

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

	Notes	For the six months ended	
		30.6.2002 RMB'000 (Unaudited)	30.6.2001 RMB'000 (Unaudited)
Turnover	3	1,561,675	1,860,697
Cost of sales and services		(1,281,945)	(1,552,643)
Gross profit		279,730	308,054
Other operating income		18,547	29,989
Distribution costs		(15,094)	(14,363)
Administrative expenses		(107,287)	(89,339)
Other operating expenses		(14,874)	(17,206)
Profit from operations		161,022	217,135
Finance costs		(73,182)	(85,455)
Profit before taxation		87,840	131,680
Taxation	5	(15,033)	(47)
Profit after taxation		72,807	131,633
Minority interests		(27)	(77)
Net profit for the period		72,780	131,556
Dividends	6	—	—
Basic earnings per share	7	RMB0.0273	RMB0.0540

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2002
(Prepared in accordance with IAS)

	Notes	30.6.2002 RMB'000 (Unaudited)	31.12.2001 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	6,330,397	5,725,070
Other assets		108,129	89,865
Other investments		5,610	5,610
		6,444,136	5,820,545
Current assets			
Inventories		1,422,589	1,576,283
Trade and other receivables	9	403,309	384,677
Taxation recoverable		—	4,693
Marketable securities		21,346	1,235
Pledged bank deposits		—	2,268
Bank balances and cash		311,392	681,060
		2,158,636	2,650,216
Current liabilities			
Trade and other payables	10	545,660	636,532
Dividend payable		133,202	—
Taxation payable		10,267	34
Government subsidy received		77,000	84,000
Bank borrowings - amount due within one year		1,382,917	1,161,668
		2,149,046	1,882,234
Net current assets		9,590	767,982
		6,453,726	6,588,527
Capital and reserves			
Share capital	11	2,664,038	2,664,038
Reserves		1,981,542	2,041,964
		4,645,580	4,706,002
Minority interests		60,650	694
Non-current liabilities			
Bank borrowings - amount due after one year		1,703,520	1,836,920
Other payables - amount due after one year	12	43,976	44,911
		1,747,496	1,881,831
		6,453,726	6,588,527

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Discretionary surplus reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
Balance at									
1 January 2001	2,434,038	1,016,849	70,546	(92,506)	52,092	34,345	95,902	311,856	3,923,122
New issue of A Shares	230,000	292,100	—	—	—	—	—	—	522,100
Share issue expenses	—	(27,253)	—	—	—	—	—	—	(27,253)
Net profit for the year	—	—	—	—	—	—	—	312,373	312,373
Dividends paid -									
2000 final	—	—	—	—	—	—	—	(24,340)	(24,340)
Appropriations	—	—	—	—	30,156	30,150	60,346	(120,652)	—
Reclassification	—	—	—	—	—	(2,167)	2,167	—	—
Balance at									
31 December 2001	2,664,038	1,281,696	70,546	(92,506)	82,248	62,328	158,415	479,237	4,706,002
Net profit for the period	—	—	—	—	—	—	—	72,780	72,780
Dividend proposed									
- 2001 final	—	—	—	—	—	—	—	(133,202)	(133,202)
Balance at									
30 June 2002	<u>2,664,038</u>	<u>1,281,696</u>	<u>70,546</u>	<u>(92,506)</u>	<u>82,248</u>	<u>62,328</u>	<u>158,415</u>	<u>418,815</u>	<u>4,645,580</u>
Balance at									
1 January 2001	2,434,038	1,016,849	70,546	(92,506)	52,092	34,345	95,902	311,856	3,923,122
Net profit for the period	—	—	—	—	—	—	—	131,556	131,556
Dividends paid									
- 2000 final	—	—	—	—	—	—	—	(24,340)	(24,340)
Appropriations	—	—	—	—	—	—	59	(59)	—
Balance at									
30 June 2001	<u>2,434,038</u>	<u>1,016,849</u>	<u>70,546</u>	<u>(92,506)</u>	<u>52,092</u>	<u>34,345</u>	<u>95,961</u>	<u>419,013</u>	<u>4,030,338</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

	For the six months ended	
	30.6.2002 RMB'000 (Unaudited)	30.6.2001 RMB'000 (Unaudited)
Net cash inflow from operating activities	399,909	433,456
Net cash outflow from investing activities	(774,666)	(263,866)
Net cash inflow (outflow) from financing activities	5,089	(245,793)
Decrease in cash and cash equivalents	(369,668)	(76,203)
Cash and cash equivalents at beginning of the period	681,060	366,103
Cash and cash equivalents at end of the period	311,392	289,900

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

1. GENERAL

The Company is a sino-foreign joint venture joint stock limited company established in the People's Republic of China ("PRC"). Jiangxi Copper Company ("JCC") is a substantial shareholder of the Company.

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim financial reporting" and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention and in accordance with International Accounting Standards ("IAS"). The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2001.

3. SEGMENT INFORMATION

An analysis of the Group's turnover for the period, by business segments, is as follows:

	Turnover	
	For the six months ended	
	30.6.2002	30.6.2001
	RMB'000	RMB'000
<u>Business segments</u>		
Sales of goods	1,469,332	1,832,248
Tolling services	92,343	28,449
	<u>1,561,675</u>	<u>1,860,697</u>

The Group's turnover and net profit for the period are almost entirely derived from the production and sale of copper cathode and other related products. The directors consider that these activities constitute one business segment since the products are related and are subject to common risks and returns.

An analysis of the Group's turnover for the period, by geographical market segments, is as follows:

	Turnover	
	For the six months ended	
	30.6.2002	30.6.2001
	RMB'000	RMB'000
<u>Geographical market segments</u>		
PRC	1,485,919	1,845,055
Others	75,756	15,642
	<u>1,561,675</u>	<u>1,860,697</u>

All of the production facilities of the Group are located in the PRC.

4. DEPRECIATION AND AMORTISATION

During the period, depreciation of RMB203,532,000 (2001: RMB194,306,000) was charged in respect of the Group's property, plant and equipment and amortisation of RMB1,998,000 (2001: RMB1,795,000) was charged in respect of the Group's other assets.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

5. TAXATION

	For the six months ended	
	30.6.2002	30.6.2001
	RMB'000	RMB'000
Domestic income tax	<u>15,033</u>	<u>47</u>

Pursuant to the Provisional Regulation of the PRC on enterprise income tax promulgated by the State Council on 26 November 1993, with effect from 1 January 1994, all PRC domestic enterprises are subject to a unified income tax rate of 33% on their taxable profits.

Pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises and confirmed by the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company involved in manufacturing, is exempted from PRC enterprise income tax for a period of two years from its first profitable year, and thereafter will be entitled to a 50% relief on the income tax calculated at the unified income tax rate of 33% for a period of three years. Year 2001 was the third and last year of the three-year tax relief period and a reduced income tax rate of 16.5% therefore applied.

Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which is also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the unutilised tax benefit in respect of the purchase of domestic machinery and equipment for Year 2000 is RMB55,627,972 and the tax benefit for Year 2001 is RMB13,037,712. As the tax filing for Year 2001 is not yet confirmed by the relevant tax bureau, the assessable profit for the current period is determined without considering any tax benefit that could be utilised.

Pursuant to a notice dated 16 April 2001 issued by the Jiangxi Provincial Tax Bureau, the Company, being located in the mid-western part of the PRC, is entitled to a 50% relief on the income tax calculated at the unified income tax rate of 33% for a period of three years from Year 2002 to Year 2004. The Company is into the first year of the three-year tax relief period and a reduced income tax rate of 16.5% therefore applies.

Domestic income tax in the PRC for the Company's subsidiaries for Year 2002 is calculated at the rate of 33% (2001: 33%) on the estimated assessable profit during the period.

At 30 June 2002, the deductibility of the provision for doubtful debts for taxation purpose has not been agreed with the local tax bureau. In the opinion of the directors, it is not reasonably certain that the whole or part of the amount of accumulated provision for doubtful debts of approximately RMB90 million (31.12.2001: RMB86 million) can be deducted in determining taxable profits in the future. Accordingly, the potential deferred tax asset of approximately RMB30 million (31.12.2001: RMB28 million) has not been recognised in the condensed financial statements.

6. DIVIDENDS

On 11 April 2002, a dividend of RMB0.05 per share (tax inclusive for A Shares) on 2,664,038,200 shares, in aggregate approximately RMB133,202,000, was proposed to be distributed to the shareholders as the final dividend for Year 2001.

On 31 May 2001, a dividend of RMB0.01 per share on 2,434,038,200 shares, in aggregate approximately RMB24,340,000, was paid to the shareholders as the final dividend for Year 2000.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2002. No interim dividend was declared for the same period last year.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

7. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the net profit for the period of RMB72,780,000 (2001: RMB131,556,000) and on 2,664,038,200 shares (2001: 2,434,038,200 shares) outstanding during the period.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB825,585,000 (2001: RMB239,807,000) on the acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	30.6.2002 RMB'000	31.12.2001 RMB'000
Trade receivables – third parties	194,505	182,498
Other receivables – third parties	144,839	165,775
Amounts due from JCC and its affiliates – trade (note)	63,910	36,206
Amount due from a minority shareholder of a subsidiary (note)	55	198
	<u>403,309</u>	<u>384,677</u>

The aged analyses of trade receivables and amounts due from JCC and its affiliates at the reporting date are as follows:

	30.6.2002 RMB'000	31.12.2001 RMB'000
<u>Trade receivables</u>		
Within one year	169,172	152,426
Between one to two years	18,914	19,613
Between two to three years	6,419	5,693
Over three years	—	4,766
	<u>194,505</u>	<u>182,498</u>
<u>Amounts due from JCC and its affiliates</u>		
Within one year	61,924	35,593
Between one to two years	1,974	613
Between two to three years	12	—
	<u>63,910</u>	<u>36,206</u>

Sales of copper cathode, electrolytic gold and silver are settled on delivery. The average credit period taken on sales of other products is one year, while longer credit period will be given for major customers. Down payments or cash on delivery are normally required for new customers.

