006, the raised proceeds was used up.

The Company raised net proceeds of approximately RMB3,950 million by non-public issue of 127,795,527 A shares on 17 September 2007, of which RMB2,165 million was cash.

During the reporting period, progresses of projects financed by raised proceeds are as follows (As for non-cash sector, please refer to the Section headed "2. Acquisition and disposal of assets and mergers" under "X. Significant Events" in this report):

(i) Expansion project of Chengmenshan Copper Mine Phase II

The Company intended to invested RMB498,000,000 in the project, all of which will be raised through non-public issue of A Shares. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB12,670,000, representing 2.54% of the total investment. Expansion project of Chengmenshan Copper Mine Phase II can increase its mining capacity to 7,000 tonnes of ore per day. Upon completion of the expansion, the annual production capacity of Chengmenshan Copper Mine will reach 14,817 tonnes of copper concentrate with copper, 25,814 tonnes with sulfur content, 232kg with gold content and 15,142kg with silver content and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,542 tonnes).

(ii) Technology renovation project for conversion of the open-pit to underground mining of Yongping Copper Mine

The Company intended to invest RMB387,540,000 in the project, of which RMB378,520,000 will be financed through non-public issue of A Shares and RMB9,020,000 will be invested by self-funding. During the reporting period, the amount invested by proceeds from non-public issue of A Shares were RMB50,790,000 and RMB8,410,000 was invested by self-funding, representing 15.28% of the total investment. Established and put into production in 1984, Yongping Copper Mine owns mining and ore-dressing of 10,000 tonnes per day, is approaching its original designed service life. Following the pit expansion project in 2002, there still remains approximately 8 years in the steady output cycle. The pit is estimated to be closed in 2015. After over 20 years of open-pit mining, most reserves of the deposit have been mined. However, there are still abundant resources available for underground mining at the bottom of the open pit. The proven underground ore reserve of Yongping Copper Mine is 65,800,000 tonnes at an average copper grade of 0.59%, representing 390,000 tonnes of copper metal. Such resources can be fully recovered and used upon the implementation of technology renovation project of conversion of open-pit mining into underground mining of Yongping Copper Mine.

(iii) Technology renovation of open-pit mining of the Fujiawu Copper Mine

The Company intended to invest RMB871,540,000 for the project, of which RMB300,560,000 will be financed through non-public issue of A Shares and RMB570,980,000 will be invested by self-funding. During the reporting period, RMB152,060,000 was invested in the project by proceeds from non-public issue of A Shares and RMB567,900,000 was invested by self-funding. By fully utilizing and depending on the existing construction proposal of Dexing Coper Mine, upon achieving its production target, the project will continue to have the capacity of Dexing Copper Mine to elongate the service life of, and stabilise the output and sales revenue of Dexing Copper Mine.

(iv) Utilisation of the heat recovered from smelting process

The Company intended to invest RMB272,610,000 in the project, all of which will be financed by last raised proceeds. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB250,110,000, representing 91.75% of the total investment in the project. The project is an important part of the new 300,000 tonnes copper smelting project of Guixi Smelter. Upon completion of the project, steam load in engineering boiler plant will be decreased and emission of smog, dust, SO_2 will also be decreased. Accordingly, atmospheric environment in the plant area will be improved to certain extent, thus enhancing social benefit.

(v) Expansion project of anode mud treatment and comprehensive utilisation

The Company intended to invest RMB195,740,000 in the project, of which RMB194,270,000 will be financed through last raised proceeds and RMB1,470,000 will be invested by self-funding. During the reporting period, the amount raised by previous raised proceeds was RMB24.32 million, representing 13.18% of the total investment in the project. Anode mud is the mixture of various rare precious metal deposited on the bottom of the smelting tank in the copper smelting process. The treatment project of anode mud is an important part of copper smelting process. The existing treatment system for anode mud of Guixi Smelter of the Company can not cope with the 700,000-tonne per-annum copper smelting capability of the factory in the future. It is necessary to optimise the existing anode mud treatment facilitates and implement expansion projects so as to enhance the anode mud treatment ability and increase the production of gold and silver to address the needs of comprehensive utilization of resources.

(vi) Expansion of copper recovering from slag

The Company intended to invest RMB212,140,000 in the company, of which RMB189,530,000 will be financed through last raised proceeds and RMB22,610,000 will be financed by self-funding. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB118,190,000, representing 55.71% of the total investment in the project. Currently, Guixi Smelter of the Company owns a workshop for copper recovery from electric furnace slag with a smelting capability of 3,100 tonnes per day. Upon commencement of operation of the 300,000-tonne per- annum copper smelting project in 2007, furnace slag will be increased by 1,555 tonnes per day in total, including 1,185 tonnes of flash furnace slag per day with 2% copper content, and 370 tonnes of converter slag with 5% copper content. Hence, it is necessary to expand the existing copper recovery workshop for the purposes of treating of the increased slag, integrating production management as well as saving investment and operation cost. Upon completion of the project, the Company will abandon slag-cleaning furnace with low metal recovery rate and poor environmental protection while adopting the copper milling treatment. This will increase the rate of copper recovery in smelting process by nearly 1% and another 2,000 tonnes of copper can be recovered from slag per year. Meanwhile, the slag residue can be further used to recover iron concentrate and for cement additive, thereby maximising the utilisation of resources.

(vii) Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day

The Company intended to invest RMB257,320,000 in the project, of which RMB120,240,000 will be financed through last raised proceeds and RMB137,080,000 will be financed by self-funding. During the reporting period, RMB66,160,000 was invested in the project by proceeds from non-public issue of A Shares and RMB129,150,000 was invested by self-funding. As at the end of the reporting period, a total of RMB195,310,000 was invested, representing 75.90% of total investment in the project. As the project is to expand the existing capacity of Wushan Copper Mine, upon completion and achieving its production targets, the current mining and production capacity of Wushan Copper Mine will increase from 2,000 tonnes per day to 5,000 tonnes par day. It can produce copper concentrates containing 12,800 tonnes of copper, 218kg of gold, 7,512kg of silver, 171,000 tonnes of sulfur as well as sulfur concentrates of 331,900 tonnes (containing 132,700 tonnes of sulfur).

As at 31 December 2007, such investment projects were under construction. Therefore, no relevant benefits can be reflected.

During the reporting period, RMB225,670,000 was raised by the Company through non-public issue of A Shares and used as working capital.

2. Progress of projects financed by funds from non-fund-raising channels

(i) Expansion project of arsenious acid

As a project of environmental protection and emission reduction, its total investment is estimated at RMB113 million. As at the end of the reporting period, a total of RMB73.36 million had been invested in the project, representing 65% of total investment. Upon its completion, the Company will be able to recover 1,300 tonnes of arsenious acid per annum and 2,500 tonnes of copper metal per annum.

(ii) Investment in Nanchang City Commercial Bank

In December 2007, the Company invested RMB280,000,000 in Nanchang City Commercial Bank, holding 4.198% equity interest in the bank.

(iii) Jiangxi Copper EPI (Qingyuan) Limited

In January 2007, the Company invested RMB36,000,000 to establish a joint venture, Jiangxi Copper EPI (Qingyuan) Limited with partners including the EPI (Holdings) Limited in Qingyuan of Guangdong, an important source of scrap copper. The Company owned 40% equity interest in the company.

(iv) Minmetals-JCC Mining Investment Company Limited

In December 2007, the Company invested RMB460,000,000 to establish Minmetals-JCC Mining Investment Company Limited with China Minmetals Corporation, with the Company holding 40% equity interest in the company. The company mainly operated projects related to Northern Peru Copper Corp.

(v) JCC BioteQ Environmental Technologies Co., Ltd.

On 5 July 2007, the Company and BioteQ Environmental Technologies of Canada set up a joint venture, JCC BioteQ Environmental Technologies Co., Ltd, in which the Company contributed RMB14,100,000, holding 50% equity interest in the company. The company mainly extracts copper metal from sewage of the mine by making use of biological vulcanising technology. Upon achieving its production targets, approximately 700 tonnes of copper metal can be extracted from the sewage discharged from the mine per annum.

(IX) Production Operation Plan for 2008

In 2008, the Company plans to produce 70 tonnes of copper cathode, 16 tonnes of gold, 400 tonnes of silver, 2 million tonnes of sulphuric acid, 150,000 tonnes of copper concentrate with copper and 370,000 tonnes of copper rods and wires.

As the price of the Company's principal products are susceptible to the fluctuations of the international market as well as the ever changing sources of raw materials and methods of transactions (for instance, the production volume generated through buyout of materials and outsourced processing can be the same, but the respective sales can differ significantly), the Company may timely adjust its plan in accordance with the market changes. If the scale of existing operating assets remains unchanged, it is estimated that the operating revenue in 2008 is envisaged to range from RMB43 billion to RMB56 billion.

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 2007 for review.

(I) Principal Operations

The Company is an integrated producer of copper in 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. Details of subsidiaries are set out in note 19 to the financial statements prepared under IFRS.

(II) Results and Profit Distribution

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 2007 was RMB4,206 million and RMB4,218.27 million respectively. In accordance with the Company Law and the Articles of Association of the Company, the Board proposed to contribute the profit after taxation calculated according to PRC GAAP as follows: 10% to the statutory surplus reserve and 30% to the discretionary surplus reserve, totaling RMB1,542,510,000.

The Board, based on the total share capital of 3,022,833,727 shares as at the end of 2007, proposed payment of a final dividend of RMB3 (tax inclusive for A Shares) per ten shares to all shareholders, representing a total amount of RMB906,850,118.1. 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 12 May 2008. Separate 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 of the Company therefor has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

No transfer of capital reserve to share capital was recommended for the year. An undistributed amount of RMB2,501,207,994 prepared in accordance with PRC GAAP for this year is transferred to the following years for distribution.

This profit distribution plan will be proposed to the annual general meeting to be held on Friday, 6 June 2008 for consideration and approval.

(III) Daily Work of the Board

During the reporting period, the Company convened twelve Board meetings:

1. Board Meetings Held and the Resolutions Passed During the Reporting Period

(1) The Company convened the 5th meeting of the fourth Board on 24 January 2007, at which the connected transactions contracts entered into between the Company, JCC, Jiangxi Copper Alloy Company Limited and Jiangxi Copper Products Company Limited; election of new Chairman and change of executive Directors were considered and approved. The announcement of the meeting was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 25 January 2007.

(2) The Company convened the 6th meeting of the fourth Board on 16 March 2007, at which the proposal in relation to non-public issue of shares to specific placees by the Company was considered and approved. The announcement of the meeting was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 20 March 2007.

(3) The Company convened the 7th meeting of the fourth Board on 18 April 2007, at which the following resolutions were considered and approved: auditors' reports, annual report and its summary of the Company for the year 2007, report of the Board, Chairman's statement, management discussion and analysis and report of the Supervisory Committee; the proposal for distribution of profit; the business operation, financial, loan and capital expenditure plans of the Company for the year 2007; the remuneration and annual bonus of executive Directors and the remuneration of Supervisors for the year of 2006; 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. The announcement of the meeting was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 19 April 2007.

(4) The Company convened the 8th meeting of the fourth Board on 20 April 2007, at which the first quarterly report for 2007 was considered and approved. The announcement of the meeting was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 23 April 2007.

(5) The Company convened the 9th meeting of the fourth Board on 30 April 2007, at which the report on self-inspection plan for special activity of corporate governance was considered and approved.

(6) The Company convened the 10th meeting of the fourth Board on 11 June 2007, at which the matter in relation to the appointment of auditors was considered and approved. The announcement of the meeting was published in Shanghai Securities News, Hong Kong Economic Times and The Standard on 12 June 2007.

(7) The Company convened the 11th meeting of the fourth Board on 10 July 2007, at which the matters in relation to the Company's participation in bidding of Afghanistan copper mine project and formulation of management system on information disclosure were considered and approved.

(8) The Company convened the 12th meeting of the fourth Board on 24 August 2007, at which report on special activity of corporate governance and rectifications plan of the Company were considered and approved.

(9) The Company convened the 13th meeting of the fourth Board on 28 August 2007, at which report on special activity of corporate governance and rectifications plan of the Company as well as the full text of 2007 Interim Report and its summary were considered and approved, and matters in relation to interim profit distribution was considered. The announcement of the meeting was published in Shanghai Securities News on 29 August 2007.

(10) The Company convened the 14th meeting of the fourth Board on 23 October 2007, at which 2007 Third Quarterly Report, proposal on adjustment in members of the Remuneration Committee and rectification report on special activity of corporate governance of the Company were considered and approved. The announcement of the meeting was published in Shanghai Securities News on 24 October 2007.

(11) The Company convened the 15th meeting of the fourth Board on 9 November 2007, at which the matters in relation to acquisition of equity interests in Northern Peru Copper Corp. by the Company were considered and approved.

(12) The Company convened the 16th meeting of the fourth Board on 13 December 2007, at which proposal on the share appreciation rights scheme for the senior management of the Company was considered and approved. The announcement of the meeting was published in Shanghai Securities News on 28 December 2007.

2. Execution of the Resolutions Passed at the General Meeting by the Board

(i) Execution of profit distribution for 2006

On 26 June 2007, the Company's profit distribution plan for 2006 was considered and approved at the 2006 annual general meeting, pursuant to which RMB4 (tax inclusive for A shares) was distributed for every 10 shares to all shareholders on 16 July 2007.

(ii) Non-public Issue of A share to specific placees

The Company convened meeting in relation to non-public Issue of A share to specific placees on 17 May 2007. On 17 September 2007, the Company completed non-public issue of A shares and issued 127,795,527 shares to 9 companies including Guotai Junan Investment Management Co, Ltd. and JCC at a price of RMB31.3 per share. The total raised proceeds amounted to RMB4,000 million (including RMB1,785 million contributed by JCC in the form of non-cash assets to subscribe the issued A shares) while the net proceeds amounted to RMB3,950 million (including RMB2,165 million cash).

(IV) Change in Major Shareholders and Share Capital

1. Shareholders

As at the end of the reporting period, the Company had 132,911 shareholders in total, of which 9 were holders of tradable shares subject to trading moratorium, 131,047 were holders of tradable A shares, and 1,855 were holders of tradable H shares.

(i) Shareholdings of the top ten shareholders

Unit: Share

Name of shareholder	Type of shareholders	Shareholding Percentage *(%)*	Total number of shares held	Increase/ (Decrease) during the year	Number of shares subject to trading moratorium	Number of shares pledged or frozen
HKSCC Nominees Limited	Unknown	45.63	1,379,358,900	815,000	0	Unknown
Jiangxi Copper Corporation	State-owned legal person	42.41	1,282,074,893	57,039,479	1,282,074,893	No
Guotai Junan Investment Management Co., Ltd.	Unknown	0.44	13,400,000	13,400,000	13,400,000	Unknown
Wuxi Guolian Development (Group) Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	10,000,000	Unknown
Suzhou Industrial Park Assets Management Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	10,000,000	Unknown
Minmetals Investment & Development Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	10,000,000	Unknown
Sanjiang Aerospace Group Financial Company Limited	Unknown	0.30	9,000,000	9,000,000	9,000,000	Unknown
Shanghai Rongchang Assets Management Co., Ltd.	Unknown	0.25	7,600,000	7,600,000	7,600,000	Unknown
China Universal Equilibrium Growth Stock Fund (匯添富均衡增長股票型證券投資基金)	Unknown	0.24	7,172,820	7,172,820	0	Unknown
Shanghai Yuanhai Industrial Co.,Ltd.	Unknown	0.21	6,300,000	6,300,000	6,300,000	Unknown

Notes:

(1) So far as the Directors are aware, JCC, the ultimate controller of the Company, and the other top ten shareholders are neither connected person nor parties acting in concert. The existence of such relationship amongst any other top ten shareholders is unknown.

(2) HKSCC Nominees Limited held a total of 1,379,358,900 H Shares of the Company in capacity of nominee on behalf of a number of customers, representing approximately 45.63% 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.

(ii) Shareholdings of top ten holders of circulating shares

Name of shareholder	Number of shares not subject to trading moratorium	Class of shares
HKSCC Nominees Limited	1,379,358,900	Overseas listed foreign shares (H Shares)
China Universal Equilibrium Growth Stock Fund (匯添富均衡增長股票型證券投資基金)	7,172,820	Ordinary shares denominated in RMB (A Shares)
GF Jufeng Equity Securities Investment Fund (廣發聚豐股票型證券投資基金)	5,637,774	Ordinary shares denominated in RMB (A Shares)
BOCOM-Boshi New Growth Equity Securities Investment Fund	5,499,910	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China – China Universal Selected Mixed Type Securities Investment Fund (中國工商銀行－匯添富優勢精選混合型證券投資基金)	4,800,001	Ordinary shares denominated in RMB (A Shares)
WONG SHIRLEY KAYE	1,104,000	Overseas listed foreign shares (H Shares)
YIP GIN FAI	610,000	Overseas listed foreign shares (H Shares)
ARSENTON NOMINEES LIMITED	450,000	Overseas listed foreign shares (H Shares)
SHOU YIN KIU	400,000	Overseas listed foreign shares (H Shares)
YAM KAM MING	300,000	Overseas listed foreign shares (H Shares)

Notes:

For the above holders of tradable shares not subject to trading moratorium, the Company is not aware of any connected relationship among them, nor aware whether they fall within the definition of persons 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 Regulatory Commission ("CSRC").

(iii) Shareholdings of the top ten holders of shares subject to trading moratorium and the condition of trading moratorium

Unit: Share

No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium	Particulars of shares subject to trading moratorium to be listed: Date of commencement of trading	Particulars of shares subject to trading moratorium to be listed: Number of newly added shares to be listed	Conditions of trading moratorium
1	Jiangxi Copper Corporation	1,282,074,893	27 September 2010	0	Shares subscribed by JCC through non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares.
2	Guotai Junan Investment Management Co., Ltd.	13,400,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
3	Suzhou Industrial Park Assets Management Co., Ltd.	10,000,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
4	Minmetals Investment & Development Co., Ltd.	10,000,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.

No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium	Particulars of shares subject to trading moratorium to be listed: Date of commencement of trading	Particulars of shares subject to trading moratorium to be listed: Number of newly added shares to be listed	Conditions of trading moratorium
5	Wuxi Guolian Development (Group) Co., Ltd.	10,000,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
6	Sanjiang Aerospace Group Financial Company Limited	9,000,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
7	Shanghai Rongchang Assets Management Co., Ltd.	7,600,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
8	Shanghai Yuanhai Industrial Co., Ltd.	6,300,000	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.
9	Zhongrong International Trust & Investment Co., Ltd.	4,456,048	27 September 2008	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.

(iv) As at 31st December 2007, 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 recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

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 *(%)*
Jiangxi Copper Corporation	Tradable A shares subject to trading moratorium	Beneficial owner	1,282,074,893(L)	78.40(L)	42.41(L)
HSBC Holdings Plc	H Shares	Interest of controlled corporation	115,056,031(L) 141,823,210(S)	8.29(L) 10.22(S)	3.81(L) 4.69(S)
UBS AG	H Shares	*(Note 2)*	85,841,006(L) 19,220,103(S)	6.19(L) 1.39(S)	2.84(L) 0.64(S)

Notes:

(1) L: long position; S: short position.

(2) According to the corporate substantial shareholder notice filed by UBS AG on 17 December 2007, the H Shares were held in the following capacities:

Capacity	Number of H Shares
Beneficial owner	75,763,629(L) 8,373,720(S)
Person having a security interest in shares	1,132,617(L) 2,354,383(S)
Interest of controlled corporation	8,944,760(L) 8,492,000(S)

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 2007.

2. Change in Share Capital

(i) Issue and listing of shares for the past three years

Unit: Share Currency: RMB

Category of shares and its derivative securities	Date of issue	Issuance price *(RMB)*	Number of shares issued	Date of listing	Number of shares approved for listing	Expiry date for trading
A Share	2007-09-17	31.30	127,795,527	2007-09-27	127,795,527	—
H Shares	2005-07-25	3.813 *(HK$)*	231,000,000	2005-08-05	231,000,000	—

(1) Placement of H shares

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 par value of RMB1.00 each were placed to overseas investors. Citigroup Global Markets placed the shares to not less than six placees, each of whom or its ultimate beneficial owner are 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 ("Stock Exchange")).

The placing price for the new shares was HK$3.813 per 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.

(2) Non-public Issue of A shares

Approved by document of Zheng Jian Fa Xing Zi [2007] No 278 issued by the CSRC, the Company issued 127,795,527 A shares (Ordinary shares denominated in RMB) by way of non-public issue in September 2007, with a nominal value of RMB1 per share and a issue price of RMB31.30 per share. The Company received a total payment of RMB3,999,999,995 from shareholders for subscribing such shares. Among JCC subscribed for 57,039,479 ordinary shares denominated in RMB (A shares) at a consideration of RMB1,785,335,693 by non-cash assets, representing 44.63% of total issued shares pursuant to the issue. The remaining 70,756,048 ordinary shares denominated in RMB (A shares) were subscribed at a consideration of RMB2,214,664,302 in cash by 8 institutional investors including Guotai Junan Investment Management Co., Ltd., Suzhou Industrial Park Assets Management Co., Ltd., Minmetal Investment & Development Co., Ltd., Wuxi Guolian Development (Group) Co., Ltd., Sanjiang Aerospace Group Financial Company Limited, Shanghai Rongchang Assets Management Co., Ltd., Shanghai Yuanhai Industrial Co., Ltd. and Zhongrong International Trust & Investment Co., Ltd., representing 55.37% of total issued shares pursuant to the issue. Actual net proceeds after deducting underwriter commissions incurred and other issuing expenditures amounted to RMB3,950,174,667 (including RMB2,164,838,974 cash).

(ii) Statement of changes in share capital

Unit: Share

	Before the change		Increase/decrease (+, -)			After the change	
	Number	Percentage (%)	Issue of New Shares	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium State-owned shares							
1. State-owned legal person shares	1,225,035,414	42.31	57,039,479	–	57,039,479	1,282,074,893	42.41
2. Other domestic shares	1,920,786	0.07	70,756,048	(1,920,786)	68,835,262	70,756,048	2.34
Including:							
Domestic legal person shares	1,920,786	0.07	70,756,048	(1,920,786)	68,835,262	70,756,048	2.34
Total shares subject to trading moratorium	1,226,956,200	42.38	127,795,527	(1,920,786)	125,874,741	1,352,830,941	44.75
II. Circulating shares not subject to trading moratorium							
1. Ordinary shares denominated in RMB	280,600,000	9.69	–	1,920,786	1,920,786	282,520,786	9.35
2. Overseas listed foreign shares	1,387,482,000	47.93	–	–	–	1,387,482,000	45.90
Total circulating shares not subject to trading moratorium	1,668,082,000	57.62	–	1,920,786	1,920,786	1,670,002,786	55.25
III. Total shares	2,895,038,200	100.00	127,795,527	–	127,795,527	3,022,833,727	100.00

Approval of the change in share capital

The Company issued 127,795,527 A shares by way of non-public issue to 9 institutions including JCC, the controlling shareholder of the Company on 17 September 2007, pursuant to the approval (Document Zheng Jian Fa Hang Zi [2007] No. 278) issued by CSRC, and as considered and approved by the 6th meeting of the fourth Board on 16 March 2007, the second extraordinary general meeting for 2007, the first class meeting for holders of A Share and the first class meeting for holders of H Share, as reviewed and approved by the Public Offering Review Committee of the CSRC on 2 August 2007, and approved by a document (Zheng Jian Fa Hang Zi [2007] No. 278) issued by the CSRC on 7 September 2007.

The other three promoters of the Company, Zhongliang Properties (Group) Co. Limited, Jiangxi Xinxin Enterprise Company Limited and Hubei Sanxin Gold Copper Company Limited undertook in 2006 Share Reform that the shares they held should be subject to a 12-month trading moratorium from the completion date of Share Reform from 19 April 2006. The shares subject to trading moratorium held by the above promoters were transferred to ordinary circulating A shares upon expiration of trading moratorium as at 19 April 2007.

Transfer of Shares for such changes

On 27 September 2007, the Company completed the registration of newly issued shares and procedures for trading moratorium of shares as approved by China Securities Clearing and Registration Company, Shanghai Branch.

(iii) Statement of changes in shares subject to trading moratorium

Unit: Share

Name of shareholders	No. of shares held at the beginning of the year	Number of shares released from moratorium during the year	Number of shares subject to trading moratorium increased during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release of moratorium
Zhongliang Properties (Group) Co. Limited	960,392	960,392	(960,392)	0	Undertook a 12-month trading moratorium during the Share Reform	2007-04-19
Jiangxi Xinxin Enterprise Company Limited	480,197	480,197	(480,197)	0	Undertook a 12-month trading moratorium during the Share Reform	2007-04-19
Hubei Sanxin Gold Copper Company Limited	480,197	480,197	(480,197)	0	Undertook a 12-month trading moratorium during the Share Reform	2007-04-19
Jiangxi Copper Corporation	1,225,035,414	0	57,039,479	1,282,074,893	Shares subscribed by JCC through non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares.	2010-09-27
Guotai Junan Investment Management Co., Ltd.	0	0	13,400,000	13,400,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Suzhou Industrial Park Assets Management Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27

Name of Shareholder	No. of shares held at the beginning of the year	Number of shares released from moratorium during the year	Number of shares subject to trading moratorium increased during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release of moratorium
Minmetals Investment & Development Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Wuxi Guolian Development (Group) Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Sanjiang Aerospace Group Financial Company Limited	0	0	9,000,000	9,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Shanghai Rongchang Assets Management Co., Ltd.	0	0	7,600,000	7,600,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Shanghai Yuanhai Industrial Co., Ltd.	0	0	6,300,000	6,300,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Zhongrong International Trust & Investment Co., Ltd.	0	0	4,456,048	4,456,048	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	2008-09-27
Total	1,226,956,200	1,920,786	125,874,741	1,352,830,941		

3. Particulars of Controlling Shareholder and Ultimate Controller

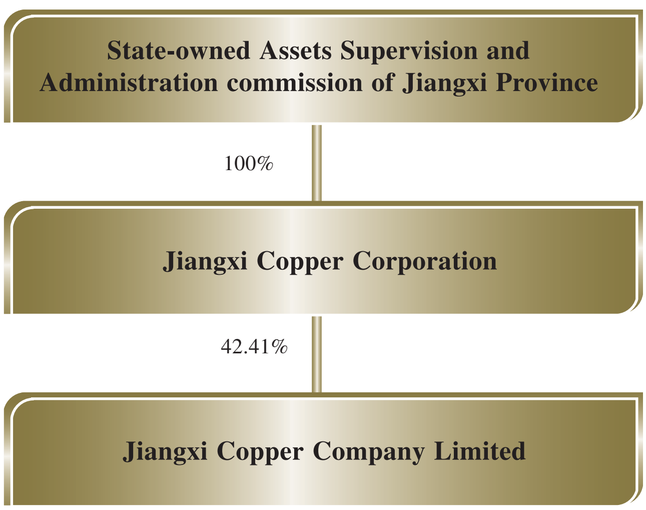
(i) Particulars of Controlling Shareholder

The controlling shareholder of the Company, JCC, was established on 1 July 1979. Its legal representative is Mr. Li Yihuang with a registered capital of RMB2,656.15 million and its principal business covers non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing. There was no change in controlling shareholder and the ultimate controller during the reporting period.

(ii) Information of the ultimate controller

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

(iii) The ownership and controlling relationship between the Company and the ultimate controller



4. Staff Shares

The Company did not have staff shares as at the end of the reporting period.

5. Other Legal Person Shareholders with 10% or More of Shareholding

Save as disclosed, as at the end of the reporting period, the Company has not received any notice regarding any legal person shareholders with 10% or more of shareholding of the Company.

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

During the reporting period, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased 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 and the relevant PRC laws which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

(V) Particulars of Directors, Supervisors and Senior Management

Name	Position	Sex	Age	Appointment Date	End of appointment	Total remuneration received during reporting period *(RMB 0'000)*
Li Yihuang	Chairman	Male	45	2007.1	Present	118.38
Li Baomin	Executive Director	Male	50	2007.4	Present	88.79
Long Ziping	Executive Director	Male	47	2007.4	Present	88.79
Wang Chiwei	Executive Director and Deputy General Manager	Male	54	1997.1	Present	118.38
Wu Jinxing	Executive Director and Chief Financial Officer	Male	45	2005.11	Present	118.38
Gao Jianmin	Executive Director	Male	48	1997.1	Present	18.00
Liang Qing	Executive Director	Male	54	2002.6	Present	18.00
Kang Yi	Independent Non-executive Director	Male	67	2002.6	Present	5.00
Yin Hongshan	Independent Non-executive Director	Male	62	2003.6	Present	5.00
Zhang Rui	Independent Non-executive Director	Female	45	2006.8	Present	5.00
Tu Shutian	Independent Non-executive Director	Male	44	2006.8	Present	5.00
Wang Maoxian	Chairman of the Supervisory Committee	Male	55	2003.6	Present	52.00
Li Ping	Supervisor	Male	49	2003.6	Present	52.00
Gan Chengjiu	Supervisor	Male	45	2003.6	Present	52.00
Hu Faliang	Supervisor	Male	48	2003.6	Present	52.00
Liu Yuewei	Deputy General Manager	Male	47	2001.5	Present	33.60
Liu Jianghao	Chief Engineer	Male	46	2001.11	Present	33.60
Pan Qifang	Secretary to the Board (Domestic)	Male	43	2006.1	Present	8.18
Tung Tat Chiu, Michael	secretary to the Board (Hong Kong)	Male	45	1997.1	Present	5.00
Total	/	/	/	/	/	877.11

Note: 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 RMB50,000 per person.

(VI) Individuals with the Highest Remuneration

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

(VII) Position held by Directors and Supervisors in Shareholders' Entities

Name	Name of shareholder entity	Position held	Appointment Date	End of appointment	Whether receive remuneration or allowance
Li Yihuang	JCC	General Manager	2007-01-01	Present	No
Li Baomin	JCC	Secretary to the Party Committee	2006-09-29	Present	No
Wang Maoxian	JCC	Secretary to the Disciplinary Committee	2001-01-01	2007-11-31	No
Li Ping	JCC	Deputy General Manager	2001-10-01	Present	No
Gan Chengjiu	JCC	Chief Accountant	2001-10-01	Present	No
Long Ziping	JCC	Deputy General Manager	2001-11-01	Present	No
Hu Faliang	JCC	Chairman of the Labor Union	2001-10-01	Present	No

(VIII) Service Contracts of Directors and Supervisors and Interests in Contracts

All Directors and Supervisors have entered into services contracts with the Company up to the date of the 2008 annual general meeting of the Company to be held in the year 2009.

Pursuant to relevant provision in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including independent 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 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.

(IX) Interest of Directors, Supervisors and Chief Executive in Shares

As at 31 December 2007, 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 the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers.

(X) 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.

(XI) Loan or Guarantee for Loan Granted to Directors

During the reporting period, none of loan or guarantee 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.

(XII) 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 required by the Listing Rules.

As at 31 December 2007 or at any time during the reporting year, none of the Company or its holding company or its subsidiaries entered into any contracts of significance in which the Directors or Supervisors was either directly or indirectly materially interested.

(XIII) 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.

(XIV) Code on Corporate Governance Practice

The Company is committed to maintaining and establishing high level of corporate governance. In addition to those events disclosed in the Report of Corporate Governance Practice, the Company has complied with the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" to the Listing Rules.

(XV) 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.

(XVI) Remuneration Policy

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

The Company adopts the policy of linking annual remuneration of the Company's senior management to performance of the Company. Remuneration of management level is determined by the Board.

Remuneration of Directors, Supervisors and senior management is determined by the Company's general meeting or resolved at the Board meeting based on their service contract and the annual results growth of the Company.

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".

(XVII) Change in Directors, Supervisors and Senior Management

On 3 April 2007, the extraordinary general meeting of the Company considered and approved the resignation of Mr. He Changming and Ms. Qi Huaiying from the position of Directors of the Company due to retirement, and appointment of Mr. Li Baomin and Mr. Long Ziping as the new Directors of the Board of the Company.

(XVIII) Profile of Directors, Supervisors and Senior Management

During the reporting period, profiles of Directors, Supervisors and senior management are as follows:

1. Internal Executive Directors:

(1) **Li Yihuang**, born in October 1962, professor-grade senior engineer, is the Chairman of the Company, deputy to the 11th National People's Congress and the 5th Outstanding Youthful Entrepreneurs of Jiangxi Province. Mr. Li was appointed as the Executive Director of the Company in June 2003. Mr. Li graduated from Northeast Industrial Institute as a bachelor with major in heavy smelting and from Central South University as a postgraduate. 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 experienced in smelting business and management.

(2) **Li Baomin**, born in May 1957, is a Senior Economist. He is a director of the Company and is a 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 JCC 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. Mr. Li Baomin was appointed as the executive Director of the Company after approval of the extraordinary general meeting of the Company on 3 April 2007.

(3) **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.

(4) **Long Ziping**, born in August 1960, is a senior engineer. He is the Deputy Manager of JCC. Mr. Long graduated from Jiangxi Institute of Metallurgy majoring in smelting in 1982, and from Central South University as a postgraduate majoring in metallurgy engineering in 2001. Mr. Long had served at various operating and management positions including the Deputy Chief and the Factory Head of Guixi Smelter, the manager of JCC Guixi Smelter, the Head of Smelting Department in Guixi Smelting Technology Centre, with extensive experience in operations and management.

(5) **Wu Jinxing**, born in February 1962, Han nationality, is a senior accountant. And he is executive Director and chief financial officer of the Company. Mr. Wu is graduated from Zhejiang Metallurgical Economic Professional School in 1982 majoring in accounting, and obtained a master degree in 2007. 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.

2. External Executive Directors:

(6) **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,a director of Qingling Motors Co. Ltd and a managing director of Silver Grant International Industries Limited. Mr. Gao has been a Director of the Company since its incorporation.

(7) **Liang Qing**, born in May 1953, is an executive Director of the Company. Mr. Liang was appointed as a Director of the Company in June 2002. He is currently a director and General Manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.

3. Independent Non-executive Directors:

(8) **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.

(9) **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.

(10) **Zhang Rui**, born in June 1962, currently serves as a chair professor and the dean of accounts department, doctor in Management (Accounting), and a tutor of PhD Programme in Jiangxi University of Finance and Economics; She enjoys the special subsidy from the State Council; Ms. Zhang is currently a Consultant of the Committee of China Accounting Standard, committee member of China Accounting Professor Society, vice chairman of Accounting Association of Jiangxi Province, vice chairman of Jiangxi Institute of Internal Auditors, and committee member of China Youth Society of Finance and Cost. Ms. Zhang is experienced in accounting theory and practice, auditing theory and practice and results analyze. Ms. Zhang was appointed as independent non-executive Director of the Company in August 2006.

(11) **Tu Shutian**, born in March 1963, currently serves as a professor, a tutor of the Master programme in Department of Law, and a member of the Academic Committee in Nanchang University. He was appointed as independent non-executive Director of the Company in August 2006. Mr. Tu graduated from Southwest China Institute of Political Science in 1984 with a bachelor of laws degree. Mr. Tu has served as the representative of the Ninth People's Congress and the member of Committee for Internal and Judicial Affairs since 1998, the member of the Standing Committee of the Tenth People's Congress of Jiangxi Province, the member of Commission of Legislative Affairs, the legislative consultant of the People's Government of Jiangxi Province, the director of China Institute of Procedural Law, the Deputy President of Jiangxi Institute of Procedural Law and the arbitrator of Nanchang Arbitration Commission. He has relatively high accomplishment and abundant experience in procedural law, civil and commercial law.

4. Supervisors:

(12) **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.

(13) **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.

(14) **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 University of Finance and Economics.

(15) **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:

(16) **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.

(17) **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.

(18) **Pan Qifang**, born in September 1964, is a Senior Economist and Secretary of the Company; He engaged in the work in relation to capital operation of the Company since 1997. He had worked for different departments such as Propaganda Dept. of JCC, the General Manager Office, the Secretarial Office of the Company, and participated in the arrangement and implementation of capital operation schemes such as the Company's initial public offering of A shares and H shares, issue of short-term debentures, placement of H shares, merger and acquisition and non-public issue of A shares. Mr. Pan graduated from Chinese Language Literature major of Jiangxi Normal University with a Bachelor's degree of Arts.

(19) **Tung Tat Chiu Michael**, born in April 1962, is the Secretary of the Company in Hong Kong. Mr. Tung is the principal of Tung & Co., 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 a company listed in Hong Kong. He holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom.

(XIX) Details of Employees

As at the end of the reporting period, the Company had 13,621 in-service employees, representing an increase of 216 employees over last year.

1. Arrangement for retirement benefits

The Company, through JCC, 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 RMB80.94 million as retirement benefits (2006: RMB77.07 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 RMB79.20 million as welfare fee (2006: RMB67.29 million).

3. Total Wages of Employees

During the reporting period, the Company actually paid a total of RMB483.63 million (2006: RMB410.91 million) as wages to its employees (including basic salary, annual bonus and other allowance).

4. The structure of employees

(1) Expertise

Expertise	Number of persons
Production personnel	10,365
Technicians	918
Management personnel and salesmen	1,591
Others	747

(2) Education level

Education level	Number of persons
Post-secondary or above	3,033
Technical secondary or senior secondary	6,235
Junior secondary or below	4,353

(XX) Major Suppliers and Customers

The purchase attributable to the Group's largest suppliers accounted for 10.09% of total purchases for the year.

The Group's largest customer accounted for 9.98% of the total turnover for the year. All transactions between the Group and the customers concerned were carried out on normal commercial terms.

Unit: '000 Currency: RMB

Total purchase amount from the five largest suppliers	8,813,528	Percentage in total purchase amount	21.52%
Total sales amount to the five largest customers	4,948,630	Percentage in total sales amount	12.00%

The second largest customer was a company whose interest was indirectly attributable to JCC but which was not controlled by it. The sales amount incurred during the year amounted to RMB9.0986 million.

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.

In 2007, the supervisory committee ("Supervisory Committee") of Jiangxi Copper Company Limited (the"Company") performed their duties in accordance with relevant provisions of the Company Law and the Articles of Association. The Supervisors attended 12 Board meetings. The Supervisory Committee convened 2 meetings to consider significant matters of the Company including the 2007 interim report and the 2006 annual results announcement, financial report, report of the Supervisory Committee and profit distribution plans. It implemented its supervision rights on the Company's significant decisions and the operation of the Board.

(I) Work of the Supervisory Committee

During the reporting period, the Supervisory Committee convened two meetings.

1. The Company held the third meeting of the fourth session of the Supervisory Committee on 18 April 2007. The meeting was presided over by Mr. Wang Maoxian, the Chairman of the Supervisory Committee. Four Supervisors should have attended the meeting and four Supervisors attended the meeting, which was in compliance with relevant requirements of the Company Law and the Articles of Association. At the meeting, the 2006 Annual Report and its Summary, 2006 Financial Report, Report of the Supervisory Committee for the year 2006, Profit Distribution Plan for the year 2006, remuneration and annual bonus of the Board, remuneration of the Supervisory Committee and bonus of the senior management for the year 2006 were considered.

2. The fourth meeting of the fourth session of the Supervisory Committee of the Company was held on 28 August 2007. The meeting was presided over by Mr. Wang Maoxian, the Chairman of the Supervisory Committee. Four supervisors should have attended the meeting and four supervisors attended the meeting, which was in compliance with relevant requirements of the Company Law and the Articles of Association. At the meeting, the 2007 Interim Report and its summary, the 2007 Interim Financial Report and the 2007 Interim Report of the Supervisory Committee were considered and the proposal for no distribution of interim dividend for the first half of 2007 was considered and approved.

(II) Independent Opinion of Supervisory Committee on Relevant Matters of the Company in 2007

The Supervisory Committee exercises its power in accordance with the provisions of the Company Law and the Articles of Association. During the reporting period, it diligently examined and supervised the Company's financial management, internal control, implementation of resolutions of shareholders' meetings, operational decisions and the decisions of the Board and the management, and the operating activities. The Supervisory Committee wishes to issue their independent opinion on the following matters:

1. Compliance of the Company's operations with the laws: during the reporting period, the Company implemented surveillance over its shareholders' meetings, the procedure for convening meetings of the Board, items to be resolved, execution of resolutions of shareholders' meetings by the Board, as well as the integrity, diligence and commitment of the Company's Directors and senior management, in accordance with relevant provisions of Company Law and the Articles of Association of the Company. The Supervisory Committee is of the opinion that the Company's decision-making procedure is lawful and its operation is in strict compliance with the control system. No misappropriation of the Company's funds by connected parties was found, and the Company has not provided guarantee for any connected parties, other individuals or any third parties. Directors and senior management seriously carried out their commitments in respect of integrity and diligence and did not take any actions which were in violation of laws, regulations or the Company's Articles of Association nor detrimental to the Company's interests when discharging their duties.

2. Examination of financial status: The Supervisory Committee approved the examination and audit on the Company's financial status and financial structure and is of the opinion that the Company's financial status is sound without any significant risks. The 2007 financial reports prepared under PRC GAAP and IFRS, as audited by the domestic and overseas accounting firms, give an objective, fair and true view of the Company's financial status and operating results.

3. During the reporting period, the Company acquired assets from JCC at fair price and there was no insider trading. There was no indication of damage to minority shareholders' interests or dissipation of the Company's assets. During the reporting period, the Company did not dispose of any assets.

