



# CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

|                              | NOTES | For the six months ended            |                                     |
|------------------------------|-------|-------------------------------------|-------------------------------------|
|                              |       | 30.6.2005<br>RMB'000<br>(Unaudited) | 30.6.2004<br>RMB'000<br>(Unaudited) |
| Turnover                     | 3     | 6,907,669                           | 4,848,910                           |
| Cost of sales and services   |       | (5,183,756)                         | (4,041,149)                         |
| Gross profit                 |       | 1,723,913                           | 807,761                             |
| Other operating income       |       | 25,020                              | 191,715                             |
| Distribution costs           |       | (41,067)                            | (32,514)                            |
| Administrative expenses      |       | (181,165)                           | (151,930)                           |
| Other operating expenses     |       | (269,093)                           | (28,755)                            |
| Profit from operations       | 4     | 1,257,608                           | 786,277                             |
| Finance costs                |       | (99,915)                            | (94,756)                            |
| Profit before taxation       |       | 1,157,693                           | 691,521                             |
| Taxation                     | 5     | (171,442)                           | (53,310)                            |
| Profit for the period        |       | 986,251                             | 638,211                             |
| Attributable to:             |       |                                     |                                     |
| Equity holders of the parent |       | 974,551                             | 629,418                             |
| Minority interests           |       | 11,700                              | 8,793                               |
|                              |       | 986,251                             | 638,211                             |
| Dividends                    | 6     | —                                   | —                                   |
| Basic earnings per share     | 7     | RMB0.3658                           | RMB0.2363                           |



# CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

|   | NOTES | 30.6.2005<br>RMB'000<br>(Unaudited) | 31.12.2004<br>RMB'000<br>(Audited) |
|---|-------|-------------------------------------|------------------------------------|
| Non-current assets                                  |       |                                     |                                    |
| Property, plant and equipment                       | 8     | 6,932,406                           | 6,865,228                          |
| Other assets  |       | 125,245                             | 128,041                            |
| Other investments                                   |       | 10,000                              | 10,000                             |
|   |       | <b>7,067,651</b>                    | 7,003,269                          |
| Current assets                                      |       |                                     |                                    |
| Inventories   |       | 2,948,215                           | 2,925,771                          |
| Trade and other receivables                         | 9     | 815,173                             | 1,046,069                          |
| Marketable securities                               |       | 6,512                               | 6,282                              |
| Bank balances and cash                              |       | 996,694                             | 287,436                            |
|   |       | <b>4,766,594</b>                    | 4,265,558                          |
| Current liabilities                                 |       |                                     |                                    |
| Trade and other payables                            | 10    | 1,084,621                           | 961,415                            |
| Taxation payable                                    |       | 168,602                             | 63,291                             |
| Bank borrowings - amount due within one year        |       | 1,783,179                           | 1,961,491                          |
|   |       | <b>3,036,402</b>                    | 2,986,197                          |
| Net current assets                                  |       | <b>1,730,192</b>                    | 1,279,361                          |
|   |       | <b>8,797,843</b>                    | 8,282,630                          |
| Capital and reserves                                |       |                                     |                                    |
| Share capital                                       | 11    | 2,664,038                           | 2,664,038                          |
| Reserves  |       | 3,946,908                           | 3,292,042                          |
| Equity attributable to equity holders of the parent |       | <b>6,610,946</b>                    | 5,956,080                          |
| Minority interests                                  |       | 314,821                             | 195,539                            |
| Total equity  |       | <b>6,925,767</b>                    | 6,151,619                          |
| Non-current liabilities                             |       |                                     |                                    |
| Bank borrowings - amount due after one year         |       | 1,833,710                           | 2,091,710                          |
| Other payables - amount due after one year          | 12    | 38,366                              | 39,301                             |
|   |       | <b>1,872,076</b>                    | 2,131,011                          |
|   |       | <b>8,797,843</b>                    | 8,282,630                          |



