

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

	NOTES	For the six months ended	
		30.6.2006 RMB'000 (Unaudited)	30.6.2005 RMB'000 (Unaudited)
Turnover	3	9,492,581	6,907,669
Cost of sales and services		(6,248,232)	(5,183,756)
Gross profit		3,244,349	1,723,913
Other income		24,580	25,020
Distribution costs		(40,770)	(41,067)
Administrative expenses		(183,520)	(181,165)
Other expenses		(415,605)	(269,093)
Finance costs		(82,392)	(99,915)
Profit before taxation		2,546,642	1,157,693
Taxation	4	(436,885)	(171,442)
Profit for the period	5	2,109,757	986,251
Attributable to:			
Equity holders of the parent		2,090,353	974,551
Minority interests		19,404	11,700
		2,109,757	986,251
Basic earnings per share	7	RMB0.7220	RMB0.3658

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

	NOTES	30.6.2006 RMB'000 (Unaudited)	31.12.2005 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	7,699,735	7,273,215
Prepaid lease payments		36,053	36,523
Intangible assets		119,159	122,056
Available-for-sale investments		10,000	10,000
		7,864,947	7,441,794
Current assets			
Inventories		4,742,691	3,285,888
Trade and other receivables	9	1,720,371	1,165,013
Held for trading securities		40	350
Derivative financial instruments	10	21,120	—
Bank balances and cash		1,796,430	1,142,497
		8,280,652	5,593,748
Current liabilities			
Trade and other payables	11	1,604,739	984,125
Dividend payable		558,279	—
Taxation payable		392,168	219,876
Bank borrowings - amount due within one year		1,432,674	1,722,796
Short-term debentures	12	500,000	—
Derivative financial instruments	10	—	94,978
		4,487,860	3,021,775
Net current assets		3,792,792	2,571,973
		11,657,739	10,013,767
Capital and reserves			
Share capital	13	2,895,038	2,895,038
Reserves		7,055,509	5,436,297
Equity attributable to equity holders of the parent		9,950,547	8,331,335
Minority interests		377,986	367,291
Total equity		10,328,533	8,698,626
Non-current liabilities			
Bank borrowings - amount due after one year		1,292,710	1,277,710
Other payables - amount due after one year	14	36,496	37,431
		1,329,206	1,315,141
		11,657,739	10,013,767

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to equity holders of the parent												
	Share capital	Share premium	Capital reserve	Other reserve	Statutory			Accumulated profits	Translation reserve	Hedging reserve	Total	Minority interests	Total equity
					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	RMB'000	RMB'000	
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
Decrease in fair value of derivatives under cash flow hedges	—	—	—	—	—	—	—	—	—	(641,881)	(641,881)	—	(641,881)
Exchange differences arising on translation of operations in Hong Kong	—	—	—	—	—	—	—	—	(661)	—	(661)	(540)	(1,201)
Net expense recognised directly in equity	—	—	—	—	—	—	—	—	(661)	(641,881)	(642,542)	(540)	(643,082)
Profit for the year	—	—	—	—	—	—	—	1,871,769	—	—	1,871,769	27,984	1,899,753
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	—	—	—	570,858	570,858	—	570,858
Total recognised income and expense for the year	—	—	—	—	—	—	—	1,871,769	(661)	(71,023)	1,800,085	27,444	1,827,529
New shares issued	231,000	686,885	—	—	—	—	—	—	—	—	917,885	—	917,885
Transaction costs attributable to issue of new shares	—	(23,030)	—	—	—	—	—	—	—	—	(23,030)	—	(23,030)
Contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	—	158,163	158,163
Acquisition of additional interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(3,174)	(3,174)
Dividends paid - 2004 final	—	—	—	—	—	—	—	(319,685)	—	—	(319,685)	(10,681)	(330,366)
Appropriations to reserves	—	—	—	—	187,061	186,728	370,485	(744,274)	—	—	—	—	—
Transfer	—	—	—	—	—	(11,365)	11,365	—	—	—	—	—	—
At 31 December 2005 and 1 January 2006	2,895,038	1,945,551	70,546	(92,506)	453,347	379,128	921,605	1,830,310	(661)	(71,023)	8,331,335	367,291	8,698,626
Decrease in fair value of derivatives under cash flow hedges	—	—	—	—	—	—	—	—	—	(827,031)	(827,031)	—	(827,031)
Exchange differences arising on translation of operations of Hong Kong	—	—	—	—	—	—	—	—	(333)	—	(333)	(272)	(605)
Net expense recognised directly in equity	—	—	—	—	—	—	—	—	(333)	(827,031)	(827,364)	(272)	(827,636)
Profit for the period	—	—	—	—	—	—	—	2,090,353	—	—	2,090,353	19,404	2,109,757
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	—	—	—	912,070	912,070	—	912,070
Total recognised income and expense for the year	—	—	—	—	—	—	—	2,090,353	(333)	85,039	2,175,059	19,132	2,194,191