4. During the reporting period, the Company's procedure for entering into connected transactions for the year of 2007 complied with the relevant provisions of the Listing Rules. The disclosure of information on connected transactions was timely and sufficient. The execution of the contracts of connected transactions was reasonable and fair and was not detrimental to the interests of shareholders or the Company.

5. During the reporting period, there was no change in use of raised proceeds. The proceeds were invested in the projects as undertaken.

By Order of the Supervisory Committee
Wang Maoxian
Chairman of the Supervisory Committee

Guixi, Jiangxi, the PRC
25 March 2007

Corporate Governance Practice

During the reporting period, the Company fully carried out a special campaign for corporate governance by establishing a leading team headed by the Chairman with certain Directors, Supervisors and senior management as team members during the period from April 2007 to August 2007 in strict compliance with the domestic and overseas regulations and provisions including the Company Law of the People's Republic of China, the Securities Law, Notice on the Matters concerning Carrying out a Special Campaign to Strengthen the Corporate Governance of Listed Companies (Document [2007] No. 28) issued by CSRC, Notice on Matters concerning Carrying out a Special Campaign for Corporate Governance of Listed Companies in Jiangxi (Document [2007] No. 9) issued by CSRC Jiangxi Branch, Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules, the Modal Code for Securities Transactions by Directors of Listed Issuers (the "Modal Code") as set out in Appendix 10 to the Listing Rules. The Company successively formulated documents including Work Plan on Carrying out Special Campaign to Strengthen Corporate Governance, Scheme on Special Campaign to Strengthen Corporate Governance, Self-Inspection Report on Corporate Governance and Rectification Plan, and Report on Rectification Plan for Problems Found in Relevant Inspections and Rectification Report on Special Campaign for Corporate Governance. Corporate governance were further regulated and improved by carrying out the special campaign for governance. The Company believes that sound corporate governance principles, increased transparency and independency of corporate operation, and an effective shareholder communication mechanism will promote the healthy growth of the Company and increase the shareholder value.

Save as disclosed below, the Company complied with the Code set out in Appendix 14 to the Listing Rules in 2007. The following text sets out the corporate governance practices adopted by the Company.

1. Shareholders and General Meeting

The Company is committed to ensuring that all shareholders, especially minority shareholders, are ranked pari passu with each other and their rights and obligations are fully performed. Meanwhile it ensures shareholders' rights to know and participate in the Company's significant events as defined in relevant laws, regulations and the Articles of Association.

The convening, holding, consideration and voting procedures of the Company's shareholders' meetings were in strict compliance with relevant regulatory provisions of the place where the Company's shares are listed as well as the requirements of the Articles of Association of the Company. All shareholders' meetings were witnessed by the PRC lawyers with the representative from auditors as the scrutineer.

2. Relationship between the Controlling Shareholder and the Company

JCC, being the controlling shareholder of the Company, performs its rights and obligations under the laws. The business between the Company and its controlling shareholder is carried out in a market and commercial principle and follows the approval procedures for connected transactions. The controlling shareholder does not override the power of the shareholders' meeting to interfere directly or indirectly in the operating activities of the Company. The Company is independent of its controlling shareholder in terms of assets, organisation, finance and staff. The Board, the Supervisory Committee and the internal functions of the Company operate independently. Details of the transactions between the controlling shareholder and the Company are set out in Note 8 to the Financial Report prepared under the PRC GAAP.

3. Directors and the Board

The Board of the Company is mainly responsible for devising the Company's overall strategies including the development strategies, management structure, investment and financing, budget, financial control and human resources, as well as monitoring the operation of the Company. The Board is also responsible for formulating the operations and disclosures of the Company in accordance with the Listing Rules or rules and regulations of places in which the shares of the Company and listed. During the reporting period, Mr. Li Yihuang served as Chairman of the Company. The Chairman leads and supervises the operation of the Board and effectively plans Board meetings to ensure that the Board acts in the best interests of the Company. Led by the Chairman, the Board has adopted sound corporate governance and procedures and taken adequate measures for efficient communication with shareholders so as to implement the Board's decisions and making daily management decisions. The power and duties of the Board and Chairman of the Company are set out in the Articles of Association.

The Board of the Company comprises 11 Directors, including 2 external executive Directors, 4 independent non-executive Directors and 3 executive Directors appointed by the ultimate controller. Members of the Board have different industrial background and professional knowledge in financial management, accounting, law, mining and metallurgy. For details of the composition of the Board, please refer to the paragraph headed "Directors, Supervisors and Senior Management" in the section "Directors, Supervisors and Senior Management" of this annual report. For the name list and profile of the members of the Board, please refer to the paragraph headed "Profile of Directors, Supervisors and Senior Management" in the section "Directors, Supervisors and Senior Management" of this annual report.

The current Board is the fourth session of the Board of the Company. The Directors' term of office commenced from 15 June 2006 and will expire upon the convening of the 2009 annual general meeting.

Currently, the Company has 4 independent non-executive Directors. Among them, Ms. Zhang Rui is the chief professor, a tutor of PhD Programme and the Director of School of Accounting of Jiangxi Financial University. The Board considers that, Ms. Zhang, with her educational background and experience, is in compliance with the requirement set out in Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive directors shall have appropriate expertise in accounting or relating financial management.

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 reappointment. Under the Company Law, the term of office of supervisors is also three years and they are eligible for re-election and re-appointment. In the event of vacancy in the board of directors, recommended candidate should b referred to the board of directors for approval, with a view to appointing the people possessing leadership abilities, in order to maintain and enhance the Company's competitiveness.

During the reporting period, performance of duties of special committees under the Board of the Company is as follows:

(a) Summary report on fulfilment of duties of the Audit Committee

The Company established an independent Audit Committee in August 1998. The responsibilities of the independent Audit Committee principally covers reviewing and monitoring of the performance and procedures of financial reporting, review of healthiness and effectiveness of internal control system of the Company, consideration of engagement of independent auditors and related coordination, and review of efficiency and performance of related works.The current Independent Audit Committee comprises 4 independent non-executive Directors of the Company, namely , Ms. Zhang Rui, Mr. Kang Yi, Mr. Tu Shutian and Mr. Yin Hongshan, with Ms. Zhang Rui as chairman of the Audit committee.

During the reporting period, the main activities of the independent Audit Committee of the Company include considering the appointment of external auditors of the Company, review and monitor the annual, interim and quarterly results reports and financial statements of the Company; communicate with the Company's management in response to management advice of auditors; review of the Company's financial and accounting policies and practice; assist the Board in making independent assessment on the effectiveness of the Company's financial reporting procedures and internal control system; give opinion on significant event of the Company or remind the management of the related risks; and give independent opinions on connected transactions of the Company.

During the reporting period, the Independent Audit Committee convened two meetings, each of which was attended by all of its members.

Summary report on fulfillment of duties of the Independent Audit Committee for 2007

(1) We communicated with the Company's auditors, Ernst & Young Hua Ming, in respect of 2007 annual audit work arrangements;

(2) Before the auditor conducted auditing, we reviewed the annual financial statements for 2007 prepared by the Company, issued written opinions that such financial statements were in compliance with the New Accounting Standards for Business Enterprises, and agreed to submit such financial statements to Ernst & Young Hua Ming for auditing;

(3) We reviewed matters including the auditing process, auditing findings and auditing adjustments of Ernst & Young Hua Ming and believed that the auditing work was executed in strict accordance with provisions of Independent Auditing Standards for Chinese Certified Public Accountants;

(4) Upon issue of initial auditing opinions by the auditor, we reviewed again such financial statements prepared by the Company and considered that they was appropriately prepared in accordance with requirements of the New Accounting Standards for Business Enterprises, and truly and completely reflected the Company's financial position on 31 December 2007, operating results and cash flow for 2007 in significant events;

(5) We submitted to the Board the summary report on auditing work made by the auditor for last year, considering that Ernst & Young Hua Ming executed the auditing work in strict accordance with provisions of Independent Auditing Standards for Chinese Certified Public Accountants. With sufficient time for auditing and reasonable allocation on auditing personnel, the auditors were competent in respect of execution ability. The auditor's report issued by it can fully reflect the financial position of the Company on 31 December 2007 and operating results for 2007. The auditing conclusions drawn were in line with actual situation of the Company;

(6) We recommend the Company to re-appoint Ernst & Young Hua Ming as the domestic and overseas auditors of the Company.

Independent Audit Committee of
Jiangxi Copper Company Limited

25 March 2008

(b) Remuneration Committee

The Remuneration Committee of the Company was set up in September 2005. The current Remuneration Committee of the Company comprised 4 independent non-executive Directors including Mr. Yin Hongshan, Mr. Kang Yi, Mr. Tu Shutian and Ms. Zhang Rui. Mr .Yin Hongshan serves as the Chairman of the Remuneration Committee. The Secretary to the Board is also the secretary to the Remuneration Committee. Responsibilities of the Remuneration Committee mainly include: to recommend the Board in respect of the remuneration schemes and policies for the Directors and senior management of the Company; to recommend the Board in respect of the remuneration for the non-executive Directors; to determine the specific remunerations for all executive Directors and senior management members, comprising non-monetary benefits, pension and compensation payment; to ensure that none of the Directors or any of their respective associates determine their own remuneration; and to carry out other recommended duties set out in various governance codes.

Summary report on fulfillment of duties of the Remuneration Committee

The Company held two meetings of the Remuneration Committee in 2007, each of which was attended by all of its members. On 16 March 2007, the Company held the second meeting of the Fourth Board of the Remuneration Committee and recommended the Board as to the remuneration scheme for Directors (including independent non-executive Directors), Supervisors and senior management for the year and the remuneration policy for members of the Fourth Board, Supervisors and senior management were approved. On 13 December 2007, the Third Remuneration Committee of the Fourth Board of the Company considered the Proposal for Granting the Share Appreciation Rights Scheme to Certain Senior Management of Jiangxi Copper, was of view that: the Share Appreciation Rights Scheme was favourable for further improving the Company's governance structure, consolidating its incentive mechanism and sustainable growth without detriment to the interests of the Company and all shareholders. Moreover, recommendations were made to the Board.

Remuneration Committee of
Jiangxi Copper Company Limited

19 March 2008

(c) Board meetings

In 2007, the Board convened 12 meetings. As the Directors of the Company were often on business trips, 8 meetings were held by way of written resolutions during the reporting period. The Secretary to the Board has ensured that each Director, before making decisions, was fairly informed of the content of the resolutions and all other relevant documents, and was invited to give their opinion.

The following table sets out the attendance of each Director at the Board meetings during the year.

Name of Director	Times of required attendance in the year	Times of attendance in person *(times of meetings held by way of written resolutions)*	Times of attendance by proxy	Times of absence	Remarks
He Changming	2	1 (0)	1		abstaining from voting for 1 time
Qi Huaiying	2	1 (0)	1		abstaining from voting for 1 time
Li Yihuang	12	12 (8)			abstaining from voting for 1 time
Wang Chiwei	12	11 (8)	1		
Gao Jianmin	12	10 (8)	2		
Liang Qing	12	9 (8)	3		
Wu Jinxing	12	12 (8)			
Long Ziping	10	9 (8)	1		
Kang Yi	12	10 (8)	2		
Li Baomin	10	10 (8)			
Yin Hongshan	12	12 (8)			
Zhang Rui	12	12 (8)			
Tu Shutian	12	10 (8)	2		

Details of the work of the Board during the reporting period is set out in the paragraph headed"Daily work of the Board" in the section "Report of the Board" of this annual report.

With the constant services and notices provided by Secretary to the Board, all Directors of the Company are able to understand and comply with, on a timely basis, the relevant regulations promulgated by the PRC and overseas regulatory authorities. The election, reelection, term of office and duties of all Directors and the Chairman of the Company as well as the convening, holding, procedures and voting of the Board meetings were in strict compliance with the Articles of Association.

4. Supervisory Committee

The Supervisory Committee of the Company consists of 5 Supervisors, including 2 representatives from the staff, one of which resigned in 2006. Since no new staff-representatives were appointed during the reporting period, the Supervisory Committee consists of 4 Supervisors. The current Supervisory Committee is the fourth Supervisory Committee since the incorporation of the Company. Supervisors' term of office commences from 15 June 2006 and will expire upon the convening of the 2009 annual general meeting.

During the reporting period, the Supervisors of the Company exercised its supervising power in accordance with laws, thereby safeguarding the legal interests of shareholders, the Company and its employees. For details of the work of the Supervisory Committee, please refer to "Report of the Supervisory Committee" set out in this annual report.

5. Director's Responsibilities in Respect of Financial Statements

Under the assistance of the accounting department, the Board is responsible for preparing the financial statements for each financial year and ensuring that, in preparing such financial statements, appropriate accounting policies are adopted and applied and the PRC accounting standards and systems and IFRS are observed, to give a true and impartial view of the financial position and operating results of the Company.

6. Internal Control

The Board takes full charge of monitoring the operation of the Company's business units. It appointed competent personnel to the Boards of all subsidiaries and associated companies of the Company which are engaged in operation of key business to oversee the operations of those companies by attending their board meetings. The management of each business sector shall undertake the responsibility for the operation and results of such business.

By reference to the potential risks in and the importance of various business sectors and procedures, the Company has set up an internal control system with respect to corporate governance, finance, futures, executive, investment and operation. The internal audit department of the Company audits and reviews, from time to time, the effectiveness of the internal control system. The Independent Audit Committee under the Board also constantly oversees and monitors on the Company's internal control system on a regular basis or as needed.

7. Disclosure of Self-Evaluation Report on the Internal Control System of Company Prepared by the Board and Verification Opinions from Auditors

(1) Self-Evaluation Report on the Internal Control System of Company Prepared by the Board (full text)

Self-Evaluation Report on the Internal Control System of Company by the Board of Jiangxi Copper Company Limited

I. Corporate Information

Jiangxi Copper Company Limited (hereafter as the "Company" or "Company") is a joint stock limited company incorporated in Jiangxi Province, the People's Republic of China. Approved by former Ministry of Foreign Trade and Economic Cooperation (hereafter as "MFTEC") and former State Economic System Reform Committee (hereafter as "SESRC"), the Company was established as a foreign investment joint stock company limited on 24 January 1997. Presently, the issuer holds Certificate of Approval for Establishment of Enterprises With Foreign Investment in the People's Republic of China (Shang Waizi Zishen A [1997] No. 0040) issued by the Ministry of Commerce and Corporation Business License (registration number: Qi He Gong Zong Zi No. 003556) issued by Administrative Bureau for Industries & Commerce of Jiangxi Province. As of 12 June 1997, the overseas listed foreign shares (H shares) issued by the Company were listed in The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") as well as the London Stock Exchange for transaction simultaneously. As of 8 January 2002, the RMB ordinary share (A share) issued by the Company was listed in the Shanghai Stock Exchange for transaction. The headquarter of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi.

The Company's main scope of operations includes: non-ferrous metal mines, rare metals, non-metal mines; smelting, mangle rolling processing and further processing of non-ferrous metals and related by-products; chemical products related to the abovementioned operations, production and processing of permanent gas, sale and after sale services for self-produced products together with related enquiry services and businesses; participation in overseas futures hedging businesses.

II. Controlling Environment

(I) Internal control structure of the Company

1. Corporate Governance Structure

The Company has a well-established corporate governance structure as required by the Company Law, the Securities Law and the Articles of Association.

As the highest authority of the Company, general meeting manages and supervises the Company through the Board. As the permanent decision-making body of the Company, the Board is responsible to general meeting, discuss and decide on major operation issues, or submit them for general meeting's consideration as required by the Company Law, the Securities Law and the Articles of Association, as well as duties and procedures stipulated by related regulations of government supervisory authorities. As the supervisory body of the Company, Supervisory Committee exercises supervision over the performance of Directors and managers as well as financial activities of the Company. The General Manager, who is appointed by the Board, takes full responsibility of the management of daily operation of the Company and implements all resolutions of the Board meeting under the leadership of the Board.

2. Corporate Organization Structure

At the end of last year, the Company adjusted the management body in view of their duties and the Company's development. Currently, it sets up functional departments including Human Resources Department, Trade Division, Finance Department, Planning Department, Audit Department, Resource Department, Production Technology Department, and Secretarial Office of the Board, each of which is responsible for its distinctive duty and provides cross-supervision for the others.

The Company adopts a vertical management and implements centralised management through the Board for production and operation, fund transferring, personnel allocation and financial accounting of subsidiaries.

(II) Internal control system of the Company

To enhance internal control and improve performance and efficiency of the Company's operation, the Company carried out system planning and designing, established and improved a series of internal control system.

1. Basic management system

(i) Corporate governance system: In accordance with relevant laws and regulations including the Company Law and the Securities Law, the Company formulated the Articles of Association of Jiangxi Copper Company Limited. Guided by laws and regulations and the Articles of Association, it formulated regulations and systems such as the Rules of Procedures for the General Meetings, the Rules of Procedures for the Board, Working System of Independent Directors, Working Rules of the General Manager, Working Rules of Remuneration of the Board and Review Committee, Working rules of the Independent Audit Committee of the Board, Method of Management on Utilisation of Raised Proceeds. As a result, a series of relatively comprehensive framework documents for corporate governance were established.

(ii) Decision-making management system: The Articles of Association of the Company, the Rules of Procedure for the Board, the Internal Control System of the Company, Financial Management System and Method for Investment Management stipulates relevant procedures and authorities of decision-making management of the Company. The Company makes decision of significant investment according to such procedures and authorities.

(iii) Assets management system: Based on the principle of unification and classification management, the Company formulated financial management system and internal control system for monetary capital, marketable securities, procurement and payment, sale and receivables, inventories, engineering Investment, fixed assets and investment. The Company also specifically regulated position allocation, business flow, supervision and inspection of economic activities, enabling assets management and relevant business to be orderly, safely and effectively performed.

(iv) Budget management system: The Company carried forward comprehensive budget management focused on financial budget, and formulated financial budget management system, thus establishing six system for financial budget, namely organization, target, preparation, feedback, supervision, appraisal. The Company prepares financial budget plan every year, which will be implemented upon the approval of the Board and general meetings. The Company carried out budget management on major operating targets and events such as financial status, operating results, cash flow, and established budget standards for revenue, cost and expense. The Company divided the indicators of the financial budget level by level, and ensure that they can be fully carried into effect by all departments, all units, at all links and at all posts, thus establishing an all-round responsibility implementation system for financial budget. The Company carried out analysis for financial budget on a monthly and quarterly basis, in order to find out problem by regular assessment.

(v) Risk management system: through budget management, economic activity analysis report, economic activity analysis meeting and significant events report system, the Company carried out recognition, appraisal on the long and short term risks, established and improved relevant risk management system. The Company arranged appointed staff to be in charge of risk control management and established written financial risk precaution mechanism, to prevent and control operation management risk in finance, futures and decision.

(vi) Approval of management system under authorization: The Articles of Association specifies the scope of authorisation and authorities of general meeting, the Board, Supervisory Committee, general manager. In addition, duty responsibilities of the Company's organization structure and positions for relevant management function specifies the scope of authorisation, authorities, procedure and responsibilities and relevant information for approval by all departments and all positions. The Company's internal management perform their responsibilities and execute the power within the scope of their authorisation, and the operator handles economic activities within the scope.

2. Information System

The Company established the internal management report system to fully reflect the Company's economic activities and timely provide important information on operating activities. The Company's internal management report system mainly covers production, operation, finance, project implementation. Such internal management report systems have consummate configurations and reasonable delivery procedures, which strengthen the pertinence and effectiveness of the internal management.

Accordingly, the Company has set up independent information systems with electronic information technology in respect of finance and production commanding communication.

Based on the interconnection network, the Company established a safe and reliable management information system, mainly including cooperation office automation (OA), e-mail systems, enabling the production and operation activities of the Company to operate stably and effectively.

3. Human resource management

The Company set up labor and personnel management systems for employment, training, appraisal, incentives, promotion, and elimination of employees. In particular, it formulated rules on labor contracts, attendance management and employee benefit package, which has effectively improved the working capability of employees, ensured their professional dedication and stimulated their working enthusiasm.

4. Management control on branches and subsidiaries

The Company has centralized and unified management on its branches. The headquarter of the Company manages them on a specialized basis. Plan for Subsidiaries Management was formulated, according to which, Directors, Supervisors and senior management were appointed to manage the subsidiaries within the authorization of the subsidiaries' articles of associations, for the purpose of safeguarding the legal interests of the Company as a shareholder. The establishment of these systems specified the division of duties of the Company, branches and subsidiaries, enabling the Company, branches and subsidiaries to develop co-ordinately and efficiently.

III. Accounting system

(1) Persons responsible for accounting: The Company appoints the Financial Controller as person responsible for accounting in accordance with the Accounting Law and requirements of listed companies. Financial Controller shall be professionals who possesses professional qualification in accounting, has rich experience in financial management and is familiar with the state laws and regulations on finance. As a senior management member of the Company, Financial Controller shall participate in the Company's daily operation management and perform duties and obligations granted by laws and regulations.

(2) Accounting organization and accounting personnel: The Company has built up an internal accounting management system, and established a specialized accounting department — Finance Department which was responsible by the Financial Controller. Within the Financial Department, accounting positions are allocated based on the principle of function separation for approval, execution, book-keeping and safe-keeping, of which responsibilities are cost management and accounting, sales management and accounting, procurement management and accounting, fund management and accounting, fixed assets investment management and accounting, and financial analysis and assessment. The Company's accounting personnel shall have professional titles and practising qualification recognized by the State and be familiar with accounting system and comply with their professional ethics.

(3) Accounting and management: In accordance with the guides on internal control system issued by the Ministry of Finance and other financial and taxation policies and regulations, the Company has formulated financial and accounting rules based on its business characteristics and management requirements, mainly including: Accounting System, Financial Management System, Internal Control System, Financial Budget Management System, Fund Management System, Financial Personnel Management System, Accounting Computerization Management System, Accounting Archive Management Methods, etc. These rules, by governing the Company's accounting practice and strengthening the supervision function of accounting, ensure the accuracy of financial data, prevent error and fraud, and eliminate the potential loophole.

(4) Application of computer system in accounting: The Company has established a dedicated local area network for financial system where NEWGRAND system is used for financial management and accounting to improve accuracy, timeliness and integrity of accounting information. Strict security procedures are set up in the network, such as entry authorisation, revision approval, regular password change, system upgrading and data backup, to ensure the safety of network and data.

IV. Control procedures

The company has implemented effective control procedures in respect of control on transaction authorization, control on division of duties, control on vouchers and record, control on access to assets and record utilization management and control on internal audit.

1. Transaction authorization control

Pursuant to the Articles of Association and the abovementioned management systems and regulations, the Company adopts different transaction authorization based on the amount and nature of the transactions. For reimbursement of recurring expenses for sales business, purchase business and normal business and financing within the scope of authorization, the Company adopts upward approval system in each unit and department. Extraordinary business transactions and significant transactions, such as external investment, share issuance, assets restructuring, equity transfer, guarantee, connected transaction, shall be approved by the general manager, Chairman, the Board or general meeting according to the amount of such transactions.

2. Control on division of duties

With an aim to prevent and timely discover errors and fraudulent practice during the performance of duties, the Company established detailed post accountability system in all operation departments and operation parts: for example, cash registers and accounting are separated; personnel approving the transactions authorization should not be the operators of transactions.

3. Control on vouchers and record

The Company shall obtain and fill in accounting documents according to the fundamental accounting work norms. As for the acquisition and verification of external vouchers, the Company established relatively sophisticated verification system among different functional departments and posts and effectively prevented unqualified vouchers' emerging in the Company. As for the preparation and review of the internal vouchers, vouchers are required to be signed or sealed. The Company has specified persons to record all important documents and blank vouchers. Operating personnel should immediately prepare vouchers for the recording during the execution of the transactions, and then record them into corresponding accounts after being reviewed by specified persons and submit them to accounting and settlement departments for the purpose of registration and filling orderly.

4. Control on access to assets and utilisation of record

The Company restricts unauthorized personnel's direct access to property and take measures of random check, periodic inventory, property records, accounts checking, property insurance to secure the safety and intactness of the properties. The Company has established a series of systems on assets custody and accounting files keeping, with necessary equipment and responsible persons being provided.

5. Internal Audit Control

The Company implemented Internal Auditing System to supervise the Company and its subsidiaries in respect of the business operation status, economic results, due diligence of managements, internal control systems, expenses and assets protection, and offer advices on the improvement the operation management and give their opinion on correction and punishment to the violation of regulations.

V. Self-evaluation on the internal control system of the Company

The Board of the Company is of the view that: The Company's current internal control system is relatively complete, reasonable and effective, which can meet the management requirement and development needs of the Company. It can provide guarantees for the truthfulness, validity and completeness of the Company's accounting information; ensure the safety and intactness of the Company's assets; and can truly, accurately, completely and timely submit and disclose information with content and format in strict compliance with the requirement of laws, regulations and Articles and Associations. Since the formulation of the internal control systems, all the systems have been effectively implemented.

The Board of Jiangxi Copper Company Limited

25 March 2008

(2) Verification Opinions from Auditors

Audit Report on Internal Control

An Yong Huaming (2008) Zhuan Zi No. 60654279_B03

To the Board of Directors of Jiangxi Copper Company Limited:

We were engaged to audit the attached Appraisal Report on Internal Control of Jiangxi Copper Company Limited prepared and enclosed by the management of Jiangxi Copper Company Limited (the "Company"). The effectiveness of the establishment and execution of internal control in relation to financial statements of the Company and its subsidiaries as of 31 December 2007 has been self-appraised as specified by relevant criteria and standards of Internal Accounting Control Criteria - Basic Criteria (for Trial Implementation) issued by Ministry of Finance. The management of the Company is responsible for establishing a sound and reasonable internal control system and maintain its effectiveness and assure the establishment and execution of the internal control relating to financial statements as stated in such appraisal report and maintain its effectiveness, and it is our responsibility to express an opinion on the effectiveness of the internal control relating to financial statements as stated in such appraisal report of the Company.

Our audit is based on Opinions on Guidance of Internal Control. During the auditing course, we have carried out acquaintance, test and appraisal of the design reasonability of internal control and other procedures which in our opinion are necessary. We believe that our audit provides a reasonable basis for our opinion.

As any internal control is inherently restricted, it is possible that errors incur without being discovered resulting from errors or fraudulent practice. Moreover, the effectiveness of future internal control has certain risks based on inference from results of the internal control appraisal insomuch as internal control becomes inappropriate or the compliance with control policies and procedures becomes weaker arising from changes in circumstances. Thus, the effective internal control at the moment does not assure the effectiveness in the future.

We are of opinion that the internal control in relation to financial statements as stated in such appraisal report on internal control of the Company and its subsidiaries as of 31 December 2007 has effectively maintained, in all material respects, the internal control relating to financial statements in relevant criteria and standards of Internal Accounting Control Criteria - Basic Criteria (for Trial Implementation) as issued by Ministry of Finance.

This report is only for the purpose of the Company's application for issuing bonds with warrants and shall not be used for any other purposes without our written approval.

Ernst & Young Hua Ming
Beijing, PRC

Mao Anning, *the PRC certified public accountant*

Yang Lei, *the PRC certified public accountant*

8. Financial Controller and Qualified Accountant

The financial controller of the Company is the head of the Company's financial affairs and reports to the General Manager. He takes charge of preparing financial statements under the PRC accounting standards and systems and IFRS and compliance with the disclosure requirement by the regulatory authorities of the place where the Company's shares are listed. The financial controller is also responsible for the Company's financial budget and final account, overseeing the implementation of the budgets and business plans of the Company for each financial year, working with the Board to formulate relevant internal control systems for the Company and delivering his advice from time to time in this regard.

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 has not finalized any employment terms with any candidate. The Company is actively seeking a suitable candidate to act as the Qualified Accountant.

9. Information Disclosure and Investor Relations

The Company Secretary is assigned to be responsible for the Company's information disclosure and receipt of visits and enquires by investors. For the reporting period, the Company has designated, Shanghai Securities News for publishing its domestic information.

10. Other Interested Parties

While providing the shareholders with a sound return and communication mechanism, the Company is devoted to delivering satisfactory services to customers and suppliers and securing development opportunity for its employees. The Company fully respects and safeguards the legal interests of relevant interested parties to coordinate and balance the interests of shareholders, employees and the society for their joint efforts to promote sustainable and healthy development of the Company.

11. Securities Transactions by Directors and Supervisors

During the reporting period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules and formulated written guide for transactions of the Company's securities by its Directors, Supervisors and relevant employees. Having made specific enquiries to all Directors and Supervisors, the Company confirms that none of the Directors and Supervisors of the Company has engaged in any transaction of the Company's securities during the reporting period.

12. Independence of Independent Non-executive Directors

The Board has received the confirmation letters made by all independent non-executive Directors on their independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all current independent non-executive Directors are independent persons.

13. Performance of Duties of Independent Non-executive Directors

The four independent non-executive Directors of the Company diligently and actively performed their duties as independent Directors, thereby safeguarding the interests of the Company as a whole and its minority shareholders. During the reporting period, the independent non-executive Directors issued their independent opinion and statement on the Company's election of Directors, connected transactions, guarantees and appropriation of fund by substantial shareholders. During the preparation of the 2007 Annual Report, the independent non-executive Directors of the Company were invited to carry out an on-site inspection in the Company. They listened to the reports on the Company's current operation status, significant issues and the audit arrangement. They exchanged ideas with accountants from Ernst & Young Hua Ming in the course of auditing.

During the reporting period, no objections were made by the Company's independent non- executive Directors to relevant matters of the Company.

14. Independence of the Company from its Controlling Shareholder in Terms of Business, Personnel, Assets, Organization and Finance

(1) Business

The Company is able to operate mining, milling and smelting businesses independently with independent operation systems of supply and purchase, sale, financial management and auditing.

(2) Personnel

All senior management of the Company received remuneration from the Company. Except that some senior management members hold positions in some members of the controlling shareholder, the labour, personnel and remuneration management of the Company are fully independent.

(3) Assets

The Company owns principal assets of Dexing Copper Mine, Yongping Copper Mine, Wushan Copper Mine, Chengmenshan Copper Mine and Guixi Smelter, including a complete production line from mining, milling to smelting, which enable the Company to operate mining, milling and smelting independently. The Company has an independent and complete production process. The assets of the Company are completely independent.

(4) Organization

The Company has an independent and well-built organization structure and corporate governance structure. All departments carry out their operations independently.

(5) Finance

The Company has its own independent financial institute and accounting system. A series of accounting regulations and financial management regulations was set up. The Company maintained independent account at the bank and paid tax independently. The Company made independent financial decisions in accordance with Articles of Association of the Company and relevant regulations. JCC did not intervene in the Company's use of funds.

1. Annual General Meeting

The Company's 2006 Annual General Meeting was held on 26 June 2007. At the meeting, Report of the Board of Director for year 2006, Report of the Supervisory Committee for year 2006, the Audited Financial Statements and the Auditors' Report for year 2006, Proposal for Distribution of Profit for year 2006 and the re-appointment of the Company's PRC and international auditors for year 2007 were considered and approved. The meeting approved a special resolution on a general mandate granted to the Board to allot and issue new shares of the Company under relevant laws and regulations. Announcement of resolutions passed at the annual general meeting was published in Shanghai Securities News on 27 June 2007.

2. Extraordinary General Meeting

On 3 April 2007, the Company convened the first extraordinary general meeting for 2007, at which the amendment to the connected transactions of the Company and the matters in relation to changes of Directors were approved. Announcement of the resolutions passed at the meeting was published in Shanghai Securities News on 4 April 2007.

On 17 May 2007, the Company convened the first class meeting for holders of A Share for 2007, the first class meeting for holders of H Share for 2007, and the second extraordinary general meeting for 2007, at which non-public issue of A shares to specific placees and other matters were approved. Announcement of the resolutions passed at the meetings was published in Shanghai Securities News on 18 May 2007.

1. Material litigations and arbitrations

The Company had no material litigations and arbitrations during the year.

2. Acquisition and disposal of assets and mergers

During the reporting period, RMB1,785,350,000 among the raised proceeds from non-public issue of A shares was utilized for acquiring follow assets:

Unit: '000 currency: RMB

Counter party or ultimate controlling party	Assets acquired	Date of acquisition	Consideration	Net profit attributable to the Company since the date of acquisition to the end of the year	Net profit attributable to the company since the beginning of the year to the end of the year (applicable for the merger of companies under same control)	Whether a connected transaction (if so, state the basis of pricing)	Whether the entitlement of the assets concerned are completely transferred	Whether the claims and debts concerned are completely transferred
JCC	Chengmenshan Copper Mine assets of JCC	27 September 2007	1,458,945	(9,337)	79,683	Yes, with reference to the valuation	Yes	Yes
JCC	100% equity interest in JCC Chemical Company Limited	27 September 2007	49,293	5,076	9,308	Yes, with reference to the valuation	Yes	Yes
JCC	100% equity interest in the JCC (Dexing) Transportation Company Limited	27 September 2007	20,270	2,024	2,079	Yes, with reference to the valuation	Yes	Yes
JCC	40% equity interest in Jiangxi Copper Alloy Company Limited	27 September 2007	113,581	18,348	18,348	Yes, with reference to the valuation	Yes	Yes
JCC	40% equity interest in Jiangxi Copper Products Company Limited	27 September 2007	116,738	9,941	9,941	Yes, with reference to the valuation	Yes	Yes
JCC	Xiangsi Station of Detong Branch of Jiangxi Copper Corporation	27 September 2007	78,941	—	—	Yes, with reference to the valuation	Yes	Yes

(i) On 27 September 2007, the Company has acquired Chengmenshan Copper Mine of Jiangxi Copper Corporation from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB322.56 million and RMB1,458.95 million respectively. The actual acquisition consideration amounted to RMB1,458.95 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB79.68 million.

(ii) On 27 September 2007, the Company has acquired 100% equity interest in JCC Chemical Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB47.48 million and RMB49.29 million respectively. The actual acquisition consideration amounted to RMB49.29 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB9.31 million.

(iii) On 27 September 2007, the Company has acquired 100% equity interest in JCC (Dexing) Transportation Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB18.37 million and RMB20.27 million respectively. The actual acquisition consideration amounted to RMB20.27 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB2,080,000.

(iv) On 27 September 2007, the Company has acquired 40% equity interest in Jiangxi Copper Alloy Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB109.81 million and RMB113.58 million respectively. The actual acquisition consideration amounted to RMB113.58 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007. The relevant financial data of the asset was included in the consolidated financial statement for 2006.

(v) On 27 September 2007, the Company has acquired 40% equity interest in Jiangxi Copper Products Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB111.88 million and RMB116.74 million respectively. The actual acquisition consideration amounted to RMB116.74 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007. The relevant financial data of the asset was included in the consolidated financial statement for 2006.

(vi) On 27 September 2007, the Company has acquired Xiangsi Station interest in JCC Detong Company from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB45.27 million and RMB78.94 million respectively. The actual acquisition consideration amounted to RMB78.94 million, which was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration and was determined with reference to the valuation. The event was published in Shanghai Securities News on 11 October 2007.

3. Material connected transactions

(1) Ongoing connected transactions relating to day-to-day operation

(A) Details of the connected transactions relating to sales and provision of services by the Company to JCC, the controlling shareholder of the Company, during the reporting period are as follows:

Content of Connected transactions	Pricing policy	Quantity of transactions	Actual settlement price *(RMB)*	Amount of transactions *RMB'000*	As a percentage in similar transactions *(%)*	Settlement methods
Copper cathode *(tonnes)*	Market price	43,341	52,434	2,272,529	15.25	Payment upon acceptance
Sulphuric acid *(tonnes)*	Market price	8,343	390	3,253	0.58	Payment upon acceptance
Contained selenium in raw selenium *(tonnes)*	Market price	132	71,718	9,435	98.10	Payment upon acceptance
Contained gold in raw selenium *(kg)*	Market price	24	62,061	127	1.32	Payment upon acceptance
Contained silver in raw selenium *(kg)*	Market price	28	2,160	60	0.62	Payment upon acceptance
Copper cathode processing *(tonnes)*	Market price	59,922	1,106	66,276	8.15	Payment upon acceptance
Copper rod *(tonnes)*	Market price	11,780	55,264	651,025	3.27	Payment upon acceptance
Copper rods processing *(tonnes)*	Market price	33,605	787	26,447	16.45	Monthly settlement
Raw copper sulphate *(tonnes)*	Contract price			118,476	100.00	Payment upon acceptance
Black cement copper	Contract price			25,700	100.00	Payment upon acceptance
White dust	Contract price			35,369	100.00	Payment upon acceptance
Copper casting blank *(tonnes)*	Market price	2,801	49,329	138,160	100.00	Payment upon acceptance

Content of Connected transactions	Pricing policy	Quantity of transactions	Actual settlement price *(RMB)*	Amount of transactions *RMB'000*	As a percentage in similar transactions *(%)*	Settlement methods
Other products	Contract price			211,942	100.00	Payment upon acceptance
Materials	Market price			106,399	28.85	Payment upon acceptance
Spare parts	Market price			18,055	82.21	Payment upon acceptance
Gas	Contract price			5,786	28.03	Payment upon acceptance
Power supply	Cost + tax			74,422	13.88	Monthly settlement
Water supply	Cost + tax	477,852	0.41	1,468	6.34	Monthly settlement
Steam supply	Cost + tax			1,157	2.17	Monthly settlement
Social service	Cost + tax			3,052	32.60	Monthly settlement
Transportation	Passenger and cargo rates of Jiangxi Province			5,437	17.8	Monthly settlement
Total				3,774,575	9.16	

(B) Details of the connected transactions relating to purchase and acceptance of services by the Company from JCC, the controlling shareholder of the Company, during the reporting period are as follows:

Content of Connected transactions	Pricing policy	Quantity of transactions	Actual settlement price *(RMB)*	Amount *RMB'000*	As a percentage in similar transactions *(%)*	Settlement methods
Contained copper in blister and scrap copper *(tonnes)*	Purchase cost + purchase expenses	42,537	44,702	1,901,514	22.02	Payment upon acceptance
Contained gold in blister and scrap copper *(kg)*	Market price	97	143,113	24,842	8.23	Payment upon acceptance
Contained silver in blister and scrap copper *(kg)*	Market price	9,972	2,992	29,839	10.38	Payment upon acceptance
Contained copper in copper concentrate *(tonne)*	Market price	5,117	45,540	233,016	2.38	Payment upon acceptance
Contained gold in copper concentrate *(kg)*	Market price	248	110,699	27,413	5.54	Payment upon acceptance
Contained silver in copper concentrate *(kg)*	Market price	4,162	2,304	9,590	2.08	Payment upon acceptance
Contained sulphur in copper concentrate *(tonne)*	Market price	9,465	62	586	3.08	Payment upon acceptance
Gold compound	Market price	24	160,255	3,852	0.71	Payment upon acceptance
Copper sulphate	Market price			4,577	3.51	Payment upon acceptance
Entrusted anode board processing	Market price			46,923	100.00	Payment upon acceptance
Black cement copper	Market price			721,483	100.00	Payment upon acceptance

Content of Connected transactions	Pricing policy	Quantity of transactions	Actual settlement price *(RMB)*	Amount *RMB'000*	As a percentage in similar transactions *(%)*	Settlement methods
processing	Market price			40,869	57.13	Payment upon acceptance
Materials	Market price			256,571	22.87	Payment upon acceptance
Spare parts	Market price			199,971	37.48	
Equipment	Market price			38,768	4.51	Payment upon acceptance
Transportation	Passenger and cargo rates of Jiangxi Province			166,581	80.00	Monthly settlement
Special railway transportation	Cost + profit					Monthly settlement
Water supply	Cost + tax			17,205	74.07	Monthly settlement
Power supply				3,617	65.36	
Gas agency				11,877	16.52	
Motor repair	Motor vehicle repair fixed rates of Jiangxi Province			8,050	52.92	Monthly settlement
Electrical maintenance	Industry price			94,435	85.83	Monthly settlement
Engineering Construction	Construction fixed rates of Jiangxi Province			216,523	19.39	Monthly settlement
Office rental	Cost + tax			8,700	100.00	Monthly settlement
Services of public facilities	shared on the cost basis according to the percentage of staff member			25,009	100.00	Monthly settlement
Staff welfare	based on 18% of staff salaries			57,120	100.00	Monthly settlement
Contribution to retirement benefit	based on 20% of staff salaries			14,532	100.00	Monthly settlement

Content of Connected transactions	Pricing policy	Quantity of transactions	Actual settlement price (RMB)	Amount RMB'000	As a percentage in similar transactions (%)	Settlement methods
Environmental and sanitary rental	shared on the cost basis according to the percentage of staff member			2,625	100.00	Monthly settlement
Environmental greenery	shared on the cost basis according to the percentage of staff member			2,478	33.35	Monthly settlement
Primary and secondary education	shared on the cost basis according to the percentage of staff member			5,876	100.00	Monthly settlement
Telecommunication services	shared on the cost basis according to the percentage of assets			2,910	55.53	Monthly settlement
Share of management expenses	shared on the cost basis according to the percentage of staff member			27,511	100.00	Monthly settlement
Land use rental	Valuation price			15,000	100.00	Payable at year-end
Mining rights rental	Valuation price			2,010	100.00	Payable at year-end
Futures agency fee	Market price			18,686	79.68	Payable upon acceptance
Expenses of representative offices	shared on the cost basis according to the percentage of assets			3,714	100.00	Monthly settlement
Total				4,244,273	10.06	

Independent non-executive Directors of the Company have reviewed the above-mentioned connected transactions and confirmed: (i) the transactions have been entered into by the Company in the ordinary and usual course of the Company's business; (ii) the transactions have been entered into on normal commercial terms or on terms same as or no less favourable than terms available to or from independent third parties; and (iii) the transactions have been entered into on fair and reasonable terms so far as the shareholders of the Company are concerned.