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

|  | Attributable to equity holders of the parent |               |                 |               |                           |                     |                               |                     |           |                    |              |
|--|--|---------------|-----------------|---------------|---------------------------|---------------------|-------------------------------|---------------------|-----------|--------------------|--------------|
|  | Share capital                                | Share premium | Capital reserve | Other reserve | Statutory                 |                     |                               | Accumulated profits | Total     | Minority interests | Total equity |
|  |  |               |                 |               | Statutory surplus reserve | public welfare fund | Discretionary surplus reserve |                     |           |                    |              |
|  |  |               |                 |               |                           |                     |                               |                     |           |                    |              |
| RMB'000                                      | RMB'000                                      | RMB'000       | RMB'000         | RMB'000       | RMB'000                   | RMB'000             | RMB'000                       | RMB'000             | RMB'000   | RMB'000            |              |
| At 1 January 2004                            | 2,664,038                                    | 1,281,696     | 70,546          | (92,506)      | 149,749                   | 117,836             | 280,082                       | 696,185             | 5,167,626 | 148,423            | 5,316,049    |
| Acquired on acquisition of a subsidiary      | —  | —             | —               | —             | —                         | —                   | —                             | —                   | —         | 39,346             | 39,346       |
| Capital contribution from minority interests | —  | —             | —               | —             | —                         | —                   | —                             | —                   | —         | 60                 | 60           |
| Net profit for the period                    | —  | —             | —               | —             | —                         | —                   | —                             | 1,108,139           | 1,108,139 | 7,794              | 1,115,933    |
| Dividends paid - 2003 final                  | —  | —             | —               | —             | —                         | —                   | —                             | (319,685)           | (319,685) | (84)               | (319,769)    |
| Appropriations to reserves                   | —  | —             | —               | —             | 116,537                   | 116,532             | 229,070                       | (462,139)           | —         | —                  | —            |
| Transfer                                     | —  | —             | —               | —             | —                         | (30,603)            | 30,603                        | —                   | —         | —                  | —            |
| At 1 January 2005                            | 2,664,038                                    | 1,281,696     | 70,546          | (92,506)      | 266,286                   | 203,765             | 539,755                       | 1,022,500           | 5,956,080 | 195,539            | 6,151,619    |
| Capital contribution from minority interests | —  | —             | —               | —             | —                         | —                   | —                             | —                   | —         | 118,263            | 118,263      |
| Net profit for the period                    | —  | —             | —               | —             | —                         | —                   | —                             | 974,551             | 974,551   | 11,700             | 986,251      |
| Dividends paid - 2004 final                  | —  | —             | —               | —             | —                         | —                   | —                             | (319,685)           | (319,685) | (10,681)           | (330,366)    |
| At 30 June 2005                              | 2,664,038                                    | 1,281,696     | 70,546          | (92,506)      | 266,286                   | 203,765             | 539,755                       | 1,677,366           | 6,610,946 | 314,821            | 6,925,767    |
| At 1 January 2004                            | 2,664,038                                    | 1,281,696     | 70,546          | (92,506)      | 149,749                   | 117,836             | 280,082                       | 696,185             | 5,167,626 | 148,423            | 5,316,049    |
| Acquired on acquisition of a subsidiary      | —  | —             | —               | —             | —                         | —                   | —                             | —                   | —         | 39,252             | 39,252       |
| Capital contribution from minority interests | —  | —             | —               | —             | —                         | —                   | —                             | —                   | —         | 60                 | 60           |
| Net profit for the period                    | —  | —             | —               | —             | —                         | —                   | —                             | 629,418             | 629,418   | 8,793              | 638,211      |
| Dividends paid - 2003 final                  | —  | —             | —               | —             | —                         | —                   | —                             | (319,685)           | (319,685) | (3,547)            | (323,232)    |
| At 30 June 2004                              | 2,664,038                                    | 1,281,696     | 70,546          | (92,506)      | 149,749                   | 117,836             | 280,082                       | 1,005,918           | 5,477,359 | 192,981            | 5,670,340    |



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

|  | For the six months ended            |                                     |
|--|-------------------------------------|-------------------------------------|
|  | 30.6.2005<br>RMB'000<br>(Unaudited) | 30.6.2004<br>RMB'000<br>(Unaudited) |
| Net cash from operating activities                   | 1,674,575                           | 700,800                             |
| Net cash used in investing activities                | (215,473)                           | (257,824)                           |
| Net cash used in financing activities                | (749,844)                           | (336,682)                           |
| Net increase in cash and cash equivalents            | 709,258                             | 106,294                             |
| Cash and cash equivalents at beginning of the period | 287,436                             | 306,138                             |
| Cash and cash equivalents at end of the period       | 996,694                             | 412,432                             |



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 1. GENERAL

The Company is a Sino-foreign joint venture joint stock limited company established in the People's Republic of China (the "PRC"). The directors regard the Company's ultimate holding company, as at 30 June 2005, is Jiangxi Copper Corporation ("JCC").