Note: The amounts are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

10. TRADE AND OTHER PAYABLES

	30.6.2002 RMB'000	31.12.2001 RMB'000
Trade payables – third parties	151,409	190,981
Other payables – third parties	301,985	252,785
Amounts due to JCC and its affiliates - trade (note)	90,396	190,896
Amount due to JCC – other (note 12)	1,870	1,870
	<u>545,660</u>	<u>636,532</u>

The aged analyses of trade payables and amounts due to JCC and its affiliates at the reporting date are as follows:

	30.6.2002 RMB'000	31.12.2001 RMB'000
<u>Trade payables</u>		
Within one year	141,720	175,035
Between one to two years	5,804	9,759
Between two to three years	1,419	2,921
Over three years	2,466	3,266
	<u>151,409</u>	<u>190,981</u>
<u>Amounts due to JCC and its affiliates</u>		
Within one year	87,358	187,011
Between one to two years	2,975	3,822
Between two to three years	56	46
Over three years	7	17
	<u>90,396</u>	<u>190,896</u>

Note: The amounts are unsecured, non-interest bearing and repayable on demand.

11. SHARE CAPITAL

	Registered, issued and fully paid RMB'000
Share of RMB1 each:	
Balance at 1 January 2001 and 30 June 2001	
– 1,277,556,200 Domestic Shares	1,277,556
– 1,156,482,000 H Shares	1,156,482
	<u>2,434,038</u>
New issue of 230,000,000 A Shares on 21 December 2001	230,000
Balance at 31 December 2001 and 30 June 2002	<u>2,664,038</u>

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders can be PRC investors or foreign investors, Domestic Shares, H Shares and A Shares rank pari passu in all respects with each other.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

12. OTHER PAYABLES

	30.6.2002 RMB'000	31.12.2001 RMB'000
Portion bearing interest at 4.9% (31.12.2001: 4.9%) per annum, due within one year included as amount due to JCC - other under current liabilities (note 10)	1,870	1,870
Non-interest bearing portion, due after one year	43,976	44,911
	<u>45,846</u>	<u>46,781</u>
The amount is repayable as follows:		
Within one year	1,870	1,870
Between one to two years	1,870	1,870
Between two to five years	5,610	5,610
Over five years	36,496	37,431
	<u>45,846</u>	<u>46,781</u>

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 instalments 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 instalment starting from 1 January 1998. The interest paid during the period amounted to approximately RMB46,000 (2001: RMB46,000).

13. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with (i) JCC and its affiliates; and (ii) 江西鑫新實業股份有限公司 (“江西鑫新”) and 湖北三鑫金銅股份有限公司 (“湖北三鑫”), both of which are promoters of the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

(i) Transactions with JCC and affiliates:

	For the six months ended	
	30.6.2002 RMB'000	30.6.2001 RMB'000
Sale of copper cathode and sulphuric acid by the Group (note a)	85,533	127,576
Tolling fee and sales fee charged by the Group (note c)	67,040	—
Sale of waste, filter residue and black cement copper by the Group (note a)	2,558	11,015
Re-sale of auxiliary industrial products by the Group (note a)	26,823	38,272
Purchase of copper concentrates by the Group (note a)	27,177	58,922
Purchase of scrap copper by the Group (note b)	55,114	67,832
Purchase of auxiliary industrial products by the Group (note a)	78,280	128,198
Construction services provided to the Group (note a)	11,201	5,554
Environmental greenery services provided to the Group (note b)	3,193	1,114
Industrial water supplied to the Group (note b)	9,005	9,133
Railway transportation services provided to the Group (note a)	8,564	9,268
Rentals for housing for the employees and use of common facilities charged to the Group (note b)	2,904	4,120
Rental for land use rights charged to the Group (note c)	7,500	7,500
Rentals for office premises charged to the Group (note c)	1,501	1,478
Rentals for office premises charged by the Group (note c)	28	—
Repair and maintenance services provided to the Group (note a)	22,610	31,865
Retirement benefits contributions paid by the Group (note b)	24,057	16,229
Social welfare and support services provided to the Group (note b)		
– welfare and medical services	17,161	15,431
– primary and secondary education services	4,578	4,280
– technical education services	925	2,391
– internal telecommunications services	1,336	2,748
– use of representative offices	1,893	484
Supply of water and transmission of electricity by the Group (note b)	18,015	17,092
Vehicle transportation services provided to the Group (note a)	24,716	20,817

In addition, bank borrowings of the Group at 30 June 2002 amounting to approximately RMB497,310,000 (31.12.2001: RMB484,710,000) were supported by guarantees from JCC.

On 30 November 2000, the Company entered into an agreement with JCC to acquire the operating assets and related liabilities of the Wushan Copper Mine and the mining right (excluding mining rights to resources beneath the minus-400-metre level) thereof from JCC for an aggregate consideration of RMB191,843,178.74 in cash, subject to adjustment. The consideration was determined on (i) the basis

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

of the value of such operating assets less amount of related liabilities as at 31 August 2000, being the valuation reference date as assessed by Beijing Zhongzheng Appraisal Co., Ltd., a State-approved independent PRC valuer, and (ii) the basis of the value of such mining right as at 31 August 2000, being the valuation reference date as assessed by Beijing Jingwei Appraisal Co., Ltd., a State-approved independent PRC valuer. The consideration for the acquisition shall be adjusted (subject to certain conditions) to the amount as confirmed by the relevant government departments as well as the amount of operating assets and related liabilities as stated in the balance sheet of the Wushan Copper Mine as at the day immediately before the completion. Upon completion of the acquisition, the agreements relating to the new ongoing connected transactions between JCC and the Company and the variations of the then existing connected transactions between JCC and the Company shall become effective to facilitate the smooth operation of the Group, including the Wushan Copper Mine. Details of the acquisition and the connected transactions mentioned above are set out in the circular of the Company dated 20 December 2000 and approved by the shareholders at an extraordinary general meeting held on 19 January 2001. The acquisition was completed on 1 January 2002 and the final aggregate consideration was adjusted to RMB193,806,974.

On 11 March 2002, the Company entered into a joint venture agreement (“JV Agreement”) with JCC to establish a Sino-foreign equity joint venture to engage in the manufacturing and processing of oxygen-free copper rods and wires. Pursuant to the JV Agreement, the Company invested a sum of RMB90,000,000 in cash in March 2002 as capital contribution to the joint venture. The Sino-foreign equity joint venture, 江西銅業銅材有限公司 (“Jiangxi Copper Products Co. Ltd.”), is owned as to 60% by the Company and 40% by JCC. Jiangxi Copper Products Co. Ltd. has not commenced business at 30 June 2002.

- (ii) Transactions with the promoters of the Company:

	For the six months ended	
	30.6.2002	30.6.2001
	RMB'000	RMB'000
Sales of copper cathode to 江西鑫新 (note a)	88,190	81,034
Tolling fee received from 湖北三鑫 (note a)	1,674	2,662
Purchase of copper concentrates from 湖北三鑫 (note a)	3,226	3,383

In addition, the Group had made prepayment to 湖北三鑫 at 30 June 2002 in respect of the purchase of copper concentrates amounting to RMB30,000,000 (31.12.2001: RMB30,000,000).

Notes:

- (a) The pricing of the transactions was determined with reference to comparable market prices.
- (b) The pricing of the transactions was determined with reference to actual costs.
- (c) The pricing of the transactions was determined with reference to the terms of the relevant agreements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

14. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	30.6.2002 RMB'000	31.12.2001 RMB'000
Commitments for the acquisition of property, plant and equipment:		
– contracted for but not provided in the condensed financial statements	1,280,910	617,315
– authorised but not contracted for	183,725	1,329,349
	<u>1,464,635</u>	<u>1,946,664</u>
An analysis of the capital commitments is as follows:		
– acquisitions of mines, including the Wushan Copper Mine (see note 13(i))	—	236,843
– expansion projects	1,361,028	1,676,310
– exploration projects	25,028	25,970
– other general projects	78,579	7,541
	<u>1,464,635</u>	<u>1,946,664</u>

15. FORWARD CONTRACTS

At the reporting date, the Group had outstanding forward contracts of copper cathode for hedging against the Group's future production and the imported materials used in the Group's production, details of which are follows:

	30.6.2002	31.12.2001
Forward sell contracts:		
Quantities (in tonnes)	<u>1,500</u>	<u>1,165</u>
Average price per tonne (RMB)	<u>16,395</u>	<u>14,358</u>
Delivery period	<u>From July 2002 to December 2002</u>	<u>In April 2002</u>
Forward buy contracts:		
Quantities (in tonnes)	<u>—</u>	<u>700</u>
Average price per tonne (RMB)	<u>—</u>	<u>15,639</u>
Delivery period	<u>—</u>	<u>In January 2002</u>

At 30 June 2002, the unrealised loss on the outstanding forward contracts amounted to approximately RMB0.3 million (31.12.2001: RMB1.5 million).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2002
(Prepared in accordance with IAS)

16. DIFFERENCES BETWEEN IAS AND PRC GAAP AS APPLICABLE TO THE GROUP

The condensed consolidated balance sheet of the Group prepared under IAS and that prepared under PRC GAAP have the following major differences:

	30.6.2002 RMB'000	31.12.2001 RMB'000
Net assets as per condensed financial statements prepared under IAS	4,645,580	4,706,002
Recognition of investment income	(500)	—
Proposed final dividend	—	(133,202)
Net assets as per financial statements prepared under PRC GAAP	<u>4,645,080</u>	<u>4,572,800</u>

The condensed consolidated income statement of the Group prepared under IAS and that prepared under PRC GAAP have the following major difference:

	For the six months ended	
	30.6.2002 RMB'000	30.6.2001 RMB'000
Net profit for the period as per condensed financial statements prepared under IAS	72,780	131,556
Recognition of investment income	(500)	—
Net profit for the period as per financial statements prepared under PRC GAAP	<u>72,280</u>	<u>131,556</u>

There are differences in other items in the condensed financial statements due to differences in classification between IAS and PRC GAAP.