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to equity holders of the parent												Total equity
	Share capital	Share premium	Capital reserve	Other reserve	Statutory	Statutory	Discretionary	Accumulated profits	Translation reserve	Hedging reserve	Total	Minority interests	
					surplus reserve	public welfare fund	surplus reserve						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Winding up of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)
Dividends paid - 2005 final	—	—	—	—	—	—	—	(555,847)	—	—	(555,847)	(8,377)	(564,224)
Transfer (note)	—	—	—	—	379,128	(379,128)	—	—	—	—	—	—	—
At 30 June 2006	2,895,038	1,945,551	70,546	(92,506)	832,475	—	921,605	3,364,816	(994)	14,016	9,950,547	377,986	10,328,533
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
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

Note: Pursuant to a notice in respect of the financial treatments under new Company Law (關於《公司法》施行後有關企業財務處理問題的通知) issued by the Minister of Finance, there will be no accrual of statutory public welfare fund in 2006. The remaining balance of statutory public welfare fund is transferred to statutory surplus reserve.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

	For the six months ended	
	30.6.2006 RMB'000 (Unaudited)	30.6.2005 RMB'000 (Unaudited)
Net cash from operating activities	1,170,456	1,674,575
Investing activities		
Interest received	11,853	3,515
Purchase of property, plant and equipment	(664,867)	(218,452)
Disposal of property, plant and equipment	1,162	—
Others	(328)	(536)
Net cash used in investing activities	(651,524)	(215,473)
Financing activities		
Interest paid	(82,392)	(100,494)
Dividend paid by the Company	—	(319,685)
Dividend paid by subsidiaries to minority shareholders	(5,945)	(10,681)
Capital contribution by minority shareholder of a subsidiary	—	118,263
New loans raised	3,781,674	791,130
Repayment of loans	(3,556,796)	(1,227,442)
Repayment of other payables	(935)	(935)
Net cash from (used in) financing activities	135,606	(749,844)
Net increase in cash and cash equivalents	654,538	709,258
Cash and cash equivalents at beginning of the period	1,142,497	287,436
Effect of foreign exchange rate changes	(605)	—
Cash and cash equivalents at end of the period	1,796,430	996,694

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(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 2006, is Jiangxi Copper Corporation ("JCC").

The condensed consolidated 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 consolidated 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 consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendments and interpretations issued by the International Accounting Standards Board, which are effective either for accounting periods beginning on or after 1 January 2006. The adoption of these new or amended Standards or Interpretations has had no material effect on how the results for the current or prior accounting periods are prepared and presented.

The Group has not early applied the following new Standards, Amendment or Interpretation that have been issued but are not yet effective:

IAS 1 (Amendment)	Capital disclosures ¹
IFRS 7	Financial instruments: Disclosures ¹
IFRIC 7	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies ²
IFRIC 8	Scope of IFRS 2 ³
IFRIC 9	Reassessment of embedded derivatives ⁴
IFRIC 10	Interim Financial Reporting and Impairment ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

⁵ Effective for annual periods beginning on or after 1 November 2006.