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

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2004 except as described below.

In the current period, the Group has adopted, for the first time, a number of new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised Standards and Interpretations has had no material effect on how the results for the current or prior accounting period are prepared. Accordingly, no prior period adjustment has been made.

At the date of authorisation of these condensed financial statements, the following Standards and Interpretations were in issue but not yet effective:

|         |   |
|---------|---|
| IFRS 6  | Exploration for and Evaluation of Mineral Resources   |
| IFRIC 3 | Emission Rights   |
| IFRIC 4 | Determining whether an Arrangement contains a Lease   |
| IFRIC 5 | Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |

In addition, amendments to IAS 19 "Employee Benefits" and amendments to IAS 39 "Financial Instruments: Recognition and Measurement" have been issued but not yet effective.

The Group has commenced considering the potential impact of the above new and amendments to IFRSs but is not yet in a position to determine whether these new and amendments to IFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new and amendments to IFRSs may result in changes in the future as to how the results and financial position are prepared and presented.



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 3. SEGMENT INFORMATION

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

|                          | For the six months ended |                      |
|--------------------------|--------------------------|----------------------|
|                          | 30.6.2005<br>RMB'000     | 30.6.2004<br>RMB'000 |
| <u>Business segments</u> |                          |                      |
| Sales of goods           | 6,770,956                | 4,799,191            |
| Tolling services         | 136,713                  | 49,719               |
|                          | <b>6,907,669</b>         | 4,848,910            |

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

|                                     | For the six months ended |                      |
|-------------------------------------|--------------------------|----------------------|
|                                     | 30.6.2005<br>RMB'000     | 30.6.2004<br>RMB'000 |
| <u>Geographical market segments</u> |                          |                      |
| PRC, other than Hong Kong           | 6,491,827                | 4,562,890            |
| Others                              | 415,842                  | 286,020              |
|                                     | <b>6,907,669</b>         | 4,848,910            |

The Group's turnover and 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.

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

## 4. PROFIT FROM OPERATIONS

|   | For the six months ended |                      |
|---|--------------------------|----------------------|
|   | 30.6.2005<br>RMB'000     | 30.6.2004<br>RMB'000 |
| Profit from operations has been arrived<br>at after charging and (crediting): |                          |                      |
| Amortisation of goodwill (included in administrative expenses)                | —                        | 184                  |
| Amortisation of other assets  | 2,796                    | 1,999                |
| Depreciation of property, plant and equipment                                 | 234,245                  | 238,529              |
| Impairment loss on goodwill   | —                        | 4,943                |
| Net loss (gain) on derivative financial instruments                           | 252,839                  | (182,723)            |



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 5. TAXATION

|   | For the six months ended |           |
|---|--------------------------|-----------|
|   | 30.6.2005                | 30.6.2004 |
|   | RMB'000                  | RMB'000   |
| Current tax:  |                          |           |
| PRC Enterprise Income Tax                                 | 171,073                  | 53,310    |
| Hong Kong Profits Tax                                     | 369                      | —         |
| Taxation attributable to the Company and its subsidiaries | 171,442                  | 53,310    |

The provision of PRC Enterprise Income Tax is based on the estimated taxable income for PRC taxation purposes at the rate applicable for the period.

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 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 subject to a reduced income tax rate of 15% for a period of three years from Year 2002 to Year 2004. Pursuant to a notice dated 13 September 2004 issued by the Jiangxi Provincial Tax Bureau, the Company is subject to a reduced income tax rate of 15% for a further period of three years from Year 2005 to Year 2007.

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the period.

## 6. DIVIDENDS

On 9 June 2005, a dividend of RMB0.12 per share (tax inclusive for A Shares) on 2,664,038,200 shares, in aggregate approximately RMB319,685,000, was paid to the shareholders as the final dividend for year 2004.