BALANCE SHEET

AT 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

	Notes	30 June 2002 (Unaudited)		31 December 2001 (Audited)	
		Group RMB	Company RMB	Group RMB	Company RMB
ASSETS					
CURRENT ASSETS:					
Bank balances and cash	5	311,391,734	302,004,761	683,327,945	682,754,028
Short-term investments	6	20,846,028	20,846,028	1,235,053	1,235,053
Bills receivable	7	32,924,186	32,424,186	32,970,563	31,355,943
Dividends receivable		—	105,588	—	—
Interests receivable		—	—	10,937,654	10,937,654
Accounts receivable	8	194,343,767	193,957,934	177,743,253	178,270,442
Other receivables	9	55,710,677	55,745,965	42,923,116	42,825,368
Prepayments	10	149,068,589	98,478,589	112,812,279	112,812,279
Inventories	11	1,422,589,442	1,422,265,813	1,576,282,316	1,576,227,466
Prepaid expenses		—	—	8,000,000	8,000,000
TOTAL CURRENT ASSETS		2,186,874,423	2,125,828,864	2,646,232,179	2,644,418,233
LONG-TERM INVESTMENTS:					
Long-term equity investments	12	5,610,000	96,585,576	5,610,000	6,650,594
FIXED ASSETS:					
Fixed assets at cost	13	10,121,236,309	10,121,144,851	9,701,846,552	9,701,757,594
Less: Accumulated depreciation	13	4,727,744,838	4,727,664,820	4,640,957,581	4,640,877,563
Fixed assets, net book value	13	5,393,491,471	5,393,480,031	5,060,888,971	5,060,880,031
Less: Provision for impairment on fixed assets	13	—	—	8,359,916	8,359,916
Fixed assets, net value	13	5,393,491,471	5,393,480,031	5,052,529,055	5,052,520,115
Construction in progress	14	867,905,973	846,677,118	664,541,070	664,541,070
TOTAL FIXED ASSETS		6,261,397,444	6,240,157,149	5,717,070,125	5,717,061,185
INTANGIBLE AND OTHER ASSETS:					
Intangible assets	15	108,128,844	108,128,844	89,864,900	89,864,900
Long-term deferred expenses	16	69,344,407	69,344,407	1,371,495	1,371,495
TOTAL INTANGIBLE AND OTHER ASSETS		177,473,251	177,473,251	91,236,395	91,236,395
TOTAL ASSETS		8,631,355,118	8,640,044,840	8,460,148,699	8,459,366,407

BALANCE SHEET

AT 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

	Notes	30 June 2002 (Unaudited)		31 December 2001 (Audited)	
		Group RMB	Company RMB	Group RMB	Company RMB
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term loans	17	992,517,060	992,517,060	989,668,243	989,668,243
Bills payable	18	186,625,000	186,625,000	118,871,825	118,871,825
Accounts payable	19	175,425,703	175,425,703	229,060,232	229,060,232
Advance from customers	20	13,092,957	83,092,957	22,367,012	22,367,012
Accrued welfare		200,695	184,648	382,088	371,488
Dividends payable	21	133,201,910	133,201,910	133,201,910	133,201,910
Taxes payable	22	16,691,003	16,670,417	(2,267,842)	(2,336,071)
Other unpaid	23	15,928,994	15,908,130	17,750,994	17,743,599
Other payables	24	173,575,626	172,973,229	235,419,998	235,417,659
Accrued expenses	25	1,600,000	1,600,000	2,500,000	2,500,000
Long-term liabilities due within one year	26	392,270,200	392,270,200	173,870,000	173,870,000
TOTAL CURRENT LIABILITIES		2,101,129,148	2,170,469,254	1,920,824,460	1,920,735,897
LONG-TERM LIABILITIES:					
Long-term loans	27	1,703,519,800	1,703,519,800	1,836,920,000	1,836,920,000
Long-term payable	28	43,976,000	43,976,000	44,911,000	44,911,000
Special payable	29	77,000,000	77,000,000	84,000,000	84,000,000
TOTAL LONG-TERM LIABILITIES		1,824,495,800	1,824,495,800	1,965,831,000	1,965,831,000
TOTAL LIABILITIES		3,925,624,948	3,994,965,054	3,886,655,460	3,886,566,897
MINORITY INTEREST		60,650,384	—	693,729	—
SHAREHOLDERS' EQUITY:					
Share capital	30	2,664,038,200	2,664,038,200	2,664,038,200	2,664,038,200
Capital reserves	31	1,292,747,042	1,292,747,042	1,292,747,042	1,292,747,042
Surplus reserves	32	302,991,520	302,854,799	302,991,520	302,854,799
Including: Statutory Public Welfare Fund	32	62,328,331	62,315,695	62,328,331	62,315,695
Unappropriated profits		385,303,024	385,439,745	313,022,748	313,159,469
TOTAL SHAREHOLDERS' EQUITY		4,645,079,786	4,645,079,786	4,572,799,510	4,572,799,510
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		8,631,355,118	8,640,044,840	8,460,148,699	8,459,366,407

STATEMENT OF INCOME AND PROFITS APPROPRIATION

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

	Notes	Six months period ended 30 June			
		2002 (Unaudited)		2001 (Unaudited)	
		Group RMB	Company RMB	Group RMB	Company RMB
Net revenue from principle operations	33	1,561,675,280	1,561,322,720	1,860,696,501	1,860,310,594
Less: Cost of principle operations	34	1,264,408,196	1,264,296,097	1,536,349,611	1,536,349,611
Sales tax on principle operations	35	17,536,744	17,525,488	16,292,645	16,292,645
Income from principle operations		279,730,340	279,501,135	308,054,245	307,668,338
Add: Income from other operations	36	8,408,280	8,408,280	1,464,416	1,464,416
Less: Operating expenses		15,093,955	15,093,955	14,363,376	14,318,061
Administrative expenses		103,353,521	103,203,807	78,832,253	78,629,805
Financial expenses	37	70,782,757	70,785,377	83,109,089	83,112,749
Operating profit		98,908,387	98,826,276	133,213,943	133,072,139
Add: Investment income	38	1,723,858	1,764,428	—	116,021
Subsidies	39	—	—	98,359	—
Non-operating income	40	1,225,809	1,206,999	5,454,748	5,454,748
Less: Non-operating expenses	41	14,517,458	14,517,458	7,086,648	7,086,648
Profit before income tax		87,340,596	87,280,245	131,680,402	131,556,260
Less: Income tax	42	15,033,273	14,999,969	46,795	—
Minority interest		27,047	—	77,347	—
Net profit		72,280,276	72,280,276	131,556,260	131,556,260
Add: Unappropriated profits at the beginning of the year		313,022,748	313,159,469	265,441,482	265,500,555
Profits available for appropriation		385,303,024	385,439,745	396,997,742	397,056,815
Less: Appropriations to statutory surplus reserve		—	—	59,015	—
Appropriations to statutory public welfare fund		—	—	—	—
Profits available for appropriation to shareholders		385,303,024	385,439,745	396,938,727	397,056,815
Less: Appropriation to discretionary surplus reserve		—	—	—	—
Dividends		—	—	—	—
Unappropriated profits at the end of the year		385,303,024	385,439,745	396,938,727	397,056,815

SUPPLEMENTAL INFORMATION

Items	Six months period ended 30 June	
	(Unaudited) 2002	(Unaudited) 2001
	Group and Company RMB	Group and Company RMB
1. Subsidies	—	98,359
2. (Loss) gain on disposal of fixed assets	(7,173,352)	2,470,821
3. Profit from change of accounting estimation	—	20,292,000

CASH FLOWS STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

	Notes	Six months period ended 30 June 2002 (Unaudited) Group RMB	Company RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales of goods and rendering of services		2,170,046,076	2,238,356,364
Other cash received relating to operating activities		2,561,690	2,542,880
SUB-TOTAL OF CASH INFLOWS		2,172,607,766	2,240,899,244
Cash paid for goods and services		1,376,206,686	1,324,394,693
Cash paid to and on behalf of employees		93,342,585	93,185,644
Payments of taxes		154,351,245	154,156,694
Other cash paid relating to operating activities	43	148,087,796	149,177,839
SUB-TOTAL OF CASH OUTFLOWS		1,771,988,312	1,720,914,870
NET CASH FLOWS FROM OPERATING ACTIVITIES		400,619,454	519,984,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from investment income		1,544,536	1,544,536
Net cash receipts from sales of fixed assets, intangible assets and other long-term assets		9,552,006	9,552,006
Other cash received relating to investing activities		2,079,797	2,077,024
SUB-TOTAL OF CASH INFLOWS		13,176,339	13,173,566
Cash paid to acquire fixed assets, intangible assets and other long-term assets		578,055,389	556,744,017
Cash paid to acquire investments		19,431,653	109,431,653
Cash paid for acquisition of Wushan Mine	44	191,066,987	191,066,987
SUB-TOTAL OF CASH OUTFLOWS		788,554,029	857,242,657
NET CASH FLOWS FROM INVESTING ACTIVITIES		(775,377,690)	(844,069,091)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash received from borrowing		814,018,489	814,018,489
Cash received from investments by minority shareholders		60,000,000	—
Other cash received relating to financing activities		10,937,654	10,937,654
SUB-TOTAL OF CASH INFLOW		884,956,143	824,956,143
Cash repayment of amounts borrowed		789,169,672	789,169,672
Cash paid for distribution of dividends on profits and for interest expenses		89,761,666	89,248,241
Including: dividends paid to minority shareholders in subsidiaries		70,392	—
Other cash paid relating to financing activities		935,000	935,000
SUB-TOTAL OF CASH OUTFLOWS		879,866,338	879,352,913
NET CASH INFLOWS (OUTFLOWS) FROM FINANCING ACTIVITIES		5,089,805	(54,396,770)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		—	—
NET DECREASE IN CASH AND CASH EQUIVALENTS		(369,668,431)	(378,481,487)

CASH FLOWS STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

SUPPLEMENTAL INFORMATION

	Notes	Six months period ended 30 June 2002 (Unaudited)	
		Group RMB	Company RMB
1. RECONCILIATION OF NET PROFIT TO CASH			
FLOW FROM OPERATING ACTIVITIES:			
NET PROFIT		72,280,276	72,280,276
Add:			
Minority interest		27,047	—
Provision for impairment losses of assets		(721,291)	(721,291)
Depreciation of fixed assets		195,532,364	195,452,347
Amortisation of intangible assets		1,997,616	1,997,616
Amortisation of long-term deferred expenses		1,027,088	1,027,088
Decrease in prepaid expenses (or deduct: increase)		8,000,000	8,000,000
Increase in accrued expense (or deduct: decrease)		(900,000)	(900,000)
Loss on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)		7,173,352	7,173,352
Financial expenses		71,101,877	70,661,617
Losses arising from investments (or deduct: gains)		(1,544,536)	(1,585,106)
Decrease in inventories (or deduct: increase)		169,670,294	169,939,073
Decrease in operating receivables (or deduct: increase)		(63,102,732)	(12,847,366)
Increase in operating payables (or deduct: decrease)		(59,921,901)	9,506,768
Net cash flows from operating activities		400,619,454	519,984,374
2. INVESTING AND FINANCING ACTIVITIES NOT INVOLVING IN CASH RECEIPTS AND PAYMENTS			
		—	—
3. NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the end of the period	45	311,391,734	302,004,761
Less: cash and cash equivalents at the beginning of the period	45	681,060,165	680,486,248
Net decrease in cash and cash equivalents		(369,668,431)	(378,481,487)

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

1. GENERAL

Jiangxi Copper Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) as a joint stock limited company on 24 January 1997 by Jiangxi Copper Company (“JCC”), International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited (formerly named Shangrao Zhenda Copper Industrial Group) and Hubei Sanxin Gold & Copper Company Limited (formerly named Hubei Huangshi Gold & Copper Mine Limited). The Company’s H Shares were listed on the Stock Exchange of Hong Kong Limited (“SEHK”) and London Stock Exchange (“LSE”) on June 1997. By the approval of [2001] Zhengjian Faxingzi No.61 issued by China Securities Regulatory Commission (“CSRC”) on 10 December 2001, the Company has allotted 230,000,000 ordinary A shares of RMB 1.00 each at the price of RMB 2.27 per share on 21 December 2001. The Company’s share capital increased to RMB 2,664,038,200 after the new issue of shares. The 230,000,000 A shares were listed on Shanghai Stock Exchange (“SSE”) on 11 January 2002.

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

On 25 March 2002, the Company invested jointly with JCC RMB 150,000,000 to establish Jiangxi Copper Products Co., Ltd., (“Copper Products Company”) in which the Company contributed the amount of RMB 90,000,000, representing 60% of registered capital. The Copper Products Company mainly engages in producing of copper wire and protracting of copper industrial material.

2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND BASIS OF CONSOLIDATION

Accounting policy

The financial statements have been prepared in accordance with “Accounting Standards for Business Enterprises” and “Accounting System for Business Enterprises”.

Fiscal year

The Company adopts the calendar year as its fiscal year i.e. from 1 January to 31 December. The period of this financial statement is from 1 January 2002 to 30 June 2002.

Reporting currency

The reporting currency of the Company is Renminbi (“RMB”).

Basis of accounting

The financial statements are prepared using the historical cost basis and accrual basis of accounting.

Foreign currency translation

Transactions in foreign currencies are translated at the middle market exchange rates, ruling on the first day of the transaction month. Monetary assets and liabilities denominated in foreign currencies are re-translated at the middle market exchange rates ruling on the balance sheet date. Profits and losses arising on exchange are included in financial expenses apart from those relating to the construction in progress.

Basis of consolidation

(1) Scope of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30 June and 31 December each year. A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the equity, or where the Company controls the operation of the investee enterprise via other methods.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

(2) Method of consolidation

The major accounting policy adopted by subsidiaries are consistent with the Company's policy.

The result of subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition, as appropriate.

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are within three months of maturity and subject to limited risk on changes in value.

Accounting for bad debts

(1) Criteria for recognition of bad debt

The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures.

The irrecoverable amount for a debtor who dies and has no offsetting estate and obligatory undertakers;

The irrecoverable amount with sufficient evidence for a debtor who does not comply with repayment obligation after the debt becomes due.

(2) Accounting for provision for bad debt

Provision for bad debts is provided with reference to the aging analysis of accounts receivable.

The provision percentage is based on the past experiences of the Company, the actual financial position and cash flows condition of the debtor, and other rational estimate from relevant information.

The ratio used in general provision excluding specific provision is as follows:

Within one year	0%
One to two years	20%
Two to three years	50%
Over three years	100%

Inventories

Inventories are stated at the historical cost which includes direct materials and, where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventories include raw materials, work in progress and finished goods. The cost of inventories is calculated on the weighted average cost method when they are issued.

When more than one finished product is abstracted from the mineral resource ("joint-product"), all joint production costs are apportioned between resulting finished products by reference to their estimated net realisable values at the point where those joint products become physically separated.

The by-products are valued at lower of processing of the by-products subsequent to the spilt-off point cost and net realizable value.

Provision for inventories

Provision for inventories is made on an individual basis when the net realizable value is lower than the cost. Net realizable value represents the estimated selling price less the estimated cost of completion and the estimated costs to be incurred in marketing, selling and distribution.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Short-term investment

A short-term investment is an investment that is readily realizable and is held within one year.

Short-term investment is stated at acquisition cost which includes taxes and fees. The cash dividends which are declared but unpaid or interest on bond which is due but not received, when acquired, are recorded as receivable.

Cash dividends or interest on a short-term investment should be offset against the carrying amount of investment when received, except for those already recorded as receivable.

Short-term investments are valued at lower of cost and market value by the end of each year on a portfolio basis.

On disposal of short-term investment, the difference between the carrying amount and the actual amount received from disposal are recognized in current year's income statement.

Long-term investment

(1) Accounting for long-term equity investment

Long-term equity investment is stated at acquisition cost.

The cost method are used to account for long-term equity investments when the Company does not have control, joint control or significant influence over the investee enterprise. The equity method are used to account for long-term equity investments when the Company can control, joint control or has significant influence over the investee enterprise.

When the cost method is adopted, the amount of investment income recognized by the investing enterprise is limited to the amount distributed out of accumulated net profits after the investment made by the investing enterprise. The amount of profits or cash dividends declared by the investee enterprise in excess of the above threshold are regarded as return on investment and deducted from the carrying amount of investments accordingly.

When the equity method is adopted, the investment gain or loss is a portion of the investee's net income for the year by reference to the investor's interest in investee enterprise.

(2) Provision for impairment on long-term investment

When the recoverable amount of investment is lower than its carrying amount as a result of a continuing decline in market value or changes in operating conditions of the investee enterprise, the difference between the recoverable amount and the carrying amount is recognized as an investment loss in the current year's financial statements. The recoverable amount is higher of the net sales price and net present value of the estimated future cash-inflow generated from holding the investment and disposal of investment when its maturity.

Fixed assets and depreciation

Fixed assets include buildings, mining structures, plant, machinery and equipment, transportation equipment and other equipment used for production with useful life in excess of a year and non-operating equipment with unit value over RMB 2,000 and useful life in excess of two years.

The cost of used fixed assets acquired from shareholders when the Company was established and acquired from Wushan Mine, are stated at replacement cost and depreciated over remaining useful lives which are both provided by an independent valuer. The remaining useful lives of used fixed assets should not exceed its original useful life.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Fixed assets acquired by the Company are stated at cost. Depreciation is provided to write off cost of fixed assets less their estimated residual value (10% of cost) over their estimated useful lives using straight-line method from the month after they are put into use. Each category of fixed assets are as follows:

	Useful lives (years)	Annual depreciation rates
Building	12-40	2.25-7.50%
Equipment & machinery	10-25	3.60-9.00%
Vehicles	10-12	7.50-9.00%

Provision for impairment on fixed assets

The fixed assets are valued at lower of the carrying amount and recoverable amount. The Company provides for impairment on fixed assets based on the difference between the carrying amount and recoverable amount. Recoverable amount is the higher of net sales price and net present value of the estimated future cash inflow generated from utilization of the fixed assets and the disposal of the fixed assets at the end of their useful life.

Construction in progress

Construction in progress is stated at cost.

Cost comprises construction expenditure incurred during the construction period, capitalized interest, exchange gains or losses and other relevant expenses. Cost on completed construction project is transferred to fixed assets. No depreciation is provided for construction in progress.

Provision for impairment on construction in progress is made when the following situation exist (1) construction project is suspended for a long period and is not expected to be resumed within three years; (2) construction project is technically and physically obsolete and its economic benefits to the Company is uncertain, (3) other evidences can prove the existence of the decline in value of construction project.

Intangible assets

Intangible assets are stated at acquisition cost.

Trademark is amortized evenly over benefit period.

The mining rights are evenly amortized over benefit period.

The Company investigates the future benefit generated by intangible assets on an annual basis and provides for impairment on intangible assets when recoverable amount is lower than carrying amount of intangible assets. Recoverable amount is the higher of net sales price and net present value of the estimated future cash inflow generated from utilization of the intangible assets and the disposal of intangible asset at the end of their useful lives.

Long-term deferred expenses

Long-term deferred expenses represent the cost of software purchased from outside and cost of overhaul on fixed assets, and are amortized evenly over the benefit period.

Borrowing Cost

Borrowing costs, including interest, amortization of discounts or premiums, other expenses and exchange gain or loss arising from specific borrowings for the acquisition of fixed assets, are capitalized in accordance with capitalization principle before the assets are ready for its intended use. Borrowing costs, other than above, are expensed when incurred.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Subsidy on interest of technical innovation loan

When the interest of technical innovation loan is incurred, if the relevant project is completed and put into use, the interest and subsidy are charged or credited to the income statements; if the relevant project is incompletd, the interest and the subsidy are charged or credited into the cost of the construction in progress. When the interest is not incurred, subsidy received is deferred as special payable for the adjustment to future interest on technical innovation loan.

Revenue

Revenue from sales of goods is recognized when the Company has transferred the significant risk and rewards of ownership to the buyer; and the Company neither retains the managing rights nor control over the goods sold; and the economic benefit can inflow into the Company and relevant revenue and cost can be reliably measured.

When the provision of services is started and completed within an accounting year, revenue is recognized at the time of completion of the services. When the provision of services is started and completed in different accounting years and the outcome of provision of services can be reliably measured, the revenue is recognized at the balance sheet date by the reference to percentage of completion. Otherwise revenue recognized is limited to recoverable costs incurred and all the costs are charged. When the cost incurred is not expected to be recoverable, no revenue is recognized.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Forward contract transaction

Gains and losses arising from forward sales contracts are included in sales revenue when the forward sales are delivered. Gains or losses arising from forward sales contracts settled before the maturity date are credited or charged to other operating revenue or other operating expense of the income statement respectively.

Gains and losses arising from forward buy contracts for imported materials purchase cost for the Group's production are included as part of purchase cost when the forward purchase is delivered. Gains or losses arising from forward buy contracts settled before the maturity date are credited or charged to other operating revenue or other operating expense of the income statement respectively.

Subsidy income

Subsidy income is recognized when received.

Income tax

Income tax is accounted for under tax payable method.

Income tax provision is calculated based on the accounting results for the period as adjusted for items which are non-assessable or disallowed in accordance with relevant tax laws.

3. TAXATION

Value added tax

Output value added tax ("VAT") is calculated at 17% on revenue from principal operations except gold (free of VAT) and sulphuric concentrate (13% on revenue), and paid after deducting input VAT on 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 copper ore extracting.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Income tax

The income tax rate of the Company is 33%.

Pursuant to circular of Guo Shui Xi (1997) No.596 issued by the State Tax Bureau and Guo Shui Fa (1997) No.583 issued by the Tax Bureau of Jiangxi Province, the Company is exempt from income tax for two years starting from first profit-making year, and following three years will be entitled to a 50% relief. Meanwhile, pursuant to circular of Guo Shui Fa (1999) No.172 issued by the State Tax Bureau, the Company can extend a 50% income tax relief for three years. This year is the fourth year of tax relief period with effective tax rate of 16.5%.

Pursuant to a notice issued jointly by the Ministry of Finance and the State Tax Bureau regarding income tax exemption for foreign investment enterprises which purchase domestic machinery and equipment (Cai Shui Zi [2000] No.49), the Company is entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's addition of PRC produced 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 tax amount of the proceeding year. The portion of the Tax Benefit that is not utilized in the current year can be carried forward for future application for a period of not more than five years.

The income tax rate for the Company's subsidiaries Xiaoshan Tongda Chemical Limited ("Xiaoshan Tongda") and Copper Material Company is 33%.

4. SUBSIDIARY

The details of all the Company's subsidiary are as follows:

Name of subsidiary	Registered Capital RMB	Company's investment and proportion of equity interest	Scope of Business
Xiaoshan Tongda Chemical Limited	1,000,000	RMB600,000/60%	Sales of sulphuric acid
Jiangxi Copper Products Co., Ltd.	150,000,000	RMB 90,000000/60%	Produce and protracting of copper industrial materials

The Xiaoshan Tongda and Copper Material Company have been included in the scope of consolidation. The Copper Products Company was invested jointly by the Company and JCC on 25 March 2002. Up to 30 June 2002, the Copper Products Company was still in pre-operating period.

5. BANK BALANCES AND CASH

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Cash on hand	75,396	67,220
Cash in bank	310,795,671	680,975,631
Other cash balance	520,667	2,285,094
	311,391,734	683,327,945

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

6. SHORT-TERM INVESTMENTS

	Group 30 June 2002			Group 31 December 2001		
	Cost RMB	Provision for impairment RMB	Net value RMB	Cost RMB	Provision for impairment RMB	Net value RMB
Bonds investment	19,118,304	—	19,118,304	—	—	—
Stock investment	1,727,724	—	1,727,724	1,414,375	179,322	1,235,053
Total	20,846,028	—	20,846,028	1,414,375	179,322	1,235,053

Including in the bonds investment are marketable bonds amounting RMB 19,118,304 whose market value on 30 June 2002 were about RMB 19,611,800. Including in the stock investment are marketable shares amounting RMB 1,727,724 whose market value on 30 June 2002 were about RMB 1,954,943.

7. BILLS RECEIVABLE

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Bank-accepted bills - unpledged	32,924,186	32,970,563

8. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable is as follows:

	Group 30 June 2002			
	Amount RMB	%	Bad debt provision RMB	Net value RMB
Within one year	152,106,815	57.0	—	152,106,815
One to two years	23,642,281	8.9	4,728,456	18,913,825
Two to three years	12,838,875	4.8	6,419,438	6,419,437
Over three years	78,201,448	29.3	61,297,758	16,903,690
	266,789,419	100.0	72,445,652	194,343,767

	Group 31 December 2001			
	Amount RMB	%	Bad debt provision RMB	Net value RMB
Within one year	131,834,355	53.4	—	131,834,355
One to two years	24,465,967	9.9	9,606,241	14,859,726
Two to three years	28,230,964	11.5	14,085,482	14,145,482
Over three years	62,321,366	25.2	45,417,676	16,903,690
	246,852,652	100.0	69,109,399	177,743,253

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Five largest debtors are as follows:

Total amount of five largest debtors RMB	Percentage in total accounts receivable %
121,890,299	45.7

The Group's balance due from shareholder who holds more than 5% shares of the Company is as follow:

Shareholder	30 June 2002 and 31 December 2001 RMB
JCC	805,647

9. OTHER RECEIVABLES

The aging analysis of other receivables is as follows:

	Group 30 June 2002			
	Amount RMB	%	Bad debt provision RMB	Net value RMB
Within one year	51,370,633	70.2	—	51,370,633
One to two years	5,378,298	7.3	1,075,660	4,302,638
Two to three years	74,811	0.1	37,405	37,406
Over three years	16,372,419	22.4	16,372,419	—
	73,196,161	100.0	17,485,484	55,710,677

	Group 31 December 2001			
	Amount RMB	%	Bad debt provision RMB	Net value RMB
Within one year	38,802,716	64.3	—	38,802,716
One to two years	5,053,953	8.4	1,010,791	4,043,162
Two to three years	104,476	0.2	27,238	77,238
Over three years	16,376,616	27.1	16,376,616	—
	60,337,761	100.0	17,414,645	42,923,116

Five largest debtors are as follows:

Total amount of five largest debtors RMB	Percentage in total accounts receivable %
37,808,507	51.7

The Group's balance due from shareholder who holds more than 5% shares of the Company is as follow:

Shareholder	30 June 2002 RMB	31 December 2001 RMB
JCC	1,739,336	210,249

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

10. PREPAYMENTS

The aging analysis of prepayment is as follows:

	Group			
	30 June 2002		31 December 2001	
	RMB	%	RMB	%
Within one year	138,621,814	93.0	104,760,247	92.9
One to two years	8,630,253	5.8	6,141,225	5.4
Two to three years	1,816,522	1.2	1,910,807	1.7
	<u>149,068,589</u>	<u>100.0</u>	<u>112,812,279</u>	<u>100.0</u>

The Group's prepayments to shareholder who holds more than 5% shares of the Company is as follow:

Shareholder	30 June 2002 RMB	31 December 2001 RMB
JCC	<u>1,864,012</u>	<u>10,074,097</u>

The balances with aging over one year are mainly the prepayments for uncompleted purchase contracts.

11. INVENTORIES

	Group 30 June 2002		
	Cost RMB	Provision for impairment RMB	Net value RMB
Raw materials	466,971,902	1,618,667	465,353,235
Work in progress	881,989,606	—	881,989,606
Finished goods	81,000,762	5,754,161	75,246,601
	<u>1,429,962,270</u>	<u>7,372,828</u>	<u>1,422,589,442</u>

	Group 31 December 2001		
	Cost RMB	Provision for impairment RMB	Net value RMB
Raw materials	542,384,784	7,724,011	534,660,773
Work in progress	954,288,147	—	954,288,147
Finished goods	90,931,274	3,597,878	87,333,396
	<u>1,587,604,205</u>	<u>11,321,889</u>	<u>1,576,282,316</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

12. LONG-TERM EQUITY INVESTMENTS GROUP

30 June 2002 and 31 December 2001

Items	Cost RMB	Provision for impairment RMB	Net value RMB
Stock Investment	5,610,000	—	5,610,000

COMPANY

Items	30 June 2002			31 December 2001		
	Amount RMB	Provision for impairment RMB	Net value RMB	Amount RMB	Provision for impairment RMB	Net value RMB
Long-term equity investment	90,975,576	—	90,975,576	1,040,594	—	1,040,594
Stock Investment	5,610,000	—	5,610,000	5,610,000	—	5,610,000
	<u>96,585,576</u>	<u>—</u>	<u>96,585,576</u>	<u>6,650,594</u>	<u>—</u>	<u>6,650,594</u>

Details of long-term equity investment and stock investment are as follow:

Long-Term Equity Investment - Company

Name of Investee	31 December 2001			Addition or reduction during the period		30 June 2002		
	Cost RMB	Adjustment of Investment gain or loss RMB	Book Value RMB	Cost RMB	Adjustment of Investment gain or loss RMB	Cost RMB	Adjustment of Investment gain or loss RMB	Book Value RMB
Copper Material Company	—	—	—	90,000,000	—	90,000,000	—	90,000,000
Xiaoshan Tongda	1,082,289	(41,695)	1,040,594	—	(65,018)	1,082,289	(106,713)	975,576
	<u>1,082,289</u>	<u>(41,695)</u>	<u>1,040,594</u>	<u>90,000,000</u>	<u>(65,018)</u>	<u>91,082,289</u>	<u>(106,713)</u>	<u>90,975,576</u>

Stock Investment-Company and Group

Name of Investee	No. of Shares	Percentage of total shares of company	Original cost RMB	Provision for impairment RMB	Net book value RMB
Kebang Telecom (Group) Company Limited	2,000,000	0.4%	5,610,000	—	5,610,000