Based on sample examination on the said connected transactions, the Company's overseas auditor is of opinion that the connected transaction are priced in accordance with the pricing policies stipulated in the relevant agreements, and the actual amount of connected transactions between the Company and JCC did not exceed the cap limit related to waiver as required by the Stock Exchange.

The Company believes that by sharing production facilities and technologies of each other with JCC and taking advantages in proximity, it is necessary for the Company and JCC to provide or accept supply or sales of industrial goods from each other on an ongoing basis. The agreements governing connected transactions were entered into with a view to satisfy the Company's actual needs from its production and operation. The pricing policies for the connected transactions between the Company and JCC were determined based on the priority from State price, industry price, market price to cost plus tax. The Company's connected transactions were settled by cash in time after acceptance of goods or provision of services. The connected transactions of the Company are in strict compliance with the requirements for connected transactions as set out in chapter 14A of the Listing Rules.

4. 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 Related 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) and Notice on Regulating the External Guaranties Provided by Listed Companies (Zheng Jian Fa [2005] No. 120) issued by CSRC, we examined the accumulative and current guarantees provided by Jiangxi Copper Company Limited by an independent judgement in an objective, equitable, pragmatic and prudent manner, and make the following statement:

As at the end of the reporting period, no guarantee has been provided by the Company to its controlling shareholder or any of its subsidiaries, nor any guarantee in any form has been provided by the Company to any of its subsidiaries or other related parties in which the Company held interests less than 50% or parties not being legal persons or individuals.

We are of opinion that the Company has a strong financial position, and has followed its internal control system on a prudent and strict basis. There is no guarantee in violation of regulations or guarantee of misconduct and non-recurring appropriated funds, which was detrimental to the interests of minority shareholders.

5. Custody, contracts and leases

The Company did not have custody, contracts and leases during the year.

6. Guarantees, Custody Assets and Charges

The Company did not have any external guarantees, custody assets and charges during the year.

7. Other material contracts

During the year, the Company did not have any material contracts.

8. Performance of undertakings

(1) On 22 May 1997, JCC undertook to the Company as follows

So far as JCC holds 30% or over of the voting rights of the Company, JCC and its subsidiaries and associated companies (except for those controlled through the Company) shall not engage in any business or activities which may directly or indirectly compete with the Company's business. Furthermore, JCC will devote utmost efforts to ensure the independency of the Board of the Company and will not impose any control thereto in accordance with the requirements of the Stock Exchange and the London Stock Exchange. The Board of the Company confirms that JCC has complied with the above undertakings.

(2) When executing the share reform plan in 2006, JCC undertook as follows: During the year following completion of the share reform plan, JCC would 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

On 17 September 2007, the Company issued 127,795,527 A shares to nine institutions including JCC by way of non-public issue. For details of assets acquired, please refer to the Section headed "2. Acquisition and disposal of assets and mergers" under "X. Significant Events" in this report.

9. Appointment and removal of the auditors

Pursuant to the requirements stipulated in the document issued by the State-owned Assets Supervision and Administration Commission of Jiangxi Province in 2006, the term of office for an intermediary agency for provision of financial settlement and auditing service to an enterprise shall not be less than 2 consecutive years but not more than 5 consecutive years. As Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (domestic) and Deloitte Touche Tohmatsu (overseas) had provided auditing service to the Company for 10 years, the Company appointed Ernst & Young Hua Ming (domestic) and Ernst & Young Certified Public Accountants (overseas) as external auditors of the Company during the reporting period. In order to maintain their independence, the accounting firm will not be employed for the Company's non-audit work. There must be clear efficiencies and value-added benefits to the Company from that work being undertaken by the external auditors, with no adverse effect on independence of their audit work or the perception of such independence.

During the reporting period, the remunerations paid by the Company to the abovementioned domestic and overseas auditors were RMB3.05 million and RMB3.05 million respectively (2006: RMB2.57 million and RMB2.53 million). The Company should also bear the miscellaneous expenses including accommodation expenses during the fieldwork period, excluding travelling expenses of the relevant auditors.

10. Change in Income Tax Policy

Pursuant to a document (Guo Shui Fa [1999] No. 172),"Notice of the State Tax Bureau's implementation of the foreign investment enterprise built in Midwest region of the PRC can enjoy 15% income tax rate for three years"《國家税務總局關於實施對報在中西部地區的外商投資企業給予三年減按15%税率徵收企業所得税的優惠的通知》, and a document (Gan Guo Shui Han [2004] No. 349), "The approval in relation to the preferential policy of income tax for foreign enterprises granted by the State Tax Bureau of Jiangxi Province to Jiangxi Copper Company Limited"《江西省國家税務局關於江西銅業股份有限公司有關涉及外企業所得税優惠政策的批覆》, the Company can enjoy 15% income tax rate for three years starting from year 2005 to 2007. This year is the last year of tax relief period. Starting from 1 January 2008, the applicable income tax rate for the Company is 25% in compliance with the Enterprises Income Tax Law of the Peoples Republic of China passed on 16 March 2007.

11. Reasons and Effects of the Change in Accounting Policies

Given the approval (Document No. Zheng Jian Fa Hang Zi [2007] 278) was granted by the CSRC, the Company issued 127,795,527 shares of ordinary A shares denominated in RMB by way of non-public issue on 27 September 2007. Jiangxi Copper Corporation subscribed a portion of non-public issue shares, with the net asset of Chengmenshan Copper (excluding the land use rights), 100% equity interest in JCC Chemical Company Limited and 100% equity interest in JCC (Dexing) Transportation Company Limited as consideration. As the acquired unit is a subsidiary unit of the Company's parent company, the JCC, and both parties of the merger are controlled by JCC before and after the merger and that the control is non-temporary, therefore, this merger is a business combination under common control. For the business combination under common control, it should be treated as the reported body formed after the merger as if it is existed and integrated since the set up of business of the ultimate controlling entity, and be reflected in its consolidated financial statement.

12. Punishment on the Company and Rectification

During the reporting period, none of the Company and the Board and its Directors was a subject of any investigation, administrative punishment or criticism by CSRC or any condemnation by any securities exchange.

13. Equity interests in non-listing financial enterprises held by the Company

Name of companies being held	Amount of initial investment *(RMB'000)*	Number of shares held *(share)*	Percentage of the company's equity *(%)*	Book value at the end of the reporting period *(RMB'000)*	Profit and loss occurred in the reporting period *(RMB'000)*	Changes in the owner's equity during the reporting period *(RMB'000)*	Accounting items	Ways of acquisition
JCC Finance Company Limited	105,000	—	35%	115,718	30,608	30,608	Long-term equity investment	Cash
Nanchang City Commercial Bank	280,000	100,000,000	4.198%	280,000	0	0	Available-for-sale financial assets	Cash
Subtotal	385,000		—	395,718	30,608	30,608	—	—

Note: The equity investment in Nanchang City Commercial Bank is subject to the approval of relevant authorities.

14. Post balance sheet events

(1) Joint acquisition of 100% equity interests in Northern Peru Copper Corp. (NPC) in Canada by the Company and China Minmetals Non-Ferrous Metals Co., Ltd.

On January 25, 2008 (local time in Canada), the Company received notice that 95.92% shares in NPC has voted for this acquisition, exceeding the limit of 66.67%. Pursuant to the relevant regulations in Canada, the acquisition of the remaining part will be completed in the following 2 months through compulsory acquisition.

(2) Equity incentives

On 19 February 2008, the Company held extraordinary general meeting and considered and passed the Share Appreciation Rights Scheme for the senior management of Jiangxi Copper. Mr. Li Yihuang, the Chairman of the Company, and Mr. Li Baomin, executive Director, were granted 92,700 H shares Appreciation Rights respectively. Executive Directors, Mr. Wang Chiwei, Mr. Long Ziping, and Mr. Wu Jinxing, and senior managers Mr. Liu Yuewei and Liu Jianghao were granted 64,900 H shares Appreciation Rights respectively. At the 19th meeting of the 4th Board held on 22 February 2008, the date of granting H-share Appreciation Rights was determined as 22 February 2008 with exercise price of HK$18.90.

15. Information disclosure index

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Announcement of Resolutions Passed at the 5th Meeting of the 4th Board of Directors regarding Connected Transactions	Shanghai Securities News D16	25 January 2007	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Notice of the 2007 First Extraordinary General Meeting	Shanghai Securities News D24	15 February 2007	
Announcement of Suspension of Trading pending issue of announcement of material transaction nature	Shanghai Securities News D36	6 March 2007	
Announcement of Resolutions Passed at the 6th Meeting of the 4th Board	Shanghai Securities News D32	20 March 2007	
Notice of the 2007 Second Extraordinary General Meeting	Shanghai Securities News D17	2 April 2007	
Announcement of Resolutions Passed at the 2007 First Extraordinary General Meeting	Shanghai Securities News D6	4 April 2007	
Announcement of the Listing of Tradable Shares Subject to Trading Moratorium of JCC	Shanghai Securities News D64	17 April 2007	
Announcement of Resolutions Passed at the 7th Meeting of the 4th Board	Shanghai Securities News D62	19 April 2007	
Announcement of Resolutions Passed at the 8th Meeting of the 4th Board	Shanghai Securities News A40	23 April 2007	
Announcement of Resolutions Passed at the 2007 Second Extraordinary General Meeting	Shanghai Securities News D8	18 May 2007	
Resolutions Passed at 10th Meeting of the 4th Board and Supplemental Notice for Adding Temporary Proposal	Shanghai Securities News D9	12 June 2007	
Announcement of Resolutions Passed at the Annual General Meeting for 2006 and Dividend Payment for H shares	Shanghai Securities News D24	27 June 2007	
Announcement of 2006 Dividend Distribution Implementation	Shanghai Securities News D20	4 July 2007	

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Announcement of Resolutions Passed at the 11th Meeting of the 4th Board and Management System for Information Disclosure	Shanghai Securities News D8	11 July 2007	
Indicative Announcement of Jiangxi Copper on the Impact on the Company Arising from the Adjustment in Applicable Standard of Resource Tax by the State	Shanghai Securities News D52	19 July 2007	
Announcement in relation to Acquisition of Mineral Exploration Rights of Zhu Sha Hong Mine	Shanghai Securities News D64	20 July 2007	
Announcement of Approval of Jiangxi Copper's Application for Non-public Issue of Shares by Stock Issuance Examination and Verification Committee of the CSRC	Shanghai Securities News D17	3 August 2007	
2007 Interim Results Announcement	Shanghai Securities News D24	29 August 2007	
Announcement in relation to Approval of Non-public Issue of Shares by CSRC	Shanghai Securities News D16	12 September 2007	
Announcement of Results of Non-public Issue of Shares and Changes in Share Capital	Shanghai Securities News D16	11 October 2007	
2007 Third Quarterly Report	Shanghai Securities News D8	24 October 2007	
Announcement of Jiangxi Copper's Participation in the Joint Bidding of the Development of Copper Mine in Afghanistan and Obtaining the Qualification of the Preferred Bidder	Shanghai Securities News D8	22 November 2007	
Announcement of Jiangxi Copper's Participation in the Acquisition of Equity Interests in Northern Peru Copper Corp.	Shanghai Securities News A17	10 December 2007	
Announcement of Resolutions on Equity Incentive Passed at the 16th Meeting of the 4th Board	Shanghai Securities News D40	28 December 2007	

Auditor's Report

ERNST & YOUNG HUA MING

Ernst & Young Hua Ming (2008) No.60654279_B01

To the Shareholders of Jiangxi Copper Company Limited:

We have audited the accompanying financial statements of Jiangxi Copper Company Limited (the 'Company') and its subsidiaries collectively (the 'Group'), which comprise consolidated and the Company balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements.

1. Management's Responsibility for the Financial Statements

The management is responsible for preparation of these financial statements in accordance with Accounting Standards for Business Enterprises. This responsibility includes (1) designing, implementing and maintaining the internal control relevant to the preparation of the financial statements that are free from material misstatement whether due to fraud or error; (2) selecting and applying appropriate accounting policies; and (3) making accounting estimates that are reasonable in the circumstances.

2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting polices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Opinion

In our opinion, these financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises, and present fairly, in all material aspects, the financial position of the Group and the Company as of 31 December 2007 and the results of its operations and its cash flows for the year then ended.

Ernst & Young Hua Ming

Mao Anning, *the PRC certified public accountant*

Yang Lei, *the PRC certified public accountant*

Beijing, the People's Republic of China
March 25, 2008

Consolidated Balance Sheet

31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Notes 6*	**31 December 2007 *RMB'000***	31 December 2006 *RMB'000* *(Restated)* *(Note 12)*
Current assets:			
Cash and bank	(1)	**2,753,091,382**	1,021,494,768
Notes receivable	(2)	**2,824,293,880**	2,096,287,797
Accounts receivable	(3)	**1,703,882,290**	895,944,408
Advances to suppliers	(4)	**1,076,252,061**	631,552,230
Other receivables	(5)	**366,862,217**	197,806,224
Inventories	(6)	**8,939,919,227**	6,146,771,959
Other current assets	(7)	**54,703,559**	38,747,100
Total current assets		**17,719,004,616**	11,028,604,486
Non-current assets:			
Available-for-sale financial assets	(8)	**290,000,000**	10,000,000
Long-term equity investments	(9)	**648,758,765**	109,607,853
Fixed assets	(10)	**9,427,742,279**	6,659,083,387
Construction in progress	(11)	**1,236,600,955**	2,298,172,354
Intangible assets	(12)	**653,263,989**	445,699,517
Deferred tax assets	(13)	**79,437,957**	—
Total non-current assets		**12,335,803,945**	9,522,563,111
TOTAL ASSETS		**30,054,808,561**	20,551,167,597

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Balance Sheet

31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Notes 6*	**31 December 2007 *RMB'000***	31 December 2006 *RMB'000* *(Restated)* *(Note 12)*
Current liabilities:			
Short-term loans	(15)	**7,012,556,702**	3,166,278,046
Notes payable	(16)	**249,921,676**	34,421,893
Accounts payable	(17)	**1,694,783,773**	805,205,333
Advances from customers	(18)	**232,819,117**	57,334,692
Payroll payable	(19)	**206,323,048**	148,815,626
Taxes payable	(20)	**575,149,324**	894,631,320
Interests payable		**46,844,169**	17,535,886
Dividends payable	(21)	**3,227,511**	18,000,000
Other payables	(22)	**525,067,796**	532,832,017
Non-current liabilities due within one year	(23)	**524,433,261**	253,270,000
Other current liabilities	(7)	**—**	19,279,150
Total current liabilities		**11,071,126,377**	5,947,603,963
Non-current liabilities:			
Long-term borrowings	(24)	**402,046,000**	1,204,797,000
Long-term payables	(25)	**48,803,863**	35,561,000
Other non-current liabilities	(26)	**96,286,946**	72,680,000
Provisions	(27)	**48,224,000**	—
Deferred tax liabilities	(13)	**5,779,260**	—
Total non-current liabilities		**601,140,069**	1,313,038,000
Total liabilities		**11,672,266,446**	7,260,641,963
Owners' equity:			
Share capital	(28)	**3,022,833,727**	2,895,038,200
Capital reserves	(29)	**4,613,812,761**	2,361,762,817
Surplus reserves	(30)	**5,163,553,020**	3,621,046,542
Retained earnings	(31)	**5,342,280,409**	3,999,087,695
Exchange fluctuation reserves		**(4,090,600)**	(1,740,229)
Equity attributable to shareholders of the Company		**18,138,389,317**	12,875,195,025
Minority interests	(32)	**244,152,798**	415,330,609
Total owners' equity		**18,382,542,115**	13,290,525,634
TOTAL LIABILITIES AND OWNERS' EQUITY		**30,054,808,561**	20,551,167,597

The financial Statements on pages 99 to 200 are executed by the following persons:

Legal Representative:	Financial Controller:	Financial Manager:
Li Yihuang	**Mr. Wu Jinxing**	**Qiu Ling**

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Income Statement

31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated *(Note12)*
Revenue	(33)	**41,407,393,766**	25,071,039,240
Less: Cost of sales	(33)	**35,491,144,214**	17,846,956,010
Taxes and surcharges	(34)	**126,775,617**	58,152,171
Distribution and selling costs		**149,372,782**	106,212,516
General and administrative expenses		**601,835,091**	560,053,997
Financial expenses	(35)	**241,766,654**	181,176,392
Provision for Impairment of assets	(36)	**(13,538,855)**	69,363,529
Add: Gain/(loss) from changes of fair value	(37)	**32,107,000**	(19,279,150)
Investment income/(loss)	(38)	**73,523,707**	(469,217,088)
Include: Share of profit of the associates and a jointly controlled entity		**22,864,100**	70,202
Operating profit		**4,915,668,970**	5,760,628,387
Add: Non-operating income		**24,981,585**	8,740,450
Less: Non-operating expenses	(39)	**16,204,905**	38,480,664
Include: Loss on disposal of non-current assets		**7,816,714**	19,921,782
Total profit		**4,924,445,650**	5,730,888,173
Less: Income tax	(40)	**718,441,137**	905,548,623
Net profit		**4,206,004,513**	4,825,339,550
Include: Net profits of the acquired companies and businesses under common control before the acquisition		**93,306,569**	120,601,265
Attributable to share holders of the Company		**4,132,734,558**	4,744,120,761
Minority interests		**73,269,955**	81,218,789
Earnings per share attributable to share holders of the Company	(41)		
— Basic		**1.40**	1.62

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to share holders of the parent							
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Total	Minority interests	Total equity
Balance at 1 January 2007	2,895,038,200	2,047,773,923	3,620,890,129	3,998,964,769	(1,740,229)	12,560,926,792	415,330,609	12,976,257,401
Add: Effect of opening balance adjustment for business combination under common Control *(Note 6, (45))*	—	366,413,922	156,413	927,948	—	367,498,283	—	367,498,283
Effect of First-time adoption of Accounting Standards for Business Enterprises *(Note3, (23))*	—	(52,425,028)	—	(805,022)	—	(53,230,050)	—	(53,230,050)
Balance at 1 January 2007 (Restated)	2,895,038,200	2,361,762,817	3,621,046,542	3,999,087,695	(1,740,229)	12,875,195,025	415,330,609	13,290,525,634
Change in the year								
1. Net profit	—	—	—	4,132,734,558	—	4,132,734,558	73,269,955	4,206,004,513
2. Gain or (loss) directly recognized in owners' equity								
(1) Change in fair value of derivative financial instrument	—	114,030,092	—	—	—	114,030,092	—	114,030,092
(2) Transfer to profit or loss on derivative financial instrument	—	(130,180,633)	—	—	—	(130,180,633)	—	(130,180,633)
(3) Exchange difference arising of translation of operation in Hong Kong	—	—	—	—	(2,350,371)	(2,350,371)	(1,923,032)	(4,273,403)
3. Shareholders capital contribution and reduction								
(1) Issue new shares	127,795,527	2,268,200,485	—	—	—	2,395,996,012	(218,066,639)	2,177,929,373
4. Profit appropriation								
(1) Appropriation to surplus reserve	—	—	1,542,506,478	(1,542,506,478)	—	—	—	—
(2) Distribution to shareholders	—	—	—	(1,158,015,280)	—	(1,158,015,280)	(24,458,095)	(1,182,473,375)
(3) Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	(89,020,086)	—	(89,020,086)	—	(89,020,086)
Total changes in the year	127,795,527	2,252,049,944	1,542,506,478	1,343,192,714	(2,350,371)	5,263,194,292	(171,177,811)	5,092,016,481
Balance at 31 December 2007	3,022,833,727	4,613,812,761	5,163,553,020	5,342,280,409	(4,090,600)	18,138,389,317	244,152,798	18,382,542,115

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to share holders of the parent							
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Total	Minority interests	Total equity
Balance at 1 January 2006	2,895,038,200	2,043,336,795	1,754,080,747	1,812,275,967	(660,852)	8,504,070,857	368,937,343	8,873,008,200
Add: Effect of opening balance adjustment for business combination under common Control *(Note 6, (45))*	—	335,599,605	99,029	411,489	—	336,110,123	—	336,110,123
Effect of First-time adoption of Accounting Standards for Business Enterprises *(Note3, (23))*	—	(157,757,000)	—	(14,979,000)	—	(172,736,000)	(1,646,345)	(174,382,345)
Balance at 1 January 2006 (Restated)	2,895,038,200	2,221,179,400	1,754,179,776	1,797,708,456	(660,852)	8,667,444,980	367,290,998	9,034,735,978
Change in the year								
1. Net profit	—	—	—	4,744,120,761	—	4,744,120,761	81,218,789	4,825,339,550
2. Gain or (loss) directly recognized in owners' equity								
(1) Change in fair value of derivative financial instrument	—	(846,182,900)	—	—	—	(846,182,900)	—	(846,182,900)
(2) Transfer to profit or loss on derivative financial instrument	—	955,952,000	—	—	—	955,952,000	—	955,952,000
(3) Exchange difference arising of translation of operation in Hong Kong	—	—	—	—	(1,079,377)	(1,079,377)	(884,000)	(1,963,377)
3. Shareholders capital contribution and reduction								
(1) Issue new shares	—	—	—	—	—	—	(60,000)	(60,000)
(2) Effect of business combination under common control	—	30,814,317	—	—	—	30,814,317	—	30,814,317
4. Profit appropriation								
(1) Appropriation to surplus reserve	—	—	1,866,866,766	(1,866,866,766)	—	—	—	—
(2) Distribution to shareholders	—	—	—	(555,847,334)	—	(555,847,334)	(32,235,178)	(588,082,512)
(3) Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	(120,027,422)	—	(120,027,422)	—	(120,027,422)
Total changes in the year	—	140,583,417	1,866,866,766	2,201,379,239	(1,079,377)	4,207,750,045	48,039,611	4,255,789,656
Balance at 31 December 2006	2,895,038,200	2,361,762,817	3,621,046,542	3,999,087,695	(1,740,229)	12,875,195,025	415,330,609	13,290,525,634

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated *(Note12)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**50,433,233,307**	31,893,708,586
Cash received from refunds of taxes		**52,199,162**	—
Cash received relating to other operating activities	(42)	**246,935,955**	95,819,541
Sub-total of cash inflows		**50,732,368,424**	31,989,528,127
Cash paid for goods and services		**45,075,543,756**	25,557,252,933
Cash paid to and on behalf of employees		**706,873,905**	603,401,604
Cash paid for all types of taxes		**2,588,581,075**	1,813,983,871
Cash paid relating to other operating activities	(42)	**765,692,397**	1,806,204,458
Sub-total of cash outflows		**49,136,691,133**	29,780,842,866
Net cash flows from operating activities	(43)	**1,595,677,291**	2,208,685,261
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from sales of investments		**—**	15,786,343
Cash received from returns on investments		**—**	3,510,529
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**11,900,666**	6,468,158
Cash received relating to other investing activities		**30,665,000**	4,549,858
Sub-total of cash inflows		**42,565,666**	30,314,888
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets		**2,404,284,850**	1,907,814,253
Cash paid for acquisition of investments		**796,286,812**	125,549,223
Cash paid relating to other investing activities		**1,619,216**	—
Sub-total of cash outflows		**3,202,190,878**	2,033,363,476
Net cash flows from investing activities		**(3,159,625,212)**	(2,003,048,588)

The notes on pages 99 to 200 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated
	Note 6		*(Note12)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**2,164,838,974**	—
Cash received from issuing bonds		**1,000,000,000**	1,000,000,000
Cash received from borrowings		**6,125,213,423**	6,472,473,399
Cash received relating to other financing activities		**—**	468,818
Sub-total of cash inflows		**9,290,052,397**	7,472,942,217
Cash repayments of borrowings		**4,056,008,369**	6,573,516,221
Cash repayments of bonds		**500,000,000**	500,000,000
Cash paid for distribution of dividends or profits and for interest expenses		**1,430,637,968**	744,703,861
Including cash paid to Minority interests for distribution of dividends or profits by subsidiaries		**39,230,584**	14,236,308
Cash paid relating to other financing activities		**—**	1,870,000
Sub-total of cash outflows		**5,986,646,337**	7,820,090,082
Net cash flows from financing activities		**3,303,406,060**	(347,147,865)
EFFECT OF EXCHANGES RATE CHANGES		**(7,861,525)**	(1,962,502)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,731,596,614**	(143,473,694)
Add: Cash and cash equivalents balance at beginning of year		**1,021,494,768**	1,164,968,462
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**2,753,091,382**	1,021,494,768

The notes on pages 99 to 200 form an integral part of these financial statements.

Balance Sheet of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 7*	**31 December 2007**	31 December 2006 Restated *(Note12)*
Current assets:			
Cash and bank		**2,186,547,620**	515,988,371
Notes receivable		**2,785,852,908**	1,968,902,900
Accounts receivable	(1)	**1,213,919,259**	670,822,645
Advances to suppliers		**954,994,863**	586,010,499
Other receivables	(2)	**313,540,205**	93,827,770
Inventories		**8,780,300,514**	6,004,386,937
Other current assets		**22,596,559**	38,747,100
Total current assets		**16,257,751,928**	9,878,686,222
Non-current assets:			
Available-for-sale financial assets		**280,000,000**	—
Long-term equity investments	(3)	**1,506,504,940**	686,582,311
Fixed Assets		**8,527,514,838**	5,873,488,010
Construction in progress		**1,231,789,996**	1,939,805,558
Intangible assets		**621,065,568**	223,030,439
Deferred tax assets		**70,612,658**	—
Total non-current assets		**12,237,488,000**	8,722,906,318
TOTAL ASSETS		**28,495,239,928**	18,601,592,540

The notes on pages 99 to 200 form an integral part of these financial statements.

Balance Sheet of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 7*	**31 December 2007**	31 December 2006 Restated *(Note12)*
Current liabilities:			
Short-term loans		**6,832,712,240**	2,608,278,046
Notes payable		**249,921,676**	34,421,893
Accounts payable		**1,129,953,366**	648,941,402
Advances from customers		**167,084,256**	44,634,620
Payroll payable		**186,779,498**	133,951,996
Taxes payable		**530,053,356**	857,877,844
Interests payable		**46,844,169**	17,535,886
Other payables		**449,232,036**	368,533,537
Non-current liabilities due within one year		**493,433,261**	206,870,000
Total current liabilities		**10,086,013,858**	4,921,029,224
Non-current liabilities:			
Long-term borrowings		**303,046,000**	1,104,797,000
Long-term payables		**43,868,654**	35,561,000
Other non-current liabilities		**94,636,946**	72,680,000
Provisions		**48,224,000**	—
Total non-current liabilities		**489,775,600**	1,213,038,000
Total liabilities		**10,575,789,458**	6,134,067,224
Owners' equity:			
Share capital		**3,022,833,727**	2,895,038,200
Capital reserves		**4,619,183,609**	1,995,348,895
Surplus reserves		**5,145,125,770**	3,602,619,292
Retained earnings		**5,132,307,364**	3,974,518,929
Total owners' equity		**17,919,450,470**	12,467,525,316
TOTAL LIABILITIES AND OWNERS' EQUITY		**28,495,239,928**	18,601,592,540

The notes on pages 99 to 200 form an integral part of these financial statements.

Income Statement of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 7	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated *(Note12)*
Revenue	(4)	**38,065,561,733**	24,807,534,620
Less: Cost of sales	(4)	**32,716,488,438**	18,110,613,239
Taxes and surcharges		**120,670,785**	51,711,105
Distribution and selling costs		**107,312,675**	71,183,394
General and administrative expenses		**506,944,128**	478,571,003
Financial expenses		**213,576,845**	155,530,888
Provision for Impairment of assets		**(13,777,304)**	70,836,996
Add: Gain/(loss) from changes of fair value		**—**	—
Investment income/(loss)	(5)	**79,363,779**	(434,355,925)
Include: Share of profits of the associates and a jointly controlled entity		**22,277,283**	5,311
Operating profit		**4,493,709,945**	5,434,732,070
Add: Non-operating income		**20,097,674**	8,610,437
Less: Non-operating expenses		**12,206,472**	17,159,335
Including: Loss on disposal of non-current assets		**6,557,499**	21,267,437
Total profit		**4,501,617,147**	5,426,183,172
Less: Income tax		**643,290,954**	822,652,258
Net profit		**3,858,310,193**	4,603,530,914

The notes on pages 99 to 200 form an integral part of these financial statements.

Statement of Changes in Equity of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Year 2007				
	Share capital	**Capital reserve**	**Surplus reserve**	**Retained earnings**	**Total**
Balance at 1 January 2007	2,895,038,200	2,047,773,923	3,602,619,292	4,050,823,955	12,596,255,370
Add: Effect of First-time adoption of accounting standards for business enterprises *(Note3, (23))*	—	(52,425,028)	—	(76,305,026)	(128,730,054)
Balance at 1 January 2007 (Restated)	2,895,038,200	1,995,348,895	3,602,619,292	3,974,518,929	12,467,525,316
Change in the year					—
1. Net profit	—	—	—	3,858,310,193	3,858,310,193
2. Gain or (loss) directly recognized in owners' equity					
(1) Change in fair value of derivative financial instrument	—	114,030,092	—	—	114,030,092
(2) Transfer to profit or loss on derivative financial instrument	—	(130,180,633)	—	—	(130,180,633)
3. Shareholders capital contribution and reduction	—				
(1) Issue new shares	127,795,527	2,639,985,255	—	—	2,767,780,782
4. Profit appropriation					—
(1) Appropriation to surplus reserve	—	—	1,542,506,478	(1,542,506,478)	—
(2) Distribution to shareholders	—	—	—	(1,158,015,280)	(1,158,015,280)
Changes in the year	127,795,527	2,623,834,714	1,542,506,478	1,157,788,435	5,451,925,154
Balance at 31 December 2007	3,022,833,727	4,619,183,609	5,145,125,770	5,132,307,364	17,919,450,470

The notes on pages 99 to 200 form an integral part of these financial statements.

Statement of Changes in Equity of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Year 2006				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at 1 January 2006	2,895,038,200	2,043,336,795	1,746,601,671	1,822,644,856	8,507,621,522
Add: Effect of First-time adoption of accounting standards for business enterprises *(Note3, (23))*	—	(157,757,000)	—	(39,791,886)	(197,548,886)
Balance at 1 January 2006 (Restated)	2,895,038,200	1,885,579,795	1,746,601,671	1,782,852,970	8,310,072,636
Change in the year					—
1. Net profit	—	—	—	4,603,530,914	4,603,530,914
2. Gain or (loss) directly recognized in owners' equity					
(1) Change in fair value of derivative financial instrument	—	1,420,748,100	—	—	1,420,748,100
(2) Transfer to profit or loss on derivative financial instrument	—	(1,310,979,000)	—	—	(1,310,979,000)
3. Shareholders capital contribution and reduction	—	—	—	—	—
(1) Issue new shares					
4. Profit appropriation					
(1) Appropriation to surplus reserve	—	—	1,856,017,621	(1,856,017,621)	—
(2) Distribution to shareholders	—	—	—	(555,847,334)	(555,847,334)
Changes in the year	—	109,769,100	1,856,017,621	2,191,665,959	4,157,452,680
Balance at 31 December 2006	2,895,038,200	1,995,348,895	3,602,619,292	3,974,518,929	12,467,525,316

The notes on pages 99 to 200 form an integral part of these financial statements.

Cash Flow Statement of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	**48,161,858,749**	30,568,735,576
Cash received from refunds of taxes	**52,199,162**	—
Cash received relating to other operating activities	**222,119,497**	127,852,878
Sub-total of cash inflows	**48,436,177,408**	30,696,588,454
Cash paid for goods and services	**42,948,482,868**	24,866,852,754
Cash paid to and on behalf of employees	**602,954,460**	467,123,011
Cash paid for all types of taxes	**3,171,125,285**	1,508,305,094
Cash paid relating to other operating activities	**759,401,571**	1,711,734,556
Sub-total of cash outflows	**47,481,964,184**	28,554,015,415
Net cash flows from operating activities	**954,213,224**	2,142,573,039
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from returns on investments	**36,076,646**	34,046,819
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**11,675,591**	1,656,865
Cash received relating to other investing activities	**28,665,000**	—
Sub-total of cash inflows	**76,417,237**	35,703,684
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets	**2,312,027,984**	1,533,152,420
Cash paid for acquisition of investments	**790,100,000**	160,000,000
Sub-total of cash outflows	**3,102,127,984**	1,693,152,420
Net cash flows from investing activities	**(3,025,710,747)**	(1,657,448,736)

The notes on pages 99 to 200 form an integral part of these financial statements.

Cash Flow Statement of the Company

For the Year Ended 31 December 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	2007	2006 Restated *(Note 12)*
CASH FLOWS FROM FINANCING ACTIVITES		
Cash received from capital contributions	**2,164,838,973**	—
Cash received from issuing bonds	**5,874,994,700**	5,626,353,500
Cash received from borrowings	**1,000,000,000**	1,000,000,000
Sub-total of cash inflows	**9,039,833,673**	6,626,353,500
Cash repayments of borrowings	**500,000,000**	500,000,000
Cash repayments of bonds	**3,405,709,217**	6,222,216,221
Cash paid for distribution of dividends or profits and for interest expenses	**1,389,888,108**	705,296,441
Cash paid relating to other financing activities	**—**	1,870,000
Sub-total of cash outflows	**5,295,597,325**	7,429,382,662
Net cash flows from financing activities	**3,744,236,348**	(803,029,162)
EFFECT OF EXCHANGES RATE CHANGES	**(2,179,576)**	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,670,559,249**	(317,904,859)
Add: Cash and cash equivalents Balance at beginning of year	**515,988,371**	833,893,230
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**2,186,547,620**	515,988,371

The notes on pages 99 to 200 form an integral part of these financial statements.

1. Company Information

Jiangxi Copper Company Limited (the "Company") was registered in Jiangxi Province, the People's Republic of China (the "PRC") as a joint stock limited company. On 24 January 1997, the company was established by Jiangxi Copper Corporation ("JCC"), HongKong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province's Administrative Bureau for Industry and Commerce. The registration number of the Company's business licence is Li He Kan Zhong 003556. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Company has allotted 230,000,000 ordinary A shares of par value of RMB1.00 each on 21 December 2001 and was listed on Shanghai Stock Exchange ("SSE") on 11 January 2002. The Company's share capital increased to RMB2,664,038,200 after the issue of A shares.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi [2004] No.16 issued by the China Security and Regulatory Commission ("CSRC"), the Company places an aggregate of 231,000,000 H shares of par value of RMB1.00 each on 25 July 2005. After the placing, the share capital of the Company increases to RMB2,895,038,200.

The Company has been recognized as one of the twenty-second batch share reform companies by China Securities Regulatory Commission and its share reform plan was implemented on 17 April, 2006 upon approval of the Gan State-owned Assets Ownership Letter [2006] No.76 issued by the SASAC of People's Government of Jiangxi Province and the Ministry of Commerce of the PRC, as well as approved by the Company's shareholder's meeting. More details are given in notes 6, (28).

According to the approval of the Company's annual general meeting of 2007 and pursuant to the sanction document of ZhengJianGuoHeZi (2007)278 issued by the CSRC, the Company non-publicly issues an aggregate of 127,795,527 A shares of par value of RMB1.00 each on 27 September 2007. After the placing, the share capital of the Company increases to RMB3,022,833,727. More details are given in notes 6, (28).

The Company mainly engages in smelting, protracting and refining of non-ferrous metal mine, precious metal mine, non-metal mine, non ferrous metal and by-products; after-sale service for self-produced products and relevant consulting service.

2. Basis of Preparation

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises" issued by the Ministry of Finance of the PRC in 2006, which comprise the Basic Standard, the Specific Standards, application guidance and other related regulations.

According to the Notice of the Ministry of Finance (the "MOF") on publishing the "Accounting Standard for Business Enterprises No. 1 - Inventories" and other 38 Specific Standards (Cai Kuai [2006] No. 3), the Company adopted the "Accounting Standards for Business Enterprises" issued by the Ministry of Finance in 2006 from 1 January 2007. As the Company's H Shares were listed on the SEHK on 12 June 1997, the Company simultaneously provides the financial statements in accordance with International Financial Reporting Standards ("IFRS"). Pursuant to the "Interpretation No.1 of the Enterprise Accounting Standards" issued by the MOF and other relevant regulations, the Company has retrospectively adjusted the financial statements, as if the accounting policies set out in Note 3 have been adopted throughout the reporting periods, for the related transaction impacted by the changes of accounting policy.

The comparative figures have been restated in accordance with the Accounting Standards for Business Enterprises, to conform to the current year's presentation.

The financial statements for the year end 31 December 2007 present truthfully and completely the financial position of the Group and the Company as at 31 December 2007, and of its financial performance and its cash flows for 2007 in accordance with the Accounting Standards for Business Enterprises.

3. Significant accounting policies and estimates

The financial statements are prepared based on the following accounting policies and estimates.

(1) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(2) Reporting currency

The Company's reporting and presentation currency is the Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is Yuan.

The reporting and presentation currencies of the Group's subsidiaries, associates and joint ventures are adopted according to their own business environments and have been translated to RMB for consolidation.

(3) Basis of accounting and measurement basis

Except for certain financial instruments, the Group's accounts have been prepared on an accrual basis using the historical costs as the basis of measurement. If the asset are impaired, impairment provisions are made in accordance with the relevant regulations.

3. Significant accounting policies and estimates *(Continued)*

(4) Business combinations

The term "business combination" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into the business combinations under common control and the business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party. The "combination date" refers to the date on which the merging party actually obtains control of the merged parties.

The assets and liabilities that the merging party obtains in a business combination shall be measured on the basis of their carrying amounts in the merged parties on the date of combination. The difference between the carrying amount of the net assets which the merging party obtains and the carrying amount of the consideration which it pays (or the total par value of the shares issued) shall adjust the additional capital reserves. If the additional capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

The merging party's direct costs for the business combination shall be recorded in the profits and losses in the current period.

Business Combinations Not under Common Control

A business combination not under common control is a business combination in which the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. In a business combination not under common control, the party which obtains control of other combining enterprise(s) on the purchase date is the acquirer, other combining enterprise(s) is (are) the acquirees. The "acquisition date" refers to the date on which the acquirer actually obtains control of the acquirees.

For a business combination not under common control, the combination costs shall be the fair values, on the acquisition date, of the assets given, the liabilities incurred or assumed, and the equity securities issued by the acquirer, in exchange for the control of the acquiree and the direct costs for the business combination.

The acquirer shall measure the assets given and liabilities incurred or assumed as consideration of the business combination at their fair values on the acquisition date.

3. Significant accounting policies and estimates *(Continued)*

(4) Business combinations *(Continued)*

Business combinations not under common control *(Continued)*

Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be accounted for according to the following requirements:

(i) the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination;

(ii) if after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in profit or loss for the current period.

(5) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. A subsidiary is an entity whose financial and operating policies the Group controls, directly or indirectly.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All significant intra-group balances and transactions are eliminated.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Group's subsidiaries and are presented separately in the financial statement.

Where the parent has acquired a subsidiary or business during the reporting period through a business combination involving enterprises under common control, the acquiree's operating results and cash flows shall be incorporated in the consolidated financial statements as if the acquires is under the control at the beginning and the comparative accounts of the consolidated financial statements of the Group shall be restated accordingly.

Where the Group has acquired a subsidiary through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date. Until the date that such control cease In preparation of the consolidated financial statements, the financial statements of the acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

(6) Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

3. Significant accounting policies and estimates *(Continued)*

(7) Foreign currency translation

Foreign currency translation

Transactions in foreign currencies are translated into the reporting currency when the transactions take place.

Transactions in foreign currencies are translated into the reporting currency at the market exchange rates prevailing on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies are restated into the reporting currency using the rates of exchange ruling at the balance sheet date. The exchange gains or losses are dealt with in the income statement for the period. The exchange gains or losses arising from foreign currency borrowings related to the acquisition or construction of a fixed asset are accounted for based on the requirements relating to the capitalisation of borrowing costs. Non-monetary assets and liabilities denominated in foreign currencies measured at historical cost shall continue to be translated at the spot exchange rates at the dates of the transactions; the amount in functional currency shall remain unchanged. Non-monetary assets and liabilities denominated in foreign currencies measured at fair value shall be translated at the spot exchange rates at the dates of. Exchange differences arising from the difference are recognized in profit or loss or capital surplus for the current period.

Translation for overseas operation

The functional currencies of certain overseas entities within the Group are currencies other than RMB. These financial statements in foreign currency are translated into RMB for consolidation as follows. As at the balance sheet date, the assets and liabilities of these entities are translated into RMB at the exchange rates ruling at the balance sheet date and, the owner's equities (except for retained earnings) and the items of income statements are all translated into RMB at the exchange rates ruling on the transaction dates. Income statement items in the year are translated at the average exchange rates for year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the Group may calculate the differences arising from the translation of foreign currency statements of the part of disposal based on the disposal rate and shall shift them into the profits and losses of the current period.

For the purpose of the consolidated cash flow statement, the cash flows of the subsidiary incorporated overseas are translated into RMB at the exchange rates ruling at the dates of the cash flows. The cash difference caused by the exchange rates was recognised as an adjusted item and represent in a separate component of the cash flow.

3. Significant accounting policies and estimates *(Continued)*

(8) Inventories

Inventories include raw materials, work in progress, and finished goods. Inventories contains finished goods for sales purpose produced in normal operating activities, or work in progress for sales purpose which is under processing, or materials and consumables being consumed in the production or rendering of services.