On 7 June 2004, a dividend of RMB0.12 per share (tax inclusive for A shares) on 2,664,038,200 shares, in aggregate approximately RMB319,685,000 was paid to the shareholders as the final dividend for year 2003.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005. No interim dividend was declared for the same period last year.

## 7. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on profit for the period attributable to equity holders of the parent of RMB974,551,000 (2004: RMB629,418,000) and on 2,664,038,200 shares (2004: 2,664,038,200 shares) outstanding during the period.

## 8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB305,808,000 (2004: RMB347,590,000) on the acquisition of property, plant and equipment.



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 9. TRADE AND OTHER RECEIVABLES

|   | <b>30.6.2005</b><br><i>RMB'000</i> | 31.12.2004<br><i>RMB'000</i> |
|---|------------------------------------|------------------------------|
| Trade receivables - third parties                             | <b>411,774</b>                     | 268,848                      |
| Other receivables - third parties                             | <b>368,567</b>                     | 726,410                      |
| Amounts due from JCC and its affiliates - trade (note)        | <b>34,832</b>                      | 47,348                       |
| Amount due from a minority shareholder of a subsidiary (note) | —                                  | 3,463                        |
|   | <b>815,173</b>                     | 1,046,069                    |

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

|  | <b>30.6.2005</b><br><i>RMB'000</i> | 31.12.2004<br><i>RMB'000</i> |
|--|------------------------------------|------------------------------|
| <u>Trade receivables</u>                               |                                    |                              |
| Within one year  | <b>405,743</b>                     | 262,714                      |
| Between one to two years                               | <b>4,273</b>                       | 5,506                        |
| Between two to three years                             | <b>1,758</b>                       | 628                          |
|  | <b>411,774</b>                     | 268,848                      |
| <u>Amounts due from JCC and its affiliates - trade</u> |                                    |                              |
| Within one year  | <b>34,832</b>                      | 47,330                       |
| Between one to two years                               | —                                  | 18                           |
|  | <b>34,832</b>                      | 47,348                       |

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 a longer credit period will be allowed 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 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 10. TRADE AND OTHER PAYABLES

|  | <b>30.6.2005</b><br><b>RMB'000</b> | 31.12.2004<br><i>RMB'000</i> |
|--|------------------------------------|------------------------------|
| Trade payables - third parties                       | <b>303,504</b>                     | 237,847                      |
| Other payables - third parties                       | <b>690,709</b>                     | 539,558                      |
| Amounts due to JCC and its affiliates - trade (note) | <b>88,538</b>                      | 182,140                      |
| Amount due to JCC - other (note 12)                  | <b>1,870</b>                       | 1,870                        |
|  | <b>1,084,621</b>                   | 961,415                      |

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

|  | <b>30.6.2005</b><br><b>RMB'000</b> | 31.12.2004<br><i>RMB'000</i> |
|--|------------------------------------|------------------------------|
| <u>Trade payables</u>                                |                                    |                              |
| Within one year                                      | <b>284,486</b>                     | 231,736                      |
| Between one to two years                             | <b>16,189</b>                      | 3,103                        |
| Between two to three years                           | <b>1,427</b>                       | 770                          |
| Over three years                                     | <b>1,402</b>                       | 2,238                        |
|  | <b>303,504</b>                     | 237,847                      |
| <u>Amounts due to JCC and its affiliates - trade</u> |                                    |                              |
| Within one year                                      | <b>87,537</b>                      | 181,691                      |
| Between one to two years                             | <b>691</b>                         | 346                          |
| Between two to three years                           | <b>244</b>                         | —                            |
| Over three years                                     | <b>66</b>                          | 103                          |
|  | <b>88,538</b>                      | 182,140                      |

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 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 11. SHARE CAPITAL

|  | <b>Registered, issued and fully paid</b> |
|--|--|
|  | <i>RMB'000</i>                           |
| Share of RMB1 each:  |  |
| Balance at 1 January 2004, 30 June 2004, 31 December 2004 and 30 June 2005 |  |
| — 1,277,556,200 Domestic Shares  | 1,277,556                                |
| — 1,156,482,000 H Shares   | 1,156,482                                |
| — 230,000,000 A Shares   | 230,000                                  |
|  | <b>2,664,038</b>                         |

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.