Above stock held by the Company is unlisted.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

13. FIXED ASSETS AND ACCUMULATED DEPRECIATION

	Group			
	Buildings RMB	Equipment and machinery RMB	Vehicles RMB	Total RMB
Cost				
At 1 January 2002	2,992,995,895	5,628,346,631	1,080,504,026	9,701,846,552
Additions during the period	—	26,695	—	26,695
Acquired on acquisition of Wushan Mine	174,410,392	43,494,271	2,323,755	220,228,418
Transfer from construction in progress	320,647,839	12,317,186	—	332,965,025
Reclassification	(3,620,479)	2,791,457	829,022	—
Disposals	(1,133,718)	(69,906,603)	(62,790,060)	(133,830,381)
At 30 June 2002	<u>3,483,299,929</u>	<u>5,617,069,637</u>	<u>1,020,866,743</u>	<u>10,121,236,309</u>
Accumulated Depreciation				
At 1 January 2002	801,693,932	3,193,146,458	646,117,191	4,640,957,581
Provision for the period	63,007,273	106,276,958	26,248,133	195,532,364
Eliminated on disposals	(399,975)	(53,043,668)	(55,301,464)	(108,745,107)
At 30 June 2002	<u>864,301,230</u>	<u>3,246,379,748</u>	<u>617,063,860</u>	<u>4,727,744,838</u>
Provision for impairment				
At 1 January 2002	—	6,613,252	1,746,664	8,359,916
Eliminated on disposals	—	(6,613,252)	(1,746,664)	(8,359,916)
At 30 June 2002	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Value				
At 1 January 2002	<u>2,191,301,963</u>	<u>2,428,586,921</u>	<u>432,640,171</u>	<u>5,052,529,055</u>
At 30 June 2002	<u>2,618,998,699</u>	<u>2,370,689,889</u>	<u>403,802,883</u>	<u>5,393,491,471</u>

14. CONSTRUCTION IN PROGRESS

Construction name	Budget RMB	At		Acquired on acquisition of Wushan Mine RMB	Transfer to fixed assets RMB	At 30 June 2002 RMB	% of completion RMB	Sources of funds
		31 December 2001 RMB	Additions RMB					
Project of 90,000 ton per day	1,200,000,000	285,509,728	142,728,656	—	285,509,728	142,728,656	91%	Loan and self-funding
Guixi Smelter Phase III	1,500,000,000	157,482,716	303,879,579	—	—	461,362,295	31%	Proceeds and loan
Others	700,000,000	221,548,626	71,930,059	17,791,634	47,455,297	263,815,022	85%	Loan and self-funding
Total	<u>3,400,000,000</u>	<u>664,541,070</u>	<u>518,538,294</u>	<u>17,791,634</u>	<u>332,965,025</u>	<u>867,905,973</u>		
Including:								
Capitalized borrowing cost		<u>17,750,706</u>	<u>9,509,600</u>		<u>12,882,018</u>	<u>14,378,288</u>		

The rate for calculating interest capitalized amount in this period is 3.04%.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

15. INTANGIBLE ASSETS

Items	Acquired method	Original cost RMB	Group					Remaining amortization period
			At 31 December 2001 RMB	Addition this period RMB	Amortization this period RMB	At 30 June 2002 RMB		
Trademark	Transfer	51,683,900	43,083,900	—	(860,000)	42,223,900	24.5 years	
Mining right								
– Wushan Mine	Transfer	20,261,560	—	20,261,560	(202,616)	20,058,944	49.5 years	
– Others	Transfer	56,191,000	46,781,000	—	(935,000)	45,846,000	24.5 years	
		<u>128,136,460</u>	<u>89,864,900</u>	<u>20,261,560</u>	<u>(1,997,616)</u>	<u>108,128,844</u>		

16. LONG-TERM DEFERRED EXPENSES

Items	Group					Remaining amortization period
	At 31 December 2001 RMB	Addition this period RMB	Amortization this period RMB	At 30 June 2002 RMB		
Overhaul	—	69,000,000	—	69,000,000	1.5 year	
Software purchased from outside	1,371,495	—	(1,027,088)	344,407	0.5 year	
	<u>1,371,495</u>	<u>69,000,000</u>	<u>(1,027,088)</u>	<u>69,344,407</u>		

17. SHORT-TERM LOAN

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Credit loans		
– RMB	912,230,000	950,230,000
– USD	80,287,060	39,438,243
	<u>992,517,060</u>	<u>989,668,243</u>

Annual interest rate ranges from 3.00% to 5.85%.

18. BILLS PAYABLE

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Bank-accepted bills payable within one year	<u>186,625,000</u>	<u>118,871,825</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

19. ACCOUNTS PAYABLE

The Group's balance due to shareholder who holds more than 5% shares of total the Company is as follow:

Shareholder	30 June 2002 RMB	31 December 2001 RMB
JCC	<u>1,215,250</u>	<u>1,186,949</u>

20. ADVANCE FROM CUSTOMERS

In Group's balance of advance from customers, no advance from shareholder who hold more than 5% shares the Company.

21. DIVIDENDS PAYABLE

	Group 30 June 2002 and 31 December 2001 RMB
Jiangxi Copper Company	63,777,810
International Copper Industry (China) Investment Ltd.	25,000,000
Hubei Sanxin Gold & Copper Company Ltd.	25,000
Jiangxi Xinxin Industrial Company Ltd.	25,000
Shenzhen Baoheng (Group) Company Ltd.	50,000
H share shareholders	32,824,100
A share shareholders	11,500,000
	<u>133,201,910</u>

22. TAXES PAYABLE

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Income tax	10,266,840	(4,658,775)
VAT	4,347,134	(1,952,056)
Business tax	23,533	34,725
Resource tax	1,283,335	2,341,723
Others	770,161	1,966,541
	<u>16,691,003</u>	<u>(2,267,842)</u>

23. OTHER UNPAID

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Compensation fee for mineral resources	15,908,130	17,743,599
Others	20,864	7,395
	<u>15,928,994</u>	<u>17,750,994</u>

NOTES TO FINANCIAL STATEMENTS

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(Prepared in accordance with PRC GAAP)

Compensation fee for mineral resources is collected in accordance with Order No.150 issued by the State Council and Order No.35 issued by government of Jiangxi Province; compensation fee = sales of mineral products x compensation rate x extracting coefficient rate; extracting coefficient rate = approved extracting rate/actual extracting rate

24. OTHER PAYABLES

In Group's balance of other payables, the balance due to shareholder who holds more than 5% of the Company is as follow:

Shareholder	30 June 2002 RMB	31 December 2001 RMB
JCC	—	89,397,131

25. ACCRUED EXPENSES

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Professional service fee	1,600,000	2,500,000

26. LONG-TERM LIABILITIES DUE WITHIN ONE YEAR

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Long-term loans due within one year (Note 27)	390,400,200	172,000,000
Long-term payable due within one year (Note 28)	1,870,000	1,870,000
	<u>392,270,200</u>	<u>173,870,000</u>

27. LONG-TERM LOANS

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Long-term loans	2,093,920,000	2,008,920,000
Less: Amount due within one year	390,400,200	172,000,000
Amount due after one year	<u>1,703,519,800</u>	<u>1,836,920,000</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

Bank name	30 June 2002 RMB	Period	Annual Rate	Terms
ICBC, Yintan Branch, Jiangtong Office	35,000,000	1999.04.27-2003.04.26	6.03%	Credit loan
	20,000,000	1999.05.26-2004.02.25	6.03%	Credit loan
	21,000,000	1999.06.23-2003.06.22	6.03%	Credit loan
	78,400,000	2000.07.28-2003.07.27	6.03%	Credit loan
	90,000,000	2000.08.30-2003.08.29	5.94%	Credit loan
	80,000,000	2001.01.03-2003.01.03	5.94%	Credit loan
	44,810,000	2001.01.10-2003.07.10	5.94%	Credit loan
	92,400,200	2001.01.18-2003.01.17	5.94%	Credit loan
	20,000,000	2001.11.07-2003.11.06	5.94%	Credit loan
	25,000,000	2001.12.05-2004.12.04	5.94%	Credit loan
	50,000,000	2001.12.07-2003.12.06	5.94%	Credit loan
	10,000,000	2001.12.24-2003.12.23	5.94%	Credit loan
	30,000,000	2001.12.25-2004.12.24	5.94%	Credit loan
	30,000,000	2002.01.04-2004.01.04	5.94%	Credit loan
15,000,000	2001.11.19-2007.11.18	6.21%	Credit loan	
ICBC, Yanjiang Branch	50,000,000	2000.06.28-2003.06.27	5.94%	Guaranteed loan
Bank of China, Yintan Branch	28,000,000	1999.11.30-2004.11.30	6.03%	Guaranteed loan
	17,000,000	2000.02.13-2005.02-13	6.03%	Guaranteed loan
	30,000,000	2001.12.27-2003.12.27	5.94%	Credit loan
	18,000,000	2001.12.27-2004.12.27	5.94%	Credit loan
China Construction Bank, Tongjidi Branch	109,710,000	1997.02.18-2008.12.30	6.21%	Guaranteed loan
	60,000,000	1997.02.18-2002.12.31	6.21%	Guaranteed loan
	220,000,000	1997.03.31-2003.12.31	6.21%	Guaranteed loan
	82,000,000	1998.03.24-2004.12.31	6.21%	Credit loan
	210,000,000	1999.02.25-2008.11.30	6.21%	Credit loan
	217,000,000	1999.09.15-2009.09.14	6.21%	Credit loan
	50,000,000	2000.06.22-2006.06.21	6.21%	Credit loan
	73,000,000	2000.03.31-2003.03.31	5.94%	Credit loan
	85,000,000	2000.09.25-2003.09.24	5.94%	Credit loan
	50,000,000	2001.08.25-2004.08.27	5.94%	Credit loan
50,000,000	2001.10.29-2007.04.28	6.21%	Credit loan	
40,000,000	2002.05.20-2005.05.19	5.94%	Credit loan	
China Merchants Bank, Nanchang Branch	50,000,000	2001.12.14-2004.06.13	5.94%	Credit loan
China Development Bank, Nanchang Branch	10,000,000	1994.02.01-2004.12.01	6.21%	Guaranteed loan
	2,599,800	1995.01.01-2008.12.01	6.21%	Guaranteed loan
Total	<u>2,093,920,000</u>			

The guaranteed loans were all guaranteed by JCC. Please refer to note 46 for details.