Inventories are initially stated at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

The cost of inventories issued is determined on the weighted average basis.

When more than one finished product is abstracted from the mineral resource ("joint-product, major product and by-product"), their production costs are apportioned among resulting finished products by reference to their sales amount at the point where those products become physically separated.

The Company adopts perpetual inventory method.

Low-value consumables and packing materials are expensed in full when issued for use.

Inventories are measured at the lower of cost and net realizable value at balance sheet day. Where the net realizable value is lower than the cost, the difference is recognized in the current period as a provision for decline in value. When the circumstances that previously caused the inventories to be written down below the cost no longer exist, the write-down shall be reversed. The reversal shall be limited to the originally amount provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. Provision for decline in value of finished goods is made an individual item basis and that of raw material is made by category.

3. Significant accounting policies and estimates *(Continued)*

(9) Long-term investments

Long-term investments includes the investments in subsidiaries, joint ventures and associated companies. A long-term investment is initially recorded at its cost on acquisition.

When the Company holds control or does not hold jointly control, or exercises no significant influence on the invested enterprise, and the investment is not quoted in an active market and its fair value cannot be reliably measured, the cost method is applied.

When the cost method is adopted, the investments are initially recognised at cost, and investment income is recognized in the income statement of the period to the extent that the Company's share of the profit or cash dividend declared to be distributed by the invested enterprise. Any excess is treated as a recovery of the investment cost.

The equity method is adopted when the Company holds joint control, or exercises significant influence over the invested company.

When the equity method is adopted, where the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is accounted for as an initial cost. Where the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

When the equity method is adopted, the Group recognizes its share of post-acquisition result in the invested enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. When the Group recognizes its share of net profit of the invested enterprise, it shall adjust the financial statements of the invested entity to conform to its own accounting period and accounting policies, and make appropriate adjustments based on the fair values of the invested entity's individual separately identifiable assets etc, determine at the time of acquisition. Moreover, profits and losses arising from intra-group transactions between the enterprise (including its consolidated subsidiaries) and its associates or joint ventures shall be eliminated to the extent of the enterprise's interest in the investees, and on that basis the investment income or losses is recognised. However, the share of net loss is only recognized to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group shall adjust the carrying amount of the long-term equity investment for other changes in owner's equity of the invested enterprise (other than net profits or losses), and include the corresponding adjustment in equity.

On disposal of a long-term equity investment, the difference between the proceeds actually received and carrying amount shall be recognized in profit or loss for the current period.

The difference between the fair value of the consideration paid and the fair value of the identifiable net assets owned by the minority interest, if any, shall be recognized as goodwill at the acquisition date, and the difference between the fair value of identifiable net assets owned by the minority interest and the carrying amount of the minority interest, if any, should be charged against the capital surplus and retained earning sequentially.

(Expressed in Renminbi Yuan)

3. Significant accounting policies and estimates *(Continued)*

(10) Fixed assets

Fixed assets are tangible assets with high unit costs held by the Company for use in production of goods, supply of services, for rental or for administrative purposes, and are expected to be used for more than one year.

A fixed asset shall be recognized only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset. Otherwise, such expenditure shall be recognized in profit or loss in the period in which they are incurred.

Fixed assets are initially measured at cost and the expected discard expenses should be taken into account. The cost of a purchased fixed asset comprises the purchase price; related taxes and any directly attributable expenditure for bring the asset to its working condition for its intended use, such as delivery and handling costs, installation costs and other surcharge.

Depreciation is calculated using the straight-line method. The estimated useful lives, estimated residual values and annual depreciation rates of fixed assets are as follows:

	Estimated useful life	**Estimated residual rate**	**Annual depreciation rate**
Buildings	12-40 years	3%-10%	2.25-8.08%
Equipment and machinery	10-25 years	3%-10%	3.60-9.70%
Vehicles	10-12 years	3%-10%	7.50-9.70%
Office equipment	5-8 years	3%-10%	11.25-19.4%

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year and adjust if necessary.

(11) Construction in progress

Construction in progress is recorded at the actual cost incurred for the construction. Cost includes all expenditures incurred fro construction projects, capitalised borrowing costs incurred on borrowings for the construction in progress and incurred before it has been completed and ready for its intended use, and other related expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

3. Significant accounting policies and estimates *(Continued)*

(12) Intangible assets

Intangible assets are recorded at actual cost on acquisition.

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company.

The useful lives are as follow:

	Useful life
Mining right	12-50 years
Trademarks	20 years
Land use rights	25-50 years

The land use rights purchased or obtained by the Group through payment of land transfer fee are recognized as intangible assets. When the buildings are built by the Group itself, the cost for the land use rights and the buildings are accounted for as intangible assets and fixed assets respectively. When the buildings are purchased from outside, the purchase costs are allocated between the buildings and land use rights unless the allocation cannot be measured reliably and the costs are aggregately recognized as fixed assets.

The cost of a finite useful life intangible asset is amortised using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Company shall review the useful life and amortization method at least at the end of each year and adjust if necessary.

(13) Financial instruments

Financial instruments refer to the contracts whereby the financial assets of an enterprise are formed, and whereby the financial liabilities or right instruments of any other entity are formed.

Recognition and derecognition

The Group recognizes a financial asset or a financial liability on its balance sheet when the company becomes a party to the contractual provisions of the financial instruments.

The Group derecognizes a financial assets if one of the following conditions is met:

(i) The contractual rights to the cash flow from the financial asset expire;

(ii) The financial asset has been transferred and the transfer qualifies for derecognition.

The Group derecognizes a financial liability only when the underlying present obligation is implemented, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

3. Significant accounting policies and estimates *(Continued)*

(13) Financial instruments

Classification and measurement of financial assets

Financial assets are classified into one of the following four categories when they are initially recognized: i) financial assets at fair value through profit or loss; ii) held-on-maturity investments; iii) loans and receivables; iv) available-for-sale financial assets. When financial asset are recognized initially, they are measured at fair value, plus, in case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets may be classified as held for trading if one of the following conditions is met: (i) the financial assets is acquired or incurred principally for the purpose of selling it in the near term; (ii) the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (iii) the financial assets is a derivative. For these assets, fair value shall be adopted for subsequence amount and realized or unrealized variation shall be charged to the profit or loss for the current period.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed maturity date that an enterprise has the positive intention and ability to hold to maturity. Investments held until their maturities are measured at amortized cost, by adopting the effective interest rate method. Any derecognization, impairment provision and gain or loss from the amortization is included in profit or loss for the current period.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost, by adopting the effective interest rate method. Any derecognization, impairment provision and gain or loss from the amortization is included in profit or loss for the current period.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at fair value. The premium/discount is amortized using the effective interest method and recognized as interest income. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in a separate component of capital surplus, except for impairment losses and foreign exchange gains and losses resulting from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the cumulative gain or loss previously recognized in capital surplus is transferred out from capital surplus and recognized in current profits or losses. Interests and dividends relating to an available-for-sale financial asset are recognized in current profits or losses for the period they relate to.

3. Significant accounting policies and estimates *(Continued)*

(13) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

(d) Available-for-sale financial assets (Continued)

Investments in equity instruments, that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Classification and measurement of financial liabilities

Financial liabilities are classified into one of the following two categories when they are initially recognized: (i) financial liabilities at fair value through profit or loss; and (ii) other financial liabilities. Financial liabilities measured at fair value and whose variation is included in profit or loss for the current period, the transaction expenses thereof are recorded in profit or loss for the current period. Otherwise, the transaction expenses are included their initial recognition amount.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if one of the following conditions is met: (i) the financial liability is incurred principally for the purpose of repurchasing it in the near future; (ii) the financial liabilities is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (iii) the financial liability is a derivative. Financial liabilities measured at fair value and realised or unrealised variation is included in profit or loss for the current period.

(b) Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest method.

(c) Financial guarantee contracts

Financial guarantee contracts are measured, upon initial recognition, at fair value. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are subsequently measured at the higher of the following two amounts: (i) the amount determined in accordance with the "Accounting Standard for Business Enterprises No. 13 - Contingencies"; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in the "Accounting Standard for Business Enterprises No. 14 - Revenue".

3. Significant accounting policies and estimates *(Continued)*

(13) Financial instruments *(Continued)*

Derivative financial instruments

The Group uses derivative financial instruments such as forward contracts to hedge its risks associated. The Group's policy with respect to avoid Commodity price risk and the hedge accounting is to designate its hedges as cash flow hedges. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. While the Group does not use derivative financial instruments for speculative purposes, certain derivative instruments are not designated as hedging instruments and/or qualified for hedge accounting.

For cash flow hedges that qualified under hedge accounting, the effective portion of the gains or losses arising from the changes in fair value of hedging instruments is initially recognised in equity and to be released to the income statement when the hedged item affects. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the hedging accounting shall be derecognized.

Fair value of financial instruments

Financial assets and financial liabilities, for which there is an active market, the quotations in the active market are employed to determine the fair value thereof. If there is no active market for a financial asset/liability, the Group adopts value-appraisal techniques to determine the fair value. The result generated by the value-appraisal techniques is able to reflect the transaction prices that may be adopted in fair dealings on the value appraisal date. The value-appraisal techniques include the prices employed by the parties, who are familiar with each other, in the latest market transactions upon their own free will, the current fair value obtained by referring to other financial instruments of essentially the same nature, the cash flow discount method, and the option-pricing model and so on.

3. Significant accounting policies and estimates *(Continued)*

(13) Financial instruments *(Continued)*

Impairment of financial assets

The Group conducts an inspection, on the balance sheet date, if there is any objective evidence that a financial asset has been impaired, an impairment provision is made. The expression "objective evidence that proves the financial asset has been impaired" refers to the actual incurred events that, after the financial asset is initially recognized, have an impact upon the predicted future cash flows of the financial asset, and the impact can be reliably measured by the Group.

(a) Financial assets measured at amortized cost

If there is any objective evidence that a financial asset has been impaired, the carrying amount of the financial asset is written down to the current value of the predicted future cash flows (excluding the loss of future credits not yet incurred), and the amount is recognized as loss of the impairment of the asset, and it is included in profit or loss for the current period. The current value of the predicted future cash flows is determined in accordance with the capitalization of the original actual interest rate of the financial asset, taking into account the value of the relevant guaranty.

An impairment test is made to financial assets with significant individual amounts. If any objective evidence indicates that it has been impaired, the impairment-related losses are recognized and included in profit or loss for the current period. With regard to the financial assets with insignificant individual amounts, an independent impairment test may be carried out, or may be included in a combination of financial assets with similar credit risk features, for the purpose of conducting an impairment-related test. If, upon an independent test, the financial assets (including those financial assets with significant single amounts and those with insignificant amounts) are not found to have been impaired, it is included in a combination of financial assets with similar risk features, to conduct another impairment test. Financial assets that have suffered from impairment losses, in any single amount, are not included in any combination of financial assets with similar risk features for any impairment test.

If any financial asset, measured on the basis of amortized costs, is recognized as having suffered from any impairment loss, if there is any objective evidence that can prove the value of the financial asset has been restored, and it is objectively related to events that incur after such loss is recognized (e.g., the credit rating of the debtor has been elevated and so on.), the impairment-related losses, as originally recognized, is reversed and included in profit or loss for the current period. However, the reversed carrying amount is not more than amortized costs of the financial asset on the day of reverse, under the assumption that no provision is made for the impairment.

3. Significant accounting policies and estimates *(Continued)*

(13) Financial instruments *(Continued)*

Impairment of financial assets (Continued)

(b) Financial assets measured at cost

If any objective evidence indicates financial assets measured at cost suffering from any impairment, the difference between the carrying amount of the equity investment or derivative financial asset and the current value of the future cash flows of similar financial assets, capitalized based on the returns ratio of the market at the same time, is recognized as impairment-related losses and be included in profit or loss for the current period. Once the impairment loss has been recognized, it is not being reversed.

For a long-term equity investment accounted for using the cost method in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" and which is not quoted in an active market and its fair value cannot be measured reliably, impairment is accounted for in accordance with the above method.

(c) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not stopped, the accumulative losses arising from the decrease in the fair value of the owner's equity, which was directly included, is transferred out and included into the current profits or losses. The accumulative losses that are transferred out is the surplus obtained from the initially obtained costs of the sold financial asset, after the deduction of the principal, the current fair value and the impairment-related losses, were included in profit or loss for the current period.

As for the tradable debt instruments, whose impairment-related losses have been recognized, if within the accounting period, the fair value has risen and is objectively related to the subsequent events that occur after the original impairment-related losses were recognized, the originally recognized impairment-related losses were reversed and included in profit or loss for the current period. Impairment-related losses incurred to tradable instrument investments are not reversed through profit or loss.

Transfers of financial assets

The term "transfer of a financial asset" refers to the Group transfers or deliveries of a financial asset to a party other than the issuer of the financial asset (the "transferee").

If the Group has transferred substantially all of the risks and rewards related to the ownership of a financial asset to the transferee, the Group derecognizes the financial asset. However, if it has substantially retained all of the risks and rewards related to the ownership of a financial asset, the Group continues recognizing the asset.

When the Group does not either transfer substantially or retain all of the risks and rewards related to the ownership of a financial asset, the Group treats it as follows, according to the individual circumstances: (i) if the Group relinquishes control over the financial asset, the Group derecognizes the financial asset; (ii) if the Group does not relinquish control over the financial asset, the Group, to the extent of its continuous involvement in the financial asset, recognizes it as a related financial asset and recognizes the relevant liability accordingly.

3. Significant accounting policies and estimates *(Continued)*

(14) Borrowing costs

Borrowing costs are interests and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interests, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The amount of other borrowing costs incurred shall be recognized as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalization of borrowing costs can commence only when all of the following conditions are satisfied:

— Expenditures for the asset are being incurred;

— Borrowing costs are being incurred; and

— Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalization of borrowing costs shall cease when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. The actual amounts of any borrowing costs subsequently incurred shall be recognized as an expense in the period in which they are incurred.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

— Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalized shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds;

— Where funds are borrowed under general-purpose borrowing and are utilized for the acquisition, the company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of a qualifying assets is interrupted abnormally for a continuous period of more than three months. The borrowing costs incurred during these periods shall be recognized as an expense for the current period until the acquisition, construction or production is resumed.

3. Significant accounting policies and estimates *(Continued)*

(15) Impairment of assets

Impairment of assets other than inventories, deferred income tax assets and financial assets is recognized based on the following method.

The Group shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any impairment indication incurred.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group shall estimate the recoverable amount individually. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. Identification of an asset group shall be based on whether there are major cash inflows from other assets or asset groups.

If the result of the recoverable amount calculation indicates what the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. The reduction is recognized as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is so allocated represents those are expected to benefit from the synergies of the combination and is not larger than a segment in the Group's report.

In testing an asset group or a set of asset groups to which goodwill has been allocated for impairment, the company shall first test the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognize any impairment loss. After that, the Company shall test the asset group or set of asset groups including the goodwill for impairment. The carrying amount is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is lower than its recoverable amount, an impairment loss on goodwill shall be recognized.

Once an impairment loss is recognized, it shall not be reversed in a subsequent period.

3. Significant accounting policies and estimates *(Continued)*

(16) Contingencies

An obligation related to a contingency shall be recognized as a provision when all of the following conditions are satisfied:

— The obligation is a present obligation of the Group;

— It is probable that an outflow of economic benefits will be required to settle the obligation;

— The amount of the obligation can be measured reliably.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as risks, uncertainties and time value of money shall be taken into account as a whole in reaching the best estimate. The group may review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

(17) Revenue

Revenue can be recognized as the gross inflow of economic benefits, the amount can be measured reliably and all of the following conditions are satisfied.

Revenue from sale of goods

Revenue from sales of goods is recognised when the significant risks and rewards in relation to ownership of the goods have been transferred to the buyer, the Group maintains neither continuing managerial involvement nor effective control over the goods sold and the relevant amounts of costs can be measured reliably.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction shall be recognized using the percentage of completion method. Otherwise, revenue shall be recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving the rendering of services can be estimated reliably when all of the following conditions are satisfied: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the company; (iii) the stage of completion of the transaction can be measured reliably, and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction by the proportion of services performed to date to the total services to be performed.

3. Significant accounting policies and estimates *(Continued)*

(17) Revenue *(Continued)*

Interest income

Interest income is recognized on a time proportion basis taking into account the principle outstanding and the effective interests rate applicable.

Rental income

Revenue from operating leases is recognized on a straight-line basis over the lease terms.

(18) Leasing

Leases of assets where all the risks and rewards incident to ownership are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

Lease payments under an operating lease shall be recognized by a leasee on a straight-line basis over the lease term, and either included in the cost of another related asset or charged to income statements for the current period.

(19) Employee benefit

Employee benefits are all forms of consideration given and other relevant expenditures incurred by the Company in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the Group recognizes the employee benefits payable as a liability. When the termination benefits fall due more than 1 year after the balance sheet date, if the discounted value is material, it is reflected in the present value.

The employees of the Group participate in employee social security plans managed by the local government, including pension, medical, housing and other welfare benefits. The costs are charged to relevant assets or the income statement when incurred.

(20) Income tax

Income tax includes current and deferred tax. Current and deferred tax of a company shall be recognized as income or expense and included in income statement for the current period, except to the extent that the tax arises from a business combination or a transaction or event which is recognized directly in owners' equity.

Income tax expense is determined based on the total amount of the taxable profit for the year. The taxable profit is based on the profit before tax and adjusted according to the requirements of tax laws.

Current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities of the Group and their carrying amounts for financial reporting purposes.

3. Significant accounting policies and estimates *(Continued)*

(20) Income tax *(Continued)*

A deferred tax liability shall be recognized for all taxable temporary differences, except that the deferred tax liability arises from:

(i) the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss); and

(ii) for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled enterprises, the investing enterprise is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reverse in the foreseeable future.

A deferred tax asset shall be recognized for deductible temporary differences to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences can be utilized, except where deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that:

(i) the transaction is not a business combination and at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss); and

(ii) for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, the investing enterprise is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled according the requirements to the tax laws.

At the balance sheet date, the carrying amount of a deferred tax asset shall be reviewed. The Group shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profits will be available in future periods to allow the benefit of the deferred tax asset to be utilized.

3. Significant accounting policies and estimates *(Continued)*

(21) Production Safety Fund ("the Safety Fund")

According to CaiQi [2006] No 478 "Interim Measures for the financial management of the Production Safety fund for the high risk enterprises", issued by MOF and Safety Production General Bureau, The Group is required to accrue a "Production Safety Fund" to improve the production safety.

According to the China Accounting Standard Committee's ("CASC") expert opinion No.1 Q&A issued on 1st February 2007, the Production Safety Fund shall be recognised as a long-term payable and accrued in cost of products when incurred. For the utilization of the fund to pay for safety equipments and facilities, the cost of safety facilities was fully depreciated by debting the long term payable upon the recognition of fixed assets. For the utilization of the the fund Fund to pay for safety related expenses, the long term payables will be reversed accordingly.

(22) Changes in accounting policies and accounting estimates

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of long-term investment assets

Where an indication of impairment exists, or when annual impairment testing for a non-current asset is required (other than non-current assets classified as held for sale), the non-current asset's recoverable amount is estimated. A non-current asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the Group cannot obtain the market price of the assets or groups of assets, it undertakes value in use calculations, which require estimation of the present value of future cash flows. Significant estimations regarding future production volumes and selling prices are necessary.

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. Useful lives were determined based on management's past experience of similar assets and estimated changes in technologies. Actual economic lives may differ from estimated useful lives and periodic reviews could result in changes in useful lives.

3. Significant accounting policies and estimates *(Continued)*

(22) Changes in accounting policies and accounting estimates *(Continued)*

Reserve of minerals

Technical estimates of the Group's mining reserves are inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before the estimated mining reserves can be designated as "proved" and "probable". Proved and probable reserve estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimates of proved and probable mining reserves also changes. Despite the inherent imprecision in these engineering estimates, these estimates are used in assessing estimated useful lives of mining related fixed assets and impairment loss.

Deferred tax assets

Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amount and timing of future taxable profit and tax planning strategies.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only the approximate amounts because of the subjective judgments involved in the estimation of the costs. Environment rehabilitation obligations are subject to a considerable amount of uncertainties which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation.

(Expressed in Renminbi Yuan)

3. Significant accounting policies and estimates *(Continued)*

(23) First-time adoption of the New Accounting Standards for Business Enterprises and Effect of Business Combination under Common Control

As stated in Note 2, the Group has adopted the New Accounting Standards for Business Enterprise which has come into effect on 1 January 2007. The cumulated impact of first-time adoption of New Accounting Standards for Business Enterprises and the effect of business combinations under common control are as follows:

The Group

	2007			
	Capital surplus	Surplus reserve	Retained earnings	Minority interests
Balance at beginning of year before retrospective adjustments	2,047,773,923	3,620,890,129	3,998,964,769	415,330,609
Retrospective adjustments for the first-time adoption of the new accounting standards for business enterprises:				
Government subsidies	(91,172,128)	—	18,492,128	—
Change in fair value of derivative instruments	38,747,100	—	(19,297,150)	—
Effect of adjustment on minority interests	—	—	—	—
Balance after retrospective adjustments of the first-time adoption of the new accounting standards for business enterprises	1,995,348,895	3,620,890,129	3,998,159,747	415,330,609
Effect of business combination under common control *(Notes 6 (45))*	366,413,922	156,413	927,948	—
Balance at beginning of year after retrospective adjustments	2,361,762,817	3,621,046,542	3,999,087,695	415,330,609

The above retrospective adjustments for the first-time adoption of New Accounting Standards for Business Enterprise has no material differences with reconciliation items identified in the Reconciliation Statement of difference in Consolidated Shareholders' Equity between New and Old Accounting Standards disclosed in prior year.

(Expressed in Renminbi Yuan)

3. Significant accounting policies and estimates *(Continued)*

(23) First-time adoption of the New Accounting Standards for Business Enterprises and Effect of Business Combination under Common Control *(Continued)*

The Group

	2006			
	Capital surplus	Surplus reserve	Retained earnings	Minority interests
Balance at beginning of year before retrospective adjustments	2,043,336,795	1,754,080,747	1,812,275,967	368,937,343
Retrospective adjustments for the first-time adoption of the new accounting standards for business enterprises:				
Government subsidies	(86,735,000)	—	12,100,000	—
Change in fair value of derivative instruments	(71,022,000)	—	(23,955,000)	—
Pre-operating expenses	—	—	(3,124,000)	—
Effect of adjustment on minority interests	—	—	—	(1,646,345)
Balance after retrospective adjustments of the first-time adoption of the new accounting standards for business enterprises	1,885,579,795	1,754,080,747	1,797,296,967	367,290,998
Effect of business combination under common control *(Notes 6 (45))*	335,599,605	99,029	411,489	—
Balance at beginning of year after retrospective adjustments	2,221,179,400	1,754,179,776	1,797,708,456	367,290,998

(Expressed in Renminbi Yuan)

3. Significant accounting policies and estimates *(Continued)*

(23) First-time adoption of the New Accounting Standards for Business Enterprises and Effect of Business Combination under Common Control *(Continued)*

The impact of the net profit arising from first-time adoption of New Accounting Standards for Business Enterprises and business combinations under common control for the year ended 31 December 2006 are as follows:

	2006
Balance before retrospective adjustments	4,609,345,518
Retrospective adjustments for the first-time adoption of the new accounting standards for business enterprises:	
Government subsidies	6,392,128
Change in fair value of derivative instruments	4,657,850
Pre-operating expenses	3,124,000
Minority interests	81,218,789
Balance after retrospective adjustments of the first-time adoption of the new accounting standards for business enterprises	4,704,738,285
Effect of business combination under common control *(Notes 6 (45))*	120,601,265
Balance after retrospective adjustments	4,825,339,550

The Company

	2007		
	Capital surplus	**Surplus reserve**	**Retained earnings**
Balance at beginning of year before retrospective adjustments	2,047,773,923	3,602,619,292	4,050,823,955
Effect of retrospective adjustments:			
Government subsidies	(91,172,128)	—	18,492,128
Change in fair value of derivative instruments	38,747,100	—	(2,000)
The effect of changing cost method to equity method for a long-term investment	—	—	(94,795,154)
Balance at beginning of year after retrospective adjustments	1,995,348,895	3,602,619,292	3,974,518,929

(Expressed in Renminbi Yuan)

3. Significant accounting policies and estimates *(Continued)*

(23) First-time adoption of the New Accounting Standards for Business Enterprises and Effect of Business Combination under Common Control *(Continued)*

	2006		
	Capital surplus	Surplus reserve	Retained earnings
Balance at beginning of year before retrospective adjustments	2,043,336,795	1,746,601,671	1,822,644,856
Effect of retrospective adjustments:			
Government subsidies	(86,735,000)	—	12,100,000
Change in fair value of derivative instruments	(71,022,000)	—	(23,955,000)
Pre-operating expenses	—	—	(75,311)
The effect of changing cost method to equity method for a long-term investments	—	—	(27,861,575)
Balance at beginning of year after retrospective adjustment	1,885,579,795	1,746,601,671	1,782,852,970

The impact of net profit for the first-time adoption of the New Accounting Standards for Business Enterprise for the year ended 31 December 2006 is as follows:

	2006
Balance before retrospective adjustments	4,640,044,054
Effect of retrospective adjustments:	
Government subsidies	6,392,128
Change in fair value of derivative instruments	23,953,000
Pre-operating expenses	75,311
Change cost method to equity method for a long-term investment	(66,933,579)
Balance after retrospective adjustments	4,603,530,914

3. Significant accounting policies and estimates *(Continued)*

(23) First-time adoption of the New Accounting Standards for Business Enterprises and Effect of Business Combination under Common Control *(Continued)*

Change in fair value of derivative instruments

Before the implementation of the Accounting Standards for Business Enterprises, derivative instruments were treated as off balance sheet item, that were not recognized in the financial statements until had been settled.

The accounting policy for derivative instruments after the implementation of the Accounting Standards for Business Enterprises are given in 3 (13).

Government subsidies

Before implementation of the Accounting Standards for Business Enterprises, government grants related to assets were recognised in the capital reserve.

After the implementation of the Accounting Standards for Business Enterprises, government grants related to assets are presented as deferred income, and are recognized as income over the useful lives of the assets on a straight line basis.

Pre-operating expenses

After implementation of the Accounting Standards for Business Enterprises, no account are set up for the "Long-term prepayments - pre-operating expenses". The pre-operating expenses shall be expensed off in "Income statement - general and administrative expenses" in income statement when incurred.

(Expressed in Renminbi Yuan)

4. Taxation

The Group's main tax item and rate are as follows:

Value Added Tax	Output value added tax ("VAT") is calculated at 17% on revenue from principal operations except for gold (free of VAT) and sulphuric concentrate (13% on revenue). The company is required to remit the VAT it collect to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business Tax	Business tax is calculated and paid at 5% of operating income.
Resource Tax	Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. The range of resource tax rate is RMB1.3-1.5/ton. Pursuant to the Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc. (Cai Shui [2007] No.100)., from 1st August 2007, the range of resource tax rate is RMB5-7/ton.
Income Tax — parent company	Pursuant to circulars of Guo Shui Fa [1999] No.172 and Gan Guo Shui Han [2004] No.349 issued by the State Tax Bureau, the Company was recognized as a foreign investment enterprise build in Midwest region of PRC. As such, the Company can enjoy 15% income tax rate for three years starting from year 2005. This year is the third year of tax relief period with effective tax rate of 15%. Pursuant to No. 10 circular issued by the Foreign Economic and Trade Ministry and the Company is a foreign invested company with advanced technology which is approved under Wai Zi [2002] No. 446 by Gan Municipal Foreign Economic and Trade Committee, the Company shall be exempted from local income tax from 2001 to 2005 and allow a 1.5% local income tax rate from 2006 to 2010. This is the second year of tax relief period with effective local tax rate of 1.5%. Therefore, the Company entitled to tax rate of 16.5%. During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.
Income Tax — subsidiaries	The income tax rate for the company's subsidiaries, except for Jiangxi Copper Products Company Limited ("JCPC"), Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Sichuan Kangtong Copper Company Limited ("Kangtong Copper"), Sure Spread Company Limited ("Sure Spread"), Jiangxi Copper Shenzhen Trading Company Limited ("Shenzheng Trading") and Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading"), are 33%. The income tax rate for JCPC is 33%, but as a newly set-up productive foreign-funded enterprise and upon approval of Gui Guo Shui Fa [2006] No.20 issued by the State Tax Bureau of Guixi City, Jiangxi Province, JCPC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. In addition, JCPC shall be exempted from local income tax from 2006 to 2010 and allowed a 50% reduction of local income tax from 2011 to 2015. Since this year is the second 50% reduction year, its effective income tax rate is 15%.

(Expressed in Renminbi Yuan)

4. Taxation *(Continued)*

The Group's main tax item and rate are as follows: *(Continued)*

Income Tax — subsidiaries	Since JCAC is a set-up productive foreign-funded enterprise, JCAC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January, 2007.

Since Kangtong Copper is a set-up productive foreign-funded enterprise, Kangtong Copper shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 July, 2006.

Sure Spread pays profits tax at a rate of 17.5% in Hong Kong.

The income tax rate for Shenzhen Trading and Shanghai Trading are both 15%, as they are registered in Shenzhen Special Zone and Shanghai Pudong New Area respectively.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the New Corporate Income Tax Law was approved.

In accordance with the New Corporate Income Tax Law in effective from 1 January 2008, Shenzhen Trading and Shanghai Trading who enjoy the lower tax rates before, Corporate Income Tax rate will be gradually integrated to the new rate of 25% on a 5-year basis which applicable tax rates will be 18% in 2008, 20% in year 2009, 22% in year 2010, 24% in year 2011 and 25% in year 2012.

In accordance with the New Corporate Income Tax Law in effective from 1 January 2008, Kangtong Copper, JCPC and JCAC can continuously enjoy their tax holiday until the expire date. However, for the existing enterprises which are entitled to, but not yet commenced, the tax holiday due to continuing losses, the tax holiday is calculated from year 2008. The enterprise can only choose the best tax incentive policy either the transitional tax incentive policy or new corporate tax law and regulations.

5. Scope of consolidation and subsidiaries

The group main subsidiary companies are as follow:

Name of subsidiary	Place of establishment and operations	Principal activities	Currency	Paid up/ registered capita '000	Group Inves tment '000	Attributable equity interest of the company Directly	Attributable equity interest of the company Indirectly	Vote	Note
Xiaoshan Tongda Chemical Limited ("Xiaoshan Tongda")	Zhejiang Hangzhou	Sales of sulphuric acid	RMB	1,000	600	60%	—	60%	Note 1
JCPC	Jiangxi Guixi	Produce and operating of copper industrial materials	RMB	225,000	246,879	100%	—	100%	Note 2
Kangtong Copper	Sichuan Xichang	Sales of copper materials, precious metal materials and sulphurice acid	RMB	140,000	80,000	57.14%	—	57.14%	Note 3
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan Silver and Copper")	Shanxi Diaoquan	Sales of copper materials precious metal materials and sulphuric concentrate	RMB	76,158	35,000	45.96%	—	66.76%	Note 4
Sure Spread	Hongkong	Import and export trading and related limited tech service	HKD	50,000	27,500	55%	—	55%	Note 5
JCAC	Jiangxi Guixi	Manufacture sales of copper and copper alloy rods and wires	RMB	199,500	229,509	100%	—	100%	Note 6
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu")	Jiangxi Shangrao	Manufacture sales of sulphuric acid and lay product	RMB	181,500	127,050	70%	—	70%	Note 7
Shenzheng Trading	Shenzhen	Sale of copper products	RMB	30,000	30,000	100%	—	100%	Note 8
Shanghai Trading	Shanghai Pudong	Sale of copper products	RMB	20,000	20,000	100%	—	100%	Note 8
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Beijing	Sale of copper products	RMB	10,000	10,000	100%	—	100%	Note 9

5. Scope of consolidation and subsidiaries *(Continued)*

The group main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place of establishment and operations	Principal activities	Currency	Paid up/ registered capita '000	Group Inves tment '000	Attributable equity interest of the company Directly	Attributable equity interest of the company Indirectly	Vote	Note
Jiangxi Copper Corporation Chemical Company Limited ("Jiangtong Chemical")	Jiangxi Dexing	Manufacture sales of sulphuric acid and lay product	RMB	42,630	47,485	100%	—	100%	Note 10
Jiangxi Copper Corporation Dexing Transportation Company ("Jiangtong Transportation")	Jiangxi Dexing	Offering railway and vehicle transportation services	RMB	15,487	18,372	100%	—	100%	Note 11
Xichang Jinhui Regenerative Resource Company Limited ("Xichang Jinhui")	Sichuan Xichang	Reclaim of scrap iron copper	RMB	1,000	1,000	—	57.14%	57.14%	Note 12

Note 1 In April 1997, the Company and Xiaoshan Chemical Main Factory Limited has jointly invested RMB1,000,000 to establish Xiaoshan Tongda, in which the Company contributed RMB600,000, representing 60% of registered capital.

Note 2 In March 2002, the Company invested jointly RMB150,000,000 to establish JCPC, in which the Company contributed RMB90,000,000, representing 60% of registered capital. In November 2003, JCC sold 40% interest in JCPC to one of its subsidiary Jiangxi Copper Corporation Products Company Limited ("JCCPC"). In the same month, the Company reached on agreement with JCCPC to contribute another RMB75,000,000 to JCPC. After the injection of capital, the paid-in-capital of JCPC increased to RMB225,000,000, in which the Company contributed RMB135,000,000 representing 60% of registered capital, and JCCPC contributed RMB90,000,000 representing 40% of registered capital. In September 2007, the Company newly issued 127,795,527 A shares, and as a part of the consideration of the shares issued to JCC, the Company obtained 40% share right in JCPC, more detail are given in Note 6 (28). Therefore, JCPC become wholly owned subsidiary of the Company.

Note 3 In September 2003, the Company bought 40% interest with purchase consideration of RMB40,000,000 in Kangtong Copper from third parties. The interest of Kangtong Copper which the Company owned is less than 50%, but the Company made an agreement with another investor which owned 11.68% interest of Kangtong Copper, that the Company has the power to govern the financial and operating policies of Kangtong Copper. Thus, Kangtong Copper is included in the scope of consolidation. In October 2005, the Company invested another RMB40,000,000 in Kangtong Copper which made its paid-in capital increase to RMB140,000,000. Subsequently ,the interest of Kangtong Copper also rose to 57.143%.

Note 4 In June 2004, the Company bought 45.957% interest (RMB35,000,000) in Diaoquan Silver and Copper. This interest of Diaoquan Silver and Copper which the Company owned is less than 50%, but the Company made an agreement with another investor, which owned 20.80% interest of Diaoquan Silver and Copper, that the Company has the power to govern the financial and operating policies of Dianquan Silver and Copper. Thus, Diaoquan Silver and Copper are included in the scope of consolidation.

Note 5 In January 2005, the Company invested jointly HKD50,000,000 to establish Sure Spread, in which the Company contributed HKD27,500,000, representing 55% of registered capital.

5. Scope of consolidation and subsidiaries *(Continued)*

Note 6 In February 2005, the Company invested jointly RMB199,500,000 to establish JCAC with JCC, in which the Company should contribute RMB119,700,000, representing 60% of registered capital. In September 2007, the Company newly issued 127,795,527 A shares, and as a part of the consideration of the shares issued to JCC, the Company obtained 40% share right in JCAC, more detail are given in Note 6 (28). Therefore, JCAC become wholly owned subsidiary of the Company.

Note 7 In May 2005, the Company invested jointly RMB181,500,000 to establish Wengfu Chemical, in which the Company contributed RMB127,050,000, representing 70% of the registered capital. As at 30 June 2007, Wengfu Chemical was still in testing phase.

Note 8 In June 2006, the Company invested RMB30,000,000 and RMB20,000,000 respectively to establish Shenzhen Trading and Shanghai Trading. Shenzhen Trading and Shanghai Trading are wholly owned subsidiaries of the Company.

Note 9 In July 2006, the Company invested RMB10,000,000 to establish Beijing Trading. Beijing Trading is a wholly owned subsidiary of the Company.

Note 10 In September 2007, the Company newly issued 127,795,527 A shares, and as a part of the consideration of the shares issued to JCC, the Company obtained 100% share right in Jiangtong Chemical, more detail are given in Note 6 (28). Therefore, Jiangtong Chemical become wholly owned subsidiary of the Company.

Note 11 In September 2007, the Company newly issued 127,795,527 A shares, and as a part of the consideration of the shares issued to JCC, the Company obtained 100% share right in Jiangtong Transportation, more detail are given in Note 6 (28). Therefore, Jiangtong Transportation become wholly owned subsidiary of the Company. As at 31 December 2007, for the purpose of reorganization of the Group, Jiangtong Transportation is in process of liquidation.

Note 12 Xichang Jinhui was deregistered in December 2007.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements

(1) Cash and Bank

	31 December 2007			31 December 2006 Restated *(Note12)*		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on hand						
— RMB	**—**	**—**	**127,444**	—	—	152,577
— HKD	**1,102**	**0.9364**	**1,032**	10,817	1.0047	10,868
— JPY	**952**	**0.0641**	**61**	2,270	0.0656	149
— GBP	**—**	**—**	**—**	1	15.3232	15
			128,537			163,609
Cash in bank						
— RMB	**—**	**—**	**2,606,444,618**	—	—	900,386,303
— USD	**14,680,085**	**7.3046**	**107,232,149**	10,061,946	7.8087	78,570,718
— HKD	**41,000,969**	**0.9364**	**38,392,487**	41,486,819	1.0047	41,680,562
— EUR	**5,983**	**10.6669**	**63,820**	49,660	10.2665	509,834
— JPY	**974**	**0.0641**	**62**	—	0.0656	—
— AUD	**128,558**	**6.4540**	**829,709**	29,813	6.1631	183,742
			2,752,962,845			1,021,331,159
			2,753,091,382			1,021,494,768

(2) Notes Receivable

	31 December 2007	31 December 2006 Restated *(Note12)*
Bank accepted notes	**2,783,348,844**	1,993,266,570
Commercial accepted notes	**40,945,036**	103,021,227
	2,824,293,880	2,096,287,797

As at 31 December 2007, the amount of RMB2,029,980,149 bank accepted and commercial accepted notes have been discounted to obtain bank short- term loan. (31 December 2006: the amount of RMB1,303,011,546 bank accepted and commercial accepted notes).

As at 31 December 2007, there is no balance due from shareholder who holds more than 5% shares of the Company (31 December 2006: RMB341,000. More details are given in note 8 "Relationships and Transactions of related parties".

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(3) Accounts Receivable

The credit period is generally 15 days, extending up to one month for major customers. Trade receivables are non-interest-bearing.

	31 December 2007	31 December 2006 Restated *(Note12)*
Accounts Receivable	**1,831,345,806**	1,029,310,822
Less: Bad debt provision	**(127,463,516)**	(133,366,414)
	1,703,882,290	895,944,408

The ageing analysis of accounts receivable is as below:

	31 December 2007			
	Balance	**%**	**Bad debt provision**	**Net book value**
Within 1 year	1,703,260,867	93.01%	(6,113)	1,703,254,754
1-2 years	709,253	0.04%	(144,863)	564,390
2-3 years	126,293	0.01%	(63,147)	63,146
Over 3 years	127,249,393	6.94%	(127,249,393)	—
	1,831,345,806	100%	(127,463,516)	1,703,882,290

	31 December 2006 Restated *(Note12)*			
	Balance	**%**	**Bad debt provision**	**Net book value**
Within 1 year	895,164,885	86.97%	—	895,164,885
1-2 years	4,981,679	0.48%	(4,855,769)	125,910
2-3 years	1,307,225	0.13%	(653,612)	653,613
Over 3 years	127,857,033	12.42%	(127,857,033)	—
	1,029,310,822	100.00%	(133,366,414)	895,944,408

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(3) Accounts Receivable *(Continued)*

	31 December 2007			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	1,252,470,238	68%	71,236,691	6%
Others	578,875,568	32%	56,226,825	10%
	1,831,345,806	100%	127,463,516	7%

	31 December 2006 Restated *(Note12)*			
	Balance	%	Bad debt provision	%
Individually significant	733,359,409	71%	63,616,796	9%
Others	295,951,413	29%	69,749,618	24%
	1,029,310,822	100%	133,366,414	13%

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(3) Accounts Receivable *(Continued)*

The movement of bad debt provision on accounts receivable is as below:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
At beginning of the year	**133,366,414**	74,972,076
Addition during the year	**9,552,696**	64,191,988
Reversals during the year	**(15,240,694)**	(2,206,164)
Written off during the year	**(214,900)**	(3,591,486)
At the end of the year	**127,463,516**	133,366,414

	31 December 2007	31 December 2006 Restated *(Note12)*
Total amount of five largest debtors	**586,722,162**	450,281,498
Percentage in total accounts receivable	**32.03%**	43.75%

As at 31 December 2007, the Group's balance due from shareholder who holds more than 5% shares of the Company is RMB120,827 (31 December 2006: RMB1,205,137). More details are given in note 8 "relationsips and transactions of related parties".

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(4) Advances to suppliers

The ageing analysis of advances to suppliers is as below:

	31 December 2007		31 December 2006	
	Balance	**%**	Amount Restated *(Note12)*	%
Within 1 year	**1,032,819,736**	**95.96%**	600,897,432	95.15%
1-2 years	**42,328,572**	**3.93%**	26,743,757	4.23%
2-3 years	**294,896**	**0.03%**	3,911,041	0.62%
Over 3 years	**808,857**	**0.08%**	—	—
	1,076,252,061	**100%**	631,552,230	100%

As at 31 December 2007, the balances with aging over one year are mainly advance to suppliers for uncompleted purchased contracts.