## 12. OTHER PAYABLES

|  | <b>30.6.2005</b> | 31.12.2004     |
|--|------------------|----------------|
|  | <i>RMB'000</i>   | <i>RMB'000</i> |
| Portion bearing interest at 5.3% (31.12.2004: 5.3%)<br>per annum, due within one year included as amount<br>due to JCC - other under current liabilities (note 10) | <b>1,870</b>     | 1,870          |
| Non-interest bearing portion, due after one year   | <b>38,366</b>    | 39,301         |
|  | <b>40,236</b>    | 41,171         |
| The amount is repayable as follows:  |                  |                |
| Within one year  | <b>1,870</b>     | 1,870          |
| Between one to two years   | <b>1,870</b>     | 1,870          |
| Between two to five years  | <b>5,610</b>     | 5,610          |
| Over five years  | <b>30,886</b>    | 31,821         |
|  | <b>40,236</b>    | 41,171         |

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. Interest is charged annually 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 payable during the period amounted to approximately RMB52,000 (2004: RMB45,000).



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 13. ACQUISITION OF A SUBSIDIARY

On 16 June 2004, the Group acquired a 45.957% equity interest of “山西省刁泉銀銅礦業有限公司” (“Diaoquan”) for cash consideration of RMB35,000,000. This transaction has been accounted for using the purchase method of accounting.

The effect of the acquisition was summarised as follows:

|  | For the six months ended |                      |
|--|--------------------------|----------------------|
|  | 30.6.2005<br>RMB'000     | 30.6.2004<br>RMB'000 |
| Net assets acquired                      | —                        | 33,378               |
| Goodwill arising on acquisition          | —                        | 1,622                |
| Cash consideration                       | —                        | 35,000               |
| Net cash outflow arising on acquisition: |                          |                      |
| Cash consideration                       | —                        | 35,000               |
| Bank balances and cash acquired          | —                        | (9,670)              |
|  | —                        | 25,330               |

Diaoquan did not make any significant contribution to the results of the Group during the six months ended 31 June 2004.

The Company has the power to govern the financial and operating policies of Diaoquan.



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 14. 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 (“Jiangxi Xinxin”) and 湖北三鑫金銅股份有限公司 (“Hubei Sanxin”), both are promoters of the Company.

### (i) Transactions with JCC and its affiliates:

|  | For the six months ended |                      |
|--|--------------------------|----------------------|
|  | 30.6.2005<br>RMB'000     | 30.6.2004<br>RMB'000 |
| Sale of copper cathode and sulphuric acid by the Group   | 170,936                  | 116,792              |
| Sale of raw copper sulphate by the Group   | 5,590                    | 20,070               |
| Tolling fee and sales fee charged by the Group   | 4,956                    | 3,363                |
| Processing fee of blister (scrap) copper charged by the Group  | 81,115                   | 16,077               |
| Sale of waste, filter residue and black cement copper by the Group   | 49,880                   | 3,791                |
| Sale of auxiliary industrial products by the Group   | 42,496                   | 46,244               |
| Sale of low oxygen copper rods and wires and processing of copper cathode into low oxygen copper rods and wires by the Group | 12,651                   | 15,422               |
| Purchase of copper concentrates by the Group   | 200,974                  | 63,854               |
| Purchase of scrap copper by the Group  | 328,803                  | 455,943              |
| Purchase of auxiliary industrial products by the Group   | 127,692                  | 120,621              |
| Purchase of gold and silver-bearing materials by the Group   | 13,667                   | 10,451               |
| Brokerage agency services provided to the Group  | 3,563                    | 4,459                |
| Construction services provided to the Group  | 23,483                   | 20,309               |
| Environmental greenery services provided to the Group  | 3,604                    | 3,028                |
| Industrial water supplied to the Group   | 8,843                    | 9,215                |
| Licence fee on railway transportation charged to the Group   | —                        | 3,600                |
| Railway transportation services provided to the Group  | 8,137                    | 5,664                |
| Rentals for office premises received by the Group  | 28                       | 28                   |
| Rentals for housing for the employees and use of common facilities charged to the Group                                      | 6,549                    | 3,355                |
| Rental for land use rights charged to the Group  | 7,500                    | 7,500                |
| Rentals for office premises charged to the Group   | 1,155                    | 1,534                |
| Repair and maintenance services provided to the Group  | 39,008                   | 49,156               |
| Retirement benefits contributions paid by the Group  | 20,546                   | 19,466               |
| Sale of gases by the Group   | 2,399                    | 1,204                |
| Agency fee for development and sale of gases paid by the Group   | —                        | 1,612                |
| Social welfare and support services provided to the Group  |                          |                      |
| — welfare and medical services   | 18,476                   | 18,924               |
| — primary and secondary education services   | 6,022                    | 5,132                |
| — technical education services   | —                        | 2,392                |
| — internal telecommunications services   | 654                      | 2,800                |
| — use of representative offices  | —                        | 484                  |
| Supply of water and transmission of electricity by the Group   | 25,889                   | 23,727               |
| Electricity supply provided to the Group   | 3,912                    | 2,165                |
| Vehicle transportation services provided to the Group  | 54,857                   | 33,167               |
| Operation management services provided by the Group  | 807                      | 709                  |