The Group has commenced considering the potential impact of the above new standards and amendments to IFRSs. The directors of the Group anticipate that the application of these new Standards, Amendments or Interpretation will have no material impact on the financial statements of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(PREPARED IN ACCORDANCE WITH IFRS)

3. SEGMENT INFORMATION

An analysis of the Group's turnover for the period is as follows:

	For the six months ended	
	30.6.2006	30.6.2005
	RMB'000	RMB'000
Turnover		
Sales of goods	9,349,421	6,770,956
Tolling services	143,160	136,713
	9,492,581	6,907,669

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.

Over 90% of the Group's revenue are derived from the PRC. All of the production facilities of the Group are located in the PRC. Therefore, no business and geographical segments are presented.

Risk of concentration on certain customers:

Aggregate revenue attributable to the Group's five largest customers represented approximately 33.17% of the total revenue for the period.

During the period, the largest to the five largest customers accounted for approximately 11%, 8.81%, 4.99%, 4.42% and 3.95% of the total revenue of the Group respectively. JCC had direct or indirect beneficial interests in the first and fifth largest customers. The second and fourth largest customers are independent third parties. The third largest customer is a related party of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

4. TAXATION

	For the six months ended	
	30.6.2006	30.6.2005
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	436,545	171,073
Hong Kong Profits Tax	340	369
Taxation attributable to the Company and its subsidiaries	436,885	171,442

The provision for 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 and 13 September 2004 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 2005 to Year 2007.

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

5. PROFIT FOR THE PERIOD

	For the six months ended	
	30.6.2006	30.6.2005
	RMB'000	RMB'000
Profit for the period has been arrived at after charging:		
Amortisation of intangible assets	2,897	2,796
Amortisation of prepaid lease payments	170	170
Depreciation of property, plant and equipment	234,801	234,245
Net loss on derivative financial instruments	404,401	252,839

6. DIVIDENDS

On 15 June 2006, a dividend of RMB0.192 per share (tax inclusive for A Shares) on 2,895,038,200 shares, in aggregate approximately RMB555,847,000, was declared to the shareholders as the final dividend for year 2005. On 5 July 2006, the dividend was paid to the shareholders.

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.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006. No interim dividend was declared for the same period last year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

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 RMB2,090,353,000 (2005: RMB974,551,000) and on 2,895,038,200 shares (2005: 2,664,038,200 shares) outstanding during the period.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB664,867,000 (2005: RMB218,452,000) on the acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	30.6.2006 RMB'000	31.12.2005 RMB'000
Trade receivables - third parties	1,012,306	248,577
Other receivables - third parties	529,555	838,096
Amounts due from JCC and its affiliates - trade (note)	178,510	78,340
	1,720,371	1,165,013

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(i) Aged analyses

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

	30.6.2006 RMB'000	31.12.2005 <i>RMB'000</i>
Trade receivables		
Within one year	1,010,434	246,439
Between one to two years	1,480	1,029
Between two to three years	392	1,109
	1,012,306	248,577
Amounts due from JCC and its affiliates - trade		
Within one year	176,542	78,340
Between one to two years	1,968	—
	178,510	78,340

(ii) Concentrations of credit risk on trade receivables

The credit risk on trade receivables is concentrated on a few of customers. The related trade receivables were partly settled subsequent to the balance sheet date, the management consider there is no significant credit risk existed; however, there may not be assurance that those customers can settle the debts timely in the future and any such non-performance of settlement obligations can have a material impact on the financial position and results of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(PREPARED IN ACCORDANCE WITH IFRS)

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets 30.6.2006 RMB'000	Liabilities 31.12.2005 RMB'000
Commodity forward contracts		
- copper cathode	21,120	(71,023)
Options		
- copper cathode	—	(23,955)
	21,120	(94,978)

The above are shown as current assets (liabilities) in the financial statements.

(i) Commodity forward contracts - copper cathode

Under hedge accounting

The Group commenced application of hedge accounting since July 2005 and utilises commodity forward contracts to hedge forecasted sales of copper cathode. These arrangements are designed to address significant fluctuation in the price of copper cathode.

At 30 June 2006, included in derivative financial assets is an amount of RMB14,016,000 representing the fair value of commodity forward contracts in relation to copper cathode designated as cash flow hedges of the Group and the Company. These commodity forward contracts are designated as highly effective hedging instruments in order to manage the Group's exposure in relation to forecasted sale of copper cathode.

At 30 June 2006, fair value gain of RMB14,016,000 have been deferred in equity and are expected to be released to the income statement at various dates in the coming three months after the balance sheet date, the period in which sales of copper cathode are expected to occur.

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

	30.6.2006	31.12.2005
Quantities to sell (in tonnes)	11,400	21,100
Average contracted price per tonne (RMB)	59,861	37,554
Delivery period	From July 2006 to September 2006	From January 2006 to May 2006

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006
(PREPARED IN ACCORDANCE WITH IFRS)

10. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) Commodity forward contracts - copper cathode (continued)

Not under hedge accounting

At 30 June 2006, the fair value of commodity forward contracts of the Group which did not designate as hedging instruments amounting to RMB7,104,000 was recognised as current assets in the balance sheet and the major terms of these contracts were as follows:

	30.6.2006	31.12.2005
Quantities to buy (in tonnes)	12,500	—
Average contracted price per tonne (RMB)	58,719	—
Delivery period	September 2006	—

(ii) Options - copper cathode

The Group enters into certain commodity derivative contracts, namely call options and put options for the purpose of fixing prices and price ranges for its forecasted sale of copper cathode. These instruments are classified as financial instruments held for trading.

At the balance sheet date, the major terms of the options are as follows:

	30.6.2006		31.12.2005	
	Call options	Put options	Call options	Put options
Quantities (in tonnes)	Nil	Nil	16,000	20,000
Average exercise price per tonne (RMB)	Nil	Nil	30,145	28,251
Exercise period	N/A	N/A	From February 2006 to June 2006	From January 2006 to June 2006

The above derivatives are measured at fair value at each balance sheet date. Their fair values are determined based on the quoted market prices for equivalent instruments at the balance sheet date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(PREPARED IN ACCORDANCE WITH IFRS)

11. TRADE AND OTHER PAYABLES

	30.6.2006 RMB'000	31.12.2005 RMB'000
Trade payables - third parties	328,486	474,249
Other payables - third parties	1,005,622	340,118
Amounts due to JCC and its affiliates - trade (note)	268,761	167,888
Amount due to JCC - other (note 14)	1,870	1,870
	1,604,739	984,125

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

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

	30.6.2006 RMB'000	31.12.2005 RMB'000
Trade payables		
Within one year	307,048	465,771
Between one to two years	17,859	3,955
Between two to three years	945	1,515
Over three years	2,634	3,008
	328,486	474,249
Amounts due to JCC and its affiliates - trade		
Within one year	267,571	166,782
Between one to two years	366	788
Between two to three years	685	249
Over three years	139	69
	268,761	167,888

12. SHORT-TERM DEBENTURES

On 25 May 2006, the Company completed the issuance of short-term debentures and the face value was RMB500,000,000 (due in 365 days). The debentures bear a coupon rate of 3.23% per annum. As at 30 June 2006, the accrued interest payable on the above short-term debenture was approximately RMB1,350,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(PREPARED IN ACCORDANCE WITH IFRS)

13. SHARE CAPITAL

	Number of shares	Share capital RMB\$'000
Balance at 1 January 2005 and 30 June 2005		
- Domestic Shares of RMB1 each	1,277,556,200	1,277,556
- H Shares of RMB1 each	1,156,482,000	1,156,482
- A Shares of RMB1 each	230,000,000	230,000
	2,664,038,200	2,644,038
Increase during the period from 1 July 2005 to 31 December 2005		
- H Shares (<i>note i</i>)	231,000,000	231,000
Balance at 31 December 2005		
- Domestic Shares	1,277,556,200	1,277,556
- H Shares	1,387,482,000	1,387,482
- A Shares	230,000,000	230,000
	2,895,038,200	2,895,038
Changes due to implementation of the share reform plan (<i>note ii</i>)		
- Domestic Shares	(50,600,000)	(50,600)
- A Shares	50,600,000	50,600
Balance at 30 June 2006		
- Domestic Shares	1,226,956,200	1,226,956
- H Shares	1,387,482,000	1,387,482
- A Shares	280,600,000	280,600
	2,895,038,200	2,895,038

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(PREPARED IN ACCORDANCE WITH IFRS)

13. SHARE CAPITAL (CONTINUED)

Notes:

- (i) 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") to not less than six independent third parties (the "Placing"). The placing price was determined at HK\$3.813 per Placing Share and represented a discount of approximately 7% to the closing price of the Company's H Shares as quoted on the Stock Exchange at 12:30 p.m. on 25 July 2005. The Placing Shares rank *pari passu* in all respects with H Shares in issue on the date of allotment and issue of the Placing Shares including the right to any dividends or distributions.

The net proceeds of the Placing were approximately RMB895 million and have been used in the expansion of production capacity of copper cathode of the Company, technological renovation of mining technology and the development of the processed copper products.

- (ii) In accordance with the requirements under the relevant documents as stated in the Company's announcement dated 24 February 2006, JCC, the controlling shareholder holding non-tradable domestic shares of the Company, has proposed a share reform plan.

On 14 March 2006, pursuant to the authorisation and acting on behalf of the holders of non-tradable domestic shares, the Company announced the adjustments proposed by the holders of non-tradable domestic shares to the share reform plan. Details of the adjusted share reform plan is stated in the Company's announcement dated 14 March 2006. On 28 March 2006, the share reform plan has been approved by the state-owned Assets Supervision and Administration Commission under the Jiangxi Provincial People's Government. On 3 April 2006, the share reform plan was approved at the shareholders' meeting of the domestic shareholders.

The board of the Company initiate share reform plan according to the written trust of Non-Tradable Shareholders on 6 March 2005. On the purpose of balancing the interest of both sides, the share reform plan is consulted and negotiated by both Holders of Non-Tradable Shares and Holders of A Shares, in which Holders of Non-Tradable Shares propose to offer as consideration to the Holders of A Shares whose names appeared on the register of members of A Shares. The consideration is as follows:

- (a) 2.2 shares are transferred to each Holder of A share for every ten A shares held.
- (b) JCC undertakes that the originally non-tradable shares held by JCC will be subject to the Moratorium Period of 36 months from the date of completion of the share reform plan. JCC further undertakes that if it sells the originally non-tradable shares through the Shanghai Stock Exchange within one year after the Moratorium Period, it will not sell such shares at less than RMB9.00 per share.
- (c) In the event that the trading price of A shares on Shanghai Stock Exchange is less than RMB5.80 during the period within two months from the first trading day after completion of the share reform plan, JCC will use not more than RMB150,000,000 but not less than RMB100,000,000 to purchase such A shares at the price of not more than RMB5.80 per A Shares. In addition, JCC also undertakes that if it purchases A Shares as required under this paragraph, it will not sell such A Shares within six months from the date of completion of such purchases.

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14. OTHER PAYABLES

	30.6.2006 RMB'000	31.12.2005 RMB'000
Due within one year included as amount due to JCC - other under current liabilities (<i>note 11</i>)	1,870	1,870
Non-interest bearing portion, due after one year	36,496	37,431
	38,366	39,301
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	29,016	29,951
	38,366	39,301

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 starting from 1 January 1998. Interest is charged annually on the annual instalment payable by the Company which falls due within one year. Interest rate is determined at a rate equal to the State lending rate for a one-year fixed term loan capped at a maximum of 15% on each annual instalment starting from 1 January 1998. The interest payable during the period amounted to approximately RMB43,500 (2005: RMB52,000) and the State lending rate for the period 4.6% (2005: 5.3%).

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(PREPARED IN ACCORDANCE WITH IFRS)

15. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with (i) JCC and its affiliates; and (ii) Jiangxi Xinxin Enterprise Company Limited ("Jiangxi Xinxin") and Hubei Sanxin Gold Copper Company Limited ("Hubei Sanxin"), both are promoters of the Company.