28. LONG-TERM PAYABLE

	Group 30 June 2002 RMB	Group 31 December 2001 RMB
Long-term payable	45,846,000	46,781,000
Less: Amount due within one year	1,870,000	1,870,000
Amount due after one year	<u>43,976,000</u>	<u>44,911,000</u>

NOTES TO FINANCIAL STATEMENTS

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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 instalments 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 each annual instalment starting from 1 January 1998.

29. SPECIAL PAYABLE

	Group			
	31 December 2001 RMB	Addition this period RMB	Reduction this period RMB	30 June 2002 RMB
Subsidy on interest of technical innovation loan	84,000,000	—	7,000,000	77,000,000

The reduction is the portion of subsidy credited to the capitalized interest expense which is charged into cost of construction in progress in current period.

30. SHARE CAPITAL

The change of share capital of the Company from 1 January 2002 to 30 June 2002 is as follows:

	Group		
	31 December 2001 (No. of share)	Addition or Reduction of this period Trade shares (No. of share)	30 June 2002 (No. of share)
1. Non-trading shares			
(1) Promoters shares			
– Domestic state-owned legal person shares	1,275,556,200	—	1,275,556,200
– Domestic other legal person shares	2,000,000	—	2,000,000
(2) Issued but not traded shares			
– A shares	230,000,000	(230,000,000)	—
Total non-trading shares	1,507,556,200	(230,000,000)	1,277,556,200
2. Trading shares			
– H shares	1,156,482,000	—	1,156,482,000
– A shares	—	230,000,000	230,000,000
Total trading shares	1,156,482,000	230,000,000	1,386,482,000
3. Total share capital	2,664,038,200	—	2,664,038,200

The face value of the above shares is RMB 1.00 each.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

31. CAPITAL RESERVES

The movement of capital reserves during the period from 1 January 2002 to 30 June 2002 is as follows:

	Group 30 June 2002 and 31 December 2001 RMB
Share premium	1,292,633,979
Revaluation reserve	113,063
	<u>1,292,747,042</u>

32. SURPLUS RESERVES

	Group 30 June 2002 and 31 December 2001 RMB
Statutory surplus reserve	82,249,004
Discretionary surplus reserve	158,414,185
Statutory public welfare fund	62,328,331
	<u>302,991,520</u>

Statutory surplus reserve can be used to make up future losses, to expand operations or to increase share capital by means of conversion. Statutory public welfare fund can be utilized for staff welfare.

33. NET REVENUE FROM PRINCIPAL OPERATIONS AND SEGMENT INFORMATION

Revenue by products	Group Six months period ended 30 June	
	2002 RMB	2001 RMB
Cathode copper	956,946,374	1,408,902,048
Gold	254,849,220	251,118,143
Other (Silver, Sulphuric acid, etc.)	257,536,523	172,227,489
Tolling services	92,343,163	28,448,821
	<u>1,561,675,280</u>	<u>1,860,696,501</u>

Geographical Segments	Group Six months period ended 30 June	
	2002 RMB	2001 RMB
PRC	1,485,919,543	1,845,054,657
Taiwan	25,959,777	14,899,349
India	23,472,154	—
Hong Kong	24,800,001	—
Others	1,523,805	742,495
	<u>1,561,675,280</u>	<u>1,860,696,501</u>

Total sales of the five largest customers RMB	Percentage in total sales %
767,331,393	<u>49.1</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

34. COST OF PRINCIPLE OPERATIONS

	Group	
	Six months period ended 30 June	
	2002	2001
	<i>RMB</i>	<i>RMB</i>
Cost of domestic sales	1,220,087,411	1,525,164,039
Cost of export sales	44,320,785	11,185,572
	<u>1,264,408,196</u>	<u>1,536,349,611</u>

35. SALES TAXES ON PRINCIPAL OPERATIONS

	Group	
	Six months period ended 30 June	
	2002	2001
	<i>RMB</i>	<i>RMB</i>
Resource tax	<u>17,536,744</u>	<u>16,292,645</u>

36. INCOME FROM OTHER OPERATIONS

	Group	
	Six months period ended 30 June	
	2002	2001
	<i>RMB</i>	<i>RMB</i>
Sales of auxiliary materials and spare parts		
– Revenue	39,489,642	73,504,050
– Expenses	(38,434,744)	(67,718,533)
	<u>1,054,898</u>	<u>5,785,517</u>
Sales of water and electricity		
– Revenue	18,010,228	17,104,144
– Expenses	(16,844,863)	(16,554,978)
	<u>1,165,365</u>	<u>549,166</u>
Gain (loss) on settlement of forward contract	5,003,750	(9,997,100)
Others	1,184,267	5,126,833
	<u>8,408,280</u>	<u>1,464,416</u>

37. FINANCIAL EXPENSES

	Group	
	Six months period ended 30 June	
	2002	2001
	<i>RMB</i>	<i>RMB</i>
Interest expenses	73,181,674	85,454,306
Less: interest income	(2,079,797)	(2,603,814)
Exchange loss (gain)	1,429	(26,264)
Others	(320,549)	284,861
	<u>70,782,757</u>	<u>83,109,089</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

38. INVESTMENT INCOME

Group	Six months period ended 30 June	
	2002 RMB	2001 RMB
Income from short-term investment		
– Income from debt investment	1,544,536	—
– Reversal of provision for impairment of short term investment	179,322	—
	<u>1,723,858</u>	<u>—</u>

Company	Six months period ended 30 June	
	2002 RMB	2001 RMB
Income from short-term investment		
– Income from debt investment	1,544,536	—
– Reversal of provision for impairment of short-term investment	179,322	—
Income from long-term investment		
– Income recognized under equity method	40,570	116,021
	<u>1,764,428</u>	<u>116,021</u>

39. SUBSIDIES

Group	Six months period ended 30 June	
	2002 RMB	2001 RMB
Income tax refunded	<u>—</u>	<u>98,359</u>

40. NON-OPERATING INCOME

Group	Six months period ended 30 June	
	2002 RMB	2001 RMB
Gain on disposal of fixed assets	117,725	2,470,821
Others	1,108,084	2,983,927
	<u>1,225,809</u>	<u>5,454,748</u>

41. NON-OPERATING EXPENSES

Group	Six months period ended 30 June	
	2002 RMB	2001 RMB
Education fee	6,968,938	6,551,343
Loss on disposal of fixed assets	7,291,077	—
Others	257,443	535,305
	<u>14,517,458</u>	<u>7,086,648</u>

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

42. INCOME TAX

	Group	
	Six months period ended 30 June	
	2002	2001
	RMB	RMB
Income tax for the period (Note 1)	14,999,969	20,617,102
Income tax deductible (Note 2)	—	(20,617,102)
Income tax of subsidiaries	33,304	46,795
	<u>15,033,273</u>	<u>46,795</u>

Note 1: The income tax RMB 14,999,969, which is calculated based on taxable income.

Note 2: Pursuant to a notice issued jointly by the Ministry of Finance and the State Tax Bureau (Cai Shui Zi [2000] No.49) and written approval from the state tax bureau of Jiangxi Province, the unutilized tax benefit in respect to the purchase of domestic machinery and equipment for the year 2000 is RMB 55,627,972 and tax benefit for 2001 is RMB 13,037,712. Because the Company has not finalized the tax benefit for the year 2001, the unutilized tax benefit at the end of the year 2001 can not be determined. Therefore, no tax benefit is recognized in the current period.

43. OTHER CASH PAID RELATING TO OPERATING ACTIVITIES

	Group	
	Six months period ended 30 June 2002	
	RMB	
Amount paid in respect to operating expenses and administrative expenses	50,523,918	
Non-operating expenses paid	7,226,381	
Other expenses paid	90,337,497	
	<u>148,087,796</u>	

44. CASH PAID FOR ACQUISITION OF WUSHAN MINE

	Group	
	Six months period ended 30 June 2002	
	RMB	
Current assets	18,402,934	
Fixed assets	238,020,052	
Intangible assets (Mining rights)	20,261,560	
Current liabilities	(37,877,572)	
Long-term liabilities	(45,000,000)	
Total	<u>193,806,974</u>	
Including:		
Cash paid for acquisition	193,806,974	
Less: Cash received from acquisition	2,739,987	
Net cash outflow for acquisition of Wushan Mine	<u>191,066,987</u>	

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

45. CASH AND CASH EQUIVALENTS

	Group	
	30 June 2002 RMB	31 December 2001 RMB
Bank balances and cash (Note 5)	311,391,734	683,327,945
Less: Deposit for bank-accepted bills included in bank balances and cash	—	2,267,780
	<u>311,391,734</u>	<u>681,060,165</u>

	Company	
	30 June 2002 RMB	31 December 2001 RMB
Bank balances and cash	302,004,761	682,754,028
Less: Deposit for bank-accepted bills included in bank balances and cash	—	2,267,780
	<u>302,004,761</u>	<u>680,486,248</u>

46. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Related parties who can exercise control over the Company

Name	Registered address	Principal operations	Relationship with the Company	Nature of ownership	Legal representative
JCC	Guixi, Jiangxi Province	Non-ferrous metal, non-metal mining, smelting, refining and protracting non-ferrous metal	Holding company	State-owned	He Changming

(2) Status and changes of paid-in capital owned by related parties who can exercise control over the Company

Name	At 30 June 2002 and 31 December 2001 RMB
JCC	<u>3,896,060,000</u>

(3) Status and changes of the shares and equity owned by related parties who can exercise control over the Company

Name	At 31 December 2001		Addition		Reduction		At 30 June 2002	
	RMB	%	RMB	%	RMB	%	RMB	%
JCC	1,275,556,200	47.9	—	—	—	—	1,275,556,200	47.9