The Group's advance to suppliers to shareholder who holds more than 5% shares of the Company is nil (31 December 2006: RMB903,187). More details are given in note 8 "relationsips and transactions of related parties".

(5) Other receivables

	31 December 2007	31 December 2006 Restated *(Note12)*
Other Receivable	**386,631,216**	225,426,080
Less: Bad debt provision	**(19,768,999)**	(27,619,856)
	366,862,217	197,806,224

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(5) Other receivables *(Continued)*

The ageing analysis of other receivables is as below:

	31 December 2007			
	Balance	**%**	**Bad debt provision**	**Net book value**
Within 1 year	343,391,936	88.82%	(109,528)	343,282,408
1-2 years	23,117,249	5.98%	(1,314,378)	21,802,871
2-3 years	926,179	0.24%	(223,073)	703,106
Over 3 years	19,195,852	4.96%	(18,122,020)	1,073,832
	386,631,216	100%	(19,768,999)	366,862,217

	31 December 2006 Restated *(Note12)*			
	Balance	**%**	**Bad debt provision**	**Net book value**
Within 1 year	195,044,075	86.52%	—	195,044,075
1-2 years	9,786,233	4.34%	(7,417,402)	2,368,831
2-3 years	763,896	0.34%	(381,948)	381,948
Over 3 years	19,831,876	8.80%	(19,820,506)	11,370
	225,426,080	100.00%	(27,619,856)	197,806,224

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(5) Other receivables *(Continued)*

	31 December 2007			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	265,218,433	69%	—	—
Others	121,412,783	31%	19,768,999	16%
	386,631,216	100%	19,768,999	5%

	31 December 2006 Restated *(Note12)*			
	Balance	%	Bad debt provision	%
Individually significant	172,455,352	77%	—	—
Others	52,970,728	23%	27,619,856	52%
	225,426,080	100%	27,619,856	12%

As at 31 December 2007, the Group's balance of commodity deposits for forward contracts is RMB269,787,514 (31 December 2006: RMB146,922,237).

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(5) Other receivables *(Continued)*

Movement of bad debt provision on other receivables is as below:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
At beginning of the year	**27,619,856**	21,916,446
Addition during the year	**1,732,980**	9,189,352
Reversal during the year	**(9,583,837)**	(1,811,647)
Written off during the year	**—**	(1,674,295)
At the end of the year	**19,768,999**	27,619,856

	31 December 2007	31 December 2006 Restated *(Note12)*
Total amount of five largest debtors	265,218,433	172,455,352
Percentage in total othe receivable	68.59%	76.50%

As at 31 December 2007, the Group's balance due from shareholder who holds more than 5% shares of the Company is RMB1,107,284 (31 December 2006:RMB206,549). More details are given in note 8 "relationsips and transactions of related parties".

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(6) Inventories

	31 December 2007	31 December 2006 Restated *(Note12)*
Raw materials	**2,035,825,294**	1,165,402,738
Work in process	**6,522,112,006**	4,326,934,982
Finished goods	**382,644,162**	655,096,474
Less: Provisions	**(662,235)**	(662,235)
	8,939,919,227	6,146,771,959

The Group's inventories with a net book value of RMB127,130,000 (31 December 2006: RMB127,201,483) were pledged to the banks as security of the bank loans. Note details are given in note 6 (15).

The movement of stock provision for the year ended 31 December 2007 is as below:

	Beginning balance	**Addition**	**Decrease Revesals**	**Written off**	**Ending balance**
Raw materials	662,235	—	—	—	662,235

The movement of stock provision for the year ended 31 December 2006 is as below (Restated, Note12):

	Beginning balance	**Addition**	**Decrease Revesals**	**Written off**	**Ending balance**
Raw materials	751,102	—	—	(88,867)	662,235

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(7) Other current financial assets/liabilities

Other current financial assets/liabilities represent the gains/(losses) arising from changes of fair value for those undelivered commodity forward contracts

	31 December 2007		31 December 2006 Restated (Note12)	
	Assets	**Liability**	Assets	Liability
Commodity forward contracts -copper cathode				
-Under hedge accounting	**22,596,559**	**—**	38,747,100	—
-Not under hedge accounting	**32,107,000**	**—**	—	19,279,150
	54,703,559	**—**	38,747,100	19,279,150

Under hedge accounting

As at 31 December 2007, the fair value of commodity forward contracts in relation to copper cathode designated as cash flow hedges of the Group according to RMB22,596,559 (31 December 2006: RMB38,747,100) were recognized in the balance sheet. These commodity forward contracts are designated as highly effective hedging instruments in order to manage the Group's exposure in relation to forecasted sale of copper cathode.

The terms of commodity forwards contracts have been negotiated to match the timing of the forecasted sales of copper cathode. As at balance sheets date, the expected delivery period of the forecast sales of copper cathode is from January 2008 to March 2008.

Not under hedge accounting

The Group also utilizes commodity purchase forward contracts to hedge forecasted purchases of copper concentrate and the forecasted purchase of copper rods and copper wires. These arrangements are designed to address significant fluctuations in the price of copper concentrate and copper related products which move in line with the price of copper cathode. However, this arrangement is not considered as an effective hedge according to accounting standards for Business Interprises No. 24.

The unrealized gain or losses arising from the change in fair value of the hedge instruments are recognised in the income statement. As at balance sheets date, the expected delivery period of the forecast purchase of copper concentrate, copper rods and copper wires is from January 2008 to June 2008.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(8) Available-for-sale investments

	Investment Cost	**Opening balance** Restated *(Note12)*	**Addition**	**Ending balance**
Available-for-sale investment:				
Kebang Telecom (Group) Co., Ltd ("KebangTelecom")	5,610,000	5,610,000	—	5,610,000
Nanchang Commercial Bank ("Nanchang Bank")	280,000,000	—	280,000,000	280,000,000
Liangshan Mining Co., Ltd ("Liangshan Mining")	10,000,000	10,000,000	—	10,000,000
Less: Impairment provision		(5,610,000)	—	(5,610,000)
		10,000,000	280,000,000	290,000,000

As at 31 December 2007, the Group's unlisted equity investments represent the Group's 4.20% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining and 0.4% equity interest in Kebang Telecom. These unlisted equity investments were stated at cost and subject to a test for impairment loss because theire is no quoted market price in an active market and their fair values cannot be measured reliably.

On 25 December 2007, the Company subscribed for 100 million shares of Nanchang Bank in a private placement at 1) a cash consideration of RMB130 million, and with 2) a commitment to acquire interests in certain non-performing assets at a consideration of RMB150 million, which were previously carved out from Nanchang Bank to an asset management company. Because the directors believe that the collectible amounts from the interests in the non-performing assets acquired are insignificant and the acquisition of such interests is a pre-condition to acquire the equity interests in Nanchang Bank, the total transaction costs of RMB280 million were recorded as the cost of investment in Nanchang Bank.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(9) Long-term equity investments

The movement of Long-term equity investments for the year ended 31 December 2007 is as below:

		Investment Cost			Share of net profit		
	Investment Cost	**Opening balance**	**Addition**	**Ending balance**	**Opening balance**	**Increase/ (Decrease)**	**Ending balance**
Equity method:							
Investment in associates							
Jiangxi Copper Corporation Finance Company Limited ("JCC Finance")	105,000,000	105,000,000	—	105,000,000	5,311	10,712,951	115,718,262
Jiangxi Copper Ever profit Qing Yuan Copper Company Limited ("Qing Yuan")	36,000,000	—	36,000,000	36,000,000	—	12,520,573	48,520,573
Minerals Jiangxi Copper Mining Investment Company Limited ("Minerals Jiangxi Copper ")	460,000,000	—	460,000,000	460,000,000	—	(130,825)	459,869,175
Zhaojue Fenye Smelting Company Limited ("Zhaojue Smelting")	4,000,000	4,000,000	—	4,000,000	—	(23,793)	3,976,207
Jiangxi Fortune Transportation Industry Company Limited ("Fortune Transportation")	480,000	480,000	—	480,000	122,542	99,447	701,989
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	—	6,186,812	6,186,812	—	—	6,186,812
Investment in Jointly controlled entity							
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited ("Jiangtong Bioteq")	14,100,000	—	14,100,000	14,100,000	—	(314,253)	13,785,747
Total	625,766,812	109,480,000	516,286,812	625,766,812	127,853	22,864,100	648,758,765

6 Notes to Consolidated Financial Statements *(Continued)*

(9) Long-term equity investments *(Continued)*

The movement of long-term equity investments for the year ended 31 December 2006 is as below (Restated, Note12):

		Investment Cost			Share of net profit		
	Investment Cost	Opening balance	Addition	Ending balance	Opening balance	Increase/ (Decrease)	Ending balance
Equity method:							
Investment in associates							
JCC Finance	105,000,000	—	105,000,000	105,000,000	—	5,311	105,005,311
Zhaojue Smelting	4,000,000	—	4,000,000	4,000,000	—	—	4,000,000
Fortune Transportation	480,000	480,000	—	480,000	57,651	64,891	602,542
Total	109,480,000	480,000	109,000,000	109,480,000	57,651	70,202	109,607,853

	Register place	Principal business	Registered capital Currency	'000
Investment in associates				
JCC Finance	China	Finance consulting	RMB	300,000
Qing Yuan of products	China	Manufacture &sale of copper products	RMB	90,000
Minerals Jiangxi Copper	China	Investment company	RMB	1,150,000
Zhaojue Smelting of products	China	Manufacture &sale of copper products	RMB	10,000
Fortune Transportation	China	Transportation service	RMB	1,200
Asia Sure Spread	Japan	Import and export trading of copper products	JPY	200,000
Investment in jointly controlled entity				
Jiangtong Bioteq	China	Recover the copper metals from industrial waste water	RMB	28,200

6 Notes to Consolidated Financial Statements *(Continued)*

(9) Long-term equity investments *(Continued)*

	31 December 2007		For the year ended 31 December 2007	
	Total Assets *RMB'000*	**Total Liability** *RMB'000*	**Revenue** *RMB'000*	**Net profit** *RMB'000*
Investment in associates				
JCC Finance	1,602,290	1,271,666	61,988	30,608
Qing Yuan	583,954	462,653	1,412,392	31,301
Minerals Jiangxi Copper	1,150,348	675	—	(33)
Zhaojue Smelting	10,030	3,361	—	(59)
Fortune Transportation	4,211	2,456	7,244	249
Asia Sure Spread	12,813	—	—	—
Investment in jointly controlled entity				
Jiang Tong Bioteq	28,406	835	—	(629)

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(10) Fixed Assets

The movement of fixed Assets for the year ended 31 December 2007 is as below:

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2007	3,794,201,232	8,078,739,105	889,435,290	98,605,309	12,860,980,936
Additions	1,896,155	9,318,974	8,109,802	753,073	20,078,004
Transferred from construction in progress	1,001,531,397	2,305,604,200	43,731,168	2,046,592	3,352,913,357
Disposals	(8,894,740)	(35,474,941)	(11,981,690)	(304,805)	(56,656,176)
31 December 2007	4,788,734,044	10,358,187,338	929,294,570	101,100,169	16,177,316,121
Accumulated Depreciation					
1 January 2007	(1,510,402,930)	(4,053,258,192)	(589,071,483)	(44,335,686)	(6,197,068,291)
Charge for the year	(171,486,251)	(362,098,504)	(44,749,204)	(6,281,130)	(584,615,089)
Disposals	3,711,068	23,132,472	9,823,805	271,451	36,938,796
31 December 2007	(1,678,178,113)	(4,392,224,224)	(623,996,882)	(50,345,365)	(6,744,744,584)
Impairment provision					
1 January 2007	(69,953)	(4,759,305)	—	—	(4,829,258)
Recognised	—	—	—	—	—
31 December 2007	(69,953)	(4,759,305)	—	—	(4,829,258)
Net book value					
31 December 2007	3,110,485,978	5,961,203,809	305,297,688	50,754,804	9,427,742,279
1 January 2007	2,283,728,349	4,020,721,608	300,363,807	54,269,623	6,659,083,387

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(10) Fixed Assets *(Continued)*

The movement of fixed Assets for the year ended 31 December 2006 is as below (Restated, Note 12):

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2006	3,620,604,471	7,753,197,362	887,348,723	99,418,394	12,360,568,950
Additions	301,106	12,988,907	4,617,055	1,124,046	19,031,114
Transferred from construction in progress	205,850,311	480,036,697	37,185,929	1,786,131	724,859,068
Disposals	(32,554,656)	(167,483,861)	(39,716,417)	(3,723,262)	(243,478,196)
31 December 2006	3,794,201,232	8,078,739,105	889,435,290	98,605,309	12,860,980,936
Accumulated Depreciation					
1 January 2006	(1,357,304,861)	(3,887,365,440)	(579,168,799)	(41,438,434)	(5,865,277,534)
Charge for the year	(170,427,064)	(311,648,149)	(40,981,243)	(5,527,349)	(528,583,805)
Disposals	17,328,995	145,755,397	31,078,559	2,630,097	196,793,048
31 December 2006	(1,510,402,930)	(4,053,258,192)	(589,071,483)	(44,335,686)	(6,197,068,291)
Impairment provision					
1 January 2006	(9,953,630)	(12,222,429)	(2,948,407)	—	(25,124,466)
Reversal	9,883,677	7,463,124	2,948,407	—	20,295,208
31 December 2006	(69,953)	(4,759,305)	—	—	(4,829,258)
Net book value					
31 December 2006	2,283,728,349	4,020,721,608	300,363,807	54,269,623	6,659,083,387
1 January 2006	2,253,345,980	3,853,609,493	305,231,517	57,979,960	6,470,166,950

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(10) Fixed Assets *(Continued)*

As at 31 December 2007, equipment and machinery with net book value of RMB50,268,200 (31 December 2006: RMB96,260,486) has been pledged as security for short term bank loans. Please refer to Note 6 (15).

As at 31 December 2007, orignial cost of the building and equipments and machinery have been fully depreciated but still in use amounting to RMB2,763,775,103 with net book value amounting to RMB274,812,967.

As at 31 December 2007, the Group is in the process of obtaining the property ownership certificate for certain of the Group's building with original cost of RMB177,459,376 and net book value of RMB157,097,717.

(11) Construction in progress

The movement of construction in progress for the year ended 31 December 2007 is as below:

Construction name	Budget	Opening balance	Additions	Transfer to fixed assets	Ending balance	% of completion	Sources of funds
Project for Remaining Heat Re-cycling and comprehensive Utilization	272,610,000	—	250,110,000	(60,540,000)	189,570,000	92%	Proceeds
Electromotor Update	355,200,000	42,612,287	76,444,311	—	119,056,598	34%	Self-funding
Stove Mining Project Expansion	212,140,000	24,089,530	94,100,470	—	118,190,000	56%	Self-funding and Proceeds
Arsenious acid Project Expansion	113,000,000	11,674,715	61,682,239	—	73,356,954	65%	Self-funding
5,000 ton Technical Improvement	257,320,000	139,177,301	56,132,706	—	195,310,007	75%	Self-funding and Proceeds
Electric Shovel Update 2300XP	210,000,000	6,209,728	45,120,169	—	51,329,897	24%	Self-funding
300K ton Copper Smelting Project	3,372,140,000	837,587,768	1,242,322,293	(2,017,907,485)	62,002,576	62%	Self-funding
Extension of Open-pitting Mining project	387,540,000	9,785,630	41,004,370	—	50,790,000	13%	Self-funding and Proceeds
Utilization of Remaining Heat from Anode Store	54,240,000	37,423,112	12,999,960	—	50,423,072	93%	Self-funding
400,000 AUD Sulphic Project	344,890,000	308,272,984	23,268,681	(330,003,300)	1,538,365	96%	Self-funding and loan
Acquisition of land in Guixi	49,933,600	40,612,899	4,719,332	—	45,332,231	91%	Self-funding
Fujiawu Mine Development and Construction Project	1,052,540,000	649,260,110	155,995,645	(709,705,030)	95,550,725	77%	Self-funding and Proceeds
Project for anode mud treatment and comprehensive utilization	195,740,000	—	24,320,000	—	24,320,000	12%	Self-funding and Proceeds
Heat Re-cycling Project from Smoke Sulphicacid Series I, II	18,500,000	17,842,620	—	(339,516)	17,503,104	96%	Self-funding
Technique improvement Project for production expansion of Dexing Copper Mine	2,537,870,000	—	14,295,189	—	14,295,189	1%	Self-funding
Copper-Recycling project from Sulphicacid waste water	27,400,000	—	13,204,348	—	13,204,348	48%	Self-funding
Expansion project of phase II of Chengmenshan Copper Mine	498,000,000	—	12,670,000	—	12,670,000	3%	Proceeds

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(11) Construction in progress *(Continued)*

The movement of construction in progress for the year ended 31 December 2007 is as below:

Construction name	Budget	Opening balance	Additions	Transfer to fixed assets	Ending balance	% of completion	Sources of funds
Kangxi 30ton/a Copper Concentrate Project	94,800,000	310,868	9,024,230	(8,134,022)	1,201,076	101%	Self-funding
Improvement Project of Water Pipe and Tele-communication System in Guixi Smelter	36,510,000	28,802,000	1,689,180	(30,491,180)	—	84%	Self-funding
Sundry Assets of Guixi Smelter Phase III	51,663,700	798,543	—	—	798,543	71%	Self-funding
Nanchang Single Flat Project	28,390,000	25,015,834	3,374,166	(28,390,000)	—	100%	Self-funding
220,000 ton Copper Alloy Project	157,000,000	240,239	—	(240,239)	—	91%	Self-funding
Others		118,456,186	148,864,669	(167,162,585)	100,158,270		
Total		2,298,172,354	2,291,341,958	(3,352,913,357)	1,236,600,955		
Including: Capitalized borrowing cost		5,305,991	—	(5,305,991)	—		

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(11) Construction in progress *(Continued)*

The movement of construction in progress for the year ended 31 December 2006 is as below (Restated, Note 12):

Construction name	Budget	Opening balance	Additions	Transfer to fixed assets	Ending balance	% of completion	Sources of funds
Electromotor Update	112,000,000	—	42,612,287	—	42,612,287	38%	Self-funding
Stove Mining Project Expansion	212,140,000	—	24,089,530	—	24,089,530	11%	Self-funding
Arsenious acid Project Expansion	113,000,000	—	11,674,715	—	11,674,715	10%	Self-funding
5,000 ton Technical Improvement	257,320,000	64,967,558	74,209,743	—	139,177,301	54%	Self-funding
Electric Shovel Update 2300XP	70,000,000	—	6,209,728	—	6,209,728	9%	Self-funding
300K ton Copper Smelting Project	3,372,140,000	123,501,066	714,086,702	—	837,587,768	25%	Self-funding
Extension of Open-pitting Mining project	387,540,000	—	9,785,630	—	9,785,630	3%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	16,435,142	20,987,970	—	37,423,112	69%	Self-funding
400,000 AUD Sulphic Project	344,890,000	84,729,611	223,543,373	—	308,272,984	89%	Self-funding and loan
Acquisition of land in Guixi	41,227,342	40,578,899	34,000	—	40,612,899	99%	Self-funding
Fujiawu Mine Development and Construction Project	1,052,540,000	363,055,051	286,205,059	—	649,260,110	62%	Self-funding
Heat Re-cycling Project from Smoke Sulphicacid Series I, II	18,500,000	—	17,842,620	—	17,842,620	96%	Self-funding
Kangxi 30ton/a Copper Concentrate Project	94,800,000	42,008,529	44,657,449	(86,355,110)	310,868	91%	Self-funding
Improvement Project of Water Pipe and Tele-communication System in Guixi Smelter	36,510,000	—	28,802,000	—	28,802,000	79%	Self-funding
Sundry Assets of Guixi Smelter Phase III	51,663,700	23,053,588	13,415,165	(35,670,210)	798,543	71%	Self-funding
Nanchang Single Flat Project	28,390,000	13,870,317	11,145,517	—	25,015,834	88%	Self-funding
220,000 ton Copper Alloy Project	157,000,000	85,893,568	56,943,274	(142,596,603)	240,239	91%	Self-funding
Copper Re-cycling from Waste of Sparking Stove Mining Project	239,240,000	220,883,441	17,659,300	(238,542,741)	—	100%	Self-funding
Others		103,602,317	236,548,273	(221,694,404)	118,456,186		
Total		1,182,579,087	1,840,452,335	(724,859,068)	2,298,172,354		
Including: Capitalized borrowing cost		1,165,700	4,140,291	—	5,305,991		

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(12) Intangible asset

The movement of intangible asset for the year ended 31 December 2007 is as below:

	Trade marks	Mining right	Land use right	Total
Cost				
1 January 2007	52,375,156	298,065,070	139,023,715	489,463,941
Additions	—	162,292,081	62,595,111	224,887,192
31 December 2007	52,375,156	460,357,151	201,618,826	714,351,133
Accumulated amortization				
1 January 2007	(17,698,204)	(25,199,767)	(866,453)	(43,764,424)
Charge for the year	(1,899,862)	(13,094,521)	(2,328,337)	(17,322,720)
31 December 2007	(19,598,066)	(38,294,288)	(3,194,790)	(61,087,144)
Net book value				
31 December 2007	32,777,090	422,062,863	198,424,036	653,263,989
1 January 2007	34,676,952	272,865,303	138,157,262	445,699,517

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(12) Intangible asset *(Continued)*

The movement of intangible asset for the year ended 31 December 2006 is as below (Restated, Note 12):

	Trade marks	Mining right	Land use right	Total
Cost				
1 January 2007	52,225,156	293,664,070	138,157,262	484,046,488
Additions	—	4,551,000	866,453	5,417,453
31 December 2007	52,225,156	298,215,070	139,023,715	489,463,941
Accumulated amortization				
1 January 2007	(15,480,000)	(20,667,574)	(607,954)	(36,755,528)
Charge for the year	(2,218,204)	(4,532,193)	(258,499)	(7,008,896)
31 December 2007	(17,698,204)	(25,199,767)	(866,453)	(43,764,424)
Net book value				
31 December 2007	34,526,952	273,015,303	138,157,262	445,699,517
1 January 2007	36,745,156	272,996,496	137,549,308	447,290,960

As at 31 December 2007, Mining rights with net book value of RMBnil (31 December 2006: RMB25,906,543) has been pledged as security for long-term borrowings.

At 31 December 2007, the Group is in the process of obtaining the property certificates for certain land use rights with net book value of RMB45,332,231 (31 December 2006 : RMB137,222,789).

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(13) Deferred tax assets/liabilities

Deferred tax assets affirmed as at 31 December 2007:

	Impairment provision	Payroll accrued but not paid	The Safety fund accrued but not utilization	Unrealised profits arising from inter-company	Others	Total
At beginning of year	—	—	—	—	—	—
Charge to income statement	20,133,810	46,783,899	4,089,840	7,518,938	911,470	79,437,957
At the end of year	20,133,810	46,783,899	4,089,840	7,518,938	911,470	79,437,957

Deferred tax liabilities affirmed as at 31 December 2007:

	Fair value gain arising from commodity forward contracts
At beginning of year	—
Charge to income statement	5,779,260
At the end of year	5,779,260

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(14) Provision for Impairments of assets

The movement of provision for impairment of assets for the year ended 31 December 2007 is as below:

	1 January 2007	Addition	Deduction: Reversal	Deduction: Written off	31 December 2007
Accounts Receivable					
Bad debt provision	133,366,414	9,552,696	(15,240,694)	(214,900)	127,463,516
Other Receivable					
Bad debt provision	27,619,856	1,732,980	(9,583,837)	—	19,768,999
Stock provision	662,235	—	—	—	662,235
Impairments of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairments of fixed assets	4,829,258	—	—	—	4,829,258
	172,087,763	11,285,676	(24,824,531)	(214,900)	152,724,008

The movement of provision for impairment of assets for the year ended 31 December 2006 is as below (Restated, Note 12):

	1 January 2006	Addition	Deduction: Reversal	Deduction: Written off	31 December 2006 (Restated)
Accounts Receivable					
— Bad debt provision	74,972,076	64,191,988	(2,206,164)	(3,591,486)	133,366,414
Other Receivable	—	—	—	—	
— Bad debt provision	21,916,446	9,189,352	(1,811,647)	(1,674,295)	27,619,856
Stock provision	751,102	—	—	(88,867)	662,235
Impairments of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairments of fixed assets	25,124,466	—	—	(20,295,208)	4,829,258
	128,374,090	73,381,340	(4,017,811)	(25,649,856)	172,087,763

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(15) Short-term loans

	31 December 2007	31 December 2006 Restated *(Note12)*
Bank loan	**6,012,556,702**	2,686,278,046
Including:		
Credit loans	**3,896,076,553**	1,255,266,500
Pledged loans *(i)*	**86,500,000**	88,000,000
Mortgaged loans *(ii)*	**2,029,980,149**	1,303,011,546
Guaranteed loans	—	20,000,000
Short-term debentures *(iii)*	**1,000,000,000**	500,000,000
	7,012,556,702	3,166,278,046

The borrowings carry interest at rates ranging from 4.32% to 7.29% annum.

(i) Pledged loans including

Pledged loans amounting to RMB48,500,000 was secured by machineries with carrying value of RMB50,268,000;

Pledged loans amounting to RMB38,000,000 was secured by inventories with carrying value of RMB127,130,000;

(ii) Mortgaged loans were secured by the discounted unmatured commercial and bank notes with carrying value of RMB2,029,980,149;

(iii) With the approval of the general meeting of the Company held on 1 November, 2005, the company issued the short-term debenture in installments with accumulated maximum repayment amount of not more than RMB2,000,000,000 after getting the notification of record from the People's Bank of China on 14 February 2006.

On 25 May 2006, the Company issued short-term debentures with total par value of RMB500,000,000 (maturity in 365 days), which bear an interest rate of 3.23% per annum. On 25 May 2007, the Company repaid portion of those short-term debentures. On 11 January 2007, the Company issued short-term debentures with par value of RMB1,000,000,000 (maturity in 365 days), bearing an interest rate of 3.8% per annum.

As at 31 December 2007, interest incurred of the short-term debenture is RMB36,960,000 (31 December 2006: RMB9,450,000), which has been recorded in interest payable.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(16) Notes payable

	31 December 2007	31 December 2006 Restated *(Note12)*
Bank accepted notes payable	**149,921,676**	34,421,893
Commercial accepted notes payable	**100,000,000**	—
	249,921,676	34,421,893

As at 31 December 2007, the Group does not have balance due from shareholder who holds more than 5% shares of the Company (31 December 2006: Nil).

(17) Accounts payable

As at 31 December 2007, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB17,866 (31 December 2006: RMB2,279,968). More details are given in note 8 "Relationsips and transactions of related parties".

As at 31 December 2007, the Group does not have material balance of accounts payable with ageing over one year.

(18) Advance from customers

As at 31 December 2007, the Group's balance due from shareholder who holds more than 5% shares of the Company is nil (31 December 2006: RMB1,606,181). Please refer to Note 8 for further details of related party transaction.

As at 31 December 2007, the Group does not have material balance of advance from customers with ageing over one year.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(19) Employee benefits payable

The movement of employee benefits for the year ended 31 December 2007 is as below:

	1 January 2007	**Addition**	**Decrease**	**31 December 2007**
Payroll, bonus and allowance	137,022,802	563,633,726	(538,237,683)	162,418,845
Social insurance	3,363,050	112,733,026	(87,978,481)	28,117,595
Labour union fee and personnel education fee	4,671,845	15,793,159	(12,859,643)	7,605,361
Staff welfare	2,403,351	92,384,227	(88,470,923)	6,316,655
Housing fund	1,354,578	22,651,896	(22,167,819)	1,838,655
Others	—	328,297	(302,360)	25,937
	148,815,626	807,524,331	(750,016,909)	206,323,048

The movement of employee benefits for the year ended 31 December 2006 is as below (Restated note 12):

	1 January 2006	**Addition**	**Decrease**	**31 December 2006** (Restated)
Payroll, bonus and allowance	137,369,104	410,907,823	(411,254,125)	137,022,802
Social insurance	1,209,464	85,522,631	(83,369,045)	3,363,050
Labour union fee and personnel education fee	2,620,823	15,630,931	(13,579,909)	4,671,845
Staff welfare	879,914	75,422,988	(73,899,551)	2,403,351
Housing fund	318,202	15,354,470	(14,318,094)	1,354,578
Others	1,534,979	12,562,155	(14,097,134)	—
	143,932,486	615,400,998	(610,517,858)	148,815,626

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(20) Taxes payable

	31 December 2007	31 December 2006 Restated *(Note12)*
Corporate income tax	**532,617,224**	634,351,795
Value-added tax	**(57,334,053)**	193,970,669
Business tax	**128,874**	398,523
Resource tax	**31,331,125**	3,737,014
Mineral resource compensate fee	**43,446,921**	51,924,291
Others	**24,959,233**	10,249,028
	575,149,324	894,631,320

Mineral resources compensation fee is collected in accordance with the PRC State Council Decree Order No. 150, the mineral resource compensate fee collection management regulation, and Jiangxi Province Government Order No. 35, the mineral resource compensate fee collection implementation rules, and is calculated as sales of mineral products mutiply compensation rate and extracting coefficient rate.

(21) Dividends payable

	31 December 2007	31 December 2006 Restated *(Note12)*
JCC	**3,227,511**	—
Ganzi State State-owned Assets Supervision & Administration Company Limited	—	2,676,000
Xichang Electricity Company Limited	—	8,475,000
Sichuan Nation Investment corporation Company Limited	—	3,504,000
Langshan State State-owned Assets Supervision & Administration Company Limited	—	1,845,000
Langshan State Nation Investment Company Limited	—	1,500,000
	3,227,511	18,000,000

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(22) Other payables

	31 December 2007	31 December 2006 Restated *(Note12)*
Paid on behalf of the company by JCC *(Note 8 (5))*	**210,555,053**	179,278,166
Paid on behalf of the company by the subsidiaries under the control of JCC *(Note 8 (5))*	**58,375,433**	19,734,179
Miscellaneous construction fee	**89,577,927**	127,839,661
Retention for contract	**88,149,897**	130,879,424
Construction materials and spare parts	**63,756,523**	2,363,552
Others	**14,652,963**	72,737,035
	525,067,796	532,832,017

As at 31 December 2007, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB210,555,053 (31 December 2006: RMB179,278,166). More details are given in note 8 "Relationsips and transactions of related parties".

As at 31 December 2007, the Group does not have material balance of other payables with ageing over one year.

(23) Non-current liabilities due within one year

	Note 6	**31 December 2007**	31 December 2006 Restated *(Note12)*
Long-term borrowings	(24)	**504,046,000**	251,400,000
Long-term payables	(25)	**20,387,261**	1,870,000
		524,433,261	253,270,000

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(24) Long-term borrowings

	31 December 2007		31 December 2006 Restated *(Note 12)*		
	Original amount	**RMB Equivalent**	Original amount	RMB Equivalent	Loan condition
Secured loans *(i)*	**—**	**—**	—	RMB26,400,000	Secured (i)
Guaranteed loans *(ii)*	**—**	**RMB350,000,000**	—	RMB479,710,000	Guaranteed (ii)
Credit loans	**USD 20,000,000**	**RMB146,092,000**	USD 10,000,000	RMB78,087,000	Credit
Credit loans	**—**	**RMB410,000,000**	—	RMB872,000,000	Credit
		906,092,000		1,456,197,000	
Less: Amount due within one year		**(504,046,000)**		(251,400,000)	
		402,046,000		1,204,797,000	

(i) As at 31 December 2006, the Mining rights with net book value of RMB25,906,543 were pledged for secured loan.

(ii) As at 31 December 2007, the guarantee is provided by JCC, Company's holding company. The interests are paid per month and the principals will be repaid on 30 June 2008 and 8 August 2011 when matured.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(25) Long-term payables

	Term	**31 December 2007**	31 December 2006 Restated *(Note12)*
Mining right payable		**52,831,766**	37,431,000
— Dexing & Yongping Mining *(i)*	30 years	**20,019,770**	37,431,000
— Fujiawu Minging *(ii)*	6 years	**32,811,996**	—
Safety production fund *(iii)*		**16,359,358**	—
Less: Amount due within one year		**(20,387,261)**	(1,870,000)
		48,803,863	35,561,000

(i) The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term loan up to a maximum of 15% on annual installment starting from 1 January 1998. During the year, total interest expense incurred is approximated RMB139,689 (31 December 2006: RMB114,444) and interest rate announced by the state during the year is 7.47% (31 December 2006: 6.12%).

(ii) The amount represents the balance due to the National Land Management Authority on the consideration for the mining rights obtained for Fujiawu Project. The amount is repayable in 6 annual installment of RMB10,000,000 each year, and this long term payable is interest free.

(iii) The Company shall accrued safety production cost from 2007 in accordance with the notices (Cai Qi[2006] No.478) promulgated by the Ministry of Finance and State and the Administration of Work Safety on 8 December 2006. As specified in the document, the standard rate for each raw ore extracted is RMB4 per tonne of raw ore for open-pit mines and RMB8 per tonne for underground mines.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(26) Other non-current liabilities

Other non-current liabilities represent the deferred revenue derived from government subsidy received in respect of fixed assets purchase and construction. The movement during the year is as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
At beginning of the year	**72,680,000**	74,635,000
Addition during the year	**30,665,000**	4,437,128
Recognized as income during the year	**(7,058,054)**	(6,392,128)
At end of the year	**96,286,946**	72,680,000

(27) Provision

	For the year ended 31 December 2007
At beginning of the year	—
Addition during the year	48,224,000
At end of the year	48,224,000

Provision represent the environment rehabilitation costs, as there is obligation of the Company in future for the environmental costs, and there is probable outflow of economic benefits as the results of its obligation. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(28) Share capital

Paid in capital of the Group is RMB3,022,833,727. The face value of the shares is RMB1.00 each. The shares' type and configuration is as follow:

	Beginning Restated *(Note 12)*		Increase/(Decrease)				Ending	
	No. of shares	%	Issue shares(i)	Donate shares	Others(ii)	Subtotal	No. of shares	%
Listed shares with restricted trading condition								
(1) State owned	—	—	—	—	—	—	—	—
(2) State legal person owned	1,225,035,414	42.31%	57,039,479	—	—	57,039,479	1,282,074,893	42.41%
(3) Domestic other legal owned	1,920,786	0.07%	70,756,048	—	(1,920,786)	68,835,262	70,756,048	2.34%
Including:								
Domestic legal person owned	1,920,786	0.07%	70,756,048	—	(1,920,786)	68,835,262	70,756,048	2.34%
Domestic person owed	—	—	—	—	—	—	—	—
Listed shares with restricted trading conditions	1,226,956,200	42.38%	127,795,527	—	(1,920,786)	125,874,741	1,352,830,941	44.75%
Listed shares without restricted trading conditions								
(1) A shares	280,600,000	9.69%	—	—	1,920,786	1,920,786	282,520,786	9.35%
(2) Domestic foreign shares	—	—	—	—	—	—	—	—
(3) H shares	1,387,482,000	47.93%	—	—	—	—	1,387,482,000	45.90%
(4) Others	—	—	—	—	—	—	—	—
Listed shares without restricted trading conditions	1,668,082,000	57.62%	—	—	1,920,786	1,920,786	1,670,002,786	55.25%
Total of share capital	2,895,038,200	100.00%	127,795,527	—	—	127,795,527	3,022,833,727	100.00%

6 Notes to Consolidated Financial Statements *(Continued)*

(28) Share capital *(Continued)*

(i) Pursuant to the sanction document of ZhengJianFaXingZi [2007] 278 issued by the CSRC, the Company issued 127,795,527 A shares of RMB1 each at a price of RMB31.30 per share on 27 September 2007 and received an aggregate of RMB3,999,999,995 paid up share capital from share holders. Out of the newly issued 127,795,527 A shares (subject to trading restrictions), 57,039,479 shares were issued to JCC in consideration of the purchase of certain equity interests and businesses at an agreed value of RMB1,785,335,093, accounting for 44.63% of total newly issued A shares. The remaining 70,756,048 shares were issued to eight financial institutions for cash of RMB2,214,664,302, accounting for 55.37% of total newly issued A shares. Deducting the issuing expenses, the actual net proceeds raised is RMB3,950,174,667 (including RMB2,164,838,974 of cash). The amount contributed by JCC in form of non-cash assets to subscribe for the A Shares mainly included all Chenmengshan's net assets its except land use rights, 40% equity interests in Jiangxi Copper Alloy Materials Company, 40% equity interests in Jiangxi Copper Products Company Limited, 100% equity interests in Jiangtong Chemical and 100% equity interest in Jiangtong Transportation. The part of total amount RMB1,837,768,956 exceeding the agreed value of RMB1,785,335,693 (RMB52,433,263) was recorded as other payable and paid in cash.

JCC and the eight financial institutions undertake that new shares received by them in this issue will be subject to trading moratorium periods of 36 months and 12 months, respectively, from the date of completion of the new share placement. The shares of JCC with trading moratorium are expected to be listed on 27 September 2010 (defer to the next trading day in the case of a non-trading date) and the shares of the eight financial institutions with trading moratorium are expected to be listed on 27 September 2008 (defer to the next trading day in the case of a non-trading date). The eight financial institutions were Guotai Junan Investment Management Co., Ltd, Suzhou Industrial Park Assets Management Co., Ltd, Minmetals Investment & Development Co., Ltd, Wuxi Guolian Development (Group) Co., Ltd, Sanjiang Aerospace Group Financial Company Limited, Shanghai Rongchang Assets Management Co., Ltd, Shanghai Yuanhai Industrial Co., Ltd, Zhongrong International Trust & Investment Co., Ltd.

(ii) Pursuant to share reform plan approved by shareholders' meeting on 3 April 2006, the plan was carried into execution from 19 April 2006,while 17 April 2006 was regarded as share register date, the 1,920,786 shares with trading moratorium held by Zhongniang Estate Group Co., Ltd (formerly is Shenzhen Baoheng Group Co., Ltd), Jiangxi Xinxin Industry Co., Ltd, Hubei Sanxin Gold and Copper Co., Ltd is listed on 19 April 2007.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(29) Capital reserves

The change of capital reserves for the year ended 31 December 2007 is as below:

	1 January 2007	Addition/ (Deduction)	Reclassification	31 December 2007
Share premium	1,956,488,732	2,639,985,255	(5,370,848)	4,591,103,139
Revaluation reserve	113,063	—	—	113,063
Change in fair value of commodity forward contracts	38,747,100	(16,150,541)	—	22,596,559
Capital injection by preshareholders of the acquirees of busines combination before the acquisition date	366,413,922	(371,784,770)	5,370,848	—
	2,361,762,817	2,252,049,944	—	4,613,812,761

The change of capital reserves in year 2006 is as below: (Restated (Note12))

	1 January 2006	Addition/ (Deduction)	Reclassification	31 December 2006
Share premium	1,956,488,732	—	—	1,956,488,732
Revaluation reserve	113,063	—	—	113,063
Change in fair value of commodity forward contracts	(71,022,000)	109,769,100	—	38,747,100
Capital injection by preshareholders of the acquirees of busines combination before the acquisition date	335,599,605	30,814,317	—	366,413,922
	2,221,179,400	140,583,417	—	2,361,762,817

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(30) Surplus reserves

The movement of surplus reserves for the year ended 31 December 2007 is as below:

	Statutory Public Welfare fund	Statutory Surplus reserves	Discretionary surplus reserves	Total
1 January 2007	—	1,307,429,176	2,313,617,366	3,621,046,542
Charge for the year	—	385,626,619	1,156,879,859	1,542,506,478
Transfer out	—	—	—	—
31 December 2007	—	1,693,055,795	3,470,497,225	5,163,553,020

The change of surplus reserves for the year ended 31 December 2006 is as below:
Restated (Note12)

	Statutory Public Welfare fund	Statutory Surplus reserves	Discretionary surplus reserves	Total
1 January 2006	379,128,344	453,447,284	921,604,148	1,754,179,776
Charge for the year	—	474,853,548	1,392,013,218	1,866,866,766
Transfer out	(379,128,344)	379,128,344	—	—
31 December 2006	—	1,307,429,176	2,313,617,366	3,621,046,542

Pursuant to company law and the Company's Article of Association, the Company is required to appropriate 10% of its profit after tax as statutory surplus reserve. The appropriation may cease to apply if the balance of the statutory surplus reverse has reached 50% of the Company's registered capital.

According to the Company Law of the PRC and other regulations, the Company is no longer required to make any transfer of profit after tax to the statutory public welfare fund. The remaining balance of the statutory public welfare fund as at 31 December 2005 has been transferred to statutory surplus reverse.

After statutory surplus reserves are accrued, discretionary surplus reserves can be accrued. Discretionary surplus reserves can offset accumulated losses or increase share capital after approval.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(31) Retained earnings

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Retained earnings at beginning of year after retrospective adjustment at beginning of the year	**3,999,087,695**	1,797,708,456
Add: Net profit for the year	**4,132,734,558**	4,744,120,761
Profits available for appropriation	**8,131,822,253**	6,541,829,217
Less: Appropriations to statutory surplus reserve	**385,626,619**	474,853,548
Appropriations to discretionary surplus reserve	**1,156,879,859**	1,392,013,218
Profits available for appropriation to shareholders	**6,589,315,775**	4,674,962,451
Less: Cash dividend approved by the general meeting of last year	**1,158,015,280**	555,847,334
Dividends paid by acquirees of business combination under common control before the acquisition date	**89,020,086**	120,027,422
Retained earnings at beginning of year after retrospective adjustment at the end of the year	**5,342,280,409**	3,999,087,695
Including: Cash dividends proposed after the balance sheet date	**906,850,118**	1,158,015,280

On 16 July 2007, a dividend of RMB0.40 per share (tax inclusive for A shares) on 2,895,038,200 shares, in aggregate approximately RMB1,158,015,000 was paid to the shareholders as the final dividend for year 2006.

The directors propose to distribute a final dividend of RMB0.3 per share (tax inclusive for A shares) for the year ended 31 December 2007. Total estimated dividend to be paid is approximately RMB906,850,118 on the existing issued 3,022,833,727 shares.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(32) Minority interests

The minority interests of the significant subsidiaries of the Group are stated as below:

	31 December 2007	31 December 2006 Restated *(Note12)*
Kangtong Copper	**111,555,938**	93,546,829
Wengfu	**47,485,075**	51,626,019
Sure Spread	**28,822,421**	25,636,362
Diaoquan Silver and Copper	**55,542,166**	45,790,028
Xiaoshan Tongda	**747,198**	734,150
JCPC	**—**	114,611,097
JCAC	**—**	83,386,124
	244,152,798	415,330,609

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(33) Revenue and costs of sales

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Revenue from principal operations	**41,228,598,530**	24,599,636,024
Other operating income	**178,795,236**	471,403,216
	41,407,393,766	25,071,039,240

Revenue from principal operations by products:

Products categories	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated *(Note12)*
Copper rods and wires	**18,315,904,583**	10,020,404,971
Copper cathodes	**17,949,120,852**	10,895,400,735
Gold	**2,258,805,954**	1,819,516,534
Other products (silver, sulphuric acid and etc.)	**2,596,971,703**	1,629,149,051
Tolling services	**107,795,438**	235,164,733
	41,228,598,530	24,599,636,024

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(33) Revenue and Costs of sales *(Continued)*

Revenue from principal operations by Geographical

Geographical segments:	**For the year ended 31 December 2007**	For the year ended 31 December 2006 Restated *(Note12)*
Mainland China	**40,029,960,874**	22,305,960,783
Hong Kong	**856,226,612**	949,802,935
Taiwan	**192,190,596**	—
Australia	**21,349,144**	—
Thailand	**17,246,913**	—
UK	**—**	388,521,526
Korea	**—**	343,375,406
Holland	**—**	322,726,112
USA	**—**	118,142,031
Belgium	**—**	23,134,680
New Zealand	**—**	3,732,092
Others	**111,624,391**	144,240,459
	41,228,598,530	24,599,636,024

Cost of sales:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Costs of domestic sales	**34,524,976,817**	16,165,475,248
Costs of export sales	**966,167,397**	1,681,480,762
	35,491,144,214	17,846,956,010
Total revenue of the five largest customers	**4,948,630,031**	5,115,331,568
Percentage in the total revenue	**12.00%**	20.79%

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(34) Taxes and surcharges

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Resources tax and mineral resources compensation fee	**122,026,255**	52,520,985
Business tax	**2,107,444**	1,909,422
Cities construction tax and education surcharge	**1,741,861**	2,794,039
Fund for price change on non-staple foods	**900,057**	927,725
	126,775,617	58,152,171

(35) Financial expenses

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Interest expense	**262,700,387**	186,129,927
Add: Interest income	**(21,801,568)**	(25,624,760)
Foreign exchange (gains)/losses	**(15,626,003)**	15,215,608
Others	**16,493,838**	5,455,617
	241,766,654	181,176,392

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(36) Provision for Impairment of assets

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
(Reversal)/provision for the bad debt provision	**(13,538,855)**	69,363,529

(37) Gain/(loss) from change in fair value

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Commodity forward contracts	**32,107,000**	(19,279,150)

(38) Investment income/(losses)

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Gain/(loss) from commodity forward contracts not qualified for hedge accounting	**52,278,823**	(471,859,622)
Share of profit of a jointly controlled entity and associates	**22,864,100**	70,202
(Loss)/gain from disposal of subsidiary	**(1,619,216)**	1,162
Loss on stock investment	**—**	(939,359)
Dividend declared from invested entities under cost method	**—**	3,510,529
	73,523,707	(469,217,088)

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(39) Non-operating expenses

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Loss on disposal of fixed assests	**7,816,714**	19,921,782
Education expenses	**2,547,030**	6,383,505
Donation	**2,103,278**	10,930,074
Penalty	**335,297**	122,249
Others	**3,402,586**	1,123,054
	16,204,905	38,480,664

(40) Income tax

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Current income tax	**792,099,834**	905,548,623
Deferred income tax	**(73,658,697)**	—
	718,441,137	905,548,623

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(40) Income tax *(Continued)*

Reconciliation of the tax expense applicable to profit before tax of the year 2007 and year 2006, are as follows:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Profit before tax	**4,924,445,650**	5,730,888,173
Tax at the statutory income tax rate (33%)	**1,625,067,065**	1,891,193,097
Lower tax rates for the Company	**(742,554,707)**	(941,199,000)
Lower tax rates for the subsidiaries	**(76,607,820)**	(933,000)
Reduction of income tax in respect of purchase domestic equipment	**(26,669,661)**	(106,404,000)
Profits and losses attributable to a jointly controlled entity and associates	**(3,772,576)**	(23,232)
Non-deductible expenses	**15,488,945**	18,431,441
Previously unrecognised deferred tax assets	**(72,510,109)**	44,483,317
Income tax expense at the Group's effective rate	**718,441,137**	905,548,623

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the New Corporate Income Tax Law was approved and became effective on 1 January 2008. Pursuant to the new regulation, the companies who enjoyed lower tax rate benefit will be entitled to have a 5-year intergrades for tax rate changes. As for the companies with income tax rate of 15%, their following 5 years tax rates are 18% for year 2008, 20% for year 2009, 22% for year 2010, 24% for year 2011, 25% for year 2012. As for the companies enjoyed two exemptions and three halved, they will still operate under the old tax regulation, rules of laws after the implementation of new tax laws until the end of the tax holiday. Existing enterprises which are entitled to, but not yet commenced, tax holiday due to continuing losses, tax holiday is calculated from year 2008.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(41) Earnings per share

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the year. The number of newly issued ordinary shares, according to the detail articles of the issuance contract is settled from the due day, normally the share issuance.

The calculation of basic earnings per share is based on:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**4,132,734,558**	4,744,120,761
Shares:		
Weighted average number of ordinary shares adjusted	**2,953,564,327**	2,928,843,649

No diluted earnings per share amount are presented for the year as there were no dilutive events occurred during the year.

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(42) Cash received or paid relating to other operating activities

Cash received relating to other operating activities are stated as below:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Cashes received relating to other operating activities		
Net gains from the settlement of commodity forward contracts	**174,211,183**	—
Interest income	**21,801,568**	25,624,760
Non-operating income	**17,923,531**	2,301,079
Others	**32,999,673**	67,893,702
	246,935,955	95,819,541

Cash paid relating to other operating activities are stated as below:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Cashes paid relating to other operating activities		
Selling expenses and general and administrative expenses	**615,178,715**	417,608,810
Deposit for commodity forward contracts	**122,865,277**	—
Non operating expenses	**8,388,191**	18,558,882
Net Losses from the settlement of commodity forward contracts	**—**	1,351,021,659
Others	**19,260,214**	19,015,107
	765,692,397	1,806,204,458

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(43) Cash flows from operating activities

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Reconciliation of net profit to cash flow from operating activities		
Net profit for the year	**4,206,004,513**	4,825,339,550
Add:(Reversal)/provision for impairment of assets	**(13,538,855)**	69,363,529
Depreciation of fixed assets	**584,615,089**	528,583,805
Amortisation of intangible assets	**17,322,720**	7,008,896
Amortisation of long term deferred assets	**—**	12,504,292
Loss on disposal of fixed assets, intangible assets, and other long term assets	**7,816,714**	19,921,782
Financial expense	**262,700,387**	186,129,927
Investment incomes	**(21,244,884)**	(2,642,534)
(Gains)/losses on fair value change	**(32,107,000)**	19,279,150
Increase in of deferred tax assets	**(79,437,957)**	—
Increase in deferred tax liabilities	**5,779,260**	—
Deferred revenue released to income statement	**(7,058,054)**	(6,392,128)
Increase in inventories	**(2,793,147,268)**	(2,852,017,195)
Increase in operating receivables	**(1,401,330,806)**	(1,544,638,891)
Decrease in operating payables	**859,303,432**	946,245,078
Net cash inflow from operating activities	**1,595,677,291**	2,208,685,261

(44) Non cash transaction of significant investment and financing activity

The Company issued 127,795,527 A shares of RMB1 each at a price of RMB31.30 per share in September 2007. Out of the newly issued 127,795,527 A shares, 57,039,479 shares were issued to JCC in consideration of the purchase of certain equity interests and businesses at an agreed value of RMB1,785,335,693. The carrying amount of the non cash assets is amounted to RMB1,837,768,956. The carrying amount of the amounting to RMB52,433,263 is recorded as other payables and will be repaid to JCC with cash in the future. Detailed information is stated in the Note 6 (28).

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(45) Business Combination

Business combination under common control

Pursuant to the sanction document of ZhengJian Fa Xing Zi [2007] 278 issued by the CSRC, the Company issued 127,795,527 A shares on 27 September 2007. JCC purchased part of the shares with the consideration of all Chenmengshan's net assets except for land use rights, 100% equity interests in Jiangtong Chemical and 100% equity interest in Jiangtong Transportation. As the acquired companies are the affiliates of the Company's parent company before and after the acquisition, both parties are under common and consistent control of JCC, the combination is defined as business combination under common control. The Company and JCC jointly agreed to treat 22 September 2007 as the date of transactions for assets and shares ("The Transaction Date").

The carrying amount of the assets and liabilities of the acquired companies as at 31 December 2006 and the combination date are stated as below:

Chenmengshan:

	27 September 2007	31 December 2006
Cash and bank	**44,900,913**	3,072,414
Advances to suppliers	**13,967,335**	12,463,328
Other receivable	**4,700,627**	41,303,522
Inventories	**5,313,248**	4,007,711
Net book value of fixed Assets	**178,882,223**	190,482,119
Construction in progress	**20,566,418**	44,957,627
Intangible assets	**229,564,386**	187,077,481
Accounts payable	**(9,933,563)**	(15,004,631)
Advance from customers	**(1,551,516)**	(976,052)
Employee benefits payable	**(1,781,099)**	(6,633,843)
Tax payables	**(1,758,602)**	3,717,641
Other payables	**(790,726)**	(156,746,999)
Other current liabilities	**(6,404,420)**	—
Long-term borrowings	**(151,550,000)**	—
Long term payables	**(1,561,800)**	—
Net assets	**322,563,424**	307,720,318

The operating results and cash flow of Chenmengshan from the beginning of the year to the combination date are stated as below:

Revenue	204,606,147
Net profit	89,020,086
Cash flow, net	(7,675,700)

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(45) Business Combination *(Continued)*

Jiangtong Chemical:

	27 September 2007	31 December 2006
Cash and bank	**8,612,110**	235,563
Notes receivable	**100,000**	—
Accounts receivable	**309,553**	848,240
Advances to suppliers	**519,944**	1,059,257
Other receivable	**10,800**	1,536,459
Inventories	**2,891,032**	2,063,657
Net book value of fixed Assets	**66,194,365**	68,712,718
Construction in progress	**225,242**	225,242
Deferred tax assets	**323,304**	—
Short term loan	**(20,000,000)**	(20,000,000)
Accounts payable	**(8,655,715)**	(10,437,375)
Advance from customers	**(386,595)**	(313,802)
Employee benefits payable	**(119,234)**	(122,476)
Tax payables	**(1,522,728)**	(178,153)
Other payables	**(424,359)**	(877,415)
Long term payables	**(593,120)**	—
Net Assets	**47,484,599**	42,751,915

The operating results and cash flow of Jiangtong Chemicals from the beginning of the year to the combination date are stated as below:

Revenue	23,734,149
Net profit	4,231,644
Cash flow, net	8,376,547

(Expressed in Renminbi Yuan)

6 Notes to Consolidated Financial Statements *(Continued)*

(45) Business Combination *(Continued)*

Jiangtong Transportation:

	27 September 2007	31 December 2006
Cash and bank	**80,334**	1,210,773
Notes receivable	**1,000,000**	—
Accounts receivable	**9,725,587**	11,281,582
Advances to suppliers	**873,421**	30,009
Other receivable	**51,074**	4,132,467
Inventories	**2,432,311**	1,703,268
Long-term equity investment	**642,406**	602,541
Net book value of fixed Assets	**18,201,104**	18,975,279
Intangible assets	**87,500**	137,500
Deferred tax assets	**1,151,489**	—
Short term loan	**(3,700,000)**	—
Accounts payable	**(6,772,822)**	(7,864,558)
Advance from customers	**(138,402)**	—
Employee benefits payable	**(2,964,397)**	(2,878,783)
Tax payables	**(241,876)**	(3,075,368)
Other payables	**(558,879)**	(7,228,660)
Other current liabilities	**(1,309,000)**	—
Long term payables	**(188,329)**	—
Net assets	**18,371,521**	17,026,050

The operating results and cash flow of Jiangtong Transportation from the beginning of the year to the combination date are stated as below:

Revenue	48,533,135
Net profit	54,839
Cash flow, net	(1,130,440)

(46) Segment information

The Group's revenue and profit for the year are almost derived from the production and sale of copper cathodes, copper rods and wires and other related products. The directors consider that these operating constitute one single business segment since the products are related and are subject to common risks and returns.

Over 90% of the Group's revenue is derived from Mainland China. All of the production facilities of the Group are located in Mainland China. Therefore, no business and geographical segments are presented.

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company

(1) Accounts Receivable

	31 December 2007	31 December 2006 Restated *(Note12)*
Accounts Receivable	**1,341,340,172**	804,018,468
Less: Bad debt provision	**(127,420,913)**	(133,195,823)
	1,213,919,259	670,822,645

The aging analysis of accounts receivable is as below:

	31 December 2007			
	Balance	**(%)**	**Bad debt provision**	**Net book value**
Within 1year	1,213,401,511	90.46%	—	1,213,401,511
1-2 years	576,770	0.04%	(115,354)	461,416
2-3 years	112,664	0.01%	(56,332)	56,332
Over 3 years	127,249,227	9.49%	(127,249,227)	—
	1,341,340,172	100.00%	(127,420,913)	1,213,919,259

	31 December 2006 *Restated (note 12)*			
	Balance	**(%)**	**Bad debt provision**	**Net book value**
Within 1year	670,075,972	83.34%	—	670,075,972
1-2 years	4,943,745	0.61%	(4,840,685)	103,060
2-3 years	1,287,225	0.16%	(643,612)	643,613
Over 3 years	127,711,526	15.88%	(127,711,526)	—
	804,018,468	100.00%	(133,195,823)	670,822,645

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(1) Accounts Receivable *(Continued)*

	31 December 2007			
	Amount	**(%)**	**Bad debt provision**	**(%)**
Individually significant	731,885,308	55%	71,211,359	10%
Others	609,454,864	45%	56,209,554	9%
	1,341,340,172	100%	127,420,913	9%

	31 December 2006 *Restated (note 12)*			
	Amount	**(%)**	**Bad debt provision**	**(%)**
Individually significant	361,464,925	45%	63,616,796	18%
Others	442,553,543	55%	69,579,027	16%
	804,018,468	100%	133,195,823	17%

	31 December 2007	31 December 2006 Restated *(Note12)*
Total amount of five largest debtors	**676,108,503**	318,093,904
Percentage in total accounts receivable	**50.41%**	39.56%

On 31 December 2007, the company's balance due from shareholder who holds more than 5% shares of the Company is RMB57,856 (31 December 2006: RMB805,647).

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(2) Other receivables

	31 December 2007	31 December 2006 Restated *(Note12)*
Other receivables	**329,632,778**	118,011,255
Less: Bad debt provision	**(16,092,573)**	(24,183,485)
	313,540,205	93,827,770

The aging analysis of other receivable is as follows:

	31 December 2007			
	Balance	**(%)**	**Bad debt provision**	**Net book value**
Within 1year	290,234,321	88.05%	(109,528)	290,124,793
1-2 years	22,945,799	6.96%	(1,302,256)	21,643,543
2-3 years	918,042	0.28%	(219,005)	699,037
Over 3 years	15,534,616	4.71%	(14,461,784)	1,072,832
	329,632,778	100.00%	(16,092,573)	313,540,205

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(2) Other receivables *(Continued)*

	31 December 2007 Restated *(note 12)* **Balance**	**(%)**	**Bad debt provision**	**Net book value**
Within 1year	91,764,589	77.76%	—	91,764,589
1-2 years	9,249,017	7.84%	(7,309,960)	1,939,057
2-3 years	248,247	0.21%	(124,123)	124,124
Over 3 years	16,749,402	14.19%	(16,749,402)	—
	118,011,255	100.00%	(24,183,485)	93,827,770

	31 December 2007 **Amount**	**(%)**	**Bad debt provision**	**(%)**
Individually significant	168,610,391	51%	—	—
Others	161,022,387	49%	16,092,573	10%
	329,632,778	100%	16,092,573	5%

	31 December 2006 Restated *(note 12)* **Amount**	**(%)**	**Bad debt provision**	**(%)**
Individually significant	64,502,347	55%	—	—
Others	53,508,908	45%	24,183,485	45%
	118,011,255	100%	24,183,485	20%

	31 December 2007	31 December 2006 Restated *(Note12)*
Total amount of five largest debtors	**168,610,391**	64,502,347
Percentage in total other receivables	**51.15%**	54.66%

As at 31 December 2007, the Company's balance of deposits for commodity forward contracts is RMB173,179,471 (31 December 2006: RMB39,925,715)

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(2) Other receivables *(Continued)*

As at 31 December 2007, the Company's balance due from shareholder who holds more than 5% shares of the Company is RMB1,107,284 (31 December 2006: Nil).

(3) Long-term equity investments

The movement of Long-term equity investments for the year ended 31 December 2007 is as below:

		Investment Cost			Share of net profits		
	Investment Cost	Opening balance	Addition	Ending balance	Beginning balance	Increase/ (Decrease)	Ending balance
Cost method:							
Kangtong Copper	80,000,000	80,000,000	—	80,000,000	—	—	80,000,000
Xiaoshan Tongda	600,000	600,000	—	600,000	—	—	600,000
JCPC	135,000,000	135,000,000	111,879,928	246,879,928	—	—	246,879,928
Diaoquan Silver and Copper	35,000,000	35,000,000	—	35,000,000	—	—	35,000,000
Sure Spread	29,227,000	29,227,000	—	29,227,000	—	—	29,227,000
JCAC	119,700,000	119,700,000	109,809,299	229,509,299	—	—	229,509,299
Wengfu	127,050,000	127,050,000	—	127,050,000	—	—	127,050,000
Shenzhen Trading	30,000,000	30,000,000	—	30,000,000	—	—	30,000,000
Shanghai Trading	20,000,000	20,000,000	—	20,000,000	—	—	20,000,000
Beijing Trading	10,000,000	10,000,000	—	10,000,000	—	—	10,000,000
Jiangtong Chemical	47,484,598	—	47,484,598	47,484,598	—	—	47,484,598
Jiangtong Transportation	18,371,521	—	18,371,521	18,371,521	—	—	18,371,521
Equity method:							
JCC Finance	100,000,000	100,000,000	—	100,000,000	5,311	10,201,787	110,207,098
Qingyuan	36,000,000	—	36,000,000	36,000,000	—	12,520,574	48,520,574
Minerals Jiangxi Copper	460,000,000	—	460,000,000	460,000,000	—	(130,825)	459,869,175
Jiangtong Bioteq	14,100,000	—	14,100,000	14,100,000	—	(314,253)	13,785,747
Total	1,262,533,119	686,577,000	797,645,346	1,484,222,346	5,311	22,277,283	1,506,504,940

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(3) Long-term equity investments *(Continued)*

The movement of Long-term equity investments for the year ended 31 December 2006 is as below (Restated, Note12):

		Investment Cost			Share of net profit		
	Investment Cost	Opening balance	Addition	Ending balance	Beginning balance	Increase/ (Decrease)	Ending balance
Cost method:							
Kangtong Copper	80,000,000	80,000,000	—	80,000,000	—	—	80,000,000
Xiaoshan Tongda	600,000	600,000	—	600,000	—	—	600,000
JCPC	135,000,000	135,000,000	—	135,000,000	—	—	135,000,000
Diaoquan Silver and Copper	35,000,000	35,000,000	—	35,000,000	—	—	35,000,000
Sure Spread	29,227,000	29,227,000	—	29,227,000	—	—	29,227,000
JCAC	119,700,000	119,700,000	—	119,700,000	—	—	119,700,000
Wengfu	127,050,000	127,050,000	—	127,050,000	—	—	127,050,000
Shenzhen Trading	30,000,000	—	30,000,000	30,000,000	—	—	30,000,000
Shanghai Trading	20,000,000	—	20,000,000	20,000,000	—	—	20,000,000
Beijing Trading	10,000,000	—	10,000,000	10,000,000	—	—	10,000,000
Equity method:							
JCC Finance	100,000,000	—	100,000,000	100,000,000	—	5,311	100,005,311
Total	686,577,000	526,577,000	160,000,000	686,577,000	—	5,311	686,582,311

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(4) Revenue and cost of Sales

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Sales revenue	37,917,215,890	24,467,191,237
Other operating income	148,345,843	340,343,383
	38,065,561,733	24,807,534,620

Revenue from principal operations by products

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Product category		
Copper rods and wires	**16,872,891,561**	7,153,537,109
Cathode copper	**16,099,835,019**	14,625,130,831
Gold	**2,249,433,547**	1,819,516,534
Others (Silver, Sulphuric acid, etc)	**2,623,244,866**	734,111,551
Tolling services	**71,810,897**	134,895,212
	37,917,215,890	24,467,191,237

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(4) Revenue and Cost of Sales *(Continued)*

Revenue by Geographical

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Geographical segments		
Mainland China	**36,718,578,234**	22,183,133,707
Hong Kong	**856,226,612**	949,802,935
Taiwan	**192,190,596**	—
Australia	**21,349,144**	—
Thailand	**17,246,913**	—
UK	**—**	388,521,526
Korea	**—**	343,375,406
Holland	**—**	322,726,112
USA	**—**	118,142,031
Belgium	**—**	23,134,680
New Zealand	**—**	3,732,092
Others	**111,624,391**	134,622,748
	37,917,215,890	24,467,191,237

Cost of Sales:

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Cost of domestic sales	**31,750,321,041**	16,442,082,645
Cost of export sales	**966,167,397**	1,668,530,594
	32,716,488,438	18,110,613,239
Total revenue of five largest customers	**12,720,404,325**	4,241,063,603
Percentage in total revenue	**33.55%**	17.33%

(Expressed in Renminbi Yuan)

7 Notes to Financial Statements of the Company *(Continued)*

(5) Investment income/(loss)

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Share of profit of jointly controlled entity and associates	**22,277,283**	5,311
Dividends declared from invested entities under cost method	**36,076,646**	34,046,819
Gain/(loss) from commodity from forward contracts not qualified hedging accounting	**21,009,850**	(468,408,055)
	79,363,779	(434,355,925)

8. Related Party Relationship and Transaction

(a) Definitions of related party

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, jointly control or significant influence from the same party.

Here below are the related parties of the Group:

1) The parents of the Group;

2) The subsidiaries of the Group;

3) Other enterprises which are controlled by the Group's parents;

4) An investors who has jointly control over the Group;

5) An investors who can exercise significant influence over the Group;

6) A joint venture in which the Group is an investor;

7) The associates of the Group;

8) Principal individual investor of the Group, and close family member of such individuals;

9) Key management personnel of the Company or its parent, and close family members of such individuals; and

10) Other enterprises that are controlled jointly controlled or significantly influenced by the Group's principal individual investors, key management personnel or close family members of such individuals.

Enterprises are not regarded as related parties if they are under common control from the state.

8. Related Party Relationship and Transaction *(Continued)*

(b) Parent company and subsidiaries

Parent company	Registration place	Principal business	Direct interest	Voting power	Registered capital *RMB000*
JCC	Jiangxi Guixi	Non-ferrous metal mines, Non-metal mining, Smelting, and mangle rolling processing of non-ferrous metals	42.41%	42.41%	2,656,150

Subsidiaries of the Group are given in note 5 scope of consideration.

(c) Other related parties

Name	Relationship
JCC's affiliates	Controlled by parent company
JC Qingyuan	Associate

(d) Significant transaction with related parties

The Group had the following significant transactions with related parties, except for the acquisition of assets and business from JCC and loans guarantee obtained from JCC mentioned above.

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated *(Note12)*
Sales to and services provided to related parties:		
Sale of copper cathode and sulphuric acid	**2,275,781,606**	1,713,496,000
Sales of low oxygen copper rods and wire and processing of copper cathode into copper rods and wires	**815,632,097**	260,812,000
Sales of auxiliary industrial products	**336,396,726**	105,399,000
Sales of raw copper sulphate	**118,476,172**	92,245,000
Sales of waste, filter residue and black cement copper	**70,690,998**	44,578,000
Supply of water and transmission of electricity	**75,890,586**	74,355,000
Tolling fee and sales fee charged	**74,709,097**	43,956,000
Sale of gases	**6,943,759**	4,533,000

(Expressed in Renminbi Yuan)

8. Related Party Relationship and Transaction *(Continued)*

(d) Significant transaction with related parties *(Continued)*

	For the year ended 31 December 2007	For the year ended 31 December 2006 *Restated (Note12)*
Purchase of goods from and services provided from related parties:		
Purchase of blister copper	**1,956,194,587**	1,035,965,000
Purchase of scrap copper	**726,059,885**	105,974,000
Purchase of copper concentrates	**270,605,798**	518,924,000
Purchase of gold and silver-bearing materials	**3,851,889**	12,055,000
Purchase of silver concentrates	**—**	2,315,000
Purchase of auxiliary industrial products	**495,309,891**	373,679,500
Construction service provided to the Group	**216,523,409**	123,579,000
Vehicle transportation service provided to the Group	**166,581,304**	141,185,000
Repair and maintenance service provided to the Group	**102,484,612**	138,488,000
Tolling service of copper anticathode	**46,923,040**	—
Tolling fee and sales fee charged to the Group	**40,868,759**	101,000
Brokerage agency service for commodity forward contracts provided to the Group	**18,685,701**	8,908,000
Other management fee	**18,644,875**	12,249,000
Industrial water supplied to the Group	**17,205,056**	20,522,000
Other support services provided to the Group	**11,876,684**	1,633,000
Environmental greenery services provided to the Group	**5,103,104**	7,590,000
Electricity supply provided to the Group	**3,616,638**	4,901,000
Social welfare and support services provided to the Group:	**69,620,780**	82,469,000
– welfare and medical services	**57,120,418**	67,286,000
– use of representative offices	**3,714,380**	4,113,000
– technical education services	**3,329,340**	3,654,000
– internal telecommunications services	**2,909,612**	4,632,000
– primary and secondary education services	**2,547,030**	2,784,000

(Expressed in Renminbi Yuan)

8. Related Party Relationship and Transaction *(Continued)*

(e) Significant transaction with related parties *(Continued)*

	For the year ended 31 December 2007	For the year ended 31 December 2006 Restated (Note12)
Other related party transaction:		
Use of common facilities charged to the Group	**25,008,651**	25,398,000
Rental for land use rights charged to the Group	**15,000,000**	15,000,000
Pension fee paid to the Group	**14,531,659**	74,614,288
Key management personnel salary paid to the Group	**8,811,000**	7,471,000
Rentals for office premises charged to the Group	**8,700,272**	7,671,000
Mining rights obtained from the Group	**2,009,689**	1,984,000
Rentals for office premises received by the Group	**55,500**	56,000

The sales to and purchase from related parties are regotiated and agreed by both parites with the reference to market price.

The amount of sales and services provided to JCC is 9.16% (31 December 2006: 9.51%) of the total revenue of the Group. The amount of purchase and service provided from JCC is 10.07% (31 December 2006: 16.15%) of the total purchase amount of the Group.

(f) Amounts due from/to related parties

		For the year ended 31 December 2007	For the year ended 31 December 2006 Restated (Note12)
Notes receivable	JCC	**—**	341,000
	JCC's affiliates	**235,295,002**	214,709,923
		235,295,002	215,050,923
Accounts receivable	JCC	**120,827**	1,205,137
	JCC's affiliates	**345,736,900**	20,468,758
		345,857,727	21,673,895
Other receivables	JCC	**1,107,284**	206,549
	JCC's affiliates	**243,139,729**	122,898,209
		244,247,013	123,104,758

(Expressed in Renminbi Yuan)

8. Related Party Relationship and Transaction *(Continued)*

(f) Amounts due from/to related parties *(Continued)*

		For the year ended 31 December 2007	For the year ended 31 December 2006 Restated (Note12)
Advances to suppliers	JCC	**—**	903,187
	JCC's affiliates	**59,583,326**	34,920,567
		59,583,326	35,823,754
Accounts Payable	JCC	**17,866**	2,279,968
	JCC's affiliates	**39,751,687**	50,542,079
	QingYuan	**27,222,396**	—
		66,991,949	52,822,047
Advances from customers	JCC	**—**	1,606,181
	JCC's affiliates	**32,612,175**	1,113,254
		32,612,175	2,719,435
Other payables	JCC	**210,555,053**	179,278,166
	JCC's affiliates	**58,375,433**	19,734,179
		268,930,486	199,012,345
Non-current liabilities due within 1year	JCC	**1,870,000**	1,870,000
Long term payables	JCC	**33,495,759**	35,561,000

The amount due form/to related parties are all arising frm the transaction mentioned above and the advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances was unsecured, interest-free and have no fixed repayment terms except for other long term payable to JCC as mentioned in note 6 (25)

(Expressed in Renminbi Yuan)

9. Commitments

(i) Operating commitments

The non-cancellable minimal lease payment subsequent to the balance sheet date and the aggregate minimum lease payments thereafter are as follows:

	31 December 2007	31 December 2006 *Restated (Note12)*
Within 1 year (1 year included)	**16,781,156**	21,327,000
1-2 years (2 years included)	**16,884,158**	15,806,000
2-3 years (3 years included)	**16,780,820**	15,806,000
Above 3 years	**349,490,880**	283,640,000
	399,937,014	36,579,000

(ii) Capital commitments

	31 December 2007	31 December 2006 *Restated (Note12)*
Contracted for but not provided	**441,737,793**	779,407,000
Authorized but not contracted for	**11,432,511**	2,305,698,000
Investment in an associate	—	36,000,000
	453,170,304	3,121,105,000

10. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise loans and borrowings, cash and cash equivalents and etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables and other payables, which arise directly from its operations, also enters into derivative transactions, principally commodity forward contracts. The purpose is to manage the Group's exposure in relation to commodity price risk.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, liquidity risk, and interest rate risk. The policies for managing each of these risks which are summarised below:

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity forward contracts to secure future selling prices of copper cathodes. Also, the Group purchases copper concentrate from third parties for the production of copper cathodes. To minimise this risk, the Group has entered into commodity buy forward contracts to secure future purchase prices of copper concentrate.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group trades only with recognized and credit worthy third parties. Receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. There is no significant concentration of credit risk.

(Expressed in Renminbi Yuan)

10. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk *(Continued)*

As at the balance sheet date, the analysis of the neither past due nor impaired and past due nor impaired is as following

	31 December 2007	Neither past due nor impaired	Past due nor impaired: Within 1 year	Past due nor impaired: 1 to 2 years	Past due nor impaired: 2 to 3 years
Accounts receivable	1,703,882,290	1,056,380,258	646,921,529	517,357	63,146

	31 December 2006	Neither past due nor impaired	Past due nor impaired: Within 1 year	Past due nor impaired: 1 to 2 years	Past due nor impaired: 2 to 3 years
Accounts receivable	895,944,408	596,260,829	298,914,549	115,417	653,613

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institution and borrowing loans from banks.

The table below summarises the maturity profile of the Group's financial assets at balance sheet date based on contractual undiscounted payments before deduction of bad debts provision.

		31 December 2007	
	Within 1 year	1-5 years	Total
Cash and bank	2,753,091,382	—	2,753,091,382
Notes receivable	2,824,293,880	—	2,824,293,880
Accounts receivable	1,703,260,867	128,084,939	1,831,345,806
Other receivables	343,391,936	43,239,280	386,631,216
Other current assets	54,703,559	—	54,703,559
	7,678,741,624	171,324,219	7,850,065,843

(Expressed in Renminbi Yuan)

10. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

		31 December 2006	
	Within 1 year	**1-5 years**	**Total**
Cash and bank	1,021,494,768	—	1,021,494,768
Notes receivable	2,096,287,797	—	2,096,287,797
Accounts receivable	895,164,885	134,145,937	1,029,310,822
Other receivables	195,044,075	30,382,005	225,426,080
Other current assets	38,747,100	—	38,747,100
	4,246,738,625	164,527,942	4,411,266,567

The table below summarises the maturity profile of the Company's financial liabilities at each balance sheet date based on contractual undiscounted payments.

		31 December 2007	
	Within 1 year	**Above 1 year**	**Total**
Long-term borrowings	504,046,000	402,046,000	906,092,000
Short term loans	7,012,556,702	—	7,012,556,702
Notes payable	249,921,676	—	249,921,676
Accounts payable	1,694,783,773	—	1,694,783,773
Employee benefits payable	206,323,048	—	206,323,048
Interest payable	46,844,169	—	46,844,169
Dividends payable	3,227,511	—	3,227,511
Other payables	525,067,796	—	525,067,796
Long term payables	20,387,261	68,334,281	88,721,542
	10,263,157,936	470,380,281	10,733,538,217

		31 December2006 *Restated (Note 12)*	
	Within 1 year	**Above 1 year**	**Total**
Long-term borrowings	251,400,000	1,204,797,000	1,456,197,000
Short term loans	3,166,278,046	—	3,166,278,046
Notes payable	34,421,893	—	34,421,893
Accounts payable	805,205,333	—	805,205,333
Employee benefits payable	148,815,626	—	148,815,626
Interest payable	17,535,886	—	17,535,886
Dividend payable	18,000,000	—	18,000,000
Other payables	532,832,017	—	532,832,017
Long term payable	19,279,150	—	19,279,150
Long-term payables	1,870,000	35,561,000	37,431,000
	4,995,637,951	1,240,358,000	6,235,995,951

10. Financial Risk Management Objectives and Policies *(Continued)*

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's short term and long term interest-bearing bank loans and short term debentures. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

31 December 2007	**Increase/decrease in basis points**	**Effect on profit before tax** *RMB'000*
RMB	+200	(161,873)
RMB	-100	80,936

Fair values

Fair value is estimated according to relevant market information and information about financial instruments at specific point in time. Those estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of the Group's long term borrowings and long term payables is calculated according to similar terms and time frame and prevailing market borrowing interest rates, and there is no material difference between their fair value and carrying amount

The remaining financial instruments are all short term instruments, and there is no material difference between their fair value and carrying amount due to the short term to maturity.

11. Events after the Balance Sheet Date

Proposed issuance of bonds with warrants

Pursuant to an announcement of the Company dated 4 February 2008, the Company has proposed to issue bonds with warrants for an amount of not more than RMB6.8 billions. The proceeds from the Proposed Issuance will be applied as to: (i) the Acquisition of Targets which are closely related to the operation of the Company; and (ii) the repayment of the Company's outstanding borrowings from financial institutions. The proceeds from the exercise of the Warrants will be applied as to: (i) the expansion and upgrading of mining technology facility for Dexing Copper Mine; (ii) development of resources in Afghanistan and Peru; and (iii) working capital purposes. The completion of the transaction is still subject to the approval of the CSRC and SSE.

Assets and business acquisition agreement with JCC

As at 16 January 2008, the Company and JCC entered an acquisition agreement with consideration of approximately RMB2.14 million to acquire the following assets which are closely related to the core business of the Group: (i) exploration and development of copper, gold, silver, lead and zinc and other operating business; (ii) rare metals such as molybdenum, selenium, rhenium, tellurium and bismuth and other operating business, (iii) financial services such as agency services for commodities and futures, finance company etc and assets which are ancillary to the production of the Group, assets for further processing, and trading.

Investment in Northern Peru Copper Corporation

The Company and China Minerals Non-ferrous Metals Co., Ltd. ("Minerals") jointly entered an agreement with Northern Peru Copper Corporation ("NPCC") to acquire a 100% equity interest in NPCC. For this acquisition, the Company and Minerals have established Minerals Jiangxi Copper in December 2007. On 25 January 2008 (local time), this acquisition was approved by 95.92% of the shareholders of NPCC and the Company's directors expect that the transaction will be completed within two months.

12 Comparative Figure

Comparative figures have been adjusted to apply the adoption of New PRC GAAP and apply merger accounting for business combination under common control, and certain comparatives have been reclassified to conform to the current year's presentation.

13. Approval of the FInancial Statements

The financial statements were approved and authorized for issue by the board of directors on 25 March 2008.

The report should be submitted to the shareholders meeting according to the Company's Article of Association.

Supplement Information to Financial Statements

Year Ended 31 DECEMBER 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1 Reconciliation between International Financial Reporting Standards ("IFRS") and New Chinese Accounting Standard and Regulations ("PRC GAAP")

The main differences between the consolidated financial statement in accordance with IFRS and PRC GAAP are stated below.

	For the year ended 31 December 2007 Net profit	**As at 31 December 2007 Net asset**
Financial statements prepared under PRC GAAP	4,206,004,513	18,382,542,115
Adjustment in accordance with IFRS		
— Reversal of safety production fund not qualified for liability	16,359,358	16,359,358
— Recognition of the impact on deferred tax arising from the reversal of safety production fund	(4,089,840)	(4,089,840)
Financial statements prepared in accordance with IFRS	4,218,274,031	18,394,811,633

The Company's overseas auditor is Ernst&Young.

(Expressed in Renminbi Yuan)

2. Weighted Average and Fully Diluted Return on Net Assets and Earning Per Share

	For the year ended 31 December 2007		
	Return on net asset (%)		Earning per share(RMB)
	Fully diluted	Weighted average	
Net profit attributable to equity holders of the parent	22.78%	27.43%	1.3992
Net profit attributable to equity holders of the parent excluding extraordinary gain/loss	22.33%	26.73%	1.3828

There is no potential diluted share issued. Net profit attributable to equity holders of the parent excluding extraordinary gain/ (losses) is calculated as below:

	For the year ended 31 December 2007
Net profit attributable to equity holders of the parent	**4,132,734,558**
Add: Non-recurring items	
Loss on disposal of non-current assets	**7,816,714**
Loss in non-operating expense other than the disposals loss of non-recurring assests	**(16,845,394)**
Gains from disposal of a subsidiary	**1,619,216**
Effect of business combination under common control	**(93,306,569)**
Impact of income tax on non-recurring item	**17,983,776**
Net profit after Non-recurring item	**4,050,002,301**
Less:Gimpact of Non-recurring item attributable to minority interest	**(183,929)**
Net profit attributable to equity holders of the parent after Non-recurring item	**4,049,818,372**

The Group's recognisation of non- recurring items is in accordance with the regulations of "public offering of securities of companies standardize information disclosure quiz" No. 1 issued by the China Securities Regulatory Commission.

Supplement Information to Financial Statements

Year Ended 31 DECEMBER 2007
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

Reconciliation Statement of the Difference in Net Profit between New and Old Accounting Standards

Pursuant to a notice of (CaiHui [2006] No 3) -Accounting Standards for Business Enterprises No1- Inventory and 38 specific accounting standards issued by the MOF, the Company has adopted the New Chinese Accounting Standards which has come into effect on 1 January 2007. The Company's H Shares were listed on the SEHK on 12 June 1997 and the financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordance with the "Interpretation No.1 of the Enterprise Accounting Standards" issued by the MOF, the Company has been retrospective adjustment for the related transaction on relevant changes of accounting policy and reflected on this financial statements. The restated net profit reconciliation are given in Note 3 (23).