(i) Transactions with JCC and its affiliates:

	For the six months ended	
	30.6.2006 RMB'000 (Unaudited)	30.6.2005 RMB'000 (Unaudited)
Sale of copper cathode and sulphuric acid by the Group	732,650	170,936
Sale of raw copper sulphate by the Group	—	5,590
Tolling fee and sales fee charged by the Group	—	4,956
Processing fee of blister (scrap) copper charged by the Group	24,210	81,115
Sale of waste, filter residue and black cement copper by the Group	16,502	49,880
Sale of auxiliary industrial products by the Group	57,386	42,496
Sale of low oxygen copper rods and wires and processing of copper cathode into low oxygen copper rods and wires by the Group	51,827	12,651
Purchase of copper concentrates by the Group	205,106	200,974
Purchase of scrap copper by the Group	773,635	328,803
Purchase of auxiliary industrial products by the Group	203,497	127,692
Purchase of gold and silver-bearing materials by the Group	18,587	13,667
Brokerage agency services provided to the Group	4,883	3,563
Construction services provided to the Group	23,915	23,483
Environmental greenery services provided to the Group	3,643	3,604
Industrial water supplied to the Group	8,865	8,843
Railway transportation services provided to the Group	—	8,137
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	7,462	6,549
Rental for land use rights charged to the Group	6,250	7,500
Rentals for office premises charged to the Group	1,208	1,155
Repair and maintenance services provided to the Group	27,616	39,008
Retirement benefits contributions paid by the Group	23,504	20,546
Sale of gases by the Group	1,889	2,399
Social welfare and support services provided to the Group		
- welfare and medical services	17,131	18,476
- primary and secondary education services	1,295	6,022
- internal telecommunications services	1,497	654
Supply of water and transmission of electricity by the Group	32,963	25,889
Electricity supply provided to the Group	5,222	3,912
Vehicle transportation services provided to the Group	116,927	54,857
Operation management services provided by the Group	1,174	807

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(PREPARED IN ACCORDANCE WITH IFRS)

15. RELATED PARTY TRANSACTIONS (CONTINUED)

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

In addition, bank borrowings of the Group at 30 June 2006 amounting to approximately RMB359,710,000 (31.12.2005: RMB359,710,000) 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.

(ii) Transactions with the promoters of the Company:

	For the six months ended	
	30.6.2006 RMB'000 (Unaudited)	30.6.2005 RMB'000 (Unaudited)
Sale of copper cathode to Jiangxi Xinxin	37,281	174,484
Sale of low oxygen copper rods and wires to Jiangxi Xinxin	56,257	915
Tolling fee received from Hubei Sanxin	16,350	5,776
Purchase of copper concentrates from Hubei Sanxin	28,575	13,626

In addition, the Group had made prepayment to Hubei Sanxin as at 30 June 2006 in respect of the purchase of copper concentrates amounting to nil (31.12.2005: RMB10,000,000). Interest charged by the Group during the period in respect of the prepayment amounted to nil (2005: RMB332,000). Interest was determined with reference to the terms of the relevant agreement (including amendments thereto).

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15. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Transactions with other state-controlled entities in the PRC:

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under JCC which is controlled by the PRC government. Apart from the disclosure in note 14, note 15(i) and note 15(ii) above, the Group also conducts business with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counter-party is a state-controlled entity or not.

Material transactions with other state-controlled entities are as follows:

	For the six months ended	
	30.6.2006	30.6.2005
	HK\$'000	HK\$'000
Trade sales	562,066	866,735
Trade purchases	1,241,768	699,210
Purchase of property, plant and equipment	98,426	14,967

The Group also has entered into various transactions, including deposits placements, borrowings, interests on deposits or borrowings received or paid respectively and other general banking facilities, with certain banks which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

In the opinion of the directors, in view of the environment the Group currently operates, it is impracticable to ascertain the identity of all the counterparties and accordingly whether the transactions are with other state-controlled entities.

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16. CAPITAL COMMITMENTS

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

	30.6.2006 RMB'000	31.12.2005 RMB'000
Commitments for the acquisition of property, plant and equipment:		
- contracted for but not provided in the condensed financial statements	2,619,553	626,143
- authorised but not contracted for	2,203,541	3,448,854
	4,823,094	4,074,997
An analysis of the capital commitments is as follows:		
- expansion projects	4,675,664	3,476,583
- exploration projects	42,430	—
- other general projects	105,000	598,413
	4,823,094	4,074,997