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

(4) Nature of the relationship related parties who cannot exercise control over the Company

Name	Relationship with the Company
Jiangxi Xinxin Company Ltd. (“Jiangxi Xinxin”)	Promoter shareholder
Hubei Sanxin Gold & Copper Company Ltd. (“Hubei Sanxin”)	Promoter shareholder

(5) Significant transactions entered with the Company and above-mentioned related parties in current period:

(A) Significant transaction entered with the Company and (i) JCC and its affiliates, (ii) Jiangxi Xinxin and Hubei Sanxin in current period:

	Six months period ended 30 June	
	2002	2001
	RMB	RMB
Transactions with JCC and its affiliate:		
Tolling fee and sales fee charged by the Group (note (a))	67,040,000	—
Sale of copper cathode and sulphuric acid by the Group (note(a))	85,533,000	127,576,000
Re-sales of auxiliary industrial products by the Group (note(a))	26,823,000	38,272,000
Sale of waste, filter residue and black cement copper by the Group (note(a))	2,558,000	11,015,000
Purchase of copper concentrates by the Group (note(a))	27,177,000	58,922,000
Purchase of scrap copper by the Group (note(a))	55,114,000	67,832,000
Purchase of auxiliary industrial products by the Group (note(a))	78,280,000	128,198,000
Railway transportation service provided to the Group (note(a))	8,564,000	9,268,000
Rentals for land use rights charged to the Group (note(c))	7,500,000	7,500,000
Rentals for office premises charged by the group (note (c))	28,000	—
Rentals for office premises charged to the group (note(c))	1,501,000	1,478,000
Rentals for housing for the employees and use of common facilities charged to the Group (note(b))	2,904,000	4,120,000
Repair and maintenance service provided to the Group (note(a))	22,610,000	31,865,000
Construction service provided to the Group (note(a))	11,201,000	5,554,000
Vehicle transportation service provided to the Group (note(a))	24,716,000	20,817,000
Supply of water and transmission of electricity (note(b))	18,015,000	17,092,000
Industrial water supplied (note(b))	9,005,000	9,133,000
Environmental greenery services provided (note(b))	3,193,000	1,114,000
Social welfare and support services provided (note(b))		
– Welfare and medical services	17,161,000	15,431,000
– Primary and secondary education service	4,578,000	4,280,000
– Technical education service	925,000	2,391,000
– Internal telecommunications services	1,336,000	2,748,000
– Use of representative offices	1,893,000	484,000
Sales of copper cathode to Jiangxi Xinxin (note(a))	88,190,000	81,034,000
Tolling fee received from Hubei Sanxin (note(a))	1,674,000	2,662,000
Purchase of copper concentrates from Hubei Sanxin (note(a))	3,226,000	3,383,000

Notes: (a) The pricing of the transactions was determined with reference to comparable market prices.

(b) The pricing of the transactions was determined with reference to actual costs.

(c) The pricing of the transactions was determined with reference to the terms of lease agreements.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

(B) Acquisition of Wushan Mine

On 30 November 2000, the Company entered into an agreement with JCC to acquire the operating assets and related liabilities of the Wushan Copper Mine and the mining right (excluding mining rights to resources beneath the minus-400-metre level) thereof from JCC for an aggregate consideration of RMB 191,843,179 in cash, subject to adjustment. The consideration was determined on (i) the basis of the value of such operating assets less amount of related liabilities as at 31 August 2000, being the valuation reference date as assessed by Beijing Zhongzheng Appraisal Co., Ltd., a State-approved independent PRC value and (ii) the basis of the value of such mining right as at 31 August 2000, being the valuation reference date as assessed by Beijing Jingwei Appraisal Co., Ltd., a State-approved independent PRC value. The consideration for the acquisition shall be adjusted (subject to certain conditions) to the amount as confirmed by the relevant government departments as well as the amount of operating assets and related liabilities as stated in the balance sheet of the Wushan Copper Mine as at the day immediately before the completion. Upon completion of the acquisition, the agreements relating to the new ongoing connected transactions between JCC and the Company and the variations of the existing connected transactions between JCC and the Company will become effective to facilitate the smooth operation of the Company, including Wushan Copper Mine. Details of the acquisition and the connected transactions mentioned above are set out in the circular of the Company dated 20 December 2000 and approved by the shareholders at an extraordinary general meeting held on 19 January 2001. The acquisition was completed on 1 January 2002 with the total consideration of RMB 193,806,974, which has been all paid to JCC prior to 30 June 2002.

(C) Establish Copper Products Company.

The Company invested jointly with JCC RMB 150,000,000 to establish Jiangxi Copper Products Co., Ltd., in which the Company contributed the amount of RMB 90,000,000 and covered 60% of registered capital.

(D) Amount due to or from related parties

Account	Name of related parties	30 June 2002 RMB	31 December 2001 RMB
Bills receivable	JCC and its affiliates	3,823,000	5,767,604
Account receivable	JCC and its affiliates	10,044,912	7,219,397
	Jiangxi Xinxin	12,616	551,690
Other receivable	JCC and its affiliates	13,516,301	15,857,226
Prepayment	Hubei Sanxin	30,000,000	30,000,000
	JCC and its affiliates	68,116,695	11,011,555
		125,513,524	70,407,472
Bill payable	JCC and its affiliates	67,160,000	23,001,128
Account payable	JCC and its affiliates	20,677,792	38,210,736
Advance from customers	JCC and its affiliates	3,633,996	1,119,824
Other payable	JCC and its affiliates	28,924,439	131,171,246
Long-term payable			
within one year	JCC and its affiliates	1,870,000	1,870,000
Long-term payable	JCC and its affiliates	43,976,000	44,911,000
		166,242,227	240,283,934

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

(E) Guarantee

Up to 30 June 2002, the Company has bank loan of RMB 497,310,000 guaranteed by JCC (31 December 2001: RMB 484,710,000).

(F) Others

In accordance with an agreement signed between the Company and JCC, JCC manages a defined contribution pension scheme on behalf of the Company. The Company makes contribution to the scheme through JCC. The total cost charged to the income statement of six months period ended 30 June 2002 is approximately RMB 24,057,000 (2001: RMB 16,229,000).

47. FORWARD CONTRACTS

As at 30 June 2002, the Company had outstanding forward contracts of copper cathode as follows:

	30 June 2002 RMB	31 December 2001 RMB
Forward sell contracts:		
Quantities (in tonnes)	1,500	1,165
Average price per tonne (RMB)	16,395	14,358
Delivery period	From July 2002 to December 2002	In April 2002
Forward buy contracts:		
Quantities (in tonnes)	—	700
Average price per tonne (RMB)	—	15,639
Delivery period	—	In January 2002

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

At the balance sheet date, the unrealised loss on the outstanding forward contracts amounted to approximately RMB 300,000 (31 December 2001: RMB 1,500,000).

48. COMMITMENTS

(1) Capital commitments

	30 June 2002 RMB	31 December 2001 RMB
Contracted for but not provided in the financial statements	<u>1,280,910,000</u>	<u>617,315,000</u>

(2) Lease commitments

At the balance sheet date, the Company had outstanding commitments under non-cancelable operating leases with a term of more than one year which fall due as follows:

	30 June 2002 RMB	31 December 2001 RMB
Rental payable		
Within one year	15,806,136	15,000,000
Between one and two years	15,806,136	15,000,000
Between two and three years	15,806,136	15,000,000
Over three years	359,985,324	330,000,000
	<u>407,403,732</u>	<u>375,000,000</u>

The amount represents the balance due to JCC and Land & Resources Bureau of Jiangxi Province as the consideration for the rental of land use rights. The amount includes rental of land use right of Wushan Mine repayable in 50 annual instalments of RMB806,136 each starting from year 2002 to year 2052. The other portion is repayable in 30 annual instalments of RMB15,000,000 each starting from year 1997 to year 2027.

SUPPLEMENTAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

1. Difference between IAS and PRC GAAP

These financial statements are prepared according to PRC GAAP, which are different from these prepared according to IAS.

At balance sheet date, net profit and net assets were RMB 72,280,000 and RMB 4,645,080,000 respectively according to PRC GAAP. These figures can be reconciled to that under IAS as follows:

	Net profit for the period ended 30 June 2002 RMB'000	Net assets at 30 June 2001 RMB'000
Per PRC GAAP	72,280	4,645,080
Adjustment according to IAS:		
– The interest income of short term debt investment which was recognized as income under IAS	500	500
Per IAS	72,780	4,645,580

2. Weighted average and fully diluted return on net assets and earning per share

	From 1 January 2002 to 30 June 2002				From 1 January 2001 to 30 June 2001			
	Return on net assets		Earning per share		Return on net assets		Earning per share	
	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from principal operations	6.02	6.07	0.11	0.11	7.64	7.77	0.13	0.13
Operating profits	2.13	2.15	0.04	0.04	3.31	3.36	0.06	0.06
Net profit	1.56	1.57	0.03	0.03	3.26	3.32	0.05	0.05
Net profit excluding non-reoccurring items	1.71	1.73	0.03	0.03	2.70	2.74	0.04	0.04

SUPPLEMENTAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2002
(Prepared in accordance with PRC GAAP)

3. Provision for assets impairment at 30 June 2002

Items	Group and Company			At 30 June 2001
	At 1 January 2001	Additional	Write-back	
1. Bad debt provision	86,524,044	3,407,092	—	89,931,136
Including: Account receivable	69,109,399	3,336,253	—	72,445,652
Other receivable	17,414,645	70,839	—	17,485,484
2. Provision for impairment on short-term investment	179,322	—	(179,322)	—
Including: Stock investment	179,322	—	(179,322)	—
3. Provision for impairment on inventories	11,321,889	2,156,283	(6,105,344)	7,372,828
Including: Finished goods	3,597,878	2,156,283	—	5,754,161
Raw materials	7,724,011	—	(6,105,344)	1,618,667
4. Provision for impairment on fixed assets	8,359,916	—	(8,359,916)	—
Including: Equipment and machinery	6,613,252	—	(6,613,252)	—
Vehicles	1,746,664	—	(1,746,664)	—