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 14. RELATED PARTY TRANSACTIONS (continued)

### (i) Transactions with JCC and its affiliates: (continued)

In addition, bank borrowings of the Group at 30 June 2005 amounting to approximately RMB150,000,000 (31.12.2004: RMB126,710,000) were supported by guarantees from JCC.

On 25 January 2005, the Company entered into a joint venture agreement (the "JV Agreement") with JCC to establish a Sino-foreign equity joint venture, Jiangxi Copper Alloy Materials Company Limited, (the "JV Company") to engage in the manufacturing of copper and copper alloy rods and wires. Pursuant to the JV Agreement, the JV Company was contributed as to RMB59,850,000 by the Company and as to RMB39,900,000 by JCC. The JV Company was owned as to 60% by the Company and 40% by JCC.

On 3 June 2005, the Company entered into an agreement (the "Agreement") with JCC and its affiliates and a third party for the establishment of a joint venture company, JCC Financial Co., Ltd., (the "Finance Company"). Pursuant to the Agreement, the Finance Company will be contributed as to RMB105,000,000 by the Group, RMB135,000,000 by JCC and its affiliates and RM60,000,000 by a third party. The Finance Company will be owned by as to 45% by JCC and its affiliates, 35% by the Group and 20% by the third party. The establishment of the Finance Company is subject to the approval by China Banking Regulatory Commission (note 15).

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

|  | For the six months ended |           |
|--|--------------------------|-----------|
|  | 30.6.2005                | 30.6.2004 |
|  | RMB'000                  | RMB'000   |
| Sale of copper cathode to Jiangxi Xinxin                   | 174,484                  | 129,364   |
| Sale of low oxygen copper rods and wires to Jiangxi Xinxin | 915                      | 4,069     |
| Tolling fee received from Hubei Sanxin                     | 5,776                    | 2,729     |
| Purchase of copper concentrates from Hubei Sanxin          | 13,626                   | 12,186    |

In addition, the Group had made prepayment to Hubei Sanxin as at 30 June 2005 in respect of the purchase of copper concentrates amounting to nil (31.12.2004: RMB10,000,000). Interest charged by the Group during the period in respect of the prepayment amounted to approximately RMB332,000 (2004: RMB725,000). Interest was determined with reference to the terms of the relevant agreement (including amendments thereto).



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
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## 15. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

|  | <b>30.6.2005</b><br><i>RMB'000</i> | 31.12.2004<br><i>RMB'000</i> |
|--|------------------------------------|------------------------------|
| Commitments for the acquisition of property, plant and equipment:                    |                                    |                              |
| — contracted for but not provided in the condensed financial statements              | <b>277,043</b>                     | 192,296                      |
| — authorised but not contracted for  | <b>1,434,238</b>                   | 1,146,710                    |
|  | <b>1,711,281</b>                   | 1,339,006                    |
| An analysis of the capital commitments is as follows:                                |                                    |                              |
| — expansion projects   | <b>1,697,634</b>                   | 1,306,805                    |
| — exploration projects   | <b>13,647</b>                      | 24,430                       |
| — other general projects   | —                                  | 7,771                        |
|  | <b>1,711,281</b>                   | 1,339,006                    |
| Commitments for the investment of an associate                                       |                                    |                              |
| — contracted for but not provided in the condensed financial statements (note 14(i)) | <b>105,000</b>                     | —                            |

## 16. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into certain transactions with derivative financial instruments for the purpose of stabilising prices for its copper cathode and gold.