Independent Auditors' Report

To the shareholders of Jiangxi Copper Company Limited
(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

We have audited the accompanying financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 203 to 284, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as of 31 December 2007, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
25 March 2008

Consolidated Income Statement

For the Year Ended 31 December 2007
(Prepared in accordance with IFRSs)

	Notes	**2007** **RMB'000**	2006 *(Restated)* *RMB'000*
REVENUE	6	**41,280,618**	24,582,665
Cost of sales		**(35,623,351)**	(17,560,473)
Gross profit		**5,657,267**	7,022,192
Other income and gains	7	**145,176**	37,876
Selling and distribution costs		**(149,373)**	(106,213)
Administrative expenses		**(453,618)**	(491,134)
Other expenses	8	**(18,811)**	(545,773)
Finance costs	9	**(262,700)**	(186,130)
Share of profits and losses of:			
Jointly-controlled entity	20	**(314)**	—
Associates	21	**23,178**	70
PROFIT BEFORE TAX	10	**4,940,805**	5,730,888
Income tax expense	12	**(722,531)**	(905,549)
PROFIT FOR THE YEAR		**4,218,274**	4,825,339
Attributable to:			
Equity holders of the company	13	**4,145,004**	4,744,121
Minority interests		**73,270**	81,218
		4,218,274	4,825,339
PROPOSED FINAL DIVIDEND	14	**906,850**	1,158,015
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
– Basic	15	**RMB1.40**	RMB1.62

Consolidated Balance Sheet

As at 31 December 2007
(Prepared in accordance with IFRSs)

	Notes	2007 RMB'000	2006 (Restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**10,664,343**	8,957,256
Prepaid land lease payments	17	**193,386**	135,829
Intangible assets	18	**454,840**	307,542
Interest in a jointly-controlled entity	20	**13,786**	—
Interests in associates	21	**634,973**	109,608
Available-for-sale investments	22	**290,000**	10,000
Deferred tax assets	23	**75,348**	—
Total non-current assets		**12,326,676**	9,520,235
CURRENT ASSETS			
Inventories	24	**8,939,919**	6,146,772
Trade and bills receivables	25	**4,528,176**	2,992,232
Prepayments, deposits and other receivables	26	**1,617,617**	893,458
Derivative financial instruments	27	**54,704**	38,747
Cash and cash equivalents	28	**2,753,091**	1,021,495
Total current assets		**17,893,507**	11,092,704
Total assets		**30,220,183**	20,612,939
CURRENT LIABILITIES			
Trade and bills payables	29	**1,944,705**	839,627
Other payables and accruals	30	**1,243,437**	1,080,438
Derivative financial instruments	27	**—**	19,279
Interest-bearing bank and other borrowings	31	**7,516,603**	3,417,678
Dividend payable		**3,228**	18,000
Income tax payable		**532,617**	634,352
Total current liabilities		**11,240,590**	6,009,374
NET CURRENT ASSETS		**6,652,917**	5,083,330
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,979,593**	14,603,565

Consolidated Balance Sheet

As at 31 December 2007
(Prepared in accordance with IFRSs)

	Notes	**2007** **RMB'000**	2006 *(Restated)* RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,979,593**	14,603,565
NON-CURRENT LIABILITIES			
Interest – bearing bank and other borrowings	31	**402,046**	1,204,797
Deferred revenue – Government grants	32	**96,287**	72,680
Deferred tax liabilities	23	**5,779**	—
Provision for rehabilitation	33	**48,224**	—
Other long term payables	34	**32,445**	35,561
Total non-current liabilities		**584,781**	1,313,038
Net assets		**18,394,812**	13,290,527
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	35	**3,022,834**	2,895,038
Reserves	36	**14,220,975**	8,822,143
Proposed final dividend	14	**906,850**	1,158,015
		18,150,659	12,875,196
Minority interests		**244,153**	415,331
Total equity		**18,394,812**	13,290,527

Approved on behalf of the Board of Directors:

Director *Director*

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2007
(Prepared in accordance with IFRSs)

	Attributable to equity holders of the parent													
	Share capital	Share premium	Capital reserve	Other reserves	Statutory surplus reserve	Statutory public welfare fund	Discretionary surplus reserve	Retained earnings	Exchange fluctuation reserve	Hedging earnings	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 35)		*(Note 2)*		*(Note 36)*	*(Note 36)*	*(Note 36)*							
At 1 January 2006														
As previously reported	2,895,038	1,945,551	70,546	(92,506)	453,347	379,128	921,605	1,274,463	(661)	(71,023)	555,847	8,331,335	367,291	8,698,626
Effect of business combination under common control	—	—	335,600	—	99	—	—	411	—	—	—	336,110	—	336,110
As restated	2,895,038	1,945,551	406,146	(92,506)	453,446	379,128	921,605	1,274,874	(661)	(71,023)	555,847	8,667,445	367,291	9,034,736
Profit for the year (as restated)	—	—	—	—	—	—	—	4,744,121	—	—	—	4,744,121	81,218	4,825,339
Exchange difference arising on translation of operation in Hong Kong	—	—	—	—	—	—	—	—	(1,079)	—	—	(1,079)	(884)	(1,963)
Decrease in fair value of cash flow hedges	—	—	—	—	—	—	—	—	—	(846,183)	—	(846,183)	—	(846,183)
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	—	—	—	955,952	—	955,952	—	955,952
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)
Effect of business combination under common control	—	—	30,814	—	—	—	—	—	—	—	—	30,814	—	30,814
Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	—	—	—	—	(120,027)	—	—	—	(120,027)	—	(120,027)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(32,234)	(32,234)
2005 final dividends declared	—	—	—	—	—	—	—	—	—	—	(555,847)	(555,847)	—	(555,847)
Proposed 2006 final dividends	—	—	—	—	—	—	—	(1,158,015)	—	—	1,158,015	—	—	—
Transfers	—	—	—	—	853,983	(379,128)	1,392,012	(1,866,867)	—	—	—	—	—	—
At 31 December 2006 (restated)	2,895,038	1,945,551	436,960	(92,506)	1,307,429	—	2,313,617	2,874,086	(1,740)	38,746	1,158,015	12,875,196	415,331	13,290,527

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2007
(Prepared in accordance with IFRSs)

	Attributable to equity holders of the parent												
	Share capital RMB'000 (Note 35)	Share premium RMB'000 (Note 35)	Capital reserve RMB'000 (Note 2)	Other reserves RMB'000	Statutory surplus reserve RMB'000 (Note 36)	Discretionary surplus reserve RMB'000 (Note 36)	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Hedging earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2007													
As previously reported	2,895,038	1,945,551	70,546	(92,506)	1,307,273	2,313,617	2,873,156	(1,740)	38,746	1,158,015	12,507,696	415,331	12,923,027
Effect of business combination under common control	—	—	366,414	—	156	—	930	—	—	—	367,500	—	367,500
As restated	2,895,038	1,945,551	436,960	(92,506)	1,307,429	2,313,617	2,874,086	(1,740)	38,746	1,158,015	12,875,196	415,331	13,290,527
Profit for the year	—	—	—	—	—	—	4,145,004	—	—	—	4,145,004	73,270	4,218,274
Exchange difference arising on translation of operation in Hong Kong	—	—	—	—	—	—	—	(2,352)	—	—	(2,352)	(1,923)	(4,275)
Increase in fair value of cash flow hedges	—	—	—	—	—	—	—	—	114,031	—	114,031	—	114,031
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	—	—	(130,181)	—	(130,181)	—	(130,181)
Issue of new shares	127,796	2,268,200	—	—	—	—	—	—	—	—	2,395,996	(218,067)	2,177,929
Effect of business combination under common control	—	371,785	(371,785)	—	—	—	—	—	—	—	—	—	—
Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	—	—	—	(89,020)	—	—	—	(89,020)	—	(89,020)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(24,458)	(24,458)
2006 final dividends declared	—	—	—	—	—	—	—	—	—	(1,158,015)	(1,158,015)	—	(1,158,015)
Proposed 2007 final dividends	—	—	—	—	—	—	(906,850)	—	—	906,850	—	—	—
Transfers	—	—	—	—	385,627	1,156,880	(1,542,507)	—	—	—	—	—	—
At 31 December 2007	3,022,834	4,585,536	65,175	(92,506)	1,693,056	3,470,497	4,480,713	(4,092)	22,596	906,850	18,150,659	244,153	18,394,812

Consolidated Cash Flow Statement

As at 31 December 2007
(Prepared in accordance with IFRSs)

	2007	2006
		(Restated)
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**4,940,805**	5,730,888
Adjustments for:		
Finance costs	**262,700**	186,130
Share of profits and losses of a jointly-controlled entity and associates	**(22,864)**	(70)
Interest income	**(21,802)**	(25,625)
Loss on disposal of items of property, plant and equipment	**7,819**	19,922
Fair value gains/(losses), net		
Derivative instruments – transactions not qualifying as hedges	**(32,107)**	19,279
Dividend income from available-for-sale investments	**—**	(2,573)
(Reversal)/provision for impairment of trade and other receivables	**(13,539)**	69,364
Depreciation of property, plant and equipment	**584,615**	528,583
Amortisation of prepaid land lease payments	**2,328**	258
Amortisation of intangible assets	**14,994**	6,750
Deferred revenue released to income statement	**(7,058)**	(6,392)
	5,715,891	6,526,514
Increase in inventories	**(2,793,147)**	(2,852,017)
Increase in trade and other receivables	**(2,243,855)**	(2,735,146)
Increase in trade and other payables	**1,060,234**	891,248
Cash generated from operations	**1,739,123**	1,830,599
Income tax paid	**(893,835)**	(836,519)
Net cash inflow from operating activities	**845,288**	994,080

Consolidated Cash Flow Statement

As at 31 December 2007
(Prepared in accordance with IFRSs)

	2007	2006 (Restated)
	RMB'000	RMB'000
Net cash inflow from operating activities	**845,288**	994,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**21,802**	25,625
Purchases of items of property, plant and equipment	**(2,179,398)**	(1,902,397)
Additions to prepaid land lease payments	**(62,594)**	(866)
Additions to intangible assets	**(162,292)**	(4,551)
Proceeds from disposal of items of property, plant and equipment	**11,900**	6,468
Purchase of available-for-sale investments	**(280,000)**	—
Dividend income received from available-for-sale investments	**—**	3,511
Receipt of government grants	**30,665**	4,437
Purchases of shareholding in associates	**(502,187)**	(125,549)
Purchases of shareholding in a jointly-controlled entity	**(14,100)**	—
Net cash outflow from investing activities	**(3,136,204)**	(1,993,322)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**2,214,664**	—
Share issue expenses	**(49,825)**	—
New debentures	**1,000,000**	1,000,000
Repayment of debentures	**(500,000)**	(500,000)
New bank loans	**8,155,194**	8,713,299
Repayment of bank loans	**(5,359,020)**	(7,611,332)
Interest paid	**(233,393)**	(164,994)
Dividends paid	**(1,158,015)**	(565,005)
Dividends paid to minority shareholders	**(39,230)**	(14,236)
Net cash inflow from financing activities	**4,030,375**	857,732
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,739,459**	(141,510)
Cash and cash equivalents at beginning of year	**1,021,495**	1,164,968
Effect of foreign exchange rate changes, net	**(7,863)**	(1,963)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,753,091**	1,021,495
Non-cash transactions		
Acquisition of subsidiaries and minority interests by issue of new shares *(note 2)*	**1,785,336**	—

Balance Sheet of the Company

As at 31 December 2007
(Prepared in accordance with IFRSs)

	Notes	2007 RMB'000	2006 (Restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**9,759,305**	7,813,294
Prepaid land lease payments	17	**188,421**	130,713
Intangible assets	18	**427,758**	90,142
Investments in subsidiaries	19	**874,122**	586,577
Interest in a jointly-controlled entity	20	**14,100**	—
Interests in associates	21	**596,000**	100,000
Available-for-sale investments	22	**280,000**	—
Deferred tax assets	23	**66,669**	—
Total non-current assets		**12,206,375**	8,720,726
CURRENT ASSETS			
Inventories	24	**8,780,301**	6,004,387
Trade and bills receivables	25	**3,999,772**	2,639,726
Prepayments, deposits and other receivables	26	**1,439,127**	737,695
Derivative financial instruments	27	**22,597**	38,747
Cash and cash equivalents	28	**2,186,548**	515,988
Total current assets		**16,428,345**	9,936,543
Total assets		**28,634,720**	18,657,269
CURRENT LIABILITIES			
Trade and bills payables	29	**1,379,875**	683,363
Other payables and accruals	30	**1,052,987**	867,995
Interest-bearing bank and other borrowings	31	**7,305,758**	2,813,278
Income tax payable		**513,100**	612,075
Total current liabilities		**10,251,720**	4,976,711
NET CURRENT ASSETS		**6,176,625**	4,959,832
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,383,000**	13,680,558

Balance Sheet of the Company

As at 31 December 2007
(Prepared in accordance with IFRSs)

	Notes	2007 RMB'000	2006 (Restated) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**18,383,000**	13,680,558
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	**303,046**	1,104,797
Deferred revenue-Government grants	32	**94,637**	72,680
Provision for rehabilitation	33	**48,224**	—
Other long term payables	34	**28,094**	35,561
Total non-current liabilities		**474,001**	1,213,038
Net assets		**17,908,999**	12,467,520
EQUITY			
Share capital	35	**3,022,834**	2,895,038
Reserves	36	**13,979,315**	8,414,467
Proposed final dividend	14	**906,850**	1,158,015
Total equity		**17,908,999**	12,467,520

Approved on behalf of the Board of Directors:

Director *Director*

1. CORPORATE INFORMATION

The Company is a Sino-foreign joint venture joint stock limited company established in the People's Republic of China (the "PRC") on 24 January 1997. The registered office of the Company is located at 15 Yejin Avenue, Guixi City, Jiangxi, PRC. In the opinion of the directors, its parent and ultimate holding company is Jiangxi Copper Corporation ("JCC"), which is incorporated in the PRC.

The Company's H Shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the London Stock Exchange Limited. The Company's A Shares are listed on the Shanghai Stock Exchange.

The Company is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires 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. Details of the principal activities of the Company's subsidiaries are set out in note 19 to the consolidated financial statements.

2. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL, ACQUISITION OF MINORITY INTERESTS AND BASIS OF PRESENTATION

As detailed in the Company's circular dated 2 April 2007 (the "Circular"), the Company acquired the following interests and businesses from JCC (the "Acquisition").

— a 40% equity interests in Jiangxi Copper Alloy Materials Company Limited ("JCAC")

— a 40% equity interest in Jiangxi Copper Products Company Limited ("JCPC");

— 100% equity interests in both Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical") and Jiangxi Copper Corporation Dexing Transportation Company Limited ("Detong Transportation"); and

— the operating assets and liabilities, and the related business of the Chengmenshan Copper Mine ("Chengmenshan mine")

The Acquisition was satisfied by the Company's issue of 57,039,479 A shares of RMB1 each at a price of approximately RMB31.30 per share (RMB1,785 million) and RMB52 million settled in cash, representing a total consideration of RMB1,837 million. The Acquisition was completed on 27 September 2007.

The Company held 60% equity interests in JCAC and JCPC before the Acquisition. Hence, the above acquisition of the remaining 40% equity interests of JCAC and JCPC was accounted for as an acquisition of minority interests in accordance with the Company's accounting policies as set out in note 3.1.

The Company, Detong Chemical, Detong Transportation and Chenmenshen mine (the "combining entities") were under the common control of JCC, before and after the Acquisition. The financial statements of the Group have been prepared based on the principles of merger accounting as if the business combination under common control had occurred from the date when the combining entities first came under the control of JCC.

2. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL, ACQUISITION OF MINORITY INTERESTS AND BASIS OF PRESENTATION *(Continued)*

The comparative amounts of the financial statements of the Group have been restated to include the financial statement items of the acquired companies and business. The effects of the Acquisition on the Group's comparative financial statements are as follows:

The operating results previously reported by the Group for the year ended 31 December 2006 have been restated to include the operating results of the acquired companies and business as set out below:

	The Group (As previously reported) *RMB'000*	Acquired companies and business under common control *RMB'000*	Total *RMB'000*	Consolidation adjustment *RMB'000*	The Group (as restated) *RMB'000*
Operating profit:					
Revenue	24,558,151	397,585	24,955,736	(373,071)	24,582,665
Profit before tax	5,549,324	181,564	5,730,888	—	5,730,888
Profit for the year	4,704,736	120,603	4,825,339	—	4,825,339

The financial position previously reported by the Group at 31 December 2006 has been restated to include the assets and liabilities of the acquired companies and business as set out below:

	The Group (As previously reported) *RMB'000*	Acquired companies and business under common control *RMB'000*	Total *RMB'000*	Consolidation adjustment *RMB'000*	The Group (as restated) *RMB'000*
Financial position:					
Non-current assets	9,009,064	511,171	9,520,235	—	9,520,235
Current assets	11,018,357	84,949	11,103,306	(10,602)	11,092,704
Current liabilities	5,791,357	228,619	6,019,976	(10,602)	6,009,374
Non-current liabilities	1,313,038	—	1,313,038	—	1,313,038
Equity	12,923,026	367,501	13,290,527	—	13,290,527

3.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and on the historical cost basis, except for derivative financial instruments that have been measured at fair value, as explained in the accounting policies set out below. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007. The results of subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries and are presented separately in the income statement and within equity in the consolidated balance sheet, from parent shareholders' equity. Acquisition of minority interests shall be accounted for as transactions between equity holders in their capacity as equity holders. No gain or loss shall be recognised in profit or loss on such changes. The carrying amount of the non-controlling interest shall be adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the non-controlling interest is so adjusted and the fair value of the consideration paid or received, if any, shall be recognised directly in equity and attributed to equity holders of the parent.

3.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements. Except as explained below, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

IFRS 7	Financial Instruments: Disclosures
IAS 1 Amendment	Capital Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

3.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to IAS 1 Presentation of Financial Statements — Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 42 to the financial statements.

(c) IFRIC 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group has no such equity instruments, the interpretation has had no impact on the financial statements.

(d) IFRIC 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) IFRIC 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no such impairment losses previously recognised in its interim financial statements, the interpretation has had no impact on the financial position or results of operations of the Group.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 2 Amendments	IFRS 2 Share-based Payment-Vesting Conditions and Cancellations [1]
IFRS 3 (Revised)	Business Combinations [5]
IFRS 8	Operating Segments [1]
IAS 1 (Revised)	Presentation of Financial Statements [1]
IAS 23 (Revised)	Borrowing Costs [1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements [5]
IFRIC 11	IFRS 2 — Group and Treasury Share Transactions [2]
IFRIC 12	Service Concession Arrangements [4]
IFRIC 13	Customer Loyalty Programmes [3]
IFRIC-Int 14	IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [4]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 March 2007

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 January 2008

5 Effective for annual periods beginning on or after 1 July 2009

IFRS 2 Amendments clarifies the definition of "vesting condition", introduces the term "non-vesting condition" for conditions other than vesting conditions; and prescribes the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. Previously, IFRS 2 dealt only with situations where an entity cancels an award.

IFRS 3 (Revised) provides the option to measure non-controlling interests at their fair value. Other key changes include: all contingent considerations will be measured at fair value at the date of acquisition, and subsequent changes will no longer result in a change to goodwill; acquisition related costs will be expensed through the income statement at the time the services are received; the acquirer will reassess all assets and liabilities acquired to determine their classification or designation as required by other standards; contingent liabilities only reflect those that represent obligations arising from past events; if the acquirer reacquires a right that it had previously granted to an acquiree, the right will be recognised as an identifiable intangible asset, separately from goodwill; gains or losses from measuring initial equity holdings in step acquisitions at fair value will be recognised. Applying the new requirements will mean, in many cases, that either goodwill will be lower or that the reported results of the Group will become more volatile both in the year of acquisition and subsequently.

IFRS 8, which will replace IAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt IFRS 8 from 1 January 2009.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

IAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

IAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

IAS 27 requires that change in the ownership interest of a subsidiary (that does not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; losses incurred by a subsidiary will be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. The excess losses will no longer be shown in the parent's consolidated financial statements as part of the parent's own equity; on loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognised on disposal.

IFRIC 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. IFRIC 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

IFRIC 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. IFRIC 12 also addresses how an operator shall apply existing IFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

IFRIC 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

IFRIC 14 addresses how to assess the limit under IAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, IFRIC 13 and IFRIC 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that while the adoption of IFRS 8 may result in new or amended disclosures, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Group controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interest in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets are stated at cost less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, associates, and jointly-controlled entities, after reassessment, is recognised immediately in the income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets,), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over the estimated useful life. The principal annual rates used for this purpose are as follows:

	Useful life	Depreciation rate
Buildings and mining infrastructure	12 - 40 years	2.25 - 8.08%
Machinery	10 - 25 years	3.60 - 9.70%
Motor vehicles	10 - 12 years	7.50 - 9.70%
Office equipment	5 - 8 years	11.25 - 19.4%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives mainly represent mining rights and trademarks acquired from third parties and JCC. Intangible assets with finite lives are amortised over the shorter of their useful economic lives and the licence's period and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to and assesses whether an embedded derivatives is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or ''prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedging

The Group uses derivative financial instruments (primarily commodity forward contracts) to hedge its exposure against commodity price fluctuations relating to certain forecasted transactions. The Group's policy with respect to hedge accounting is to designate its hedges as cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. While the Group does not use derivative financial instruments for speculative purposes, certain derivative instruments are not designated as hedging instruments and/or qualified for hedge accounting. Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

To the extent to which more than one finished product is obtained from the mineral resource ("joint products"), all joint production costs are apportioned between the resulting finished products by reference to their estimated net realisable values at the point where those joint products become physically separated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for the Group's obligations for the environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Deferred revenue — Government grants

Deferred revenue are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred revenue account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- sales of goods are recognised when goods are delivered and title has been passed;
- service income, including sub-contracting service, is recognised when services are provided;
- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Borrowing costs, which are not directly attributable to the acquisition or construction of qualifying assets, are charged to the consolidated income statement in the period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of a subsidiary of the Group incorporated in Hong Kong is a currency other than the RMB. As at the balance sheet date, the assets and liabilities of this subsidiary are translated at the exchange rates ruling at the balance sheet date, and its income statement is translated at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of the subsidiary incorporated in Hong Kong are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of this subsidiary throughout the year are translated into RMB at the weighted average exchange rates for the year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of non-current assets

Where an indication of impairment exists, or when annual impairment testing for a non-current asset is required (other than non-current assets classified as held for sale), the non-current asset's recoverable amount is estimated. A non-current asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the Group cannot obtain the market price of the assets or groups of assets, it undertakes value in use calculations, which require estimation of the present value of future cash flows. Significant estimations regarding future production volumes and selling prices are necessary. The carrying amount of non-current assets of the Group at 31 December 2007 was RMB12,326,676,000 (2006: RMB9,520,235,000).

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies , and in the case of mining related property, plant and equipment, estimated mine lives. Actual economic lives may differ from estimated useful lives and periodic reviews could result in changes in useful lives. The carrying amount of property, plant and equipment at 31 December 2007 was RMB10,664,343,000 (2006: RMB8,957,256,000). More details are given in note 16.

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as production level and technical standard change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortization rates for mine related assets used in assessing impairment losses.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts and future taxable profit and tax planning strategies. The carrying amount of deferred tax assets at 31 December 2007 of the Group was RMB75,348,000 (2006: Nil) More details are given in note 23.

Impairment of trade and other receivables

Provision for impairment of trade and other receivables is made based on an assessment of the recoverability of trade receivables and other receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which such estimate has been changed. The carrying amount of trade and other receivables of the Group at 31 December 2007 was RMB2,075,782,000 (2006: RMB1,096,080,000). More details are given in notes 25 and 26.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or ''prolonged" requires judgement. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement. The carrying amount of available-for-sale assets of the Group was RMB290,000,000 (2006: RMB10,000,000). More details are given in note 22.

6. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered, less sales taxes, for the year. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue, by goods and services categories, is as follows:

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**16,421,810**	11,774,601
— copper rods and wires	**18,169,375**	10,020,405
— other joint products and by-products	**5,879,541**	2,552,494
Tolling services	**809,892**	235,165
	41,280,618	24,582,665

The Group's revenue and profit for the year are almost entirely derived from the production and sale of copper cathodes, copper rods and wires and other related products. The directors consider that these activities constitute one single business segment since the products are related and are subject to common risks and returns.

Over 90% of the Group's revenue is derived from Mainland China. All of the production facilities of the Group are located in Mainland China. Therefore, no business and geographical segments are presented.

7. OTHER INCOME AND GAINS

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Net gains of derivative financial instruments *(note)*	**84,386**	—
Foreign exchange gain, net	**15,626**	—
Interest income	**21,802**	25,625
Deferred revenue released to income statement *(note 32)*	**7,058**	6,392
Others	**16,304**	5,859
	145,176	37,876

Note: This item relates to fair value changes of derivative financial instruments which are not designated as hedging instruments and/or not qualified for hedge accounting.

8. OTHER EXPENSES

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Net losses of derivative financial instruments (note)	—	491,139
Foreign exchange loss, net	—	15,216
Donations	**2,103**	10,930
Loss on disposal of items of property, plant and equipment	**7,819**	19,922
Others	**8,889**	8,566
	18,811	545,773

Note: This item, relates to fair value changes of derivative financial instruments which are not designated as hedging instruments and/or not qualified for hedge accounting.

9. FINANCE COSTS

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Interests on borrowings	**262,700**	190,270
Less: Interest capitalised	—	(4,140)
	262,700	186,130

10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging / (crediting):

	Note	**2007** *RMB'000*	2006 (Restated) *RMB'000*
Cost of inventories sold		**34,371,802**	16,419,134
Depreciation	16	**584,615**	528,583
Amortization of prepaid land lease payments	17	**2,328**	258
Amortization of intangible assets	18	**14,994**	6,750
Minimum lease payments under operating leases:			
— Land use rights		**16,781**	15,912
— Property, plant and equipment		**15,056**	15,693
Employee benefits expense (including directors' remuneration *(note 11)*:			
— Wages and salaries		**483,634**	410,908
— Pension scheme contributions		**80,937**	77,074
— Housing fund costs		**22,652**	15,354
— Other staff costs		**140,301**	112,065
Foreign exchange (gains)/losses, net	7/8	**(15,626)**	15,216
(Reversal)/Provision for impairment of trade and other receivables		**(13,539)**	69,364
Auditors' remuneration		**6,100**	5,039
Net (gains)/losses for derivative financial instruments	7/8	**(84,386)**	491,139
Loss on disposal of items of property, plant and equipment	8	**7,819**	19,922

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2007 *RMB'000*	2006 *RMB'000*
Fees	**200**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**8,008**	6,645
Performance related bonuses	**350**	350
Pension scheme contributions	**253**	276
	8,611	7,271
Total remuneration	**8,811**	7,471

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emoluments paid or payable to each of 13 (2006: 13) directors and 4 (2006: 5) supervisors were as follows:

2007	Fees	Other emoluments: Salaries and other benefits	Other emoluments: Performance related bonuses	Other emoluments: Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
He Changming	—	278	18	6	302
Qi Huaying	—	278	18	6	302
Li Yihuang	—	1,114	70	23	1,207
Wang Chiwei	—	1,114	70	23	1,207
Wu Jinxing	—	1,114	70	23	1,207
Li Baoming	—	835	52	17	904
Long Ziping	—	835	52	17	904
Gao Jianmin	—	180	—	23	203
Liang Qing	—	180	—	23	203
	—	5,928	350	161	6,439
Non-executive directors:					
Kang Yi	50	—	—	—	50
Yin Hongshan	50	—	—	—	50
Zhang Rui	50	—	—	—	50
Tu Shutian	50	—	—	—	50
	200	—	—	—	200
	200	5,928	350	161	6,639
Supervisors:					
Wang Maoxian	—	520	—	23	543
Li Ping	—	520	—	23	543
Gan Chengjiu	—	520	—	23	543
Hu Failiang	—	520	—	23	543
	—	2,080	—	92	2,172
Total emoluments for 2007	200	8,008	350	253	8,811

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

		Other emoluments			
2006	**Fees**	**Salaries and other benefits**	**Performance related bonuses**	**Pension scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
He Changming	—	857	70	23	950
Qi Huaying	—	857	70	23	950
Li Yihuang	—	857	70	23	950
Wang Chiwei	—	857	70	23	950
Wu Jinxing	—	857	70	23	950
Gao Jianmin	—	180	—	23	203
Liang Qing	—	180	—	23	203
	—	4,645	350	161	5,156
Non-executive directors:					
Kang Yi	50	—	—	—	50
Liu Xinxi	10	—	—	—	10
Shi Zhongliang	10	—	—	—	10
Yin Hongshan	50	—	—	—	50
Zhang Rui	40	—	—	—	40
Tu Shutian	40	—	—	—	40
	200	—	—	—	200
	200	4,645	350	161	5,356
Supervisors:					
Wang Maoxian	—	400	—	23	423
Li Baomin	—	400	—	23	423
Li Ping	—	400	—	23	423
Gan Chengjiu	—	400	—	23	423
Hu Failiang	—	400	—	23	423
	—	2,000	—	115	2,115
Total emoluments for 2006	200	6,645	350	276	7,471

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

The five highest paid individuals of the Group were all executive directors.

12. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

The Group	**2007**	2006
		(Restated)
	RMB'000	*RMB'000*
Current income tax payable:		
PRC income tax	**789,157**	904,806
HK income tax	**2,943**	743
	792,100	905,549
Deferred income tax *(note 23)*	**(69,569)**	—
Income tax charge for the year	**722,531**	905,549

Hong Kong profits tax on one of the Group's subsidiaries has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC current income tax is based on a statutory rate of 33% of the assessable profit of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain companies in Mainland China, which are exempted from income tax or taxed at preferential rates.

Pursuant to a notice dated 16 April 2001 and 13 September 2004 issued by the Jiangxi Provincial Tax Bureau, the Company, being located in the mid-western part of Mainland China, is subject to a reduced income tax rate of 16.5% for a period of three years from year 2005 to year 2007.

Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company, is entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's additions of PRC manufactured plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the amount of the preceding year. The portion of the Tax Benefit that is not utilised can be carried forward for future application for a period of not more than five years from the year in which the plant and equipment are acquired. There is no Tax Benefit not utilised as at 31 December 2007 and 31 December 2006.

12. INCOME TAX EXPENSE *(Continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of it subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for each of the year 2007 and year 2006, are as follows:

	2007		2006 (Restated)	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**4,940,805**	**100.0**	5,730,888	100.0
Tax at the statutory income tax rate	**1,630,466**	**33.0**	1,891,193	33.0
Lower tax rates for the Company and the subsidiaries	**(819,163)**	**(16.6)**	(942,132)	(16.4)
Reduction of income tax in respect of the Tax Benefit	**(26,670)**	**(0.5)**	(106,404)	(1.9)
Profits and losses attributable to a jointly-controlled entity and associates	**(3,773)**	**(0.1)**	(23)	—
Non-deductible expenses	**14,181**	**0.3**	18,432	0.2
Previously unrecognised deferred tax assets	**(72,510)**	**(1.5)**	44,483	1.0
Income tax expense at the Group's effective rate	**722,531**	**14.6**	905,549	15.9

At 31 December 2007, the Group has RMB6 million (2006: RMB4 million) unused tax losses in respect of a subsidiary acquired in 2005 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of the subsidiary's future profit streams.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. New income tax rates have been applied in measuring deferred tax assets and liabilities resulting from temporary differences estimated to be realised after 1 January 2008.

The applicable income tax rate for the Group's subsidiaries in 2008 will be 25%, except for certain subsidiaries which will enjoy reduced tax rates during a transition period from 2008 to 2012.

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2007 includes a profit of RMB3,847,864,000 (2006: RMB4,603,526,000) which has been dealt with in the financial statements of the Company (note 36).

14. DIVIDENDS

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2006: RMB0.4 per share (2005: RMB0.192 per share)	**1,158,015**	555,847
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2007: RMB0.3 per share (2006: RMB0.4 per share)	**906,850**	1,158,015

On 16 July 2007, a dividend of RMB0.40 per share (tax inclusive for A shares) on 2,895,038,200 shares, in aggregate approximately RMB1,158,015,000 was paid to the shareholders as the final dividend for year 2006.

The directors propose to distribute a final dividend of RMB0.3 per share (tax inclusive for A shares) for the year ended 31 December 2007 (2006: RMB0.4). Total estimated dividend to be paid is approximately RMB906,850,000 (based on the existing issued 3,022,833,727 shares).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the year. Ordinary shares issued as part of the cost of a business combination involving entities under common control are included in the weighted average number of shares from the beginning of relevant reporting periods, since the Group incorporates into its income statement the acquiree's profits and losses during the relevant reporting periods.

The calculation of basic earnings per share is based on:

	2007	2006 (Restated)
Profit attributable to ordinary equity holders of the company *(RMB'000)*	**4,145,004**	4,744,121
Weighted average number of ordinary shares in issue	**2,953,564,327**	2,928,843,649
	RMB1.40	RMB1.62

No diluted earnings per share have been presented as there were no dilutive ordinary shares in issue in either year 2007 or 2006.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Buildings and mining infrastructure *RMB'000*	Machinery *RMB'000*	Motor Vehicles *RMB'000*	Office equipment *RMB'000*	Construction in process *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2006 (Restated)	3,620,604	7,753,197	887,349	99,418	1,182,579	13,543,147
Additions	301	12,989	4,617	1,124	1,840,452	1,859,483
Transfers	205,850	480,037	37,186	1,786	(724,859)	—
Disposals	(32,555)	(167,484)	(39,716)	(3,723)	—	(243,478)
As at 31 December 2006 (Restated)	3,794,200	8,078,739	889,436	98,605	2,298,172	15,159,152
Additions	1,896	9,319	8,110	754	2,291,342	2,311,421
Transfers	1,001,531	2,305,604	43,731	2,047	(3,352,913)	—
Disposals	(8,895)	(35,475)	(11,982)	(305)	—	(56,657)
As at 31 December 2007	4,788,732	10,358,187	929,295	101,101	1,236,601	17,413,916
Accumulated depreciation						
As at 1 January 2006 (Restated)	(1,357,305)	(3,887,365)	(579,169)	(41,438)	—	(5,865,277)
Charge for the year	(170,427)	(311,648)	(40,981)	(5,527)	—	(528,583)
Disposals	17,329	145,755	31,079	2,630	—	196,793
As at 31 December 2006 (Restated)	(1,510,403)	(4,053,258)	(589,071)	(44,335)	—	(6,197,067)
Charge for the year	(171,486)	(362,099)	(44,749)	(6,281)	—	(584,615)
Disposals	3,711	23,132	9,824	271	—	36,938
As at 31 December 2007	(1,678,178)	(4,392,225)	(623,996)	(50,345)	—	(6,744,744)
Impairment loss						
As at 1 January 2006 (Restated)	(9,954)	(12,222)	(2,948)	—	—	(25,124)
Reversal upon disposal during the year	9,884	7,463	2,948	—	—	20,295
As at 31 December 2006 (Restated)	(70)	(4,759)	—	—	—	(4,829)
Provided for the year	—	—	—	—	—	—
As at 31 December 2007	(70)	(4,759)	—	—	—	(4,829)
Net carrying amount						
As at 31 December 2007	3,110,484	5,961,203	305,299	50,756	1,236,601	10,664,343
As at 31 December 2006 (Restated)	2,283,727	4,020,722	300,365	54,270	2,298,172	8,957,256

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY

	Buildings and mining infrastructure *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in process *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2006	3,164,841	7,363,722	813,904	78,822	964,195	12,385,484
Additions	—	18,174	839	340	1,412,590	1,431,943
Transfers	147,828	254,601	33,816	734	(436,979)	—
Disposals	(18,034)	(42,324)	(14,491)	(378)	—	(75,227)
As at 31 December 2006	3,294,635	7,594,173	834,068	79,518	1,939,806	13,742,200
Acquisition of a new business(i)	260,512	51,844	16,618	356	—	329,330
Additions	—	6,368	4,772	411	2,276,937	2,288,488
Transfers	902,750	2,039,011	42,175	1,017	(2,984,953)	—
Disposals	(8,180)	(34,755)	(9,708)	(262)	—	(52,905)
As at 31 December 2007	4,449,717	9,656,641	887,925	81,040	1,231,790	16,307,113
Accumulated depreciation						
As at 1 January 2006	(1,222,460)	(3,704,980)	(546,154)	(37,700)	—	(5,511,294)
Charge for the year	(129,445)	(273,382)	(36,936)	(4,720)	—	(444,483)
Disposals	8,484	16,400	6,448	368	—	31,700
As at 31 December 2006	(1,343,421)	(3,961,962)	(576,642)	(42,052)	—	(5,924,077)
Acquisition of a new business (i)	(117,561)	(19,492)	(1,677)	(118)	—	(138,848)
Charge for the year	(159,723)	(308,353)	(42,135)	(4,514)	—	(514,725)
Disposals	3,476	23,075	7,869	251	—	34,671
As at 31 December 2007	(1,617,229)	(4,266,732)	(612,585)	(46,433)	—	(6,542,979)
Impairment loss						
As at 1 January 2006	(9,954)	(12,222)	(2,948)	—	—	(25,124)
Reversal upon disposal during the year	9,884	7,463	2,948	—	—	20,295
As at 31 December 2006	(70)	(4,759)	—	—	—	(4,829)
Reversal upon disposal during the year	—	—	—	—	—	—
As at 31 December 2007	(70)	(4,759)	—	—	—	(4,829)
Net carrying amount						
As at 31 December 2007	2,832,418	5,385,150	275,340	34,607	1,231,790	9,759,305
As at 31 December 2006	1,951,144	3,627,452	257,426	37,466	1,939,806	7,813,294

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(i) This represents the addition arising from the acquisition of operating assets, liabilities and the related business of Chengmenshan mine in 2007 (note 2).

At 31 December 2007, certain of the Group's machinery with a net book value of approximately RMB50 million (2006: RMB96 million) were pledged to secure short term bank borrowings (note 31).

At 31 December 2007, the Group is in the process of obtaining the property ownership certificate for certain of the Group's buildings with net book values of approximately RMB157 million.

17. PREPAID LAND LEASE PAYMENTS

The prepaid land lease payments of the Group and the Company represent leasehold interests in state-owned land in the PRC with rights to use the land under leases ranging from 25 to 50 years.

Analyzed for reporting purposes as:

	THE GROUP		**THE COMPANY**	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**138,157**	137,549	**132,889**	132,732
Addition during the year	**62,594**	866	**62,594**	377
Recognised during the year	**(2,328)**	(258)	**(2,176)**	(220)
Carrying amount at 31 December	**198,423**	138,157	**193,307**	132,889
Current portion included in prepayments, deposits and other receivables	**(5,037)**	(2,328)	**(4,886)**	(2,176)
Non-current portion	**193,386**	135,829	**188,421**	130,713

At 31 December 2007, the Group was in the process of obtaining the certificate of the land use right for certain of the Group's prepaid land lease payments with a net book value of approximately RMB45 million (2006: RMB137 million).

18. INTANGIBLE ASSETS

THE GROUP

	Mining rights(a) *RMB'000*	Trademark(b) *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2006 (Restated)	293,664	52,225	345,889
Additions	4,401	150	4,551
As at 31 December 2006 (Restated)	298,065	52,375	350,440
Additions	162,292	—	162,292
As at 31 December 2007	460,357	52,375	512,732
Amortization			
As at 1 January 2006 (Restated)	(20,668)	(15,480)	(36,148)
Provided for the year	(4,532)	(2,218)	(6,750)
As at 31 December 2006 (Restated)	(25,200)	(17,698)	(42,898)
Provided for the year	(13,095)	(1,899)	(14,994)
As at 31 December 2007	(38,295)	(19,597)	(57,892)
Net carrying amount			
As at 31 December 2007	422,062	32,778	454,840
As at 31 December 2006 (Restated)	272,865	34,677	307,542

18. INTANGIBLE ASSETS *(Continued)*

THE COMPANY

	Mining rights(a) *RMB'000*	Trademark(b) *RMB'000*	Total *RMB'000*
Cost			
As at 1 January 2006	74,653	52,225	126,878
Additions	—	—	—
As at 31 December 2006	74,653	52,225	126,878
Acquisition of new subsidiaries(a)	187,077	—	187,077
Additions	162,292	—	162,292
As at 31 December 2007	424,022	52,225	476,247
Amortization			
As at 1 January 2006	(16,773)	(15,965)	(32,738)
Provided for the year	(2,277)	(1,721)	(3,998)
As at 31 December 2006	(19,050)	(17,686)	(36,736)
Provided for the year	(9,923)	(1,830)	(11,753)
As at 31 December 2007	(28,973)	(19,516)	(48,489)
Net carrying amount			
As at 31 December 2007	395,049	32,709	427,758
As at 31 December 2006	55,603	34,539	90,142

18. INTANGIBLE ASSETS *(Continued)*

(a) In 1997, the Group acquired the mining rights of the Dexing Mine and the Yongping Mine. According to the mining rights certificates, the Group has the right to mine the Dexing Mine and the Yongping Mine for periods of 30 and 13 years respectively. In the opinion of the directors, the respective mining right certificate will be renewed continuously until the end of the mine's estimated useful life.

In 2003, the Group acquired the mining rights (excluding mining rights to resources below 400 metre underground) of the Wushan Copper Mine. According to the mining rights certificate, the Group has the right to mine the Wushan Copper Mine for a period of 50 years.

In 2004, the Company acquired the mining right through acquisition of a subsidiary, Diaoquan (notes 21). According to the mining right certificate, Diaoquan has the right to mine for a period of 3 years. In the opinion of the directors, the respective mining right certificate will be renewed continuously until the end of the mine's estimated useful life.

In 2007, the Group acquired the mining rights of the Fujiawu Copper Mine from the Ministry of the Land and Resources of the PRC. According to the mining rights certificate, the Group has the right to mine the Fujiawu Copper Mine for a period of 12 years.

In 2007, the Group acquired the mining rights of the Chengmenshan Copper Mine through acquisition of the operating assets and liabilities, and the related business of the Chengmenshan Mine (note 2). According to the mining rights certificate, the Group has the right to mine the Chengmenshan Copper Mine for a period of 28 years.

(b) The Company acquired the "Guiye" copper trademark from JCC in the previous year. Trademark is stated at cost less accumulated amortisation and any recognised impairment loss. The cost incurred in the acquisition of the trademark is capitalised and amortised on the straight-line basis over of its estimated beneficial period of 30 years.

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
		(Restated)
	RMB'000	*RMB'000*
Unlisted investments, at cost	**874,122**	586,577

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB380,607,000 (2006: RMB569,721,000) and RMB305,120,000 (2006: RMB28,795,000), respectively, are unsecured, interest-free and are repayable on demand or within one year. The carrying amounts of these amounts due from/to subsidiaries approximate to their fair values.

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
蕭山銅達化工有限公司 Xiaoshan Copper Chemical Co,. Ltd.("Xiaoshan Tongda")	Mainland China	RMB1,000,000	60%	—	Trading of sulphuric acid
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	Mainland China	RMB225,000,000	100%	—	Manufacturing and processing of copper rods and wires
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited ("Kangtong")	Mainland China	RMB140,000,000	57.14%	—	Refining copper concentrate to produce blister copper
山西省刁泉銀銅礦業有限公司 Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan") *(a)*	Mainland China	RMB76,157,900	45.96%	—	Sale of copper materials, precious metal materials and sulphuric concentrate powder
江西銅業銅合金材料有限公司 Jiangxi Copper Alloy Materials Company Limited ("JCAC")	Mainland China	RMB199,500,000	100%	—	Manufacturing and processing of copper rods and wires
江西省銅業瓮福化工有限公司 Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu")	Mainland China	RMB181,500,000	70%	—	Manufacturing and sale of sulphuric acid
保弘有限公司 Sure Spread Company Limited	Hong Kong	HK$50,000,000	55%	—	Trading of silver ingots
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("SHJX")	Mainland China	RMB20,000,000	100%	—	Sale of copper products
北京江銅營銷有限公司 Jiangxi Copper Beijing Trading Company Limited ("BJJX")	Mainland China	RMB10,000,000	100%	—	Sale of copper products

19. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
深圳江銅營銷有限公司 Jiangxi Copper Shenzhen Trading Company Limited ("SZJX")	Mainland China	RMB30,000,000	100%	—	Sale of copper products
江西銅業(德興)運輸有限公司 Jiangxi Copper Corporation Dexing Transportation Company ("Detong Transportation") (b)	Mainland China	RMB15,487,482	100%	—	Provision of railway and vehicle transportation services and vehicle repairment services
江西銅業集團化工有限公司 Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical") *(b)*	Mainland China	RMB42,637,000	100%		Manufacturing and sale of sulphuric acid
西昌金匯再生資源有限公司 Xichang Jinhui Regenerative Resource Company Limited ("Jinhui") *(c)*	Mainland China	RMB1,000,000	100%	—	Sale and recovery of waste metals

(a) The Company made an agreement with a third party who holds a 20.8% equity interest in this entity whereby the Company is entrusted with the third party's voting rights, and hence the Company has the power to govern the financial and operating policies of Shanxi Diaoquan Silver and Copper Mining Company Limited. Therefore, this entity is consolidated by the Group.

(b) During the year, the Group acquired Jiangxi Copper Corporation Dexing Transportation Company and Jiangxi Copper Corporation Chemical Company Limited from JCC. Further details of these acquisitions are included in note 2 to the financial statements.

(c) This entity was deregistered in December 2007.

20. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**14,100**	—
Share of net assets	**13,786**	—	**—**	—
	13,786	—	**14,100**	—

Particulars of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of incorporation and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
江西省江銅百泰環保科技有限公司 Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq")	Registered capital of RMB1 each	Mainland China	50%	50%	50%	Recovery of copper metals and by-products from acid industrial waste water

The above interest in a jointly-controlled entity is directly held by the Company. The following table sets out the summarized financial information of the Group's jointly-controlled entity:

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Share of the jointly-controlled entity's assets and liabilities		
Current assets	**7,601**	—
Non-current assets	**6,602**	—
Current liabilities	**(417)**	—
Net assets	**13,786**	—
Share of the jointly-controlled entity's results		
Revenue	**—**	—
Other income	**—**	—
Total expense	**(314)**	—
Tax	**—**	—
Net loss	**(314)**	—

21. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**596,000**	100,000
Share of net assets	**634,973**	109,608	**—**	—
	634,973	109,608	**596,000**	100,000

The Group's trade receivable and payable balances with the associates are disclosed in note 40 to the financial statements.

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	Principal activities
江西銅業集團財務有限公司 Jiangxi Copper Corporation Finance Company Limited ("JXFC")	Registered capital of RMB1 each	Mainland China	35%	Provision of consultation services on finance related matters
昭覺縣逢燁濕法冶煉有限公司 Zhaojue Fenye Smelting Company Limited ("Fengye")	Registered capital of RMB1 each	Mainland China	40%	Manufacturing of copper products
江銅長盈清遠銅業有限公司 Jiangxi Copper Everprofit Qing Yuan Copper Company Limited ("Qing Yuan")	Registered capital of RMB1 each	Mainland China	40%	Manufacturing of copper products
五礦江銅礦業投資有限公司 Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals ")	Registered capital of RMB1 each	Mainland China	40%	Investment company
江西福運實業有限公司 Jiangxi Fortune Transportation Industry Company Limited ("Jiangxi Fortune")	Registered capital of RMB1 each	Mainland China	40%	Provision of transportation services
亞興保弘株式會社 Asia Development Sure Spread Company Limited ("Sure Spread")	Registered capital of RMB1 each	Japan	40%	Sale, import and export of machinery, non-ferrous metals, processed copper products and rare metals

21. INTERESTS IN ASSOCIATES *(Continued)*

The above associates were not audited by Ernst & Young Hong Kong or other member firms of the Ernst & Young global network.

The summarized financial information in respect of the Group's associates is set out below:

	2007	2006 (Restated)
	RMB'000	*RMB'000*
Current assets	**3,251,839**	745,840
Non-current assets	**114,892**	3,147
Current liabilities	**(1,740,811)**	(437,466)
Net assets	**1,625,920**	311,521
Share of the associates' net assets	**634,973**	109,608
Revenue	**1,481,623**	9,268
Profit for the year	**61,772**	178
Share of the associates' net profit	**23,178**	70

22. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
Balance at 1 January	**15,610**	15,610	**5,610**	5,610
Addition during the year *(a)*	**280,000**	—	**280,000**	—
Balance at 31 December	**295,610**	15,610	**285,610**	5,610
Accumulated impairment loss				
At 1 January and 31 December	**(5,610)**	(5,610)	**(5,610)**	(5,610)
Carrying value				
At 31 December	**290,000**	10,000	**280,000**	—

As at 31 December 2007, the Group's unlisted equity investments represent the Group's 4.20% equity interest in Nanchang Commercial Bank at a total cost of RMB280 million, 6.67% equity interest in Liangshan Mining Co., Ltd. at a total cost of RMB10 million and 0.4% equity interest in Kebang Electric Co., Ltd., at a total cost of RMB5.6 million, all of which were unlisted companies established in the PRC with limited liability. These unlisted equity investments were stated at cost and subject to a test for impairment loss because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(a) On 25 December 2007, the Company subscribed for 100 million shares of Nanchang Commercial Bank in a private placement at 1) a cash consideration of RMB130 million, and with 2) a commitment to acquire interests in certain non-performing assets at a consideration of RMB150 million, which were previously carved out from Nanchang Commercial Bank to an asset management company. Because the directors believe that the collectible amounts from the interests in the non-performing assets acquired are insignificant and the acquisition of such interests is a pre-condition to acquire the equity interests in Nanchang Commercial Bank, the total transaction costs of RMB280 million were recorded as the cost of investment in Nanchang Commercial Bank.

23. DEFFERED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets:

THE GROUP

	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Unrealised profits *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 31 December 2005 and 2006 (Restated)	—	—	—	—	—
Deferred tax credited to the income statement during the period *(note 12)*	20,134	46,784	7,519	911	75,348
At 31 December 2007	20,134	46,784	7,519	911	75,348

THE COMPANY

	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Total *RMB'000*
At 31 December 2005 and 2006 (Restated)	—	—	—
Deferred tax credited to the income statement during the period *(note 12)*	19,974	46,695	66,669
At 31 December 2007	19,974	46,695	66,669

23. DEFFERED TAX *(Continued)*

Deferred tax liabilities:

THE GROUP

	Fair value gain from derivative financial instruments — transactions not qualifying as hedges *RMB'000*
At 31 December 2005 and 2006 (Restated)	—
Deferred tax charged to the income statement during the year *(note 12)*	5,779
At 31 December 2007	5,779

At 31 December 2007, there was no significant unrecognised deferred tax liability (2006: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

24. INVENTORIES

	THE GROUP		**THE COMPANY**	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Raw materials	**2,035,163**	1,164,741	**1,958,102**	1,030,275
Work in progress	**6,522,112**	4,326,935	**6,521,951**	4,326,892
Finished goods	**382,644**	655,096	**300,248**	647,220
	8,939,919	6,146,772	**8,780,301**	6,004,387

25. TRADE AND BILLS RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**1,831,346**	1,029,311	**1,341,340**	804,018
Bills receivables	**2,824,294**	2,096,287	**2,785,853**	1,968,904
Less: Provision for impairment of trade receivables	**(127,464)**	(133,366)	**(127,421)**	(133,196)
	4,528,176	2,992,232	**3,999,772**	2,639,726

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,703,262**	895,165	**1,213,401**	670,075
1 to 2 years	**709**	4,982	**577**	4,944
2 to 3 years	**126**	1,307	**113**	1,287
Over 3 years	**127,249**	127,857	**127,249**	127,712
	1,831,346	1,029,311	**1,341,340**	804,018

The terms of bills receivables are all within six months.

As at 31 December 2007, certain of the Group's bank-accepted notes with a net book value of RMB2,029,980,000 (2006: RMB1,303,012,000) were discounted to secure short term bank borrowings (note 31).

25. TRADE AND BILLS RECEIVABLES *(Continued)*

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**133,366**	74,972	**133,196**	73,496
Impairment losses recognised	**9,553**	64,192	**9,544**	65,489
Impairment losses reversed	**(15,241)**	(2,206)	**(15,105)**	(2,203)
Amount written off as uncollectible	**(214)**	(3,592)	**(214)**	(3,586)
At 31 December	**127,464**	133,366	**127,421**	133,196

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB63,617,000 (2006: RMB63,617,000) with a net carrying amount of RMB28,288,000 (2006: RMB33,998,000). The individually impaired trade receivables relate to customers that were in financial difficulties and certain of the receivables is not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**1,056,380**	596,261	**830,664**	331,928
Past due but not impaired				
Within 1 year	**646,922**	298,915	**382,776**	338,157
1 to 2 years	**517**	115	**423**	94
2 to 3 years	**63**	654	**56**	643
	1,703,882	895,945	**1,213,919**	670,822

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Included in the Group's trade receivables are amounts due from the Group's associates and related parties, as detailed in note 40, which are repayable on similar credit terms to those offered to the major customers of the Group.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**1,076,254**	631,553	**954,993**	586,009
Deposits and other receivables	**371,900**	200,135	**318,427**	96,004
Prepaid value-added tax	**169,463**	61,770	**165,707**	55,682
	1,617,617	893,458	**1,439,127**	737,695

There are no significant balances that are past due or impaired.

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27. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Commodity forward contracts				
— copper cathodes				
under hedge accounting	**22,597**	38,747	**22,597**	38,747
not under hedge accounting	**32,107**	(19,279)	**—**	—
	54,704	19,468	**22,597**	38,747

Under hedge accounting

As at 31 December 2007, forward contracts designated as cash flow hedges to forecasted copper cathode sales were assessed to be highly effective and the unrealised gains of RMB22,597,000 (2006: RMB38,747,000) arising from the change in fair value of these derivative instruments are included in equity. Such unrealised gain is expected to be released to the income statement when the designated sales of copper cathode occur.

The terms of commodity forward contracts have been negotiated to match the timing of the forecasted sales of copper cathodes. As at the balance sheet date, the expected delivery period of the forecasted sales of copper cathodes is from January 2008 to March 2008.

27. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Not under hedge accounting

The Group also utilises commodity purchase forward contracts to hedge forecasted purchases of copper concentrate and the forecasted purchase and sales of copper rods and copper wires. These arrangements are designated to address significant fluctuations in the price of copper concentrate and copper related products which move in line with the price of copper cathode. However, this arrangement is not considered as an effective hedge according to the Group's accounting policies. The unrealised gain or losses arising from the change in fair value of the hedge instruments are recognised in the income statement. As at the balance sheet date, the expected delivery period of the forecasted purchase of copper concentrate, copper rods and copper wires is from January 2008 to June 2008.

28. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**2,704,009**	986,330	**2,186,548**	515,988
Time deposits	**49,082**	35,165	**—**	—
Cash and cash equivalents	**2,753,091**	1,021,495	**2,186,548**	515,988

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amount of these assets approximate to their fair values.

At the balance sheet date, the cash and bank balances of the Group denominated in foreign currencies amounted to RMB146,519,000 (2006: RMB120,956,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

29. TRADE AND BILLS PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**1,694,784**	805,205	**1,129,953**	648,941
Bills payable	**249,921**	34,422	**249,922**	34,422
	1,944,705	839,627	**1,379,875**	683,363

29. TRADE AND BILLS PAYABLES *(Continued)*

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,680,571**	792,616	**1,117,154**	642,132
1 to 2 years	**9,158**	9,046	**8,897**	3,881
2 to 3 years	**2,419**	218	**1,320**	76
Over 3 years	**2,636**	3,325	**2,582**	2,852
	1,694,784	805,205	**1,129,953**	648,941

The trade payables are non-interest-bearing and are normally settled on 60 to 90 day terms.

The directors consider that the carrying amount of trade and bills payables approximates to their fair value.

Trade payables due to related parties included in the trade and bills payables are disclosed in note 40 to the financial statements.

30. OTHER PAYALBES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payroll and welfare	**206,323**	148,816	**186,779**	133,952
Interest payable	**46,844**	17,536	**46,844**	17,536
Other tax payables	**211,995**	322,049	**182,660**	301,485
Other payables	**525,069**	532,832	**449,233**	368,517
Advance from customers	**232,819**	57,335	**167,084**	44,635
Long term payables due in one Year *(note 23)*	**20,387**	1,870	**20,387**	1,870
	1,243,437	1,080,438	**1,052,987**	867,995

Other payables are non-interest-bearing and have no significant balance with aging above one year.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Bank loans - secured	**3,982,577**	1,411,012	**3,878,948**	2,108,278
Bank loans - unsecured	**2,029,980**	1,255,266	**1,953,764**	—
Short term debentures	**1,000,000**	500,000	**1,000,000**	500,000
Current portion of long term bank loans - secured	**504,046**	251,400	**473,046**	205,000
	7,516,603	3,417,678	**7,305,758**	2,813,278
Non-current:				
Bank loans - secured	**350,000**	506,110	**250,000**	359,710
Bank loans - unsecured	**556,092**	950,087	**526,092**	950,087
	906,092	1,456,197	**776,092**	1,309,797
Less: Current portion due within one year	**(504,046)**	(251,400)	**(473,046)**	(205,000)
	402,046	1,204,797	**303,046**	1,104,797
Total	**7,918,649**	4,622,475	**7,608,804**	3,918,075

On 11 January 2007, the Company completed the issuance of short term debentures with a fair value of RMB1,000,000,000 (due in 365 days). The debentures bear a coupon rate of 3.8% per annum. As at 31 December 2007, the accrued interest payable on the above short term debentures was approximately RMB36,960,000.

The bank borrowings carry interest at rates ranging from 4.32% to 7.29% (2006: 3.6% to 6.8%) per annum.

As at 31 December 2007, short term bank borrowings and long term bank borrowings of RMB623,410,000 and RMB146,092,000, respectively, were denominated in US$ (31 December 2006: Nil and RMB78,087,000). Short term bank borrowings of RMB10,667,000 were denominated in EUR (31 December 2006: Nil) All other bank borrowings were denominated in RMB.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

An analysis of the bank borrowings' repayment schedule is as follows:

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year or on demand	**7,516,603**	3,417,678	**7,305,758**	2,813,278
In the second year	**303,046**	827,797	**303,046**	827,797
In the third to fifth years, inclusive	**99,000**	377,000	**—**	277,000
	7,918,649	4,622,475	**7,608,804**	3,918,075

Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's bank-accepted notes, which had an aggregate carrying value at the balance sheet date of approximately RMB2,029,980,000 (2006: RMB1,303,012,000);

(ii) pledges over the Group's machinery, which had an aggregate carrying value at the balance sheet date of approximately RMB50,268,000 (2006: Nil);

(iii) the Group's ultimate holding company, JCC, has guaranteed certain of the Group's bank loans up to RMB350,000,000 (2006: RMB479,710,000) as at the balance sheet date.

(iv) pledges over the Group's inventories, which had an aggregate carrying value at the balance sheet date of approximately RMB127,130,000 (2006: RMB127,201,000);

The directors estimate that the carrying amounts of the Group's and the Company's current and non-current borrowings approximate to their fair values, as borrowings bear interest at variable rates.

32. DEFERRED REVENUE — GOVERNMENT GRANTS

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Balance at 1 January	**72,680**	74,635	**72,680**	74,635
Received during the year	**30,665**	4,437	**28,665**	4,437
Released to the income statement *(note 7)*	**(7,058)**	(6,392)	**(6,708)**	(6,392)
Balance at 31 December	**96,287**	72,680	**94,637**	72,680

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the income statement over the expected useful life of the facility by equal annual installments.

33. PROVISION FOR REHABILITATION

	THE GROUP / THE COMPANY	
	2007	2006 (Restated)
	RMB'000	*RMB'000*
At 1 January	**—**	—
Additional provision	**48,224**	—
At 31 December	**48,224**	—

The Company makes provision for rehabilitation costs expected to arise on closure of the mines. The provision is based on assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure, and vegetational zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

34. OTHER LONG TERM PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006 (Restated)	**2007**	2006 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payable to JCC *(i)*	**20,020**	37,431	**20,020**	37,431
Payable to the Ministry of Land and Resources *(ii)*	**32,812**	—	**28,461**	—
	52,832	37,431	**48,481**	37,431
Less:				
Payable to JCC due within one year	**(1,870)**	(1,870)	**(1,870)**	(1,870)
Payable to the Ministry of Land and Resources due within one year	**(18,517)**	—	**(18,517)**	—
	32,445	35,561	**28,094**	35,561
The amount is repayable as follows:				
Within one year	**20,387**	1,870	**20,387**	1,870
Between one and two years	**11,870**	1,870	**7,519**	1,870
Between three and five years	**5,610**	5,610	**5,610**	5,610
After five years	**14,965**	28,081	**14,965**	28,081
	52,832	37,431	**48,481**	37,431

(i) The amount represents the balance due to JCC as the consideration for the transfer of the mining rights in respect of the Dexing Mine and the Yongping Mine from JCC to the Company. The amount is repayable in 30 annual installments of RMB1,870,000 each and subject to payment of interest at a rate equal to the State lending rate for a one-year fixed term loan up to a maximum of 15% on each annual installment starting from 1 January 1998. The interest paid during the year amounted to approximately RMB140,000 (2006: RMB114,000). The effective interest rate for the year ended 31 December 2007 was 7.47% (2006: 6.12%).

(ii) The amount represents the balance due to the Ministry of Land and Resources as the consideration for the acquisition of the mining rights in respect of the Fujiawu Copper Mine.

The directors have estimated that there is no significant difference between the carrying amount of other long term payables and their fair value, as the balances due after one year are not material.

35. SHARE CAPITAL

	Number of shares	Share capital *RMB'000*
Balance at 1 January 2006		
— Domestic shares of RMB1 each	1,277,556,200	1,277,556
— H shares of RMB1 each	1,387,482,000	1,387,482
— A shares of RMB1 each	230,000,000	230,000
	2,895,038,200	2,895,038
Changes during the year due to implementation of the share reform plan *(note i)*		
— Listed shares subject to trading restrictions	1,226,956,200	1,226,956
— Domestic shares	(1,277,556,200)	(1,277,556)
— A shares	50,600,000	50,600
	—	—
Balance at 31 December 2006		
— Listed shares subject to trading restrictions	1,226,956,200	1,226,956
— H shares	1,387,482,000	1,387,482
— A shares	280,600,000	280,600
	2,895,038,200	2,895,038
Reclassification during the year		
— Listed shares subject to trading restrictions	(1,920,786)	(1,921)
— A shares	1,920,786	1,921
	—	—
Changes during the year due to new placement		
— Listed shares subject to trading restrictions *(note ii)*	127,795,527	127,796
Balance at 31 December 2007		
— Listed shares subject to trading restrictions	1,352,830,941	1,352,831
— H shares	1,387,482,000	1,387,482
— A shares	282,520,786	282,521
	3,022,833,727	3,022,834

35. SHARE CAPITAL *(Continued)*

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors or foreign investors, listed shares subject to trading restrictions, H shares and A shares rank pari passu in all respects with each other.

(i) In the year 2006, a share reform plan of the Company was approved by the State-Owned Assets Supervision and Administration Commission under the Jiangxi Provincial People's Government and was approved at a shareholders' meeting of the domestic shareholders.

The share reform includes the following provisions:

(a) For each 10 A shares held, holders of A shares received 2.2 A shares transferred from non-tradable domestic shares held by JCC at nil consideration. In return, JCC can exchange its originally non-tradable domestic shares to tradable A shares, subject to conditions set out in (b).

(b) JCC undertakes that the originally non-tradable domestic shares held by JCC will be subject to a moratorium period of 36 months from the date of completion of the share reform plan. JCC further undertakes that if it sells the listed shares received in exchange for the originally non-tradable domestic shares through the Shanghai Stock Exchange within one year after the moratorium period, it will not sell such shares at less than RMB9.00 per share.

(ii) Pursuant to the resolution of a meeting of the Company's shareholders and as approved by the China Securities Regulatory Commission and relevant authorities, the Company issued 127,795,527 A shares (subject to trading restrictions) of RMB1 each at a price of RMB31.30 per share on 27 September 2007. Out of the newly issued 127,795,527 A shares (subject to trading restrictions), 57,039,479 shares were issued to JCC in consideration of the purchase of certain equity interests and businesses at an agreed value of RMB1,785,336,000 as set out in details in note 2. The remaining 70,756,048 shares were issued to eight financial institutions for cash of RMB2,214,664,000.

JCC and the eight financial institutions undertake that new shares received by them in this issue will be subject to trading moratorium periods of 36 months and 12 months, respectively, from the date of completion of the new share placement.

36. RESERVES

THE COMPANY

	Share Premium RMB'000	Capital Reserves RMB'000	Other Reserves RMB'000	Statutory Surplus Reserves RMB'000	Statutory Public Welfare Fund RMB'000	Discretionary Surplus Reserve RMB'000	Hedging Reserve RMB'000	Retained earnings RMB'000	Proposed Final Dividend RMB'000	Total RMB'000
Balance at 1 January 2006	1,945,551	70,546	(92,506)	449,475	375,619	921,505	(71,023)	1,260,019	555,847	5,415,033
Profit for the year	—	—	—	—	—	—	—	4,603,526	—	4,603,526
Decrease in fair value of cash flow hedges	—	—	—	—	—	—	(1,310,979)	—	—	(1,310,979)
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	1,420,749	—	—	1,420,749
Final 2005 dividend declared	—	—	—	—	—	—	—	—	(555,847)	(555,847)
Proposed 2006 final dividend	—	—	—	—	—	—	—	(1,158,015)	1,158,015	—
Transfer	—	—	—	839,527	(375,619)	1,392,112	—	(1,856,020)	—	—
At 31 December 2006	1,945,551	70,546	(92,506)	1,289,002	—	2,313,617	38,747	2,849,510	1,158,015	9,572,482
Balance at 1 January 2007	1,945,551	70,546	(92,506)	1,289,002	—	2,313,617	38,747	2,849,510	1,158,015	9,572,482
Profit for the year	—	—	—	—	—	—	—	3,847,864	—	3,847,864
Increase in fair value of cash flow hedges	—	—	—	—	—	—	114,030	—	—	114,030
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	(130,181)	—	—	(130,181)
Issue of capital	2,639,985	—	—	—	—	—	—	—	—	2,639,985
Final 2006 dividend declared	—	—	—	—	—	—	—	—	(1,158,015)	(1,158,015)
Proposed 2007 dividend	—	—	—	—	—	—	—	(906,850)	906,850	—
Transfers	—	—	—	385,627	—	1,156,880	—	(1,542,507)	—	—
At 31 December 2007	4,585,536	70,546	(92,506)	1,674,629	—	3,470,497	22,596	4,248,017	906,850	14,886,165

The Company shall appropriate to the statutory surplus reserve 10% of profit after taxation calculated in accordance with the PRC accounting standards and regulations and the Articles of Association of the Company and its subsidiaries. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's and its subsidiaries' registered capital. In addition, the Company's Articles of Association also allows the Company to transfer a certain amount of profit after taxation and after appropriations to the statutory surplus reserve, subject to shareholders' approval, to the discretionary surplus reserve. According to the Company's Articles of Association, the statutory surplus reserve and discretionary surplus reserve can be used to make up prior year losses, to expand production operation or to increase share capital. The Company may capitalise the statutory surplus reserve and discretionary surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such appropriation shall not be less than 25% of the registered capital of the Company.

36. RESERVES *(Continued)*

Prior to 1 January 2006, according to the Company Law of the PRC, the Company and its subsidiaries were required to transfer 5% to 10% of their profit after taxation, as determined under PRC Accounting Regulations, to the statutory public welfare fund, which is a non-distributable reserve other than in the event of liquidation of the Company and its subsidiaries.

The statutory public welfare fund can only be utilised for capital expenditure on employees' collective welfare facilities and cannot be used for staff welfare expenses. Such employee welfare facilities are owned by the Company, and its subsidiaries. With effect from 1 January 2006, pursuant to a notice issued by the Ministry of Finance regarding the change in accounting treatment of profit appropriation of the statutory public welfare fund, no statutory public welfare fund will be accrued. The remaining balance of the statutory public welfare fund has been transferred to the surplus reserve.

37. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 31 to the financial statements.

38. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	THE GROUP / THE COMPANY	
	2007	2006 (Restated)
	RMB'000	*RMB'000*
Within one year	**16,781**	15,806
In the second to fifth years, inclusive	**66,889**	63,224
After five years	**316,266**	257,245
	399,936	336,275

39. CAPITAL COMMITMENTS

At the balance sheet date, the Group and the Company had the following capital commitments:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Commitments for the acquisition of property, plant and equipment:				
— contracted for, but not provided in the financial statements	**441,738**	779,407	**441,164**	768,804
— authorized, but not contracted for	**11,433**	2,305,698	**4,174**	2,212,148
Investment in an associate — contracted for, but not provided in the financial statements	**—**	36,000	**—**	36,000
	453,171	3,121,105	**445,338**	3,016,952

40. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in these financial statements, the Group had transactions with (i) JCC and its affiliates, (ii) Qing Yuan, which is the Company's associate, and (iii) other state-controlled entities in China, and paid compensation to management personnel as summarized below:

(a) Related party transactions with JCC and its affiliates:

	2007	2006
		(Restated)
	RMB'000	*RMB'000*
Sales to and services provided to related parties:		
Supply of water and transmission of electricity by the Group	**75,891**	74,355
Sales of products and by-products by the Group	**3,616,978**	2,216,530
Tolling services provided by the Group	**74,709**	43,956
Sales of gases by the Group	**6,944**	4,533

40. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates: *(Continued)*

	2007 *RMB'000*	2006 *RMB'000*
Purchase of goods from and services provided by related parties:		
Purchase of raw materials and auxiliary products	**2,068,779**	2,048,913
Processing services	**40,869**	101
Commissions of processing of copper anticathode by the Group	**46,923**	—
Construction services	**216,523**	123,579
Vehicle transportation services	**166,581**	141,185
Repair and maintenance services	**102,485**	138,488
Industrial water supply	**17,205**	20,522
Electricity supply	**3,617**	4,901
Other services:		
Brokerage agency services provided to the Group	**18,686**	8,908
Other administrative expenses borne by the Group	**18,645**	12,249
Other support services provided to the Group	**11,877**	1,633
Environmental greenery services provided to the Group	**5,103**	7,590
Social welfare and support services provided to the Group		
— welfare and medical services	**57,120**	67,286
— primary and secondary education services	**2,547**	2,784
— technical education services	**3,329**	3,654
— internal telecommunications services	**2,910**	4,632
— use of representative offices	**3,714**	4,113
Pension contributions paid by the Group	**14,532**	74,614
Other related party transactions:		
Rentals for office premises charged to the Group	**8,700**	7,671
Rentals for office premises charged by the Group	**56**	56
Rentals for housing for the employees and use of common facilities charged to the Group	**25,009**	25,398
Rental for land use rights charged to the Group	**15,000**	15,000
Transfer of mining rights	**2,010**	1,984

The sales to and purchase from related parties are negotiated and agreed by both parties with reference to market price.

40. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Related party transactions with Qing Yuan

	2007	2006
	RMB'000	*RMB'000*
Purchase of raw materials and auxiliary products by the Group	**1,383,243**	—

(c) Transactions with other state-controlled entities in the PRC:

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-Owned Enterprises"). During the year, the Group had transactions with State-Owned Enterprises including, but not limited to, the sales of goods, purchases of goods, and purchases of property, plant and equipment.

The directors consider that the transactions with other State-Owned Enterprises are conducted in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-Owned Enterprises are ultimately controlled or owned by the PRC government. The Group has established pricing policies for products and services, and these pricing policies do not depend on whether or not the customers are State-Owned Enterprises. The directors have confirmed that these transactions are carried out on terms similar to those that would be entered into with non-State-Owned Enterprises and have been reflected in the financial statements. The directors are of the opinion that the transactions with other State-Owned Enterprises are fair and reasonable.

(d) Compensation of key management personnel of the Group

The remuneration of key management during the year was as follows:

	2007	2006
	RMB'000	*RMB'000*
Short term employee benefits	**8,208**	6,845
Post-employment benefits	**253**	276
Performance related bonuses	**350**	350
Total compensation paid to key management personnel	**8,811**	7,471

Further details of directors' emoluments are included in note 11 to the financial statements.

Having due regard to the substance of the relationship, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

40. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) Outstanding balances with related parties

The Group had the following significant balances with related parties at the balance sheet date:

	2007	2006
	RMB'000	*RMB'000*
		(Restated)
Amounts due from related parties:		
Trade and bills receivables:		
JCC	**121**	1,546
JCC's affiliates	**581,032**	235,179
	581,153	236,725
Prepayments and other receivables:		
JCC	**1,107**	1,110
JCC and its controlled affiliates	**302,723**	157,819
	303,830	158,929
	884,983	395,654

40. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) Outstanding balances with related parties *(Continued)*

	2007	2006
	RMB'000	*RMB'000*
Amounts due to related parties		
Trade and bills payables:		
JCC	**18**	2,280
JCC's affiliates	**39,752**	50,542
Qing Yuan	**27,222**	—
	66,992	52,822
Other payables and accruals:		
JCC	**210,555**	180,885
JCC's affiliates	**90,988**	20,847
	301,543	201,732
	368,535	254,554
Other long term payables within one year:		
JCC	**1,870**	1,870
Other long term payables *(note 34)*:		
JCC	**33,496**	35,561

The above balances arose from the aforementioned transactions, advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances was unsecured, interest-free and have no fixed repayment terms except for other long term payable to JCC as mentioned in note 34.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2007 **The Group**

Financial assets

	Financial assets at fair value through profit or loss-held for trading and derivative financial instruments qualified for hedging *RMB'000*	**Loans and receivables** *RMB'000*	**Available -for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	—	290,000	290,000
Trade receivables	—	4,528,176	—	4,528,176
Financial assets included in prepayments, deposits and other receivables	—	371,900	—	371,900
Derivative financial instruments	54,704	—	—	54,704
Cash and cash equivalents	—	2,753,091	—	2,753,091
	54,704	7,653,167	290,000	7,997,871

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	1,944,705
Financial liabilities included in other payables and accruals	798,623
Interest-bearing bank and other borrowings	7,918,649
Other long term payables	32,445
	10,694,422

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2006 **The Group**

Financial assets

	Financial assets at fair value through profit or loss-held for trading and derivative financial instruments qualified for hedging	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	10,000	10,000
Trade receivables	—	2,992,232	—	2,992,232
Financial assets included in prepayments, deposits and other receivables	—	200,135	—	200,135
Derivative financial instruments	38,747	—	—	38,747
Cash and cash equivalents	—	1,021,495	—	1,021,495
	38,747	4,213,862	10,000	4,262,609

Financial liabilities

	Financial liabilities at fair value through profit or loss-held for trading and derivative financial instruments qualified for hedging	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	—	839,627	839,627
Financial liabilities included in other payables and accruals	—	701,054	701,054
Derivative financial instruments	19,279	—	19,279
Interest-bearing bank and other borrowings	—	4,622,475	4,622,475
Other long term payables	—	35,561	35,561
	19,279	6,198,717	6,217,996

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2007 **The Company**

Financial assets

	Financial assets at fair value through profit or loss-held for trading and derivative financial instruments qualified for hedging *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Available-for-sale investments	—	—	280,000	280,000
Trade receivables	—	3,999,772	—	3,999,772
Financial assets included in prepayments, deposits and other receivables	—	318,427	—	318,427
Derivative financial instruments	22,597	—	—	22,597
Cash and cash equivalents	—	2,186,548	—	2,186,548
	22,597	6,504,747	280,000	6,807,344

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	1,379,875
Financial liabilities included in other payables and accruals	703,243
Interest-bearing bank and other borrowings	7,608,804
Other long term payables	28,094
	9,720,016

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2006 **The Company**

Financial liabilities

	Financial liabilities at fair value through profit or loss-held for trading and derivative financial instruments qualified for hedging *RMB'000*	Loans and receivables *RMB'000*	Total *RMB'000*
Trade and bills receivables	—	2,639,726	2,639,726
Financial assets included in prepayments, deposits and other receivables	—	96,004	96,004
Derivative financial instruments	38,747	—	38,747
Cash and cash equivalents	—	515,988	515,988
	38,747	3,251,718	3,290,465

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	683,363
Financial liabilities included in other payables and accruals	521,891
Interest-bearing bank and other borrowings	3,918,075
Other long term payables	35,561
	5,158,890

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents and amounts due to related parties. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, principally commodity forward contracts. The purpose is to mange the Group's exposure in relation to forecasted sales of copper cathodes and purchases of copper concentrate.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, liquidity risk and interest rate risk. Management reviews and agrees policies for managing each of these risks which are summarised below. The Group's accounting policies in relation to financial instruments are set out in note 4 to the financial statements.

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity forward contracts to secure future selling prices of copper cathodes. Also, the Group purchases copper concentrate from third parties for the production of copper cathodes. To minimise this risk, the Group has entered into commodity buy forward contracts to secure future purchase prices of copper concentrate.

Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. There is no significant concentration of credit risk.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institution and borrowing loans from banks.

The table below summarises the maturity profile of the Group's financial liabilities at each balance sheet date based on contractual undiscounted payments.

THE GROUP

	31 December 2007		
	Less than 12 months *RMB'000*	**1 to 5 years** *RMB'000*	**Total** *RMB'000*
Interest-bearing long term loans and borrowings	—	402,046	402,046
Interest-bearing short term loans and borrowings	7,516,603	—	7,516,603
Trade and bills payables	1,944,705	—	1,944,705
Other payables and accruals	798,623	—	798,623
Dividend payables	3,228	—	3,228
Other long term payables	—	68,334	68,334
	10,263,159	470,380	10,733,539

	31 December 2006		
	Less than 12 months *RMB'000*	**1 to 5 years** *RMB'000*	**Total** *RMB'000*
Interest-bearing long term loans and borrowings	—	1,204,797	1,204,797
Interest-bearing short term loans and borrowings	3,417,678	—	3,417,678
Trade and bills payables	839,627	—	839,627
Other payables and accruals	701,054	—	701,054
Derivative financial instruments	19,279	—	19,279
Dividend payables	18,000	—	18,000
Other long term payables	—	35,561	35,561
	4,995,638	1,240,358	6,235,996

The table below summarises the maturity profile of the Company's financial liabilities at each balance sheet date based on contractual undiscounted payments.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

THE COMPANY

	31 December 2007		
	Less than 12 months	**1 to 5 years**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Interest-bearing long term loans and borrowings	—	303,046	303,046
Interest-bearing short term loans and borrowings	7,305,758	—	7,305,758
Trade and bills payables	1,379,875	—	1,379,875
Other payables and accruals	703,243	—	703,243
Other long term payables	—	63,984	63,984
	9,388,876	367,030	9,755,906

	31 December 2006		
	Less than 12 months	**1 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing long term loans and borrowings	—	1,104,797	1,104,797
Interest-bearing short term loans and borrowings	2,813,278	—	2,813,278
Trade and bills payables	683,363	—	683,363
Other payables and accruals	521,891	—	521,891
Other long term payables	—	35,561	35,561
	4,018,532	1,140,358	5,158,890

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's short term and long term interest-bearing bank loans and other borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity.

	The Group			The Company	
31 December 2007	**Increase/ decrease in basis** points	**Effect on profit before tax** *RMB'000*	**Effect on equity** *RMB'000*	**Effect on profit before tax** *RMB'000*	**Effect on equity** *RMB'000*
RMB	+200	(161,873)	(135,163)	(152,176)	(127,067)
RMB	-100	80,936	67,582	76,088	63,533

Capital management

The primary objective of the Group's capital management is to ensure that it has sufficient capital in order to support its business and maximise the shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or obtain additional capital from shareholders. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006. Capital of the Group represents equity attributable to the equity holders.

Fair values

Fair value is estimated according to relevant market information and information about financial instruments at specific point in time. Those estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of the Group's long term loans is calculated according to similar terms and time frame and prevailing market borrowing interest rates. Further details of fair values of the Group's long term loans are included in note 31 to the financial statements.

The remaining financial instruments are all short term instruments, and there is no material difference between their fair value and carrying amount due to the short term to maturity.

43. PENSION SCHEMES

The Group contributes mainly to defined contribution pension schemes, which are administered by the provincial government, in respect of employees of the Group. According to such schemes, the Group shall pay an amount, calculated at a percentage of the total salaries and wages of the employees, to the retirement schemes. Such contributions were made mainly through JCC before March 2007 and have been made directly to relevant agencies of the provincial government since then.

The total cost charged to the income statement of approximately RMB81 million (2006: RMB77 million) represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

44. EVENTS AFTER THE BALANCE SHEET DATE

(a) Subsequent investment in overseas mine

Investment in Northern Peru Copper Corporation

As approved by the Company's shareholders, the Company and China Minerals Non-ferrous Metals Co., Ltd. ("Minerals") jointly entered an agreement with Northern Peru Copper Corporation ("NPCC") in Canada on 5 December 2007 (local time) to acquire a 100% equity interest in NPCC at a total consideration of US$455million in cash.

For this acquisition, the Company and Minerals have established Minerals Jiangxi Copper Investment Company Ltd., a joint control entity with a registered capital of RMB1.15 billion on 12 December 2007. According to the agreement between the Company and Minerals, the Company owns 40% of the total equity and has subscribed RMB460 million as share capital.

On 25 January 2008, this acquisition was approved by 95% of the shareholders of NPCC and the Company's directors expect that the transaction will be completed within two months.

(b) Proposed issuance of bonds with warrants

Pursuant to an announcement of the Company dated 22 January 2008, the Company has proposed to issue bonds with warrants for an amount of not more than RMB6.8 billions. The completion of the transaction is still subject to the approval of the China Securities Regulatory Commission.

45. COMPARATIVE FIGURES

Comparative figures have been adjusted to apply merger accounting for business combination under common control, as explained in note 2, and certain comparatives have been reclassified to conform with the current year's presentation.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 March 2008.

FINANCIAL SUMMARY

For the Year Ended 31 December 2007
(Prepared in accordance with IFRSs)

	Year ended 31 December				
	2007	2006	2005	2004	2003
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**41,280,618**	24,582,665	13,428,684	10,829,832	5,560,547
Cost of sales	**(35,623,351)**	(17,560,473)	(10,116,384)	(8,787,128)	(4,441,869)
Gross profit	**5,657,267**	7,022,192	3,312,300	2,042,704	1,118,678
Other income	**145,176**	37,876	58,953	41,576	33,950
Distribution costs	**(149,373)**	(106,213)	(96,297)	(87,178)	(64,446)
Administrative expenses	**(453,618)**	(491,134)	(364,404)	(364,549)	(260,120)
Other expenses	**(18,811)**	(545,773)	(408,002)	(140,180)	(107,106)
Finance costs	**(262,700)**	(186,130)	(190,899)	(205,670)	(170,816)
Share of profit of a jointly-controlled entities	**(314)**	—	—	—	—
Share of profits of associates	**23,178**	70	—	—	—
Profit before taxation	**4,940,805**	5,730,888	2,311,651	1,286,703	550,140
Taxation	**(722,531)**	(905,549)	(300,149)	(117,503)	(29,212)
Profit for the year	**4,218,274**	4,825,339	2,011,502	1,169,200	520,928
Attributable to:					
Equity holders of the parent	**4,145,004**	4,744,121	1,983,518	1,161,406	517,624
Minority interests	**73,270**	81,218	27,984	7,794	3,304
	4,218,274	4,825,339	2,011,502	1,169,200	520,928

	As at 31 December				
	2007	2006	2005	2004	2003
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**30,220,183**	20,612,939	13,581,897	11,533,150	10,309,035
Total liabilities	**(11,825,371)**	(7,322,412)	(4,547,161)	(5,293,254)	(4,954,242)
	18,394,812	13,290,527	9,034,736	6,239,896	5,354,793
TOTAL EQUITY					
Attributable to:					
Equity holders of the parent	**18,150,659**	12,875,196	8,667,445	6,044,357	5,206,370
Minority interests	**244,153**	415,331	367,291	195,539	148,423
	18,394,812	13,290,527	9,034,736	6,239,896	5,354,793