At the balance sheet date, the Group had outstanding commodity derivative contracts in relation to copper cathode, details of which are as follows:

|  | <b>30.6.2005</b>                          | 31.12.2004                            |
|--|---|---------------------------------------|
| Quantities to sell (in tonnes)           | <b>45,660</b>                             | 69,290                                |
| Average contracted price per tonne (RMB) | <b>29,678</b>                             | 26,904                                |
| Delivery period                          | <b>From July 2005<br/>to October 2005</b> | From<br>January 2005<br>to April 2005 |

At the balance sheet date, the Group and the Company had outstanding commodity derivative contracts in relation to gold, details of which are as follows:

|                              | <b>30.6.2005</b> | 31.12.2004 |
|------------------------------|------------------|------------|
| Quantities to sell (in gram) | —                | 1,130,000  |
| Average price per gram (RMB) | —                | 117        |



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2005  
(PREPARED IN ACCORDANCE WITH IFRS)

## 17. EVENT AFTER BALANCE SHEET DATE

On 25 July 2005, the Company entered into a placing agreement (the "Placing Agreement") with placing agent (the "Placing Agent") in relation to the placing, on a fully underwritten basis, of 231,000,000 H Shares of RMB1.00 each in the share capital of the Company (the "Placing Shares") at a placing price, as confirmed by the Placing Agent on 26 July 2005, of HK\$3.813 per Placing Share to not less than six places of independent third parties (the "Placing").

The Placing Shares represent approximately 19.97% and 8.67% respectively of the existing H Shares in issue and the total registered capital of the Company prior to the Placing and approximately 16.65% and 7.98% respectively of the H Shares in issue and the total registered capital of the Company as enlarged by the issue of the Placing Shares.

The net proceeds of the Placing is estimated to be approximately HK\$856 million and will be used for any of expansion of production capacity of copper cathode of the Company, technological renovation of mining technology and the development of the processed copper products, at such time when any of them first requires funding.

## 18. DIFFERENCES BETWEEN IFRS AND PRC ACCOUNTING STANDARDS AND REGULATIONS AS APPLICABLE TO THE GROUP

The condensed consolidated balance sheet of the Group prepared under IFRS and that prepared under PRC accounting standards and regulations have the following major differences:

|   | <b>30.6.2005</b><br><b>RMB'000</b> | 31.12.2004<br><i>RMB'000</i> |
|---|------------------------------------|------------------------------|
| Equity attributable to equity holders of the parent as per condensed financial statements prepared under IFRS | <b>6,610,946</b>                   | 5,956,080                    |
| Different accounting treatment in respect of government subsidy   | <b>76,600</b>                      | 79,400                       |
| Different accounting treatment in respect of derivative financial instruments                                 | <b>52,379</b>                      | 41,362                       |
| Net assets as per financial statements prepared under PRC accounting standards and regulations                | <b>6,739,925</b>                   | 6,076,842                    |

The condensed consolidated income statement of the Group prepared under IFRS and that prepared under PRC accounting standards and regulations have the following major difference:

|  | <b>For the six months ended</b>    |                             |
|--|------------------------------------|-----------------------------|
|  | <b>30.6.2005</b><br><b>RMB'000</b> | 30.6.2004<br><i>RMB'000</i> |
| Profit for the period attributable to equity holders of the parent as per condensed financial statements prepared under IFRS | <b>974,551</b>                     | 629,418                     |
| Different accounting treatment in respect of depreciation of fixed asset of government subsidy                               | <b>(3,000)</b>                     | (3,000)                     |
| Different accounting treatment in respect of derivative financial instruments  | <b>11,016</b>                      | —                           |
| Net profit for the period as per financial statements prepared under PRC accounting standards and regulations                | <b>982,567</b>                     | 626,418                     |

There are differences in other items in the condensed financial statements due to differences in classification between IFRS and PRC accounting standards and regulations.

(END OF CONDENSED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS)