Deloitte.
德勤

De Shi Bao (Shen) (07) No. PO436

TO THE SHAREHOLDERS OF JIANGXI COPPER COMPANY LIMITED

We have audited the accompanying financial statements of Jiangxi Copper Company Limited ("the Company"), which comprise the balance sheet as at 31 December 2006, and the income statement and cash flow statement for the year then ended, and notes to the financial statements.

1. Management's Responsibility for the Financial Statements

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

2. Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

3. Opinion

In our opinion, the financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprise and the Accounting System of Business Enterprise, and present fairly, in all material respect, the financial position of the Company as of 31 December 2006, and the results of its operations and cash flows for the year then ended.

Deloitte Touche Tohmatsu CPA Ltd.
Shanghai, China

Chinese Certified Public Accountant

Jiang Qian Qian
Fan Zhen Jie

18 April 2007

The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

AT 31 DECEMBER 2006

(Prepared in accordance with PRC GAAP and regulations)

		Group		Company	
ASSETS	*Notes*	**31 December 2006 *RMB***	31 December 2005 *RMB*	**31 December 2006 *RMB***	31 December 2005 *RMB*
CURRENT ASSETS:					
Bank balances and cash	5	**1,016,976,019**	1,142,497,348	**515,988,371**	833,893,230
Current investments		**—**	350,000	**—**	—
Notes receivable	6	**893,276,250**	71,338,163	**765,891,354**	69,899,813
Accounts receivable	7,46(1)	**894,416,243**	206,123,292	**670,822,645**	95,889,769
Other receivables	8,46(2)	**279,843,451**	226,004,133	**196,762,385**	196,754,868
Prepayments	10	**515,065,022**	652,492,546	**483,075,884**	632,124,470
Inventories	11	**6,138,997,323**	3,285,887,850	**6,004,386,937**	3,127,680,254
TOTAL CURRENT ASSETS		**9,738,574,308**	5,584,693,332	**8,636,927,576**	4,956,242,404
LONG-TERM INVESTMENTS:					
Long-term equity investments	12,46(4)	**119,005,470**	10,000,000	**781,377,465**	554,438,575
FIXED ASSETS:					
Fixed assets - cost	13	**12,424,300,221**	11,966,692,773	**11,802,393,416**	11,508,147,693
Less: Accumulated depreciation	13	**6,033,288,888**	5,738,232,052	**5,924,076,148**	5,607,695,114
Fixed assets - net		**6,391,011,333**	6,228,460,721	**5,878,317,268**	5,900,452,579
Less: Impairment	13	**4,829,258**	25,124,466	**4,829,258**	25,124,466
Fixed assets - net book value	13	**6,386,182,075**	6,203,336,255	**5,873,488,010**	5,875,328,113
Fixed assets under construction	14	**2,385,877,942**	1,209,569,068	**2,072,694,016**	993,716,442
TOTAL FIXED ASSETS		**8,772,060,017**	7,412,905,323	**7,946,182,026**	6,869,044,555
INTANGIBLE ASSETS AND OTHER ASSETS:					
Intangible assets	15	**120,327,274**	122,056,217	**90,141,982**	94,139,250
Long-term deferred expenses	16	**—**	4,769,675	**—**	—
TOTAL INTANGIBLE ASSETS AND OTHER ASSETS		**120,327,274**	126,825,892	**90,141,982**	94,139,250
TOTAL ASSETS		**18,749,967,069**	13,134,424,547	**17,454,629,049**	12,473,864,784

BALANCE SHEET

AT 31 DECEMBER 2006

(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Group 31 December 2006 RMB	Group 31 December 2005 RMB	Company 31 December 2006 RMB	Company 31 December 2005 RMB
CURRENT LIABILITIES					
Short-term loans	17	**1,443,266,499**	1,080,096,321	**905,266,500**	921,216,221
Debenture payable	18	**500,000,000**	—	**500,000,000**	—
Notes payable	19	**34,421,893**	22,957,201	**34,421,893**	22,957,201
Accounts payable	20	**808,575,644**	470,284,658	**648,941,403**	388,555,869
Advances from customers		**56,044,839**	50,688,187	**44,634,620**	39,480,604
Salaries and wages payable		**2,592,661**	4,093,767	**—**	—
Employee benefits payable		**1,292,314**	1,517,466	**882,995**	723,842
Taxes payable	21	**843,171,149**	280,535,501	**810,860,619**	259,865,669
Dividend payable	22	**18,000,000**	—	**—**	—
Interest payable	18	**9,450,000**	—	**9,450,000**	—
Other fees payable	23	**51,924,292**	42,344,431	**47,047,225**	42,298,242
Other payables	24	**507,342,377**	345,187,816	**505,670,464**	358,134,615
Accrued expenses	25	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Long-term liabilities due within one year	26	**253,270,000**	644,570,000	**206,870,000**	624,870,000
TOTAL CURRENT LIABILITIES		**4,533,351,668**	2,946,275,348	**3,718,015,679**	2,662,102,263
LONG-TERM LIABILITIES					
Long-term loans	27	**1,204,797,000**	1,277,710,000	**1,104,797,000**	1,266,710,000
Long-term payables	28	**35,561,000**	37,431,000	**35,561,000**	37,431,000
TOTAL LONG-TERM LIABILITIES		**1,240,358,000**	1,315,141,000	**1,140,358,000**	1,304,141,000
TOTAL LIABILITIES		**5,773,709,668**	4,261,416,348	**4,886,373,679**	3,966,243,263
MINORITY INTERESTS		**415,330,609**	368,937,343	**—**	—
SHAREHOLDERS' EQUITY					
Paid-in capital	29	**2,895,038,200**	2,895,038,200	**2,895,038,200**	2,895,038,200
Capital reserves	30	**2,047,773,923**	2,043,336,794	**2,047,773,923**	2,043,336,794
Surplus reserves	31	**3,620,890,129**	1,754,080,747	**3,602,619,292**	1,746,601,671
Unappropriated profits	32	**3,998,964,769**	1,812,275,967	**4,050,823,955**	1,822,644,856
Including: Cash dividend proposed after the balance sheet date	32(4)	**1,158,015,280**	555,847,334	**1,158,015,280**	555,847,334
Translation reserve		**(1,740,229)**	(660,852)	**—**	—
TOTAL SHAREHOLDERS' EQUITY		**12,560,926,792**	8,504,070,856	**12,596,255,370**	8,507,621,521
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**18,749,967,069**	13,134,424,547	**17,454,629,049**	12,473,864,784

The accompanying notes are part of the financial statements.

Board Chairman:	*Financial Controller:*	*Financial Manager:*
Li Yihuang	**Wu Jinxing**	**Qiuling**

STATEMENT OF INCOME AND PROFITS APPROPRIATION

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with PRC GAAP and regulations)

	Notes	Group **Year ended 31 December 2006 RMB**	Group Year ended 31 December 2005 RMB	Company **Year ended 31 December 2006 RMB**	Company Year ended 31 December 2005 RMB
Revenue	33,46(5)	**25,435,058,416**	13,340,692,387	**25,322,436,879**	12,581,283,508
Less: Cost of Sales	34,46(5)	**17,696,539,040**	9,959,912,635	**17,879,508,211**	9,381,992,341
Sales tax	35	**54,170,654**	38,964,596	**51,711,106**	35,777,779
Gross profit		**7,684,348,722**	3,341,815,156	**7,391,217,562**	3,163,513,388
Add: Other operating profit (loss)	36	**(1,328,862,133)**	(534,557,324)	**(1,328,187,211)**	(493,953,180)
Less: Operating expenses		**104,595,196**	95,764,813	**71,183,394**	59,355,263
General and administrative expenses		**507,179,486**	331,222,354	**456,065,127**	299,144,577
Financial costs	37	**174,109,856**	171,161,344	**155,530,889**	158,486,491
Profit from operation		**5,569,602,051**	2,209,109,321	**5,380,250,941**	2,152,573,877
Add: Investment income (loss)	38,46(6)	**2,575,595**	3,179,937	**100,985,709**	27,345,073
Non-operating income		**2,301,079**	4,781,930	**2,218,309**	4,755,264
Less: Non-operating expenses	39	**40,972,673**	41,177,364	**20,758,647**	39,923,600
Profit before tax		**5,533,506,052**	2,175,893,824	**5,462,696,312**	2,144,750,614
Less: Income tax	40	**844,588,089**	298,940,921	**822,652,258**	292,326,286
Minority interests		**79,572,445**	25,568,958	**—**	—
Net profit for the year		**4,609,345,518**	1,851,383,945	**4,640,044,054**	1,852,424,328
Add: Unappropriated profits at the beginning of the year		**1,812,275,967**	1,024,850,054	**1,822,644,856**	1,303,874,844
Profits available for appropriation		**6,421,621,485**	2,876,233,999	**6,462,688,910**	2,883,299,172
Less: Appropriations to statutory surplus reserve	32(1)	**474,796,166**	187,060,568	**464,004,405**	185,242,433
Appropriations to statutory public welfare fund	31	**—**	186,728,014	**—**	185,242,433
Appropriations to discretionary surplus reserve	32(2)	**1,392,013,216**	370,484,866	**1,392,013,216**	370,484,866
Profits available for appropriation to shareholders		**4,554,812,103**	2,131,960,551	**4,606,671,289**	2,142,329,440
Less: Cash dividends proposed after the balance sheet date	32(3)	**555,847,334**	319,684,584	**555,847,334**	319,684,584
Unappropriated profits at the end of the year		**3,998,964,769**	1,812,275,967	**4,050,823,955**	1,822,644,856
Including: Cash dividend proposed after the balance sheet date	32(4)	**1,158,025,280**	555,847,334	**1,158,015,280**	555,847,334

The accompanying notes are part of the financial statements.

CASH FLOWS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with PRC GAAP and regulations)

	Notes	Group Year ended 31 December 2006 RMB	Group Year ended 31 December 2005 RMB	Company Year ended 31 December 2006 RMB	Company Year ended 31 December 2005 RMB
1. Cash flows from operating activities:					
Cash received from sales of goods and rendering of services		**31,875,660,787**	17,907,140,392	**30,568,735,576**	16,233,503,356
Other cash received relating to operating activities	**42**	**92,769,258**	100,806,016	**127,852,878**	84,117,410
Sub-total of cash inflows		**31,968,430,045**	18,007,946,408	**30,696,588,454**	16,317,620,766
Cash paid for goods and services		**25,713,553,105**	13,599,510,034	**24,866,852,754**	12,205,223,500
Cash paid to and on behalf of employees		**493,141,926**	521,417,462	**467,123,011**	500,651,834
Tax payments		**1,776,680,980**	815,612,302	**1,508,305,094**	761,691,195
Cash paid relating to other operating activities	43	**1,781,973,461**	905,570,339	**1,711,734,556**	838,718,560
Sub-total of cash outflows		**29,765,349,472**	15,842,110,137	**28,554,015,415**	14,306,285,089
Net cash flows from operating activities		**2,203,080,573**	2,165,836,271	**2,142,573,039**	2,011,335,677
2. Cash flows from investing activities:					
Cash received from disposal of investments		**15,786,343**	38,818,250	**—**	38,748,240
Cash received from return on investments		**3,510,529**	5,993	**34,046,819**	16,026,239
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		**3,316,370**	3,900,546	**1,656,865**	3,874,705
Cash receipts relating to other investing activities	44	**112,730**	—	**—**	—
Sub-total of cash inflows		**22,725,972**	42,724,789	**35,703,684**	58,649,184
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**1,877,565,289**	973,658,756	**1,533,152,420**	749,151,884
Cash paid to acquire investments		**125,549,223**	32,886,229	**160,000,000**	348,863,229
Including: Cash paid for acquisition of subsidiaries		**—**	—	**60,000,000**	315,977,000
Sub-total of cash outflows		**2,003,114,512**	1,006,544,985	**1,693,152,420**	1,098,015,113
Net cash flows from investing activities		**(1,980,388,540)**	(963,820,196)	**(1,657,448,736)**	(1,039,365,929)

	Notes	Group Year ended 31 December 2006 RMB	Group Year ended 31 December 2005 RMB	Company Year ended 31 December 2006 RMB	Company Year ended 31 December 2005 RMB
3. Cash flows from financing activities:					
Cash received from investors		**—**	1,053,017,752	**—**	894,854,752
Including: Cash received from minority investors		**—**	158,163,000	**—**	—
Cash received from issuing short-term debenture		**1,000,000,000**	—	**1,000,000,000**	—
Cash received from borrowings		**6,472,473,399**	1,735,891,954	**5,626,353,500**	1,524,511,854
Sub-total of cash inflows		**7,472,473,399**	2,788,909,706	**6,626,353,500**	2,419,366,606
Repayments of debentures		**500,000,000**	—	**5,000,000,000**	—
Repayments of borrowings		**6,573,516,221**	2,610,705,608	**6,222,216,221**	2,288,405,608
Dividends paid, profit distributed or interests paid		**743,338,038**	522,087,634	**705,296,441**	496,450,750
Including: dividends paid to minority shareholders in subsidiaries		**14,236,308**	10,681,012	**—**	—
Cash payment relating to other financing activities	45	**1,870,000**	1,870,000	**1,870,000**	1,870,000
Sub-total of cash outflows		**7,818,724,259**	3,134,663,242	**7,429,382,662**	2,786,726,358
Net cash flows from financing activities		**(346,250,860)**	(345,753,536)	**(803,029,162)**	(367,359,752)
4. Effect of foreign exchange rate changes on cash and cash equivalents		**(1,962,502)**	(1,201,549)	**—**	—
5. Net (decrease) increase in cash and cash equivalents		**(125,521,329)**	855,060,990	**(317,904,859)**	604,609,996

CASH FLOWS STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with PRC GAAP and regulations)

Supplemental information	*Notes*	**Group** **Year ended 31 December 2006** ***RMB***	Group Year ended 31 December 2005 *RMB*	**Company** **Year ended 31 December 2006** ***RMB***	Company Year ended 31 December 2005 *RMB*
Reconciliation of net profit to cash flows from operating activities:					
Net profit		**4,609,345,518**	1,851,383,945	**4,640,044,054**	1,852,424,328
Add: Minority interests		**79,572,445**	25,568,958	**—**	—
Impairment losses on assets		**50,987,324**	421,956	**50,984,878**	(1,687,621)
Depreciation of fixed assets		**487,767,119**	478,114,574	**454,584,180**	452,424,306
Amortization of intangible assets		**6,129,943**	5,985,114	**3,997,268**	3,997,269
Amortization of long-term deferred expenses		**12,504,292**	—	**—**	—
Increase (decrease) in accrued expenses		**—**	2,000,000	**—**	2,000,000
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets		**39,626,988**	51,715	**21,267,437**	(222,914)
Financial expenses		**178,564,105**	190,556,338	**157,700,782**	175,600,466
Losses (gains) arising from investments		**(2,575,595)**	953,581	**(100,985,709)**	(23,211,555)
Decrease (increase) in inventories		**(2,853,020,606)**	(360,116,901)	**(2,876,617,816)**	(329,516,305)
Decrease (increase) in receivables under operating activities		**(1,498,014,231)**	(239,661,450)	**(1,193,252,301)**	(300,570,124)
Increase (decrease) in payables under operating activities		**1,092,193,271**	210,578,411	**984,850,266**	180,097,827
Net cash flows from operating activities		**2,203,080,573**	2,165,836,271	**2,142,573,039**	2,011,335,677
Net increase in cash and cash equivalents					
Cash and cash equivalents at the end of the year		**1,016,976,019**	1,142,497,348	**515,988,371**	833,893,230
Less: cash and cash equivalents at the beginning of the year		**1,142,497,348**	287,436,358	**833,893,230**	229,283,234
Net (decease) increase in cash and cash equivalents		**(125,521,329)**	855,060,990	**(317,904,859)**	604,609,996

The accompanying notes are part of the financial statements.

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 Corporation ("JCC"), International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") and London Stock Exchange ("LSE") in June 1997. The Company has allotted 230,000,000 ordinary A shares of par value of RMB1.00 each on 21 December 2001 and were listed on Shanghai Stock Exchange ("SSE") on 11 January 2002. The Company's share capital increased to RMB2,664,038,200 after the issue of A shares.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi (2004)16 issued by the China Security and Regulatory Commission("CSRC"), the Company places an aggregate of 231,000,000 H shares of par value of RMB1.00 each on 25 July 2005. After the placing, the share capital of the Company increases to RMB2,895,038,200.

The Company has been recognized as one of the twenty-second batch share reform companies by China Securities Regulatory Commission and its share reform plan was implemented on April 17, 2006 upon approval of the Gan State-owned Assets Ownership Letter [2006] No.76 issued by the State-owned Assets Supervision & Administration Commission (SASAC) of People's Government of Jiangxi Province and the Ministry of Commerce of the PRC, as well as approved by the Company's shareholder's meeting. After the implementation of the plan, the Company's total share capital and other financial indicators such as assets, liabilities, shareholder's equity, earnings per share, etc., remains unchanged.

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

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Accounting system and accounting standards adopted

The Company has adopted the "Accounting Standards for Business Enterprises", the "Accounting System for Business Enterprises" and the supplementary regulations thereto.

Basis of accounting and principle of measurement

The Company has adopted the accrual basis of accounting and uses the historical cost convention as the principle of measurement. An impairment loss should be recognized considering the indications that such a loss may have occurred.

Accounting Year

The Company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

Recording Currency

The recording currency of the Company is the Renminbi ("RMB").

Foreign Currency Translation

Transactions denominated in foreign currencies (currencies other than the recording currency) are translated into Renminbi at the applicable rate of exchange ("market exchange rate") prevailing at the beginning of the month in which the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated into Renminbi at the market exchange rate prevailing at the balance sheet date. Exchange gains or losses incurred on specific borrowing for the acquisition or construction of a fixed asset are capitalized as part of the cost of fixed asset; exchange gains or losses arising on the pre-operating period are recorded as long-term deferred expenses, other exchange gains or losses are dealt with as finance costs.

Cash Equivalents

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

Accounting for Bad Debts

(1) Criteria for recognition of bad debts

Bad debts are recognized in the following circumstances:

The irrecoverable amount of a bankrupt debtor after pursuing the statutory procedures;

The irrecoverable amount of a debtor who has deceased and has insufficient estate to repay; The amount owed by a debtor who is unable to repay the obligations after the debts fall due, and the amount is irrecoverable or unlikely to be recovered as demonstrated by sufficient evidence.

(2) Accounting treatment for bad debt losses

Bad debt is accounted for using the allowance method and provided according to the recoverability of receivables at the year-end. The appropriate percentages of provision for bad debts relating to significant receivable accounts are reasonably determined based on relevant information such as past experience, actual financial position and cash flows of the debtors, as well as other relevant information. General provision for the remaining receivables is estimated, based on aging analysis, as follows:

Age of Receivables	Percentage of bad debt provision
Within 1 year	—
1-2 years	20%
2-3 years	50%
Over 3 years	100%

Sales and Discount of Notes Receivable and Account Receivable

When the Company sells or discounts notes receivable and account receivable with significant risk and reward ownership transferred to financial organ, fund received deducting carrying amount and related taxes is recognized as a gain or loss in the current period; otherwise, fund received is recognized as bank loan.

Inventories

Inventories are initially recorded at cost. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories mainly include raw materials, work in progress and finished goods.

Inventories are accounted for using the actual costing method. In determining the cost of inventories transferred out or issued for use, the actual costs are determined by the weighted average method.

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

Low-value consumables are written-off in full when issued for use.

The Company adopts a perpetual inventory system to account for its inventory.

Provision for Decline in Value of Inventories

Inventories are measured at the lower of cost and net realizable value at the end of a period. Where the net realizable value is lower than the cost, the difference is recognized as a provision for decline in value. Provision for decline in value of inventories is made by comparing cost with net realizable value on an individual item basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale.

Current Investments

A current investment is initially recorded at its cost of acquisition. The initial cost of an investment is the total price paid on acquisition, including incidental expenses such as tax payments and handling charges. However, cash dividends declared but unpaid or bonds interests due but unpaid that are included in the acquisition cost are accounted for separately as receivable items.

Cash dividends or interest on current investments, other than those recorded as receivable items as noted in the preceding paragraph, are offset against the carrying amount of investments upon receipt.

Current investments are carried at the lower of cost and market value at the end of each period. Where the market value is lower than cost, the difference is recognized as a provision for decline in value of current investments, which is calculated and determined on the basis of individual classes of investments.

On disposal of a current investment, the difference between the carrying amount of the investment and the sales proceeds actually received is recognized as an investment gain or loss in the current period.

Recoverable Amount

Recoverable amount is the higher of an asset's net selling price, and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

Long-term Investments

(1) Accounting treatment for long-term equity investments

A long-term investment is initially recorded at its cost on acquisition.

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

When the cost method is adopted, the amount of investment income recognized is limited to the amount distributed out of accumulated net profits of the investee enterprise that has arisen after the investment was made. The amount of profits or cash dividends declared by the investee enterprise in excess of the above threshold is treated as return of investment cost, and the carrying amount of the investment is reduced accordingly.

When the equity method is adopted, the investment income for the current period is recognized according to the attributable share of the net profit or loss of the investee enterprises. The attributable share of net losses incurred by the investee enterprise is recognized to the extent that the carrying amount of the investment is reduced to zero. If the investee enterprise realizes net profits in subsequent periods, the carrying amount of the investment is resumed by the excess of the Company's attributable share of profits over the share of unrecognized losses.

When a long-term equity investment is accounted for using the equity method, the difference between the initial investment cost of the Company and its share of owners' equity of the investee enterprise is accounted for as "equity investment difference". An excess of the initial investment cost over the Company's share of owners' equity of the investee enterprise is debited to "long-term equity investment equity investment difference" and amortised on a straight-line basis and charged to the income statement accordingly. The amortization period is the investing period if it is stipulated in the investment contract. Otherwise, it is amortized over a period of not more than 10 years. A shortfall of the initial investment cost below the Company's share of owners' equity of the investee enterprise arising before the issuance of Caikuai [2003] 10, is credited to "long-term equity investment equity investment difference", and amortized on a straight-line basis and charged to the income statement accordingly. The amortization period is the investing period if it is stipulated in the investment contract. Otherwise, it is amortized over a period of not less than 10 years. The shortfall of the initial investment cost below the Company's share of owners' equity of the investee enterprise arising after the issuance of Caikuai [2003] 10 is credited to "capital surplus provision for equity investment".

When the equity method is adopted, the equity investment difference is debited to income statement or credited to capital reserves on the initial investment respectively. If the newly incurred equity investment credit difference on the additional investment is less than or equal to the unamortized balance of the equity investment debit difference on the initial investment, the unamortized balance is deducted to the extent that the newly incurred equity investment credit difference is reduced to zero. The remaining equity investment debit difference not fully deducted is continued to amortize according to stipulated term.

(2) Impairment of long-term investments

At the end of each period, the Company determines whether an impairment loss should be recognized for a long-term investment by considering the indications that such a loss may have occurred. Where the recoverable amount of any long-term investment is lower than its carrying amount, an impairment loss on the long-term investment is recognized for the difference.

Fixed Assets and Depreciation

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

Fixed assets acquired by the Company are stated at actual cost. Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they reach work condition for their intended use, using the straight-line method. The estimated residual value, useful life and annual depreciation rate of each category of fixed assets are as follows:

Categories of fixed assets	Residual value	Useful lives	Annual depreciation rates
Buildings	3-10%	12-40 years	2.25-8.08%
Equipment and machinery	3-10%	10-25 years	3.60-9.70%
Vehicles	3-10%	10-12 years	7.50-9.70%

Subsequent cost incurred on an asset upon its initial recognition shall be recognised as addition to the asset provided economic benefits associated with the item will flow to the Company, and the revised carrying amount does not exceed the recoverable amount of the said asset.

Impairment of Fixed Assets

At the end of each period, the Company determines whether an impairment loss should be recognized for a fixed asset by considering the indications that such a loss may have occurred. Where the recoverable amount of any fixed asset is lower than its carrying amount, an impairment loss on fixed asset is recognized for the difference.

Fixed Assets under Construction

Cost of fixed assets under construction is measured based on the actual construction expenditure. Cost includes all expenditures incurred for construction projects, capitalized borrowing costs incurred on a specific borrowing for the construction of fixed assets before it has reached the working condition for its intended use, and other related expenses. A fixed asset under construction is transferred to fixed assets when it has reached the working condition for its intended use.

At the end of each period, the Company determines whether an impairment loss should be recognized for a fixed assets under construction by considering the indications that such a loss may have occurred.

Intangible Assets

Intangible assets are recorded at the actual cost of acquisition. For a purchased intangible asset, the actual cost is the actual purchase price.

Land use rights purchased or acquired by payment of land transfer fees before the adoption of the "Accounting System for Business Enterprises", are accounted for as intangible assets and are amortized over the periods as stated below. Those purchased or acquired after the adoption of the "Accounting System for Business Enterprises", are accounted for as intangible assets before construction work for own-use purpose or development commences and are amortized over the periods as stated below. Upon using the land to construct fixed assets for own use, the carrying amount of the land use right is transferred to the cost of fixed assets under construction.

Intangible assets include mining right and trademarks. The cost of mining right is amortized evenly over its remaining period from the month in which the enterprise commences operation. The cost of a trademark is amortized evenly over its expected useful life from the month in which it is obtained. If the expected useful life exceeds the beneficial period prescribed in the relevant contract or the effective period stipulated by law, the amortization period is limited to the shorter of the beneficial period and the effective period. If the relevant contract does not prescribe the beneficial period and the law does not stipulate the effective period, the amortization period is 10 years.

Impairment Loss on Intangible Assets

At the end of each period, the Company determines whether an impairment loss should be recognized for an intangible asset by considering the indications that such a loss may have occurred. Where the recoverable amount of any intangible asset is lower than its carrying amount, an impairment loss on the intangible asset is recognized for the difference.

Long-term Deferred Expenses

Unless related to the acquisition or construction of fixed assets, all expenditure incurred during the pre-operating period is recognized as an expense in the month in which the enterprise commences operation.

Debenture Payable

When bonds are issued, an enterprise should record a liability at the aggregate amount of the proceeds of issue. The difference between the proceeds of issue and the face value of the bonds should be accounted for as premium or discount. The premium or discount should be amortized by the straight-line method over the life of the bonds.

Borrowing Costs

Borrowing costs comprise interest incurred on borrowings, amortization of discounts or premiums, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings. Borrowing costs incurred on a specific borrowing for the acquisition or construction of a fixed asset, are capitalized as the cost of the fixed asset to the extent that they are incurred before the fixed asset has reached the working condition for its intended use and limited to the amount calculated by applying the capitalization rate to the weighted average amount of accumulated expenditure for the fixed asset. Other borrowing costs are recognized as expenses and included as finance costs in the period in which they are incurred.

Revenue Recognition

Revenue from sales of goods:

Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, it retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the economic benefits associated with the transaction will flow to the Company, and the relevant amount of revenue and costs can be measured reliably.

Revenue from rendering of services:

When the provision of services is started and completed within the same 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 a transaction involving the rendering of services can be estimated reliably, revenue is recognized at the balance sheet date by the use of the percentage of completion method. Revenue is otherwise recognized at the balance sheet date only to the extent of the costs incurred that are recoverable and service costs are recognized as expenses in the period in which they are incurred. If the service costs incurred are not expected to be recovered, revenue is not recognized.

Interest income:

Interest income is measured based on the length of time for which the Company's cash is used by others and the applicable interest rate.

Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. All other leases are classified as operating leases.

The Company as lessee under operating leases:

Lease payments under operating leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

Forward Contract Transaction

The Company entered into forward sales contracts for the purposes of reducing the Company's price risk on inventory. Deposits for forward sales contracts are booked and recorded in other receivables. Gains and losses arising from forward sales contracts are included in sales revenue when the forward sales are delivered. 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. 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. The unrealized gain or loss on the outstanding forward copper contracts will be disclosed in the notes other than recognized in the financial statement.

Income Tax

Income tax is provided under the tax payable method. Income tax provision is calculated based on the accounting profit for the year as adjusted in accordance with the relevant tax laws.

Basis of Consolidation

(1) Scope of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year. A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the equity, or whose operating activities are controlled by the Company through other mechanisms.

(2) Accounting for consolidation

The accounting policies used by subsidiaries conform to those used by the Company.

The date when the significant risk and reward ownership of acquiring/disposal the equity are transferred is recognized as the effective date of acquisition/disposal. The operating results and cash flows of subsidiaries acquired during the year are included in the consolidated income statement and consolidated cash flow statement respectively from the effective dates of acquisition, as appropriate. All significant intercompany transactions and balances between group companies are eliminated on consolidation.

Translation of Foreign Currency Financial Statements

Foreign currency financial statements are translated into RMBfinancial statements for consolidation as follows:

The assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Except for unappropriated profits, owners' equity items are reported at the market exchange rates at the dates of the transactions. Income statement items and profit appropriations in the year are translated at the average market exchange rates for the year. The unappropriated profits (or accumulated losses) brought forward is reported at the prior year's closing balance. The unappropriated profits (or accumulated losses) carried forward are calculated, based on the translated amounts of net income and other profit appropriation items. All exchange differences arising are recognized as "translation reserve" in the balance sheet.

Cash flows of a foreign subsidiary are translated at average exchange rates for the year. The effect of changes in exchange rate on cash and cash equivalents is presented separately as a reconciling item in the cash flow statement.

The opening balances and prior year's figures are presented according to the translated amounts of prior year.

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.

Income Tax

1. Company income tax

Pursuant to circulars of Guo Shui Fa [1999] No.172 and Gan Guo Shui Han [2004] No.349 issued by the State Tax Bureau, the Company was recognized as a foreign investment enterprise build in Midwest region of PRC. As such, the Company can enjoy 15% income tax rate for three years starting from year 2005. This year is the second year of tax relief period with effective tax rate of 15%.

Pursuant to No. 10 circular by the Foreign Economic and Trade Ministry. The Company was exempt from local income tax from 2001 to 2005 and can enjoy 1.5% local income tax rate from 2006 to 2010. This year is the first year of tax relief period with effective local tax rate of 1.5%. Therefore, the Company enjoys 16.5% income tax rate this year.

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 purchase 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.

2. Subsidiary Income Tax

The income tax rate for the company's subsidiaries, except for JCPC, Kangxi Copper, Sure Spread, Shenzhen Trading, and Shanghai Trading, are 33%. Sure Spread pays profits tax at a rate of 17.5% in Hong Kong. The income tax rate for JCPC is 33%, but as a newly set-up productive foreign-funded enterprise and upon approval of Gui Guo Shui Fa [2006] No.20 issued by the State Tax Bureau of Guixi City, Jiangxi Province, JCPC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. Also JCPC is a foreign invested company with advanced technology, which is approved by Jiangxi Province Foreign Trade Bureau. JCPC shall be exempted from local income tax from 2006 to 2010 and allow a 50% reduction of local income tax from 2011 to 2015. Since this year is the first profit-making year and first local income tax exemption year, its effective income tax rate is 15%. Being a productive foreign-funded enterprise, Kangxi Copper shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. The income tax rate for Kangxi Copper is 33% from January 2006 to June 2006 and is exempted from income tax from July 2007. The income tax rate for Shenzhen Trading and Shanghai Trading are both 15% as they are registered in Shenzhen Special Zone and Shanghai Pudong New Area respectively..

Business Tax

Business tax is calculated and paid at 5% of operating income.

Resource Tax

Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. The resource tax rate is respectively levied at RMB1.5 per ton (2005: RMB1.05 per ton) in Wushan Copper Mine, RMB1.4 per ton (2005: RMB0.98 per ton) in Yongping Copper Mine, RMB1.3 per ton (2005: RMB0.91 per ton) in Dexing Copper Mine and Diaoquan Silver and Copper respectively.

4. SCOPE OF CONSOLIDATION AND SUBSIDIARIES

Name of subsidiary	Place of registration	Equity directly held by the Company and/or or subsidiary *(%)*	Principal Business	Type of enterprise	Legal representative	Consolidated or not
Xiaoshan Tongda Chemical Limited ("Xiaoshan Tongda")	Hangzhou, Zhejiang Province	60	Sales of sulphuric acid	Company Limited	Su Li	Yes
Jiangxi Copper Products Company Limited ("JCPC")	Guixi, Jiangxi Province	60	Produce and protracting of copper industrial materials	Company Limited	He Changming	Yes
Sichuan Kangxi Copper Company Limited ("Kangxi Copper")	Xichuang, Sichuan	57.143	Sales of copper materials, precious metal materials and sulphuric acid	Company Limited	He Changming	Yes
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan Silver and Copper")	Diaoquan, Shanxi	45.957	Sales of copper materials precious metal materials and sulphuric concentrate powder	Company Limited	He Changming	Yes
Xichang Anning Metal Reclaiming Company Limited ("Anning Metal")	Xichuang, Sichuan	80	Reclaim and sales of scrap iron and copper	Company Limited	Ma Kejun	No
Sure Spread Limited ("Sure Spread")	Hong Kong	55	Import and export trading and related Limited technique services	Company	Not available	Yes
Jiangxi Copper Alloy Materials Company Limited ("JCAC")	Guixi, Jiangxi Province	60	Manufacture sales of copper and copper alloy rods and wires	Company Limited	He Changming	Yes

Name of subsidiary	Place of registration	Equity directly held by the Company and/or or subsidiary (%)	Principal Business	Type of enterprise	Legal representative	Consolidated or not
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical")	Guixi, Jiangxi Province	70	Manufacture sales of sulphuric acid and sales and lay product	Company Limited	Li Yihuang	Yes
Jiangxi Copper Shenzhen Trading Company Limited ("Shenzhen Trading")	Shenzhen	100	Sales of copper products	Company Limited	He Changming	Yes
Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	Shanghai, Pudong	100	Sales of copper products	Company Limited	He Changming	Yes
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Beijing	100	Sales of copper products	Company	He Changming Limited	Yes
Xichang Jinhui Regenerative Resource Company Limited ("Xichang Jinhui")	Sichuan, Xichang	57.413	Reclaim of scrap iron and copper	Company Limited	Chen Wu	Yes

In April 1997, the Company invested jointly RMB1,000,000 to establish Xiaoshan Tongda Chemical Limited ("Xiaoshan Tongda"), in which the Company contributed RMB600,000, representing 60% of registered capital.

In March 2002, the Company invested jointly RMB150,000,000 to establish Jiangxi Copper Products Company Limited ("JCPC"), in which the Company contributed RMB90,000,000, representing 60% of registered capital. In November 2003, JCC sold 40% interest in JCPC to one of its subsidiary Jiangxi Copper group Products Company Limited ("JCCPC"). In the same month, the Company reached on agreement with JCCPC to contribute jointly another RMB75,000,000 to JCPC. After the injection of capital, the paid-in-capital of JCPC increased to RMB225,000,000, in which the Company contributed RMB135,000,000 representing 60% of registered capital, and JCCPC contributed RMB90,000,000 representing 40% of registered capital.

In September 2003, the Company bought 40% interest (RMB40,000,000) in Sichuan Kangxi Copper Company Limited ("Kangxi Copper") from third parties. The interest of Kangxi Copper which the Company owned is less than 50%, but the Company made an agreement with another investor which owned 11.68% interest of Kangxi Copper, that the Company has the power to govern the financial and operating policies of Kangxi Copper. Thus, Kangxi Copper is included in the scope of consolidation. In October 2006, the Company bought another 17.143% interest (RMB40,000,000) in Kangxi Copper which made its paid-in capital increase to RMB140,000,000. The interest of Kangxi Copper also rose to 57.143%.

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

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

In February 2005, the Company invested jointly RMB199,500,000 to establish Jiangxi Copper Alloy Materials Company Limited ("JCAL") with JCC, in which the Company should contribute RMB119,700,000, representing 60% of registered capital. JCAL mainly engages in manufacturing and selling copper and copper alloy rods and wires, and related technique consulting services.

In May 2005, the Company invested jointly RMB181,500,000 to establish Jinagxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical"), in which the Company contributed RMB127,050,000, representing 70% of the registered capital. Wengfu Chemical mainly engaged in manufacturing and selling sulphuric acid and related by products. By the end of 31 December 2006, Wengfu Chemical was still in testing phase.

In June 2006, the Company invested RMB30,000,000 and RMB20,000,000 to establish Jinagxi Copper Shenzhen Trading Company Limited ("Shenzhen Trading") and Jinagxi Copper Shanghai Trading Company Limited ("Shanghai Trading"). Shenzhen Trading and Shanghai Trading are wholly owned subsidiaries of the Company.

In July 2006, the Company invested RMB10,000,000 to establish Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading") . Beijing Trading is a wholly owned subsidiary of the Company.

In August 2006, Kangxi Copper invested RMB1,000,000 to establish Xichang Jinhui Regenerative Resource Company Limited ("Xichang Jinhui"), Xichang Jinhui is a wholly owned subsidiary of Kangxi Copper.

On April 1st 2006 (deregister date), the Company closed one of its subsidiaries "Anning Metal", therefore, the subsidiary was not included in the balance sheet ended on 31 December 2006. The results of its operations and cash flows before its deregistration have been properly stated in the statements of income and cash flows of the Company.

Shenzhen Trading, Shanghai Trading and Beijing Trading are new subsidiaries established and included in the scope of consolidation this year. Xichang Jinhui is a new subsidiary established by Kangxi Copper and included in the scope of consolidation this year.

Except for the disclosure Note 46, all the amounts are the consolidated amounts at group level.

5. BANK BALANCES AND CASH

	31 December 2006			31 December 2005		
	Foreign currency	**Exchange Rate**	**RMB Equivalent**	Foreign currency	Exchange Rate	RMB Equivalent
Cash on hand						
RMB	**—**	**—**	**151,248**	—	—	264,408
HKD	**10,817**	**1.0047**	**10,868**	—	—	—
JPY	**2,270**	**0.06563**	**149**	—	—	—
GBP	**1**	**15.3232**	**15**	—	—	—
Cash in bank						
RMB	**—**	**—**	**895,867,735**	—	—	382,923,970
USD	**10,061,946**	**7.8087**	**78,572,121**	672	8.0702	5,423
HKD	**41,486,819**	**1.0047**	**41,681,807**	729,163,278	1.0403	758,548,558
EUR	**49,660**	**10.2665**	**509,834**	—	—	—
AUD	**29,813**	**6.1599**	**183,646**	—	—	—
Other currency						
RMB	**—**	**—**	**—**	—	—	754,989
			1,016,976,019			1,142,497,348

6. NOTES RECEIVABLE

	31 December 2006 *RMB*	31 December 2005 *RMB*
Bank accepted notes — undiscounted	**790,255,023**	71,338,163
Commercial accepted notes — discounted	**100,000,000**	—
Commercial accepted notes — undiscounted	**3,021,227**	—
	893,276,250	71,338,163

The Company discounted notes amounting to RMB2,201,091,917 with RMB12,235,937 of discount interests. Cash received from discounting bank-accepted notes without recourse in year 2006 amounts to RMB2,188,855,980. The unmatured notes that have been discounted on 31 December 2006 amount to RMB1,203,011,546.

Commercial accepted notes — pledged is from a company, which JCC has indirect interest but cannot exercise control.

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

Shareholder	**31 December 2006** *RMB*	31 December 2005 *RMB*
JCC	**341,000**	—

7. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable is as follows:

	31 December 2006				31 December 2005			
	Amount *RMB*	**(%)**	**Bad debt Provision** *RMB*	**Net book value** *RMB*	Amount *RMB*	(%)	Bad debt Provision *RMB*	Net book value *RMB*
Within 1 year	**938,003,836**	**91.3**	**(44,357,116)**	**893,646,720**	203,985,427	73.0	—	203,985,427
1 to 2 years	**24,231,988**	**2.4**	**(24,106,078)**	**125,910**	1,286,301	0.4	(257,260)	1,029,041
2 to 3 years	**1,287,225**	**0.1**	**(643,612)**	**643,613**	2,217,648	0.8	(1,108,824)	1,108,824
Over 3 years	**64,105,973**	**6.2**	**(64,105,973)**	**—**	72,129,613	25.8	(72,129,613)	—
	1,027,629,022	**100.0**	**(133,212,779)**	**894,416,243**	279,618,989	100.0	(73,495,697)	206,123,292

Five largest debtors are as follows:

Total amount of five largest debtors *RMB*	**Percentage in total accounts receivable** *%*
439,917,943	42.81

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

Shareholder	**31 December 2006** *RMB*	31 December 2005 *RMB*
JCC	**1,205,137**	805,647

8. OTHER RECEIVABLES

The aging analysis of other receivables is as follows:

	31 December 2006				31 December 2005			
	Amount *RMB*	**(%)**	**Bad debt Provision** *RMB*	**Net book value** *RMB*	Amount *RMB*	(%)	Bad debt Provision *RMB*	Net book value *RMB*
Within 1 year	**277,092,672**	**90.1**	**—**	**277,092,672**	215,835,424	87.1	—	215,835,424
1 to 2 years	**9,786,233**	**3.2**	**(7,417,402)**	**2,368,831**	9,438,845	3.8	(1,887,769)	7,551,076
2 to 3 years	**763,897**	**0.3**	**(381,949)**	**381,948**	6,945,727	2.8	(4,328,094)	2,617,633
Over 3 years	**19,829,876**	**6.4**	**(19,829,876)**	**—**	15,700,583	6.3	(15,700,583)	—
	307,472,677	**100.0**	**(27,629,226)**	**279,843,451**	247,920,579	100.0	(21,916,446)	226,004,133

The Group's balance of forward contracts deposits is RMB146,922,237 (31 December 2005: RMB158,728,233).

Five largest debtors are as follows:

Total amount of five largest debtors *RMB*	**Percentage in total other receivables** *%*
172,455,352	56.09

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

Shareholder	**31 December 2006** ***RMB***	31 December 2005 *RMB*
JCC	**206,549**	—

9. PROVISION FOR BAD DEBTS

	At 1 January 2006 *RMB*	**Addition** *RMB*	**Write-back** *RMB*	**Write-off** *RMB*	**At 31 December 2006** *RMB*
Bad debt provision:					
Accounts receivable	73,495,697	65,511,720	(2,203,152)	(3,591,486)	133,212,779
Other receivables	21,916,446	9,189,352	(1,126,521)	(2,350,051)	27,629,226
Total	95,412,143	74,701,072	(3,329,673)	(5,941,537)	160,842,005

10. PREPAYMENTS

The aging analysis of prepayment is as follows:

	Group 31 December 2006		Group 31 December 2005	
	RMB	**%**	*RMB*	%
Within 1 year	**484,783,815**	**94.1**	637,409,534	97.69
1 to 2 years	**26,460,166**	**5.2**	15,083,012	2.31
2 to 3 years	**3,821,041**	**0.7**	—	—
	515,065,022	**100.0**	652,492,546	100.00

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

Shareholder	**31 December 2006**	31 December 2005
	RMB	*RMB*
JCC	**903,187**	388,187

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

11. INVENTORIES

	31 December 2006			31 December 2005		
	Cost	**Provision for impairment**	**Net value**	Cost	Provision for impairment	Net value
	RMB	***RMB***	***RMB***	*RMB*	*RMB*	*RMB*
Raw material	**3,910,942,241**	**(662,235)**	**3,910,280,006**	667,136,041	(751,102)	666,384,939
Work in progress	**1,575,987,931**	**—**	**1,575,987,931**	2,460,932,217	—	2,460,932,217
Finished goods	**652,729,386**	**—**	**652,729,386**	158,570,694	—	158,570,694
	6,139,659,558	**(662,235)**	**6,138,997,323**	3,286,638,952	(751,102)	3,285,887,850
Including: Pledged inventories			**127,201,483**			30,986,755

The inventories as at 31 December 2006 included the raw materials amounting RMB127,201,483 pledged for short-term loan, refer to Note 17.

Movement of provision for impairment:

	At 2006/1/1	**Reversal**	**At 2006/12/31**
	RMB	*RMB*	*RMB*
Raw material	751,102	(88,867)	(662,235)

12. LONG-TERM EQUITY INVESTMENTS

	31 December 2006 *RMB*	31 December 2005 *RMB*
Stock investments	**5,610,000**	5,610,000
Investment in associates	**109,005,470**	—
Other equity investments	**10,000,000**	10,000,000
Equity investment difference	**1,768,732**	1,768,732
Total	**126,384,202**	17,378,732
Less: Impairment loss on long-term equity investments	**7,378,732**	7,378,732
Long-term equity investments — net	**119,005,470**	10,000,000

There was no movement on the impairment loss of long-term equity investments during the year.

(1) Detail of long-term stock investment is as follows:

Name of Investee	Number of shares	Share in the registered capital of the investee	Investment cost *RMB*	Impairment loss *RMB*	Net book value *RMB*	Initial cost of investment *RMB*
Kebang Telecom (Group) Company Limited	2,000,000	0.4%	5,610,000	(5,610,000)	—	5,610,000

Above stock held by the Company is unlisted.

(2) Details of investment in associates are as follows:

Name of investee	Investment cost *RMB*	Equity addition of investee *RMB*	Book value at 31 December 2006 *RMB*	Share in the registered capital of the investee *%*
Jiangxi Copper Corporation Finance Co., Ltd. ("JCC Finance")	105,000,000	5,470	105,005,470	35.00
Zhaojue Smelter Co., Ltd.	4,000,000	—	4,000,000	40.00
	109,000,000	5,470	109,005,470	

(3) Detail of other equity investment is as follows:

Name of Investee	Investment term	Share in the registered capital of the investee through subsidiary	Initial cost of investment *RMB*	Impairment loss *RMB*	Net book value *RMB*
Liangshan Mining Company Limited	Perpetual	6.67%	10,000,000	—	10,000,000

Above stock held by the Company's subsidiary, Kangxi Copper, is promoters shares.

(4) Detail of equity investment difference is as follows:

Name of investee	Initial cost of investment *RMB*	Amortization period of equity investment difference	Unamortized balance of equity investment difference 1 January 2006 and 31 December 2006 *RMB*	Impairment loss 1 January 2006 and 31 December 2006 *RMB*	Book value at 1 January 2006 and at 31 December 2006 *RMB*	Cause
Kangxi Copper	3,677,424	10years	227,674	(227,674)	—	Equity purchasing
Diaoquan Silver and copper	1,541,058	—	1,541,058	(1,541,058)	—	Equity purchasing
Total	5,218,482		1,768,732	(1,768,732)	—	

The unamortized debit difference of equity investment arising from acquisition of Kangxi Copper was RMB3,401,618 by the end of 31 December 2004 which was provided full impairment. In 2005, a credit balance of equity investment difference amounting to RMB3,173,944 was arose from additional investment to Kangxi Copper. After deducting the credit balance of equity investment difference, the unamortized debit difference of equity investment is RMB227,674, which is charged into income statement as impairment loss.

The debit balance of equity investment difference arising from acquisition of Diaoquan Silver and Copper in current year was RMB1,541,058, which was provided full impairment.

13. FIXED ASSETS AND ACCUMULATED DEPRECIATION

	Buildings *RMB*	Equipment and machinery *RMB*	Vehicles *RMB*	Total *RMB*
Cost				
1 January 2006	4,461,013,260	6,672,063,300	833,616,213	11,966,692,773
Additions during the year	54,262	2,059,201	2,091,074	4,204,537
Transfer from fixed assets under construction	174,004,042	480,184,288	34,868,219	689,056,549
Disposals	(27,082,096)	(170,000,973)	(38,570,569)	(235,653,638)
31 December 2006	4,607,989,468	6,984,305,816	832,004,937	12,424,300,221
Accumulated depreciation				
1 January 2006	1,464,859,471	3,731,009,757	542,362,823	5,738,232,052
Charge for the year	140,419,301	309,752,228	37,595,588	487,767,117
Eliminated on disposal	(14,879,456)	(147,693,543)	(30,137,282)	(192,710,281)
31 December 2006	1,590,399,355	3,893,068,403	549,821,130	6,033,288,888
Impairment loss				
1 January 2006	9,883,677	12,292,382	2,948,407	25,124,466
Reversals	(9,883,677)	(7,463,124)	(2,948,407)	(20,295,208)
31 December 2006	—	4,829,258	—	4,829,258
Net value				
At 1 January 2006	2,986,270,073	2,928,761,200	288,304,982	6,203,336,255
At 31 December 2006	2,082,448,946	4,046,307,581	257,425,548	6,386,182,075
Including: Fixed assets pledged as collateral at 31 December 2006 - net	—	96,260,486	—	96,260,486

*Note 1:*Fixed assets as at 31 December 2006 was pledged for short-term loans, refer to Note 17.

The reversals of fixed assets were arisen from the disposals.

14. FIXED ASSETS UNDER CONSTRUCTION

Construction name	Budget	At 1 January 2006	Additions	Transfer to fixed assets	At 31 December 2006	% of completion	Sources of funds
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	
Sundry Assets of Guixi Smelter Phase III	51,663,700	23,053,588	13,415,165	(35,670,210)	798,543	71%	Self-funding
Fujiawu Mine Development and Construction Project	1,052,540,000	405,652,761	286,205,059	—	691,857,820	66%	Proceeds, loan and self-funding
Extension of Open-pitting Mining project	387,540,000	—	9,785,630	—	9,785,630	3%	Self-funding
Copper Re-cycling from Waste of Sparking Stove Mining Project	239,240,000	220,883,441	17,659,300	(238,542,741)	—	100%	Self-funding
Acquisition of land in Guixi	41,227,342	40,578,899	34,000	—	40,612,899	99%	Self-funding
JCC education center	32,930,000	4,994,044	15,036,258	(6,435,926)	13,594,376	41%	Self-funding
Acquisition of building for Beijing Trading	20,000,000	—	16,720,190	—	16,720,190	84%	Self-funding
Kangxi 30ton/a Copper Concentrate Project	94,800,000	42,008,529	44,657,449	(86,355,110)	310,868	91%	Self-funding
40000 AUD Sulphic Project	344,890,000	84,729,611	223,543,373	—	308,272,984	89%	Loan and self-funding
220,000 ton Copper Alloy Project	157,000,000	85,893,568	56,943,274	(142,596,603)	240,239	91%	Self-funding
300K ton Copper Smelting Project	3,644,750,000	123,501,066	714,086,702	—	491,435,238	23%	Self-funding
Nanchang Single Flat Project	28,390,000	13,870,317	11,145,517	—	25,015,834	88%	Self-funding
5,000 ton Technical Improvement	257,313,300	64,967,558	74,209,743	—	139,177,301	54%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	16,435,142	20,987,970	—	37,423,112	69%	Self-funding
Heat Re-cyding Project from Smoke Sulphicacid Series 1, II	18,500,000	—	17,842,620	—	17,842,620	96%	Self-funding
Improvement Project of Water Pipe and Tele-communication System in Guixi Smelter	36,510,000	—	28,802,000	—	28,802,000	79%	Self-funding
Electromotor Update	112,000,000	—	42,612,287	—	42,612,287	38%	Self-funding
Enginne Update	27,380,000		23,523,511	—	23,523,511	86%	Self-funding
No.4 Dam Draining Underlay Paving Phase V	7,130,000	5,584,776	1,472,950	—	7,057,726	99%	Self-funding
Electric Shovel Update	70,000,000	—	6,209,728	—	6,209,728	9%	Self-funding
Stove Mining Project Expansion	208,870,000		24,089,530	—	24,089,530	12%	Self-funding
Arsenious acid Project Expansion	113,000,000	—	11,674,715	—	11,674,715	10%	Self-funding
Comprehensive Control Project on Waste Water in No.1 Workshop	16,200,000	—	3,799,750	—	3,799,750	23%	Self-funding
Construction on Product Line of High-Quality Golden Wire	6,500,000	—	3,931,560	—	3,931,560	60%	Self-funding
Electrolyte Processing Capacity Expansion Project	10,660,000	—	9,898,070	—	9,898,070	93%	Self-funding
Office building and blister copper piling ground construction of Raw Material Department	9,820,000	4,607,440	—	—	4,607,440	47%	Self-funding
Copper Board and Band Project	15,197,060	—	7,720,765	—	7,720,765	51%	Self-funding
Others		77,802,371	179,358,307	(179,455,959)	72,710,676		
Total	6,824,361,402	1,209,569,068	1,865,365,423	(689,056,549)	2,039,725,412		
Including:							
Capitalized borrowing cost		1,165,700	4,140,291	—	5,305,991		

The rate for calculating interest capitalized amount in this year is between 5.02% to 5.85%.

15. INTANGIBLE ASSETS

Acquired method	Acquired Trademarks *RMB*	Acquired Mining right *RMB*	Total *RMB*
Cost:			
1 January 2006	51,683,900	107,142,939	158,826,839
Addition	—	4,401,000	4,401,000
31 December 2006	51,683,900	111,543,939	163,227,839
Accumulated amortization:			
1 January 2006	15,480,000	21,290,622	36,770,622
Charge for the year	1,720,000	4,409,943	6,129,943
31 December 2006	17,200,000	25,700,565	42,900,565
Carrying amount:			
1 January 2006	36,203,900	85,852,317	122,056,217
31 December 2006	34,483,900	85,843,374	120,327,274
Including:			
Intangible assets pledged as collateral at 31 December 2006 net	—	25,906,543	25,906,543
Remaining of period	20 years	12.6-45 years	

Mining right amounting to RMB25,906,543 has been pledged for long-term loan, refer to Note 27.

16. LONG-TERM DEFERRED EXPENSES

Nature	Initial cost RMB	Addition in 2006 RMB	Amortization in 2006 RMB	Amount as at 31 December 2006 RMB	Remaining of period
Pre-operating expenses					
— JCAC	2,151,545	939,473	(3,091,018)	—	
— Wengfuhua	2,618,130	6,795,144	(9,413,274)	—	
Total	4,769,675	7,734,617	(12,504,292)	—	Recognized as expenses in the month in which the enterprise commences operation

17. SHORT-TERM LOANS

Category	31 December 2006 RMB	31 December 2005 RMB
Bank loans	**1,343,266,499**	1,080,096,321
Unmatured discounted commercial-accepted notes	**100,000,000**	—
	1,443,266,499	1,080,096,321
Including: Mortgaged loans	**100,000,000**	—
Secured loans	**88,000,000**	58,880,100
Guaranteed loans	**—**	250,000,000
Credit loans	**1,255,266,499**	771,216,221
	1,443,266,499	1,080,096,321

Annual interest rate ranges from 4.32% to 7.02%. For the categories and amount of the assets pledged for the secured loans, refer to Note 11 and 13.

At the end of 31 December 2006, Shenzhen Trading issued bank-accepted notes RMB350,000,000 to the Company for business use. The Company discounted the unmatured bank - accepted notes and recorded them as bank loans.

18. DEBENTURE PAYABLE

	31 December 2006 *RMB*	31 December 2005 *RMB*
Short-term debenture	**500,000,000**	—

With the approval of the general meeting of the Company held on 1 November, 2005, the company issued the short-term debenture in installments with accumulated maximum repayment amount of not more than RMB2,000,000,000 after getting the notification of record from the People's Bank of China on 14 February 2006. The balance at 31 December 2006 is the second issue of debentures completed on 25 May 2006, which has raised RMB500 million with par value RMB100 and coupon rate of 3.23% and a maturity period of 365 days from the date of issue.

By the end of 31 December 2006, interest payable of the short-term debenture is RMB9,450,000.

19. NOTES PAYABLE

	31 December 2006 *RMB*	31 December 2005 *RMB*
Bank-accepted notes payable within one year	**34,421,893**	22,957,201

20. ACCOUNTS PAYABLE

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

Shareholder	**31 December 2006** *RMB*	31 December 2005 *RMB*
JCC	**2,279,968**	6,907,845

21. TAXES PAYABLE

	31 December 2006 *RMB*	31 December 2005 *RMB*
Income tax	**632,749,362**	219,876,331
Value added tax	**196,547,928**	52,228,449
Business tax	**115,359**	84,214
Resource tax	**3,467,014**	1,853,742
Others	**10,291,486**	6,492,765
	871,171,149	280,535,501

22. DIVIDENDS PAYABLE

Name of the investor	31 December 2006 *RMB*	31 December 2005 *RMB*	Reason for not settled
Ganzi Zhou State Owned Assets Management Company Limited	**2,676,000**	—	Unpaid dividend
Xichang Electric Power Company Limited	**8,475,000**	—	Unpaid dividend
Sichuan Province National Investment Company Limited	**3,504,000**	—	Unpaid dividend
Liangshan State Owned Assets Management Company Limited	**1,845,000**	—	Unpaid dividend
Liangshan National Investment Company Limited	**1,500,000**	—	Unpaid dividend
	18,000,000	—	

23. OTHER FEES PAYABLE

	31 December 2006 *RMB*	31 December 2005 *RMB*
Compensation fee for mineral resources	**47,017,225**	42,298,242
Others	**4,907,067**	46,189
	51,924,292	42,344,431

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	31 December 2006 *RMB*	31 December 2005 *RMB*
JCC	**73,264,083**	94,366,006

25. ACCRUED EXPENSES

	31 December 2006 ***RMB***	31 December 2005 *RMB*	**Reason for not settled**
Professional service fee	**4,000,000**	4,000,000	Accrued audit fee

26. LONG-TERM LIABILITIES DUE WITHIN ONE YEAR

	31 December 2006 ***RMB***	31 December 2005 *RMB*
Long-term loans due within one year *(Note 27)*	**251,400,000**	642,700,000
Long-term payables due within one year *(Note 28)*	**1,870,000**	1,870,000
	253,270,000	644,570,000

27. LONG-TERM LOANS

	31 December 2006 ***RMB***	31 December 2005 *RMB*
Credit loans	**950,087,000**	1,780,000,000
Guaranteed loans	**479,710,000**	109,710,000
Secured loans	**26,400,000**	30,700,000
Total	**1,456,197,000**	1,920,410,000
Less: Amount due within one year		
Including: Credit loans	**205,000,000**	623,000,000
Guaranteed loans	**20,000,000**	—
Secured loans	**26,400,000**	19,700,000
	251,400,000	642,700,000
Amount due after one year	**1,204,797,000**	1,277,710,000

Annual interest rate ranges from 3.60% to 6.84%. The guaranteed loans were all guaranteed by JCC. Please refer to Note 47(5)(c) for details. For the categories and amount of assets pledged for the secured loans, please refer to Note 15 for detail.

28. LONG-TERM PAYABLES

Items	**Term**	**Initial cost** *RMB*	**31 December 2006** ***RMB***	31 December 2005 *RMB*
Long-term payables	30 years	54,261,000	**37,431,000**	39,301,000
Less: Long-term payable due within 1 year			**1,870,000**	1,870,000
Long-term payables due after 1 year			**35,561,000**	37,431,000

The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term loan up to a maximum of 15% on annual installment starting from 1 January 1998.

29. PAID-IN CAPITAL

The change of share capital of the Company from 1 January to 31 December 2006 is as follows:

	1 January 2006 *(share)*	**Issue shares** *(share)*	**31 December 2006** *(share)*
1. Unlisted 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)	—
Total unlisted shares	1,277,556,200	(1,277,556,200)	—
2. Listed shares with restricted trading condition			
— Listed shares	—	1,226,956,200	1,226,956,200
Total listed shares with restricted trading condition	—	1,226,956,200	1,226,956,200
3. Listed shares			
— H shares	1,387,482,000	—	1,387,482,000
— A shares	230,000,000	50,600,000	280,600,000
Total listed shares	1,617,482,000	50,600,000	1,668,082,000
4. Total share capital	2,895,038,200	—	2,895,038,200

The face value of the above shares is RMB1.00 each.

The board of the Company initiated share reform plan according to the written trust of Non-Tradable Shareholders on 6 March, 2006. On the purpose of balancing the interest of both sides, the share reform plan is consulted and negotiated by both Holders of Non-Tradable A Shares and Tradable A Shares. For the purpose of implementing the Share Reform Plan, 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:

2.2 shares are transferred to each Holder of Tradable A share for every ten (10) A shares held.

The above share reform plan was approved by the general meeting of the Company held on 3 April, 2006 and completed on 17 April 2006.

The change of share capital of the Company from 1 January to 31 December 2005 is as follows:

	1 December 2005 *(share)*	**Issue shares** *(share)*	**31 December 2005** *(share)*
1. Unlisted 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
Total unlisted shares	1,277,556,200	—	1,277,556,200
2. Listed shares			
— H shares	1,156,482,000	231,000,000	1,387,482,000
— A shares	230,000,000	—	230,000,000
Total listed shares	1,386,482,000	231,000,000	1,617,482,000
3. Total share capital	2,664,038,200	231,000,000	2,895,038,200

The face value of the above shares is RMB1.00 each.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi (2004)16 issued by the China Security and Regulatory Commission("CSRC"), the Company places an aggregate of 231,000,000 H shares of par value of RMB1.00 each on July 25, 2005. The newly injection of paid-in capital has been verified by Deloitte Touche Tohmatsu CPA Ltd on 19 August, 2005.

30. CAPITAL RESERVES

The change of capital reserves in 2006 is as follows:

	1 January 2006 *RMB*	Additions *RMB*	31 December 2006 *RMB*
Share premium	1,956,488,731	—	1,956,488,731
Revaluation reserve	113,063	—	113,063
Specific government grant transferred in	84,000,000	—	84,000,000
Other transfer *(Note 1)*	2,735,000	4,437,129	7,172,129
	2,043,336,794	4,437,129	2,047,773,923

The change of capital reserves in 2005 is as follows:

	1 January 2005 *RMB*	Additions *RMB*	31 December 2005 *RMB*
Share premium *(Note 2)*	1,292,633,979	663,854,752	1,956,488,731
Revaluation reserve	113,063	—	113,063
Specific government grant transferred in	84,000,000	—	84,000,000
Other transfer *(Note 3)*	1,400,000	1,335,000	2,735,000
	1,378,147,042	665,189,752	2,043,336,794

*Note 1:*Amount represents government grant for specific environment protection projects.

*Note 2:*Amount represents share premium arising from issuing H share by the Company in July 2005.

*Note 3:*Amount represents government grant for Guixi phase III project.

31. SURPLUS RESERVES

The change of surplus reserves of the Company in 2006 is as follows:

	Statutory surplus reserve *RMB*	Discretionary surplus reserve *RMB*	Statutory public welfare fund *RMB*	Total *RMB*
At 1 January 2006	453,348,256	921,604,147	379,128,344	1,754,080,747
Charge for the year	474,796,166	1,392,013,216	—	1,866,809,382
Current year's transfer in (out)	379,128,344	—	(379,128,344)	—
At 31 December 2006	1,307,272,766	2,313,617,363	—	3,620,890,129

The change of surplus reserves of the Company in 2005 is as follows:

	Statutory surplus reserve *RMB*	Discretionary surplus reserve *RMB*	Statutory public welfare fund *RMB*	Total *RMB*
At 1 January 2005	266,287,688	539,754,156	203,765,455	1,009,807,299
Current year's appropriations	187,060,568	370,484,866	186,728,014	744,273,448
Current year's transfer in (out)	—	11,365,125	(11,365,125)	—
At 31 December 2005	453,348,256	921,604,147	379,128,344	1,754,080,747

Pursuant to a notice of Cai Qi [2006] No.67 issued by the Ministry of Finance regarding the change of accounting treatment of profit appropriation of statutory public welfare fund after the implementation of PRC Company Law, the remaining balance of statutory public welfare fund is transferred to surplus reserve. No statutory public welfare fund is accrued from year 2006.

Statutory surplus reserve can be used to offset accumulated losses, to expand operations or to increase share capital by means of conversion.

32. RETAINED EARNINGS

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Unappropriations profits at beginning of the year	**1,812,275,967**	1,024,850,054
Add: Net profit for the period/year	**4,609,345,518**	1,851,383,945
Profits available for appropriation	**6,421,621,485**	2,876,233,999
Less: Appropriations to statutory surplus reserve (1)	**474,796,166**	187,060,568
Appropriations to statutory public welfare fund	**—**	186,728,014
Appropriations to discretionary surplus reserve (2)	**1,392,013,216**	—
Profits available for appropriation to shareholders	**4,554,812,103**	2,131,960,551
Less: Dividend paid °V cash dividend approved by the general meeting of last year (3)	**555,847,334**	319,684,584
Unappropriated profits at the end of the period/year	**3,998,964,769**	1,812,275,967
Including: Cash dividends proposed after the balance sheet date (4)	**1,158,015,280**	555,847,334

(1) Appropriation of statutory surplus reserve

Pursuant to the Provision 177 of Company Law and the Company's Article of Association, except that no profit is appropriated as statutory surplus reserve in the consolidated subsidiary company of Sure Spread, 10% of net profit is appropriated as statutory surplus reserve. The appropriation is subject to be approved by next annual general meeting

Further appropriation need not to be made when the balance of statutory surplus reserve reaches an amount equal to 50% of the Company's registered capital.

(2) Appropriation to discretionary surplus reserve

The board of directors proposed to appropriate 30% of the current year's net profit as discretionary surplus reserve and no discretionary surplus reserve be appropriated by subsidiaries, which is subject to be approved by next annual general meeting.

(3) Dividend payable — Cash dividend approved by the general meeting of last year

Cash dividend distribution of RMB0.192 per share for the issued 2,895,038,200 shares was approved by the annual general meeting of 2005 in June 2006, and was all paid to shareholders in July 2006.

(4) Cash dividends proposed after the balance sheet date

The board of directors proposed to issue cash dividend of RMB0.4 per share for the issued 2,895,038,200 shares, which is subject to be approved by next annual general meeting.

33. REVENUE

Revenue by products	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
Cathode copper	**11,774,601,377**	5,617,526,491
Gold	**1,819,516,534**	1,608,606,665
Copper rods and wires	**10,020,404,971**	4,448,658,416
Other (Silver, Sulphuric acid, etc.)	**1,601,219,418**	1,379,214,459
Tolling services	**219,316,116**	286,686,356
	25,435,058,416	13,340,692,387

Geographical Segments	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
PRC	**23,141,383,175**	12,496,540,789
Hong Kong	**949,802,935**	784,097,805
Japan	**75,794,759**	—
South Korea	**343,375,406**	—
Australia	**34,070,457**	16,392,304
Belgium	**23,134,680**	16,590,884
Holand	**322,726,112**	16,008,002
New Zealand	**3,732,092**	—
USA	**118,142,031**	—
England	**388,521,526**	—
Germany	**33,485,701**	—
Others	**889,542**	11,062,603
	25,435,058,416	13,340,692,387

More than 90 percent of the total sales were arising from PRC, and all of the Company's equipments are located in PRC. No segment report regarding business and geographic region is needed.

Total sales of the five largest customers *RMB*	**Percentage in total sales** *%*
5,115,331,568	20.11

Note: Detail of the five largest customers is as follows:

During 2006, total sales to the first largest customer of the Group amounted to RMB1,387,852,784;

JCC has beneficial interests in the second largest customer of the Group directly or indirectly, to which JCC cannot exercise control. During 2006, total sales to the second largest customer of the Group amounted to RMB1,234,965,846.

During 2006, total sales to the third largest customer of the Group amounted to RMB941,825,788.

During 2006, total sales to the fourth largest customer of the Group amounted to RMB796,751,322.

During 2006, total sales to the fifth largest customer of the Group amounted to RMB753,935,828.

34. COST OF SALES

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Cost of domestic sales	**16,015,058,278**	9,329,684,763
Cost of export sales	**1,681,480,762**	630,227,872
	17,696,539,040	9,959,912,635

35. SALES TAXES

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Resource tax	**51,963,116**	35,955,303
City construction tax and education fee	**2,207,538**	3,009,293
	54,170,654	38,964,596

36. OTHER OPERATING PROFIT (LOSS)

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Sales of auxiliary materials and spare parts		
— Revenue	**167,869,492**	158,375,079
— Expenses	**(159,126,938)**	(156,234,340)
	8,742,554	2,140,739

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Sales of water and electricity		
— Revenue	**50,279,440**	79,508,870
— Expenses	**(38,867,574)**	(70,667,442)
	11,411,866	8,841,448
Loss on forward contract	**(1,351,021,659)**	(546,129,406)
Others	**2,005,106**	589,895
	(1,328,862,133)	(534,557,324)

37. FINANCIAL COSTS

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Interest expenses	**178,564,105**	190,556,338
Less: interest income	**25,110,514**	16,808,559
Exchange loss (gain)	**15,215,608**	(3,618,358)
Others	**5,440,657**	1,031,923
	174,109,856	171,161,344

38. INVESTMENT INCOME (LOSS)

	Year ended 31 December 2006 *RMB*	Year ended 31 December 2005 *RMB*
Short-term investment income:		
— Gain (loss) on share investment	**(939,359)**	5,993
Long-term investment income		
— Investment income from associates	**5,470**	
— Profits declared by investee under cost method	**3,510,529**	—
— Gain (loss) of disposal of long-term investment	**(1,045)**	—
— Impairment loss of long term investment	**—**	3,173,944
	2,575,595	3,179,937

39. NON-OPERATING EXPENSES

	Year ended 31 December 2006 *RMB*	Year ended 31 December 2005 *RMB*
Education expenditures	**6,383,505**	16,223,334
Donation	**10,930,074**	2,305,584
Loss on disposal of fixed assets	**39,668,624**	1,008,869
Provision for impairment on fixed assets	**(20,295,209)**	20,424,766
Others	**4,285,679**	1,214,811
	40,972,673	41,177,364

40. INCOME TAX

	31 December 2006 *RMB*	31 December 2005 *RMB*
Income tax for the year	**922,128,678**	336,912,686
Income tax deductible *(Note 1)*	**(99,476,420)**	(44,586,400)
Income tax of subsidiaries	**21,935,831**	6,614,635
	844,588,089	298,940,921

Note 1: 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 2006 is RMB99,476,420, which are deductible from income tax for the year 2006 and the subsequent years. For the year ended 31 December 2006, the income tax payable of the Company exceeds the amount of income tax for the year 2005, therefore all the approved amount of exemption from income tax for 2006 is allowed to be used for the exemption of the income tax of current year. By 31 December 2006, the tax benefit for the year 2006 is fully utilized.

41. NET PROFIT AFTER DEDUCTING EFFECT OF NON-REGULAR GAIN AND LOSS

	Year ended 31 December 2005 ***RMB***	Year ended 31 December 2004 *RMB*
Net profit	**4,609,345,518**	1,851,383,945
Add/less: Items of non-regulator gain and loss		
— Loss on fixed assets disposal	**39,626,988**	51,715
— Interest income received from non-financial institution	**—**	(142,188)
— Loss on disposal of investment	**1,045**	—
— Loss (gain) from short-term investment	**939,359**	(5,993)
— Other non-regular items in non-operating income	**(2,259,443)**	(3,824,776)
— Other non-regular items in non-operating expense	**21,599,257**	40,168,495
— Written-back assets impairments of prior year	**(23,713,748)**	(22,508,407)
Effect on income tax	**(7,783,328)**	(426,397)
Effect of minority interest	**(7,921,817)**	—
Net profit after deducting effect of non-regular gain and loss	**4,629,833,831**	1,864,696,394

42. CASH RECEIVED RELATING TO OTHER OPERATING ACTIVITIES

Items	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
Interest income	**25,110,514**	16,808,559
Non-operating income	**2,301,079**	4,781,930
Others	**65,357,665**	79,215,527
	92,769,258	100,806,016

43. CASH PAID RELATING TO OTHER OPERATING ACTIVITIES

	Year ended 31 December 2006 ***RMB***	Year ended 31 December 2005 *RMB*
Amount paid in respect to operating expenses and general and administrative expenses	**388,654,645**	289,097,463
Non-operating expenses paid	**21,640,893**	19,744,029
Future transaction loss	**1,351,021,658**	546,129,406
Other expenses paid	**20,656,264**	50,599,441
	1,781,973,461	905,570,339

44. CASH RECEIPTS RELATING TO OTHER INVESTMENT ACTIVITIES

Items	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
Cash received from deregistering Anning Metal	**112,730**	—

45. CASH PAYMENT RELATING TO OTHER FINANCING ACTIVITIES

Items	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
Long-term payment for mining right	**1,870,000**	1,870,000

46. MAJOR ACCOUNTS INFORMATION OF THE COMPANY

(1) Account Receivable

	31 December 2006				31 December 2005			
	Amount *RMB*	**(%)**	**Bad debt Provision** *RMB*	**Net book value** *RMB*	Amount *RMB*	(%)	Bad debt Provision *RMB*	Net book value *RMB*
Within 1 year	**714,433,088**	**88.8**	**(44,357,116)**	**670,075,972**	93,752,037	55.3	—	93,752,037
1 to 2 years	**24,203,425**	**3.0**	**(24,100,365)**	**103,060**	1,286,135	0.8	257,227	1,028,908
2 to 3 years	**1,287,225**	**0.2**	**(643,612)**	**643,613**	2,217,648	1.3	1,108,824	1,108,824
Over 3 years	**64,094,730**	**8.0**	**(64,094,730)**	**—**	72,129,613	42.6	72,129,613	—
	804,018,468	**100.0**	**(133,195,823)**	**670,822,645**	169,385,433	100.0	73,495,664	95,889,769

Five largest debtors are as follows:

Total amount of five largest debtors *RMB*	**Percentage in total accounts receivable** %
318,093,904	39.56

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

Shareholder	**31 December 2006**	31 December 2005
JCC	**805,647**	805,647

(2) Other Receivable

Analysis of the ageing of other receivable is as follows:

	31 December 2006				31 December 2005			
	Amount	**(%)**	**Bad debt Provision**	**Net book value**	Amount	(%)	Bad debt Provision	Net book value
	RMB		***RMB***	***RMB***	*RMB*		*RMB*	*RMB*
Within 1 year	**194,699,204**	**88.1**	**—**	**194,699,204**	193,722,097	90.6	—	193,722,097
1 to 2 years	**9,249,017**	**4.2**	**(7,309,960)**	**1,939,057**	518,922	0.2	103,784	415,138
2 to 3 years	**248,247**	**0.1**	**(124,123)**	**124,124**	6,945,727	3.2	4,328,094	2,617,633
Over 3 years	**16,749,402**	**7.6**	**(16,749,402)**	**—**	12,548,212	6.0	12,548,212	—
	220,945,870	**100.0**	**(24,183,485)**	**196,762,385**	213,734,958	100.0	16,980,090	196,754,868

The Company's balance of forward contracts deposits is RMB39,925,715 (31 December 2005: RMB150,751,017).

Five Largest debtors are as follows:

Total amount of five largest debtors	**Percentage in total accounts receivable**
RMB	*%*
64,502,347	29.19

There is no balance due from shareholder who holds more than 5% of the Company.

(3) Provision for Bad Debts

	At 1 January 2006	**Addition**	**Write-back**	**Write-off**	**At 31 December 2006**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Bad debt provision					
Accounts receivable	73,495,664	65,488,659	(2,203,152)	(3,585,348)	133,195,823
Other receivables	16,980,090	9,206,967	(1,126,521)	(880,052)	24,183,484
Total	90,475,754	74,698,626	(3,329,673)	(4,465,400)	157,379,307

(4) Long-term Equity Investment

	31 December 2006 ***RMB***	31 December 2005 *RMB*
Investments in subsidiaries	**681,372,154**	554,438,575
Investments in associates	**100,005,311**	—
Stock investments	**5,610,000**	5,610,000
Equity investment difference	**1,768,732**	1,768,732
Total	**788,756,197**	568,817,307
Less: Impairment loss on long-term equity investments	**7,378,732**	7,378,732
Long-term equity investments - net	**781,377,465**	554,438,575

Movements of the impairment loss long-term equity investments are as follows:

	RMB
1 January 2006 and 31 December 2006	7,378,732

(A) Detail of long-term stock investment is as follows:

Name of Investee	Number of shares *RMB*	Share in the registered capital of the investee *RMB*	Investment cost *RMB*	Impairment loss *RMB*	Net book value *RMB*	Initial cost of investment *RMB*
Kebang Telecom (Group) Company Limited	2,000,000	0.4%	5,610,000	(5,610,000)	—	5,610,000

(B) Detail of investments in subsidiaries is as follows:

Name of Investee	Cost				Adjustment of investment gain or loss					Book value	
	1 January 2006	Addition during the year	Deduction during the year	31 December 2005	1 January 2006	Gain or loss during the year	Dividends received during the year	Recovery of investments	1 January 2006	31 December 2005	31 December 2006
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Subsidiaries:											
JCPC	135,000,000	—	—	135,000,000	15,511,663	21,404,983	—	—	36,916,646	150,511,663	171,916,646
Xiaoshan Tonda	1,078,330	—	—	1,078,330	—	96,064	(73,169)	—	22,895	1,078,330	1,101,225
Kangxi Copper	79,496,520	—	—	79,496,520	8,881,173	76,169,780	(31,132,624)	—	53,918,329	88,377,693	133,414,846
Dianquan Silver and Copper	33,458,942	—	—	33,458,942	1,249,339	4,230,569	—	—	5,479,908	34,708,281	38,938,850
Sure Spread	29,227,000	—	—	29,227,000	3,785,608	2,901,978	(2,841,026)	—	3,846,560	33,012,608	33,073,561
JCAC	119,700,000	—	—	119,700,000	—	5,379,185	—	—	5,379,185	119,700,000	125,079,185
Wengfuhua	127,050,000	—	—	127,050,000	—	(6,589,292)	—	—	(6,589,292)	127,050,000	120,460,708
Shenzhen Trading	—	30,000,000	—	30,000,000	—	(7,480,448)	—	—	(7,480,448)	—	22,519,552
Shanghai Trading	—	20,000,000	—	20,000,000	—	4,811,459	—	—	4,811,459	—	24,811,459
Beijing Trading	—	10,000,000	—	10,000,000	—	56,120	—	—	56,120	—	10,056,120
Associate:											
JCC Finance	—	100,000,000	—	100,000,000	—	5,311	—	—	5,311	—	100,005,311
	525,010,792	160,000,000	—	685,010,792	29,427,783	100,985,709	(34,046,819)	—	96,366,673	554,438,575	781,377,465

(C) Detail of equity investment difference is as follows:

Name of investee	Initial cost of investment	Amortization years of equity investment difference	Unamortized balance of equity investment difference			Impairment loss			Book value at 1 January 2006 and 31 December 2006	Cause
			1 January 2006	Deduction	31 December 2006	1 January 2006	Reversal	31 December 2006		
	RMB		*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	
Kangxi Copper	3,677,424	10 years	227,674	—	227,674	(227,674)	—	(227,674)	—	Equity purchasing
Diaoquan Silver and copper	1,541,058	—	1,541,058	—	1,541,058	(1,541,058)	—	(1,541,058)	—	Equity purchasing
Total	5,218,482		1,768,732	—	1,768,732	(1,768,732)	—	(1,768,732)	—	

The unamortized debit difference of equity investment arising from acquisition of Kangxi Copper was RMB3,401,618 by the end of 31 December 2004 which was provided full impairment. In 2005, a credit balance of equity investment difference amounting to RMB3,173,944 was arose from additional investment to Kangxi Copper. After deducting the credit balance of equity investment difference, the unamortized debit difference of equity investment is RMB227,674, which is charged into income statement as impairment loss.

The debit balance of equity investment difference arising from acquisition of Diaoquan Silver and Copper in current year was RMB1,541,058, which was provided full impairment.

(5) Revenue and Cost of Sales

(i) Revenue

Revenue by products	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
Cathode copper	**14,625,130,831**	9,351,140,231
Gold	**1,819,516,534**	1,608,606,665
Copper rods and wires	**7,153,537,109**	—
Other (sliver, sulphuric acid, etc)	**1,589,357,193**	1,344,297,065
Tolling services	**134,895,212**	277,239,548
	25,322,436,879	12,581,283,509

Geographical segments	**Year ended 31 December 2006** ***RMB***	Year ended 31 December 2005 *RMB*
PRC	**23,038,379,349**	11,750,502,712
Hongkong	**1,058,327,255**	770,727,003
Japan	**75,794,759**	—
South Korea	**343,375,406**	—
Australia	**34,070,457**	16,392,304
Belgium	**23,134,680**	16,590,884
Holland	**322,726,112**	16,008,002
New Zealand	**3,732,092**	—
England	**388,521,526**	—
Germany	**33,485,701**	—
Others	**889,542**	11,062,603
	25,322,436,879	12,581,283,508

More than 90 percent of the total sales were arising from PRC, and all of the Company's equipments are located in PRC. No segment report regarding business and geographic region is needed.

Total amount of five largest debtors *RMB*	**Percentage in total accounts receivable** %
4,241,063,603	16.75

(ii) COST OF SALES

	Year ended 31 December 2006 *RMB*	Year ended 31 December 2005 *RMB*
Cost of domestic sales	**16,204,759,847**	8,762,470,568
Cost of export sales	**1,674,748,364**	619,521,773
	17,879,508,211	9,381,992,341

(6) Investment Income

	Year ended 31 December 2006 *RMB*	Year ended 31 December 2005 *RMB*
Short-term investment income:		
Gain (loss) on share investment	—	4,721
Long-term investment income		
Share of investee's profit recognized under equity method	**100,985,709**	24,166,408
Impairment loss of long term investment	—	3,173,944
	100,985,709	27,345,073

47. SIGNIFICANT RELATED PARTY TRANSACTIONS

(1) Except for the Subsidiaries Disclosed in Note 4, 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	Colored metal non-metal mining, smelting, refining and protracting colored 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	31 December 2005 and 31 December 2006 *RMB*
JCC	3,896,060,000

(3) For the Related Parties where a Control Relationship Exists, the Proportion of Equity Interest held by the Related Party and Changes therein are as follows:

Name	31 December 2005 *RMB*	%	**31 December 2006** ***RMB***	**%**
JCC	1,275,556,200	44.06	**1,225,035,414**	**42.31**

(4) Nature of Relationship with Related Parties where a Control Relationship does not exist:

Name	Relationship with the Company
Jiangxi Xinxin Company Ltd. ("Jiangxi Xinxin")	Promoter shareholder
Hubei Sanxin Gold & Copper Company Ltd. ("Hubei Sanxin")	Promoter shareholder
JCC and its affiliates	Same holding company

(5) Significant Transactions between the Company above Related Parties in the current year:

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

	Year ended 31 December 2006 *RMB*	Year ended 31 December 2005 *RMB*
Transactions with JCC and its affiliates:		
Sale of copper cathode and sulphuric acid by the Group *(note(a))*	**1,713,496**	485,842
Sales of auxiliary industrial products by the Group *(note(a))*	**105,399**	112,450
Sale of waste, filter residue and black cement copper by the Group *(note(a))*	**44,578**	75,576
Sales of raw copper sulphate by the Group *(note (c))*	**92,245**	53,010
Sales of low oxygen copper rods and wire and processing of copper cathode into copper rods and wires by the Group *(note (a))*	**260,812**	49,972
Purchase of copper concentrates by the Group *(note(a))*	**518,924**	395,671
Purchase of scrap copper by the Group *(note(b))*	**105,974**	607,040
Purchase of blister copper by the Group *(note (a))*	**1,035,965**	15,500
Purchase of gold and silver-bearing materials by the Group *(note (c))*	**12,055**	26,737
Purchase of silver concentrates by the Group *(note (c))*	**2,315**	—
Purchase of copper cathode by the Group *(note (c))*	**—**	577,778
Purchase of auxiliary industrial products by the Group *(note(a))*	**370,781**	310,972
Net book value of property, plant and equipment purchase from JCC *(note (c))*	**28,985**	11,668
Tolling fee and sales fee charged by the Group *(note (c))*	**43,956**	150,531
Sale of gases by the Group *(note (a))*	**4,533**	4,042
Supply of water and transmission of electricity by the Group*(note(b))*	**74,355**	62,362
Processing fee of blister (scrap) copper charged by the Group *(note (c))*	**101**	—
Rental for land use rights charged to the Group *(note(c))*	**15,000**	15,000
Rentals for office premises charged to the Group *(note(c))*	**7,671**	8,367
Rentals for housing for the employees and use of common facilities charged to the Group *(note(b))*	**25,398**	21,323
Repair and maintenance service provided to the Group *(note(a))*	**138,488**	127,033
Construction service provided to the Group *(note(a))*	**123,579**	80,020
Vehicle transportation service provided to the Group *(note(a))*	**141,185**	181,765
Electricity supply provided to the Group *(note (b))*	**4,901**	10,557
Industrial water supplied to the Group *(note(b))*	**20,522**	18,143
Brokerage agency service provided to the Group *(note(a))*	**8,908**	6,241
Environmental greenery services provided to the Group *(note(b))*	**7,590**	7,112
Rentals for office premises provided to the Group *(note (c))*	**56**	56

	Year ended 31 December 2006 *RMB'000*	Year ended 31 December 2005 *RMB'000*
Purchase of auxiliary industrial		
Operation management services expenses borne by the Group *(note (c))*	**3,567**	2,952
Other management fee *(note (c))*	**8,682**	8,212
Other support services provided by the Group	**950**	—
Other support services provided to the Group	**683**	—
Social welfare and support services provided to the Group*(note(b))*		
— Welfare and medical services	**67,286**	57,528
— Primary and secondary education service	**2,784**	13,059
— Technical education service	**3,654**	3,165
— Internal telecommunications services	**4,632**	2,674
— Use of representative offices	**4,113**	3,445
Transactions with other two promoter shareholders		
Sales of copper cathode to Jiangxi Xinxin *(note(a))*	**61,395**	302,489
Sale of low oxygen copper rods and wires to Jiangxi Xinxin by the Group*(note (a))*	**135,574**	3,583
Tolling fee received from Hubei Sanxin *(note(a))*	**21,749**	24,589
Purchase of copper concentrates from Hubei Sanxin *(note(a))*	**128,708**	42,881
Interest income from Hubei Sanxin *(note (a))*	**—**	142

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.

(B) Amount due from or to related parties

Account	**Name of related parties**	**31 December 2006** *RMB*	31 December 2005 *RMB*
Accounts receivable	JCC and its affiliates	**19,769,801**	2,492,812
	Jiangxi Xinxin	**10,448,411**	—
Other receivables	JCC and its affiliates	**119,020,773**	13,217,231
Note receivables	JCC and its affiliates	**215,050,923**	29,403,768
	Jiangxi Xinxin	**780,000**	—
Prepayments	JCC and its affiliates	**35,823,754**	46,422,889
		400,893,662	91,536,700

Account	**Name of related parties**	**31 December 2006** ***RMB***	31 December 2005 *RMB*
Accounts payable	JCC and its affiliates	**44,128,468**	51,910,246
	Hubei Sanxin	**25,590,203**	—
Advance from customers	JCC and its affiliates	**2,719,435**	7,993,193
	Hubei Sanxin	**—**	1,803,404
Other payables	JCC and its affiliates	**195,312,345**	107,078,192
Long-term payables within one year *(Note)*	JCC and its affiliates	**1,870,000**	1,870,000
Long-term payables *(Note)*	JCC and its affiliates	**35,561,000**	37,431,000
		305,181,451	208,086,035

Note: Details of long-term payables within one year and long term payables please refer to Note 28.

The above payables have no fixed payment term or interest except for notes added.

(C) Guarantee

Up to 31 December 2006, the Company has long-term bank loan of RMB479,710,000 guaranteed by JCC (2005: RMB359,710,000).

(D) 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 is approximately RMB74,614,288 (2005: RMB65,115,026).

(E) Emoluments of key management personnel

	Year ended 31 December 2006 ***RMB'000***	Year ended 31 December 2005 *RMB'000*
Emoluments of key management personnel	**7,471**	6,031

48. CAPITAL COMMITMENTS

	2006 ***RMB'000***	2005 *RMB'000*
Capital expenditure contracted for but not provided in the financial statements:		
— Commitment for acquisition of assets	**779,407**	588,900

49. 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:

	2006	2005
	RMB'000	*RMB'000*
The minimum lease payments under non-cancelable operating leases:		
Within one year	**21,327**	21,327
In the second year	**15,806**	21,327
In the third year	**15,806**	15,806
Over three years	**283,640**	304,664
Total	**336,579**	363,124

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 installments of RMB806,136 each starting from year 2002 to year 2052. The other portion is repayable in 30 annual installments of RMB15,000,000 each starting from year 1997 to year 2027. The total annual installments for land use right are RMB15,806,136. The rest amount represents the balance payable for the rental of staff dormitory.

50. OTHER COMMITMENTS

At the balance sheet date, total amount of unrecallable letter of credit issued by the Company is RMB2,168,005,380, mainly for purchase of imported copper concentrate and equipment.

51. CONTINGENT EVENTS

At the balance sheet date, there is no other contingent events that needs to be addressed.

52. NONADJUSTABLE EVENT AFTER BALANCE SHEET DATE

(1) Profit appropriation plan in 2006

Pursuant to proposal of board of directors, the Company will issue cash dividend to all the shareholders of RMB4.0 per share for the issued 2,895,038,200 shares (fall value of RMB1.00 per share) totaling Rmb1,158,015,280, which is subject to be approved by next annual general meeting.

(2) Issue of short-term debenture

Pursuant to the general meeting of the Company held on 1 November 2005 shareholders of the Company approved the issue of the short-term debenture with accumulated maximum repayment amount of not more than RMB2,000,000,000. The Company have got a notification of filing of issue of the Debenture from the People's Bank of China on 14 February 2006.The Company issues the Debenture by various tranches. The issue of third tranch of the Debenture was completed on 10 January 2007. The total principal amount of the first tranch Debenture was RMB1,000,000,000 with a unit face value of RMB100 each as mentioned above, bearing a coupon rate of 3.80% and having a maturity period of 365 days from the date of issue. The proceeds from the issue of the Debenture will be used as working capital of the Company and will be used to enhance the debt structure of the Company.

(3) Adoption of new accounting principle

1) Pursuant to MOF order No.33 and Caikuai [2006] No.3, the Company adopted new accounting standards from 1 January 2007 and made adjustments to the balance sheet as at 1 January 2007 according to the requirements. The Company has made appropriate accounting policies and accounting estimates pursuant to the new accounting standards after authorized by the Board of Directors. For the influence to shareholders' equity generated by adoption of new accounting standards, the Company has prepared reconciliation and disclosed in the supplemental information of the financial statement.

2) Pursuant to circular of Cai Qi [2006] No.478 issued by MOF and State Administration of Work Safety on 8 December 2006, the Company need to accrue safety expense from year 2007. According to the circular, the safety expense rate is respectively levied at RMB4 per ton for open-pitting mine and RMB8 per ton for underground mine.

(4) The Company proposed to issue shares to JCC and/or other investors

According to the Share Reform Plan, JCC undertook that is will propose to the Company for the transfer or injection of certain of JCC's assets which are relevant to the copper industry and are in line with the Company's development strategies to the Company. Meanwhile, the Company proposed to place shares to JCC and/or other investors.

(5) Joint venture established with EPI (Holdings) Limited and Qingyuan Tongdo Electrical Equipment Co., Ltd..

The Company signed an letter of intent with EPI metal, a company wholly-owned by EPI (Holdings) Limited, and Qingyuan Tongde Electrical Equipment Co., Ltd., to Jointly establish Jiangxi Copper Changying (Qingyuan) Co., Ltd. ("Jiangxi copper Changying"), which engaged in the business of manufacturing and trading of anode copper. The Company will hold 40% of the investment.

53. OTHER IMPORTANT ITEMS

(1) Forward Contracts

At the balance sheet date, the unrealized loss on the outstanding forward copper contracts amounted to approximately RMB19,467,950 (2005: RMB94,979,159).

(2) Change of Income Tax Rate

On 16 March 2007, the fifth conference of the tenth China's National People's Congress voted to adopt the corporate income tax law. The law set unified income tax rate for domestic and foreign companies at 25 percent. The law is due to take effect on 1 January 2008.

54. THE APPROVAL OF FINANCIAL STATEMENTS

The financial statements of both company and group level have been approved by the board of directors of the company on 18 April 2007.

1. Difference between International Financial Reporting Standards (“IFRS”) and PRC GAAP

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

At balance sheet date, net profit and net assets were RMB4,609,346,000 and RMB12,560,927,000 respectively according to PRC GAAP. These figures can be reconciled to that under IFRS as follows:

	Net profit For the year ended 31 December 2006 *RMB'000*	**Net assets at 31 December 2006** *RMB'000*
Per PRC GAAP	4,609,345	12,560,926
Adjustment according to IFRS:		
— Specific accounts payable transferred to capital reserves which cannot booked under IFRS and the relevant effect on fixed assets depreciation	6,390	(72,680)
— Unrealized loss on forward copper contracts which should be booked in other operating profit under IFRS	4,658	19,450
— Minority interest booked in Equity under IFRS	81,219	415,330
— Pre-operating expenses recorded in income statement under IFRS	3,124	—
Per IFRS	4,704,736	12,923,026

2. Weighted Average and fully diluted return on Net Assets and Earning Per Share

	2006			
Reporting profit	**Return on net assets (%)**		**Earning per share (RMB)**	
	Fully diluted	**Weighted average**	**Fully diluted**	**Weighted average**
Profit from principal operations	61.18%	72.93%	2.65	2.65
Operating profits	44.34%	52.86%	1.92	1.92
Net profit	36.70%	43.74%	1.59	1.59
Net profit excluding non-recurring items	36.86%	43.94%	1.60	1.60

3. Impairment Loss on Assets at 31 December 2006

Item	At 1 January 2006		Addition		Write-back		Write-off		At 31 December 2006	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
1. Bad debt provision	95,412,143	90,475,754	74,701,072	74,698,626	(3,329,673)	(3,329,673)	(5,941,537)	(4,465,400)	160,842,005	157,379,307
Including: Accounts receivable	73,495,697	73,495,664	65,511,720	65,488,659	(2,203,152)	(2,203,152)	(3,591,486)	(3,585,348)	133,212,779	133,195,823
Other receivables	21,916,446	16,980,090	9,189,352	9,206,967	(1,126,521)	(1,126,521)	(2,350,051)	(880,052)	27,629,226	24,183,484
2. Impairment loss on short-term investments	751,102	751,102	—	—	(88,867)	(88,867)	—	—	662,235	662,235
Including: Stock investments	751,102	751,102	—	—	(88,867)	(88,867)	—	—	662,235	662,235
3. Impairment loss on long-term investment	7,378,732	7,378,732	—	—	—	—	—	—	7,378,732	7,378,732
Including: Stock investment	5,610,000	5,610,000	—	—	—	—	—	—	5,610,000	5,610,000
Equity Investment difference	1,768,732	1,768,732	—	—	—	—	—	—	1,768,732	1,768,732
4. Impairment loss on fixed assets	25,124,466	25,124,466	—	—	(20,295,208)	(20,295,208)	—	—	4,829,258	4,829,258
Including: Buildings	9,883,677	9,883,677	—	—	(9,883,677)	(9,883,677)	—	—	—	—
Equipment and machinery	12,292,382	12,292,382	—	—	(7,463,124)	(7,463,124)	—	—	4,829,258	4,529,258
Transportation equipment	2,948,407	2,948,407	—	—	(2,948,407)	(2,948,407)	—	—	—	—

4. The Explanations to the Items in Financial Statements whose fluctuation Range is over 30% (including 30%) and Cover the Total Assets of Balance Sheet Date over 5% (including 5%) or Cover the Total Profit in this year over 10% (including 10%) areas follows:

Items in Balance Sheet:

Inventories: The balance of current year increased significantly compared with that of prior year, which was mainly due to the great increase in the cost of outsourcing copper concentrate in the situation of soaring copper price.

CIP: The balance of current year increased significantly compared with that of prior year, which was mainly due to the large investment in constructions in process and new projects.

Items in Statement of Income and Profits Appropriation:

Sales and cost of sales: The amount of current period increased significantly compared with that of prior year, which was mainly due to the great increase of sales volume and unit price of copper in the market.

Other operating profit: The amount of current period decreased significantly compared with that of prior year, which was mainly due to the great loss on forward contract. The Company need to purchase more than 35 percent of raw materials from outside and the great fluctuation on copper price influenced the profit from tolling income. The Company bought future contracts on purpose of hedging. As copper price increased significantly during the period, the company have a future loss of 1,351 million.

Income tax: The amount of current period increased significantly compared with that of prior year, which was caused by both the increasing profit and the income tax rate.

Cash paid relating to other operating activities: The amount of current period increased significantly compared with that of prior year, which was mainly due to the loss on forward contract, amounting to RMB1,351 million.

Deloitte.
德勤

TO THE SHAREHOLDERS OF JIANGXI COPPER COMPANY LIMITED
江西銅業股份有限公司
(A Sino-foreign joint venture joint stock limited company established in the People's Republic of China)

We have audited the consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 114 to 168, which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

TO THE SHAREHOLDERS OF JIANGXI COPPER COMPANY LIMITED *(Continued)*
江西銅業股份有限公司
(A Sino-foreign joint venture joint stock limited company established in the People's Republic of China)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
18 April 2007

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	NOTES	**2006** **RMB'000**	2005 *RMB'000*
Revenue	6	**24,558,151**	13,177,516
Cost of sales and services	7	**(17,743,901)**	(9,992,777)
Gross profit		**6,814,250**	3,184,739
Other income	8	**54,982**	58,877
Distribution costs		**(104,595)**	(95,765)
Administrative expenses		**(518,576)**	(353,713)
Share of results of associates		**5**	—
Other expenses	9	**(527,804)**	(404,888)
Finance costs	10	**(168,938)**	(190,556)
Profit before taxation		**5,549,324**	2,198,694
Taxation	12	**(844,588)**	(298,941)
Profit for the year	13	**4,704,736**	1,899,753
Attributable to:			
Equity holders of the parent		**4,623,517**	1,871,769
Minority interests		**81,219**	27,984
		4,704,736	1,899,753
Basic earnings per share	16	**RMB1.597**	RMB0.677

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	NOTES	2006 RMB'000	2005 RMB'000
Non-current assets			
Property, plant and equipment	17	**8,653,367**	7,273,215
Prepaid lease payments	18	**35,581**	36,523
Mining rights	19	**85,843**	85,852
Trademark	20	**34,484**	36,204
Interests in associates	21	**109,005**	—
Available-for-sale investments	23	**10,000**	10,000
		8,928,280	7,441,794
Current assets			
Inventories	24	**6,138,998**	3,285,888
Trade and other receivables	25	**3,834,042**	1,165,013
Held for trading investments	26	**—**	350
Derivative financial instruments	32	**38,747**	—
Bank balances and cash	27	**1,016,976**	1,142,497
		11,028,763	5,593,748
Current liabilities			
Trade and other payables	28	**1,734,486**	984,125
Taxation payable		**632,749**	219,876
Bank borrowings - amounts due within one year	30	**2,897,677**	1,722,796
Short-term debentures	31	**509,450**	—
Derivative financial instruments	32	**19,297**	94,978
		5,793,659	3,021,775
Net current assets		**5,235,104**	2,571,973
		14,163,384	10,013,767

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	NOTES	**2006** **RMB'000**	2005 RMB'000
Capital and reserves			
Share capital	33	**2,895,038**	2,895,038
Reserves		**9,612,658**	5,436,297
Equity attributable to equity holders of the parent		**12,507,696**	8,331,335
Minority interests		**415,330**	367,291
Total equity		**12,923,026**	8,698,626
Non-current liabilities			
Bank borrowings - amounts due after one year	30	**1,204,797**	1,277,710
Other payable - amount due after one year	35	**35,561**	37,431
		1,240,358	1,315,141
		14,163,384	10,013,767

The financial statements on pages 114 to 168 were approved and authorised for issue by the Board of Directors on 18 April 2007 and are signed on its behalf by:

Li Yihuang
DIRECTOR

Wu Jinxing
DIRECTOR

	Attributable to equity holders of the parent												
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 (Note 34)	Other reserve RMB'000 (Note 34)	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Discretionary surplus reserve RMB'000	Translation reserve RMB'000	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity 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	—	—	—	—	—	—	—	—	(304,346)	—	(304,346)	—	(304,346)
Exchange differences arising on translation of operations in Hong Kong	—	—	—	—	—	—	—	(661)	—	—	(661)	(540)	(1,201)
Net expense recognised directly in equity	—	—	—	—	—	—	—	(661)	(304,346)	—	(305,007)	(540)	(305,547)
Profit for the year	—	—	—	—	—	—	—	—	—	1,871,769	1,871,769	27,984	1,899,753
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	—	—	233,323	—	233,323	—	233,323
Total recognised income and expense for the year	—	—	—	—	—	—	—	(661)	(71,023)	1,871,769	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 *(note 14)*	—	—	—	—	187,061	186,728	370,485	—	—	(744,274)	—	—	—
Transfer	—	—	—	—	—	(11,365)	11,365	—	—	—	—	—	—

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	Attributable to equity holders of the parent												
	Share capital	**Share premium**	**Capital reserve**	**Other reserve**	**Statutory surplus reserve**	**Statutory public welfare fund**	**Discretionary surplus reserve**	**Translation reserve**	**Hedging reserve**	**Retained profits**	**Total**	**Minority interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000* *(Note 34)*	*RMB'000* *(Note 34)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2005 and 1 January 2006	2,895,038	1,945,551	70,546	(92,506)	453,347	379,128	921,605	(661)	(71,023)	1,830,310	8,331,335	367,291	8,698,626
Decrease in fair value of derivatives under cash flow hedges	—	—	—	—	—	—	—	—	(846,182)	—	(846,182)	—	(846,182)
Exchange differences arising on translation of operations in Hong Kong	—	—	—	—	—	—	—	(1,079)	—	—	(1,079)	(884)	(1,963)
Net expense recognised directly in equity	—	—	—	—	—	—	—	(1,079)	(846,182)	—	(847,261)	(884)	(848,145)
Profit for the year	—	—	—	—	—	—	—	—	—	4,623,517	4,623,517	81,219	4,704,736
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	—	—	955,952	—	955,952	—	955,952
Total recognised income and expense for the year	—	—	—	—	—	—	—	(1,079)	109,770	4,623,517	4,732,208	80,335	4,812,543
Dividend paid 2005 final	—	—	—	—	—	—	—	—	—	(555,847)	(555,847)	(32,236)	(588,083)
Winding up of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)
Appropriations to reserves *(note 14)*	—	—	—	—	850,482	—	1,016,327	—	—	(1,866,809)	—	—	—
Transfer	—	—	—	—	3,443	(379,128)	375,685	—	—	—	—	—	—
At 31 December 2006	2,895,038	1,945,551	70,546	(92,506)	1,307,272	—	2,313,617	(1,740)	38,747	4,031,171	12,507,696	415,330	12,923,026

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	2006 *RMB'000*	2005 *RMB'000*
Operating activities		
Profit before taxation	**5,549,324**	2,198,694
Adjustments for:		
Allowance (reversal of allowance) for bad and doubtful debts	**69,893**	(16,538)
Amortisation of mining right	**4,410**	4,265
Amortisation of trademark	**1,720**	1,720
Amortisation of prepaid lease payments	**339**	339
Depreciation of property, plant and equipment	**481,040**	471,675
Discount on acquisition of additional interests in a subsidiary released to income	**—**	(3,174)
Dividend income from available-for-sale investment	**(3,509)**	—
Impairment loss recognised in respect of property, plant and equipment	**—**	20,425
Loss on winding up of a subsidiary	**(60)**	—
Interest expense	**168,938**	190,556
Interest income	**(25,188)**	(21,561)
Loss on disposal of property, plant and equipment	**19,332**	169
Share of results of associates	**(5)**	—
Operating cash flows before movements in working capital	**6,266,234**	2,846,570
Increase in inventories	**(2,853,110)**	(360,117)
Increase in trade and other receivables	**(2,738,922)**	(101,464)
Increase in trade and other payables	**750,361**	45,961
(Decrease) increase in derivative financial instruments	**(4,658)**	704
Decrease in held for trading investments	**350**	5,932
Cash generated by operations	**1,420,225**	2,437,586
Income tax paid	**(431,715)**	(142,356)
Net cash from operating activities	**988,540**	2,295,230
Investing activities		
Interest received	**25,188**	21,561
Proceeds on disposal of property, plant and equipment	**3,316**	3,779
Dividend income received from available-for-sale investment	**3,509**	—
Government subsidy received	**4,435**	1,335
Purchase of property, plant and equipment	**(1,883,534)**	(942,010)
Repayment of other payable	**(1,870)**	(1,870)
Investment in associates	**(109,000)**	—
Purchase of mining right	**(4,401)**	—
Net cash used in investing activities	**(1,962,357)**	(917,205)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006
(Prepared in accordance with IFRS)

	2006 *RMB'000*	2005 *RMB'000*
Financing activities		
New borrowings raised	**8,713,299**	1,558,011
Proceeds from issue of shares	**—**	917,885
Proceeds from issue of short term debenture	**1,000,000**	—
Transaction costs attributable to issue of new shares	**—**	(23,030)
Capital contributions by minority shareholders of subsidiaries	**—**	158,163
Repayment of bank borrowings	**(7,611,331)**	(2,610,706)
Repayment of short term debenture	**(500,000)**	—
Dividend paid by the Company	**(555,847)**	(319,685)
Interest paid	**(163,628)**	(191,720)
Dividends paid by subsidiaries to minority shareholders	**(32,236)**	(10,681)
Net cash from (used in) financing activities	**850,257**	(521,763)
Net (decrease) increase in cash and cash equivalents	**(123,560)**	856,262
Cash and cash equivalents at beginning of the year	**1,142,497**	287,436
Effect of foreign exchange rate changes	**(1,961)**	(1,201)
Cash and cash equivalents at end of the year, representing bank balances and cash	**1,016,976**	1,142,497

1. GENERAL

The Company is a Sino-foreign joint venture joint stock limited company established in the People's Republic of China (the "PRC") on 24 January 1997. In the opinion of the directors, its parent and ultimate holding company is Jiangxi Copper Corporation ("JCC").

The Company's H Shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and London Stock Exchange Limited. The Company's A Shares are listed on the Shanghai Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Renminbi, which is the same as the functional currency of the Company.

The Company is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining to produce copper cathode, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid and electrolytic gold and silver. It also provides smelting and refining services pursuant to tolling arrangements for customers. Details of the principal activities of the Company's subsidiaries are set out in note 22 to the consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted all of new and revised Standards and Interpretations (hereinafter collectively referred to as ''new IFRSs") issued by the International Accounting Standards Board (the ''IASB") and the International Financial Reporting Interpretations Committee (the ''IFRIC") of the IASB that are effective for accounting periods beginning on or after 1 December 2005 and 1 January 2006. At the date of this report, the following standards, amendment and interpretations were in issue but not yet effective:

IAS 1 (Amendment)	Capital disclosures[1]
IFRS 7	Financial instruments: Disclosures[1]
IFRS 8	Operating segments[2]
IFRIC 7	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies[3]
IFRIC 8	Scope of IFRS 2[4]
IFRIC 9	Reassessment of embedded derivatives[5]
IFRIC 10	Interim financial reporting and impairment[6]
IFRIC 11	IFRS 2: Group and treasury share transactions[7]
IFRIC 12	Service concession arrangements[8]

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

[2] Effective for annual periods beginning on or after 1 January 2009.

[3] Effective for annual periods beginning on or after 1 March 2006.

[4] Effective for annual periods beginning on or after 1 May 2006.

[5] Effective for annual periods beginning on or after 1 June 2006.

[6] Effective for annual periods beginning on or after 1 November 2006.

[7] Effective for annual periods beginning on or after 1 March 2007.

[8] Effective for annual periods beginning on or after 1 January 2008.

The directors anticipate that the adoption of these standards, amendment and interpretations in future periods will have no material impact on the financial position and the operating result of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The principal accounting policies adopted are as follows:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the fair values of the identifiable net assets, liabilities and contingent liabilities on the date of acquisition is recognised as goodwill. Any excess of the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition on the date of acquisition (i.e. discount on acquisition), after reassessment, is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has been passed.

Service income, including sub-contracting service, is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, Plant and Equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment loss.

Depreciation is charged to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the item and is included in the consolidated income statement in the year in which the item is derecognised.

Construction in progress represents assets in the course of construction for production, rental or administrative purposes. They are carried at cost, less any recognised impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes all construction expenditure and other direct costs, including borrowing costs, attributable to such projects. Costs on completed construction works are transferred to other appropriate category of property, plant and equipment.

No depreciation is provided in respect of construction in progress until it is completed and is ready for its intended use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Leasehold land and buildings under construction for future owner-occupied purpose

When the leasehold land and buildings are in the course of construction for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of construction in progress.

Trademark

Trademark is stated at cost less accumulated amortisation and any recognised impairment loss. The cost incurred in the acquisition of trademark is capitalised and amortised on a straight-line basis over the term of the related mining rights of 30 years.

Gains or losses arising from derecognition of a trademark are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Mining Rights

Mining rights are stated at cost less accumulated amortisation and any recognised impairment loss. The cost of mining rights is amortised on a straight-line basis over their estimated useful lives of 13 to 50 years.

Gains or losses arising from derecognition of mining rights are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Inventories

Inventories of concentrates, work in progress and metal are carried at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

All secondary products obtained during the course of production ("by-products") are stated at the lower of the processing costs of the by-products subsequent to the split-off point and net realisable value.

Inventories of auxiliary materials, consumable supplies and spare parts expected to be used in production are stated at weighted average cost less allowance for obsolescence.

Impairment of Tangible and Intangible Assets

At each balance sheet date, the Group reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognised as expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

The accounting policies adopted in respect of the Group's financial assets are set out as follows:

Loan and other receivables

Loan and receivables (including trade and other receivables and bank balances) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest method, less any appropriate allowances for estimated irrecoverable amounts. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The allowance is reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an occurring after the allowance was recognised, subject to a restriction that the carrying amount of the asset at the date the allowance is reversed does not exceed what the amortised cost would have been had the allowance not been recognised.

Held for trading investments

Held for trading investments are recognised on a trade-date basis and are initially measured at fair value. They are held for trading purpose and are measured at fair value at each balance sheet date subsequent to initial recognition with changes in fair value recognised directly in profit or loss in the period in which they arise.

Available-for-sale investments

Available-for-sale investments represent unquoted equity investment that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in profit or loss in subsequent periods.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and other payables, bank loans and short-term debentures) are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments (primarily commodity forward contracts) to hedge its exposure against commodity price fluctuations relating to certain forecasted transactions. The Group's policy with respect to hedging the risk of forecasted transactions is to designate it as cash flow hedge.

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

Such derivatives are initially measured at fair value on the contract date and are re-measured to fair value at subsequent balance dates.

For cash flow hedges that qualify for hedge accounting, the effective portion of the gains or losses arising on the changes in fair value of hedging instruments is initially recognised in equity and "recycled" into the consolidated income statement when the hedged item affects profit or loss. The ineffective portion is recognised immediately in profit or loss.

For cash hedges designated to hedge forcast sales, amount deferred in equity are recycled in revenue in the periods when the hedged item is recognised in profit and loss.

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss as they arise.

Hedge accounting is discontinued when the hedging instruments expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expired). The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Government Grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and are deducted in reporting the related expense.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible asset is amortised on a straight-line basis over its useful life and carried at cost less subsequent accumulated amortisation and any accumulated impairment loss. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Restoration, Rehabilitation and Environmental Expenditure

Where conditions of title, or other rights to use properties including rights to mine require that restoration, rehabilitation or environmental protection activities be carried out during the course of the use of the properties, costs of such activities are recognised as expenses at the time the costs are incurred. Where, due to current or previous activities, an obligation exists to carry out restoration, rehabilitation or environmental protection works in the future, an estimate of the cost of such rehabilitation is recognised as a provision.

Exploration and development expenditure

Expenditure during the initial exploration stage is written off as incurred. When it can be reasonably ascertained that a mining property is capable of commercial production, development expenditure incurred is capitalised and written off over the life of the mining rights. If any project is abandoned during the development stage, the total expenditure thereon will be written off.

Retirement Benefits Schemes

The Group participates in retirement plans administered by the provincial government pursuant to which the Group pays a fixed percentage of the salaries and wages of its qualifying staff and employees as a contribution to the plan mainly through JCC. Payments to the government are charged as expense when employees have rendered service entitling them to the contributions.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases and rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Prepaid Lease Payment

Prepaid lease payment represent upfront payment for interest in leasehold land is amortised over the lease term on a straight-line basis.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. CRITICAL KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Allowances for Bad and Doubtful Debts

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks. They are mainly commodity price risk, interest rate risk and credit risk. Details of the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

(i) Commodity price risk

The Group's commodity price risk is mainly the exposure against fluctuations of commodity price of copper cathode which is the major commodity produced and sold by the Group. To minimise this risk, the Group enters into commodity forward contracts to secure future selling price of copper cathode. Also, the Group purchase certain copper concentrate from third parties for the production of copper cathode. To minimise this risk, the Group entered into commodity buy forward contracts to secure future purchase price of copper concentrate.

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities. Interest bearing financial assets are mainly balances with banks which are all short term in nature. The directors consider the Group's exposure of the short term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

In addition, the Group has exposure of fair value interest rate risk through the impact of the rate changes on its bank borrowings bearing interest at fixed rate. The Group does not have interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Credit Risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management consider that the Group's credit risk is significantly reduced.

However, the credit risk on trade receivables is concentrated on a few of customers. Aggregate revenue attributable to the Group's five largest customers represented approximately 21% (2005: 40%) of the total revenue for the year.

In 2006, the largest to the fifth largest customers accounted for approximately 6%, 5%, 4%, 3% and 3% of the total revenue respectively. The aggregate balance of five larges customers' trade receivable amounted to approximately RMB1,519,065,000 at 31 December 2006. JCC had direct or indirect beneficial interests in the first largest customer. The other customers are independent third parties.

In 2005, the largest to the fifth largest customers accounted for approximately 13%, 12%, 6%, 5% and 4% of the total revenue of the Group respectively. JCC has direct or indirect beneficial interests in the largest and the second largest customers and the aggregate balance of the related trade receivable amounted to approximately RMB102,824,000 at 31 December 2005. The third largest customer is an independent third party whereas the fourth largest customer is a broker controlled by JCC representing the Group for the sales of copper cathode through Shanghai Future Exchange. The fifth largest customer has equity interests in the largest and the second largest customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services rendered, less sales taxes and return, for the year. An analysis of the Group's revenue, by business segments, is as follows:

	2006 *RMB'000*	2005 *RMB'000*
Business segments		
Sales of goods		
— copper cathode	**10,897,689**	5,454,350
— copper rods and wires	**10,020,405**	4,448,658
— other joint products and by-products	**3,420,741**	2,987,822
Tolling services	**219,316**	286,686
	24,558,151	13,177,516

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

Over 90% of the Group's revenue 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.

7. COST OF SALES

The cost of sales disclosed on the consolidated income statement represented cost of inventories recognised as an expense during the year.

8. OTHER INCOME

An analysis of the Group's other income is as follows:

	2006 *RMB'000*	2005 *RMB'000*
Dividend income from available-for-sale investment	**3,509**	—
Interest income from banks	**25,188**	21,561
Reversal of allowance for bad and doubtful debts	**—**	16,538
Transportation service income	**—**	10,050
Net income on sales of auxiliary and other materials	**22,124**	8,336
Gain on disposal of held for trading investments	**47**	5
Others	**4,114**	2,387
	54,982	58,877

9. OTHER EXPENSES

An analysis of the Group's other expenses is as follows:

	2006 **_RMB'000_**	2005 *RMB'000*
Net loss on derivative financial instruments (note)	**470,259**	361,490
Impairment loss recognised in respect of property, plant and equipment	**—**	20,425
General education	**6,384**	16,223
Donations	**10,930**	2,306
Loss on disposal of property, plant and equipment	**19,332**	169
Net foreign exchange loss	**15,218**	—
Others	**5,681**	4,275
	527,804	404,888

Note: The relates to fair value changes of derivative financial instruments which are not designed as hedging instrument and/or not qualified for hedge accounting.

10. FINANCE COSTS

	2006 **_RMB'000_**	2005 *RMB'000*
Interest on borrowings wholly repayable within five years	**173,078**	191,720
Less: Amount capitalised in construction in progress	**(4,140)**	(1,164)
	168,938	190,556

The capitalisation rate for general borrowings during the year was 6.25% (2005: 5.5%).

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The emoluments paid or payable to each of 13 (2005: 12) directors and 5 (2005: 5) supervisors were as follows:

		Other emoluments			
Name	**Fees**	**Salaries and other benefits**	**Performance related bonus**	**Retirement benefits scheme contributions**	**2006 Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors					
He Changming	—	857	70	23	950
Qi Huaiying	—	857	70	23	950
Li Yihuang	—	857	70	23	950
Wang Chiwei	—	857	70	23	950
Wu Jinxing	—	857	70	23	950
Gao Jianmin	—	180	—	23	203
Liang Qing	—	180	—	23	203
	—	4,645	350	161	5,156
Non-Executive Directors					
Kang Yi	50	—	—	—	50
Liu Xinxi	10	—	—	—	10
Shi Zhongliang	10	—	—	—	10
Yin Hongshan	50	—	—	—	50
Zhang Xin	40	—	—	—	40
Tu Shutian	40	—	—	—	40
	200	—	—	—	200
Total directors' emoluments for 2006	200	4,645	350	161	5,356
Supervisors:					
Wang Maoxian	—	400	—	23	423
Li Baomin	—	400	—	23	423
Li Ping	—	400	—	23	423
Gan Chengjiu	—	400	—	23	423
Hu Faliang	—	400	—	23	423
Total supervisors' emoluments for 2006	—	2,000	—	115	2,115

		Other emoluments			
Name	**Fees**	**Salaries and other benefits**	**Performance related bonus**	**Retirement benefits scheme contributions**	**2006 Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Executive Directors					
He Changming	—	659	70	21	750
Qi Huaiying	—	659	70	21	750
Li Yihuang	—	659	70	21	750
Wang Chiwei	—	659	70	21	750
Du Xinmin	—	—	—	—	—
Wu Jinxing	—	659	70	21	750
Gao Jianmin	—	154	30	21	205
Liang Qing	—	154	30	21	205
	—	3,603	410	147	4,160
Non-Executive Directors					
Kang Yi	20	—	—	—	20
Liu Xinxi	20	—	—	—	20
Shi Zhongliang	20	—	—	—	20
Yin Hongshan	20	—	—	—	20
	80	—	—	—	80
Total directors' emoluments for 2005	80	3,603	410	147	4,240
Supervisors:					
Wang Maoxian	—	308	—	21	329
Li Baomin	—	308	—	21	329
Li Ping	—	308	—	21	329
Gan Chengjiu	—	308	—	21	329
Hu Faliang	—	308	—	21	329
Total supervisors' emoluments for 2005	—	1,540	—	105	1,645

Note: The performance related bonus is determined based on the record of growth of the Group's annual results.

The five highest paid individuals of the Group were all executive directors.

12. TAXATION

	2006	2005
	RMB'000	*RMB'000*
Domestic income tax		
Current tax	**844,386**	297,835
Overprovision in prior year	**(541)**	(51)
	843,845	297,784
Hong Kong Profits Tax		
Current tax	**743**	1,157
	844,588	298,941

Hong Kong Profits Tax on one of the Group's subsidiaries are calculated at 17.5% of the estimated assessable profit for the year.

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 2005 to year 2007.

Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company, is entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's additions of PRC 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 preceding year. The portion of the Tax Benefit that is not utilised can be carried forward for future application for a period of not more than five years from the year in which the plant and equipment are acquired. There are no Tax Benefit not utilised as at 31 December 2006 and 31 December 2005.

The taxation charge can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2006	2005
	RMB'000	*RMB'000*
Profit before taxation	**5,549,324**	2,198,694
Tax at the domestic rates of 33%	**1,831,277**	725,569
Reduction of income tax in respect of reduced income tax rate of 15% for the Company	**(941,199)**	(392,818)
Tax effect of income that is not taxable in determining current year taxable profit	**—**	(3,281)
Tax effect of expenses that are not deductible in determining current year taxable profit	**50,808**	16,939
Tax effect of the allowance for doubtful debts that is not deductible in determining current year taxable profit	**11,039**	—
Tax effect of the reversal of allowance for doubtful debts that is not recognised as deferred tax asset	**—**	(2,254)
Tax effect of the write-down of property, plant and equipment that is not recognised as deferred tax asset	**—**	3,064
Reduction of income tax in respect of the Tax Benefit	**(105,104)**	(47,204)
Overprovision in prior year	**(541)**	(51)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**(933)**	(1,247)
Others	**(759)**	224
Taxation for the year	**844,588**	298,941

At 31 December 2006, the deductibility of the allowance 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 allowance for bad and doubtful debts of approximately RMB161 million (2005: RMB96 million) could be deducted in determining taxable profits in the future. Accordingly, the potential deferred tax asset of approximately RMB14 million (2005: RMB14 million) has not been recognised in the financial statements.

At 31 December 2006, the Group has RMB4 million (2005: RMB4 million) unused tax losses in respect of a subsidiary acquired in 2005 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of the subsidiary's future profit streams.

13. PROFIT FOR THE YEAR

	2006	2005
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts	**69,893**	—
Amortisation of prepaid lease payments *(note a)*	**339**	339
Amortisation of mining right *(note a)*	**4,410**	4,265
Amortisation of trademark *(note a)*	**1,720**	1,720
Auditors' remuneration	**5,039**	4,680
Depreciation of property, plant and equipment *(note b)*	**481,040**	471,675
Exploration and development expenses	**8,609**	6,473
Minimum lease payments under operating leases in respect of:		
— land use rights	**15,912**	15,806
— machinery and vehicles	**2,050**	1,518
— office premises	**13,643**	8,646
— staff quarters and use of common facilities *(note c)*	**29,751**	25,604
Discount on acquisition of additional interests in a subsidiary released to income *(note a)*	**—**	(3,174)
Restoration, rehabilitation and environmental expenses	**108,707**	64,010
Shipping and handling expenses (included in distribution costs)	**57,723**	62,791
Staff costs, including directors' and supervisors' remuneration	**579,445**	516,061
Loss on winding up of subsidiary	**60**	—

Notes:

(a) The amount has been included in administrative expenses.

(b) Depreciation of approximately RMB475,150,000 (2005: RMB465,614,000) and approximately RMB5,890,000 (2005: RMB6,061,000) were included in cost of sales and services and administrative expenses respectively.

(c) The amount was also included in staff costs disclosed above.

14. APPROPRIATIONS TO RESERVES (INCLUDED IN CONSOLIDATED STATEMENT OF CHANGES IN EQUITY)

	2006 *RMB'000*	2005 *RMB'000*
The amount represents transfer to:		
Statutory surplus reserve	**850,482**	187,061
Statutory public welfare fund	**—**	186,728
Discretionary surplus reserve	**1,016,327**	370,485
	1,866,809	744,274

Pursuant to a notice issued by the Ministry of Finance regarding the change of accounting treatment of profit appropriation of statutory public welfare fund after the implementation of PRC Company Law, no statutory public welfare fund will be accrued from year 2006. The remaining balance of statutory public welfare fund will be transferred to surplus reserve. The amounts transferred to statutory surplus reserve and statutory public welfare fund for the year by the Company and JCPC (see note 22) are each based on 10% (2005: 10%) and nil (2005: 10%) respectively of the profit for the year, prepared in accordance with the PRC accounting standards and regulations and the Articles of Association. The amount transferred to discretionary surplus reserve for the year by the Company is based on 20% (2005: 20%) of the Company's profit for the year, prepared in accordance with the PRC accounting standards and regulations.

The amounts transferred to statutory surplus reserve for the year by Kangtong (see note 22) are based on 10% (2005: 12%) of Kangtong's profit for the year, prepared in accordance with the PRC accounting standards and regulations.

The amounts transferred to statutory surplus reserve and statutory public welfare fund for the year by Xiaoshan Tongda (see note 22) are based on 10% (2005: 10%) and nil (2005: 5%) respectively of the Xiaoshan Tongda's profit for the year, prepared in accordance with the PRC accounting standards and regulations. No appropriation was made by the remaining subsidiaries during the year as they were having losses carried forward.

Pursuant to regulations in the PRC relating to the mining industry, the Company is required to transfer an amount to the capital reserve account, and such amount is entitled as additional deduction from operating income for PRC tax and accounting purposes. The amount is calculated as the shortfall of the amount of depreciation on property, plant and equipment in respect of mines and the amount calculated is based on the volume of copper ores extracted each year and at the applicable rate per tonne of copper ores. The utilisation of the amount in the capital reserve account will be subject to the rules in the PRC Companies Law and is not available for distribution to shareholders. With the approval from the Ministry of Finance, the Company has been exempted from making this appropriation to the capital reserve account.

15. DIVIDENDS

	2006	2005
	RMB'000	*RMB'000*
Ordinary shares:		
Final dividend paid for 2005 - RMB0.192 per share (2005: Final dividend paid for 2004 - RMB0.12)	**555,847**	319,685

On 16 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 paid to the shareholders as the final dividend for year 2005.

The directors propose to distribute a final dividend of RMB0.4 per share (tax inclusive for A Shares) for the year ended 31 December 2006. Total estimated dividend to be paid is approximately RMB1,158,015,000 (based on the existing issued 2,895,038,200 shares).

Dividends for the existing 1,387,482,000 H Shares will be paid to the shareholders on the register of shareholders of H Shares of the Company on 1 June 2007.

Further announcement regarding register of shareholders of A Shares and the payment date for dividends will be made after the relevant application by the Company has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

This dividend is subject to approval by the shareholders at the annual general meeting to be convened on 26 June 2007.

16. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit for the year attributable to equity holders of the parent of RMB4,623,517,000 (2005: RMB1,871,769,000) and on number of shares of 2,895,038,200 (2005: weighed average number of shares of 2,764,665,597) outstanding during the year.

No diluted earnings per share have been presented as these were no dilutive ordinary shares in issue in either 2006 and 2005.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant, machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
THE GROUP					
COST					
At 1 January 2005	4,295,897	6,298,446	927,745	490,136	12,012,224
Additions	69	1,168	885	941,655	943,777
Effect of government subsidy *(note 29)*	—	(1,335)	—	—	(1,335)
Reclassifications	124,155	250,416	(96,438)	(278,133)	—
Disposals/write off	(276)	(10,624)	(7,451)	—	(18,351)
At 31 December 2005	4,419,845	6,538,071	824,741	1,153,658	12,936,315
Additions	54	2,059	2,091	1,884,073	1,888,277
Effect of government subsidy *(note 29)*	—	(4,437)	—	—	(4,437)
Reclassifications	(903,551)	1,580,168	12,440	(689,057)	—
Disposals/write off	(27,082)	(110,418)	(15,827)	—	(153,327)
At 31 December 2006	3,489,266	8,005,443	823,445	2,348,674	14,666,828
DEPRECIATION AND IMPAIRMENT					
At 1 January 2005	1,246,085	3,424,406	514,912	—	5,185,403
Provided for the year	186,845	261,384	23,446	—	471,675
Impairment losses recognised in the income statement	9,884	7,593	2,948	—	20,425
Eliminated on disposals/write off	(94)	(9,442)	(4,867)	—	(14,403)
At 31 December 2005	1,442,720	3,683,941	536,439	—	5,663,100
Provided for the year	140,080	303,364	37,596	—	481,040
Eliminated on disposals/write off	(24,763)	(95,573)	(10,343)	—	(130,679)
Reclassification	(142,414)	140,084	2,330	—	—
At 31 December 2006	1,415,623	4,031,816	566,022	—	6,013,461
CARRYING VALUES					
At 31 December 2006	2,073,643	3,973,627	257,423	2,348,674	8,653,367
At 31 December 2005	2,977,125	2,854,130	288,302	1,153,658	7,273,215

	Buildings *RMB'000*	Plant, machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
THE COMPANY					
COST					
At 1 January 2005	4,149,857	6,221,813	789,494	487,119	11,648,283
Additions	10	188	60	750,972	751,230
Effect of government subsidy *(note 29)*	—	(1,335)	—	—	(1,335)
Reclassifications	123,683	112,320	37,092	(273,095)	—
Transfer to a subsidiary	—	—	—	(801)	(801)
Disposals/write off	—	(10,566)	(7,240)	—	(17,806)
At 31 December 2005	4,273,550	6,322,420	819,406	964,195	12,379,571
Additions	—	320	456	1,610,787	1,611,563
Effect of government subsidy *(note 29)*	—	(4,437)	—	—	(4,437)
Reclassifications	(960,404)	1,406,014	8,987	(454,597)	—
Transfer to a subsidiary	—	—	—	(84,895)	(84,895)
Disposals/write off	(18,034)	(127,265)	(14,491)	—	(159,790)
At 31 December 2006	3,295,112	7,597,052	814,358	2,035,490	13,742,012
DEPRECIATION AND IMPAIRMENT					
At 1 January 2005	1,241,525	3,412,893	507,676	—	5,162,094
Provided for the year	179,330	237,815	29,179	—	446,324
Impairment losses recognised in the income statement	9,884	7,593	2,948	—	20,425
Eliminated on disposals/write off	—	(9,406)	(4,753)	—	(14,159)
At 31 December 2005	1,430,739	3,648,895	535,050	—	5,614,684
Provided for the year	129,568	281,815	36,813	—	448,196
Eliminated on disposals/write off	(18,368)	(129,398)	(9,395)	—	(157,161)
Reclassification	(173,091)	173,545	(454)	—	—
At 31 December 2006	1,368,848	3,974,857	562,014	—	5,905,719
CARRYING VALUES					
At 31 December 2006	1,926,264	3,622,195	252,344	2,035,490	7,836,293
At 31 December 2005	2,842,811	2,673,525	284,356	964,195	6,764,887

Included in construction in progress of the Group and the Company is net interest capitalised of approximately RMB4,140,000 (2005: RMB1,164,000).

Included in construction in progress of the Group and the Company is amortisation of prepaid lease payments capitalised of approximately RMB2,412,000 (2005: RMB1,809,000).

Items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	12 to 40 years
Plant, machinery and equipment	10 to 25 years
Motor vehicles	10 to 12 years

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The buildings are situated on State-owned land in the PRC with rights to use the land obtained by:				
— the Group *(note a)*	**113,759**	115,659	**—**	—
— JCC *(note b)*	**1,695,588**	2,614,148	**1,695,588**	2,614,148
— other *(note c)*	**264,296**	247,318	**230,676**	228,663
	2,073,643	2,977,125	**1,926,264**	2,842,811

Notes:

(a) The lease terms of the land use rights ranged from 34 to 41 years as at 31 December 2006.

(b) Pursuant to a lease agreement dated 30 April 1997, the Company leases from JCC the rights to use the land for a fixed term of 30 years, subject to the right of the Company to renew for a further term of 5 years, at an annual rental of approximately RMB15,000,000.

(c) Pursuant to a lease agreement, the Company leases the rights to use the land for a term of 50 years commencing from 1 January 2002, at an annual rental of approximately RMB806,000.

18. PREPAID LEASE PAYMENTS

The prepaid lease payments of the Group and the Company represent leasehold interest in State-owned land in the PRC with rights to use the land under medium-term leases ranging from 25 years to 44 years.

Analysed for reporting purposes as:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current (included in trade and other receivables)	**942**	942	**603**	603
Non-current	**35,581**	36,523	**27,117**	27,719
	36,523	37,465	**27,720**	28,322

19. MINING RIGHTS

	THE GROUP	THE COMPANY
	RMB'000	*RMB'0000*
COST		
At 1 January 2005 and 31 December 2005	107,143	76,453
Additions	4,401	—
At 31 December 2006	111,544	76,453
AMORTISATION		
At 1 January 2005	17,026	16,240
Provided for the year	4,265	2,277
At 31 December 2005	21,291	18,517
Provided for the year	4,410	2,277
At 31 December 2006	25,701	20,794
CARRYING VALUES		
At 31 December 2006	85,843	55,659
At 31 December 2005	85,852	57,936

The Company acquired the mining rights in respect of the Dexing Mine and the Yongping Mine from JCC in 1997. According to the mining right certificates, the Company has the right to mine in the Dexing Mine and the Yongping Mine for a period of 30 and 13 years respectively.

In 2003, the Company acquired the mining right (excluding mining rights to resources beneath the minus-400-metre level) of the Wushan Copper Mine from JCC. According to the mining right certificate, the Company has the right to mine in the Wushan Copper Mine for a period of 50 years.

In 2004, the Company acquired the mining right through acquisition of a subsidiary, Diaoquan (see notes 22). According to the mining right certificate, Diaoquan has the right to mine for a period of 3 years. In the opinion of the directors, the respective mining right certificate will be renewed continuously until the end of the mine's estimated useful life of approximately 20 years.

20. TRADEMARK

	THE GROUP AND THE COMPANY
	RMB'000
COST	
At 1 January 2005 and 31 December 2005	51,684
Additions	—
At 31 December 2006	51,684
AMORTISATION	
At 1 January 2005	13,760
Provided for the year	1,720
At 31 December 2005	15,480
Provided for the year	1,720
At 31 December 2006	17,200
CARRYING VALUES	
At 31 December 2006	34,484
At 31 December 2005	36,204

The Company acquired the "Guiye" copper trademark from JCC as part of the Reorganisation. Trademark is stated at cost less accumulated amortisation and any recognised impairment loss. The cost incurred in the acquisition of trademark is capitalised and amortised on a straight-line basis over the term of the related mining rights of 30 years.

21. INTERESTS IN ASSOCIATES

	THE GROUP *RMB'000*	**THE COMPANY** *RMB'0000*
Cost of investment in associates		
Unlisted	109,000	100,000
Share of post-acquisition profits	5	—
	109,005	100,000

As at 31 December 2006, the Group had interests in the following associates:

Name	Form of business structure	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital Directly	Proportion of nominal value of issued capital Indirectly	Proportion of voting power held	Principal activities
江西銅業集團財務有限公司 Jiangxi Copper Corporation Finance Company Limited ("JXFC")	Incorporated	PRC	PRC	Ordinary	33.33%	1.67% (Note)	35%	Not yet commenced operation
昭覺縣逢燁濕法冶煉有限公司 ("Fengye")	Incorporated	PRC	PRC	Ordinary	—	40%	40%	Inactive

Note: The Company held 60% of the issued capital of JCPC (see note 22), in turn, JCPC held 1.67% of issued capital of JXFC.

The summarised financial information in respect of the Group's associates is set out below:

	2006 ***RMB'000***
Total assets	**744,963**
Total liabilities	**(434,947)**
Net assets	**310,016**
Group's share of net assets of associates	**109,005**
Revenue	**2,207**
Profit for the year	**16**
Group's share of results of associates for the year	**5**

22. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2006	2005
	RMB'000	*RMB'000*
Unlisted investments, at cost	**586,577**	526,500

Details of the Company's subsidiaries at 31 December 2006 are as follows:

Name of subsidiary	Paid up/ registered capital	Place of establishment and operation	Proportion of nominal value of issued ordinary share capital/registered capital held by the Company Directly	Indirectly	Principal activities
蕭山銅達化工有限公司 ("Xiaoshan Tongda")	RMB1,000,000	PRC*	60%	—	Trading of sulphuric acid
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	RMB225,000,000	PRC*	60%	—	Manufacturing and processing of copper rods and wires
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited ("Kangtong")	RMB140,000,000	PRC*	57.143%	—	Refining copper concentrate to produce blister copper
山西省刁泉銀銅礦業有限公司 Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	RMB76,157,900	PRC*	45.957%**	—	Sales of copper materials, precious metal materials and sulphuric concentrate powder
西昌安寧金屬回收有限公司 Xichang Anning Metal Reclaiming Company Limited ("Anning")	RMB300,000	PRC*#	—	80%	Reclaim and sales of scrap iron and copper
西昌金匯再生資源有限公司 Xichang Jinhui Regenerative Resource Company Limited ("Jinhui")	RMB1,000,000	PRC*	—	100%	Inactive
江西銅業銅合金材料有限公司 Jiangxi Copper Alloy Materials Company Limited ("JCAC")	RMB119,700,000	PRC*	60%	—	Manufacturing and processing of copper rods and wires

Name of subsidiary	Paid up/ registered capital	Place of establishment and operation	Proportion of nominal value of issued ordinary share capital/registered capital held by the Company Directly	Indirectly	Principal activities
江西省銅－甕福化工有限公司 Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu")	RMB181,500,000	PRC*	70%	—	Inactive
保弘有限公司 Sure Spread Limited	HKD50,000,000	Hong Kong	55%	—	Trading of silver ingots
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("SHJX")	RMB20,000,000	PRC*	100%	—	Sales of copper products
北京江銅營銷有限公司 Jiangxi Copper Beijing Trading Company Limited ("BJJX")	RMB10,000,000	PRC*	100%	—	Sales of copper products
深圳江銅營銷有限公司 Jiangxi Copper Shenzhen Trading Company Limited ("SZJX")	RMB30,000,000	PRC*	100%	—	Sales of copper products

* Established as limited liability company in the PRC.

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

\# Deregistered in April 2006.

None of the subsidiaries had issued any debt securities at the end of the year.

23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
COST				
Balance at 1 January and 31 December	**15,610**	15,610	**5,610**	5,610
ACCUMULATED IMPAIRMENT LOSS				
At 1 January and 31 December	**5,610**	5,610	**5,610**	5,610
CARRYING VALUES				
At 31 December	**10,000**	10,000	**—**	—

The amount represents unquoted equity investments, the fair value of which cannot be reliably determined. They are stated at cost and subject to a test for impairment loss because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. INVENTORIES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Auxiliary materials and consumable supplies	**98,257**	124,835	**67,363**	29,267
Spare parts	**270,353**	274,470	**270,353**	273,771
Raw materials	**3,541,670**	1,622,294	**3,443,463**	1,578,655
Work in progress	**1,575,988**	1,143,686	**1,575,988**	1,143,686
Finished goods	**652,730**	120,603	**647,220**	102,301
	6,138,998	3,285,888	**6,004,387**	3,127,680

25. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade and bill receivables	**2,981,598**	248,577	**2,107,310**	117,891
Other receivables - third parties	**667,315**	838,096	**534,651**	799,760
Amounts due from JCC and its affiliates - trade (note)	**178,468**	78,340	**86,751**	39,254
Amounts due from minority shareholders of subsidiaries *(note)*	**6,661**	—	**5,158**	—
Amounts due from subsidiaries *(note)*	**—**	—	**497,292**	39,071
	3,834,042	1,165,013	**3,231,162**	995,976

Allowances have been made for estimated irrecoverable amounts of trade and other receivables in aggregate of approximately RMB161 million (2005: RMB96 million).

Included in bills receivable, it composed of bills provided from JCC and its affiliates and minority shareholders, which amounted to RMB215,051,000 and RMB780,000 respectively.

The aged analysis of and trade bill receivables and amounts due from JCC and its affiliates are as follows:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade and bills receivables				
Within one year	**2,980,833**	246,439	**2,106,567**	115,753
Between one to two years	**121**	1,029	**99**	1,029
Between two to three years	**644**	1,109	**644**	1,109
	2,981,598	248,577	**2,107,310**	117,891
Amounts due from JCC and its affiliates - trade				
Within one year	**178,260**	78,340	**86,543**	39,254
Between one to two years	**205**	—	**205**	—
Between two to three years	**3**	—	**3**	—
	178,468	78,340	**86,751**	39,254

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

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Note: The amounts are unsecured, non-interest bearing and repayable within one year.

26. HELD FOR TRADING INVESTMENTS

THE GROUP

	2006 *RMB'000*	2005 *RMB'000*
Fair value at 31 December	—	350

The investments represent investments in listed equity securities in the PRC which present the Group with opportunity for return through dividend income and trading gains. The fair values of these securities as at 31 December 2005 are based on bid prices quoted in active market.

27. OTHER FINANCIAL ASSETS

Bank Balances and Cash

The amount comprises cash and short-term deposits carry at prevailing market rates and held by the Group treasury function. The carrying amount of these assets approximates their fair value.

28. TRADE AND OTHER PAYABLES

The balance principally comprises amounts outstanding for trade purchases, construction costs and ongoing costs. The average credit period taken for trade purchases is 60 to 90 days.

The directors consider that the carrying amount of trade and other payables approximates their fair value.

	THE GROUP		**THE COMPANY**	
	2006 *RMB'000*	2005 *RMB'000*	**2006** *RMB'000*	2005 *RMB'000*
Trade payables - third parties	**784,095**	474,249	**605,153**	393,589
Other payables - third parties	**645,210**	340,118	**591,856**	297,115
Amounts due to JCC and its affiliates — trade *(note)*	**303,311**	167,888	**284,292**	164,183
Amount due to JCC - other *(note 35)*	**1,870**	1,870	**1,870**	1,870
Amount due to a subsidiary *(note)*	**—**	—	**36,748**	54,238
	1,734,486	984,125	**1,519,919**	910,995

The aged analysis of trade payables and amounts due to JCC and its affiliates (excluding the other payable as set out in note 33) are as follows:

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables				
Within one year	**771,566**	465,771	**598,344**	386,146
Between one to two years	**9,009**	3,955	**3,881**	3,944
Between two to three years	**218**	1,515	**76**	1,024
Over three years	**3,302**	3,008	**2,852**	2,475
	784,095	474,249	**605,153**	393,589

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Amounts due to JCC and its affiliates - trade				
Within one year	**251,964**	166,782	**232,945**	163,409
Between one to two years	**51,064**	788	**51,064**	456
Between two to three years	**12**	249	**12**	249
Over three years	**271**	69	**271**	69
	303,311	167,888	**284,292**	164,183

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

29. GOVERNMENT SUBSIDY RECEIVED

	THE GROUP AND THE COMPANY	
	2006	2005
	RMB'000	*RMB'000*
Balance at 1 January	**—**	—
Received during the year	**4,435**	1,335
Utilisation to reduce the carrying amount of the relevant project *(note 17)*	**(4,435)**	(1,335)
Balance at 31 December	**—**	—

The amount in both years represents the government subsidy received for financing various projects.

30. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Long term bank loans	**1,456,197**	1,920,410	**1,309,798**	1,889,710
Short term bank loans	**2,646,277**	1,080,096	**1,975,583**	921,216
	4,102,474	3,000,506	**3,285,381**	2,810,926
Less: Amount due within one year included under current liabilities	**(2,897,677)**	(1,722,796)	**(2,180,584)**	(1,544,216)
Amount due after one year	**1,204,797**	1,277,710	**1,104,797**	1,266,710
Analysed as:				
— secured	**594,110**	86,700	**359,710**	—
— unsecured	**3,508,364**	2,913,806	**2,925,671**	2,810,926
	4,102,474	3,000,506	**3,285,381**	2,810,926
Bank borrowings are repayable as follows:				
Within one year	**2,897,677**	1,722,796	**2,180,584**	1,544,216
Between one to two years	**852,797**	346,000	**827,797**	335,000
Between two to five years	**352,000**	931,710	**277,000**	931,710
	4,102,474	3,000,506	**3,285,381**	2,810,926

The bank borrowings carry fixed interest rate ranging from 3.6% to 6.8% (2005: 3.5% to 6.2%) per annum. Majority of the bank borrowings are in Renminbi.

At 31 December 2006, bank borrowings amounting to approximately RMB479,710,000 (2005: RMB359,710,000) were supported by guarantees from JCC.

The directors estimate that the carrying amount of bank borrowings approximates their fair value by discounting their future cash flows at the prevailing market borrowing rates at the balance sheet date for similar borrowings.

31. SHORT-TERM DEBENTURES

On 25 May 2006, the Company completed the issuance of short-term debentures and the fair value was RMB500,000,000 (due in 365 days).

The debentures bears a coupon rate of 3.23% per annum. As at 31 December 2006, the accrued interest payable on the above short-term debenture was approximately RMB9,450,000.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Commodity forward contracts				
— copper cathode (under hedge accounting)	**38,747**	(71,023)	**38,747**	(71,023)
— copper cathode (not under hedge accounting)	**(19,297)**	—	**—**	—
Options				
— copper cathode	**—**	(23,955)	**—**	(23,955)
	19,450	(94,978)	**38,747**	(94,978)

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

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 31 December 2006, the fair value of commodity forward contracts in relation to copper cathode designated as cash flow hedges of the Group and the Company amounting to RMB38,747,000 (2005: RMB71,023,000) were recognised in the balance sheet. These commodity forward contracts are designated as highly effective hedging instruments in order to manage the Group's exposure in relation to forecasted sale of copper cathode.

At 31 December 2006, fair value gain of RMB38,747,000 (2005: fair value loss of RMB71,023,000) 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.

The terms of the commodity forward contracts in relation to copper cathode have been negotiated to match the terms of the forecasted sales of copper cathode. The major terms of these contracts, at the balance sheet date are as follows:

	THE GROUP AND THE COMPANY 2006
Position: Sell forward contracts Quantities *(in tonnes)*	**9,900**
Average price per tonne *(RMB)*	**64,272**
Delivery period	**From January 2007 to March 2007**

Not under hedge accounting

The Group also utilises commodity forward contracts to hedge forecasted purchase of copper concentrate. These arrangement are designed to address significant fluctuation in the price of copper concentrate which move in line with the price of copper cathode. However, this arrangement is not considered as an effective hedge according to IAS 39. Accordingly, they are classified as held-for-trading instruments. The respective unrealised loss was recognised in the income statement and the respective balance was recognised in derivative financial instrument under current liabilities.

At 31 December 2006, the fair value of commodity forward contracts of the Group and the Company which did not designate as hedging instruments amounting to RMB19,279,000 and nil respectively were recognised as current liabilities in the balance sheet and the major terms of these contracts were as follows:

	THE GROUP 2006	**THE COMPANY 2006**
Position: Buy forward contracts Quantities *(in tonnes)*	9,195	—
Average price per tonne *(RMB)*	62,448	—
Delivery period	From January 2007 to June 2007	N/A

During the year ended 31 December 2005, the Group entered 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 cathod. No options have been entered by the Group in 2006 and the outstanding options brought forward are all settled.

33. SHARE CAPITAL

	Number of shares	Share capital *RMB'000*
Balance at 1 January 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 January 2005 to 31 December 2005		
— H Shares *(note 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 *(note ii)*		
— Domestic Shares	(50,600,000)	(50,600)
— A Shares	50,600,000	50,600
Balance at 31 December 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:

(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 A Shares are transferred to each Holder of A share for every 10 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.

34. RESERVES

	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	Hedging reserve RMB'000	Retained profits RMB'000	Total RMB'000
THE COMPANY									
At 1 January 2005	1,281,696	70,546	(92,506)	264,233	201,742	539,656	—	1,018,074	3,283,441
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	570,858	—	570,858
Decrease in fair value of derivatives under cash flow hedges and recognised directly in equity	—	—	—	—	—	—	(641,881)	—	(641,881)
Profit for the year	—	—	—	—	—	—	—	1,858,445	1,858,445
Total recognised in income and expense for the year	—	—	—	—	—	—	(71,023)	1,858,445	1,787,422
New shares issued	686,885	—	—	—	—	—	—	—	686,885
Transaction costs attributable to issue of new shares	(23,030)	—	—	—	—	—	—	—	(23,030)
Dividends paid - 2004 final	—	—	—	—	—	—	—	(319,685)	(319,685)
Appropriations to reserves	—	—	—	185,242	185,242	370,484	—	(740,968)	—
Transfer	—	—	—	—	(11,365)	11,365	—	—	—
At 31 December 2005	1,945,551	70,546	(92,506)	449,475	375,619	921,505	(71,023)	1,815,866	5,415,033
Transfer to profit or loss on cash flow hedges	—	—	—	—	—	—	1,420,749	—	1,420,749
Decrease in fair value of derivatives under cash flow hedges and recognised directly in equity	—	—	—	—	—	—	(1,310,979)	—	(1,310,979)
Profit for the year	—	—	—	—	—	—	—	4,603,526	4,603,526
Total recognised in income and expense for the year	—	—	—	—	—	—	109,770	4,603,526	4,713,296
Dividends paid - 2005 final	—	—	—	—	—	—	—	(555,847)	(555,847)
Appropriations to reserves	—	—	—	839,693	—	1,016,327	—	(1,856,020)	—
Transfer	—	—	—	(166)	(375,619)	375,785	—	—	—
At 31 December 2006	1,945,551	70,546	(92,506)	1,289,002	—	2,313,617	38,747	4,007,525	9,572,482

Capital reserve represents the excess of the value of the net assets immediately before the establishment of the Company injected into the Company by JCC as part of the Reorganisation which was determined by the PRC valuer and was approved by the State Assets Administration Bureau over the nominal value of the 1,226,956,200 Shares (2005: 1,277,556,200 Shares) issued upon establishment of the Company of RMB1,226,956,200 (2005: RMB1,277,556,200).

Other reserve represents the difference in value of certain assets and liabilities included in the net assets injected into the Company pursuant to the Reorganisation calculated in accordance with IFRS and the valuation of assets and liabilities performed by the PRC valuer in accordance with relevant PRC standards and regulations, which valuation was confirmed by the State Assets Administration Bureau.

Statutory surplus reserve represents the appropriation of 10% of profit after taxation calculated in accordance with the PRC accounting standards and regulations and the Articles of Association of the Company and its subsidiaries. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's and its subsidiaries' registered capital. In addition, the Company's Articles of Association also allows the Company to transfer certain amount of profit after taxation and after appropriations to the statutory surplus reserve and statutory public welfare fund, subject to shareholders' approval, to discretionary surplus reserve. According to the Company's Articles of Association, statutory surplus reserve and discretionary surplus reserve can be used to make up prior year losses, to expand production operation or to increase share capital. The Company may capitalise the statutory surplus reserve and discretionary surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such appropriation shall not be less than 25% of the registered capital of the Company.

In prior year, statutory public welfare fund represents the appropriation of profit after taxation according to the requirements of the Company's Articles of Association and the Companies Law in the PRC. According to the requirements, the Company each transfers 10% of profit after taxation calculated in accordance with PRC accounting standards and regulations which in aggregate amounted to approximately nil for the year (2005: RMB185,242,000) to the statutory public welfare fund. The fund can only be utilised for capital expenditure on employees' collective welfare facilities and cannot be used in staff welfare expenses. Such employee welfare facilities are owned by the Company. The statutory public welfare fund is not distributable to shareholders other than in liquidation. In year 2006, none (2005: RMB11,365,000) had been utilised by the Company for capital expenditure on employees' collective welfare facilities and the amount had been transferred to discretionary surplus reserve.

However, starting from this year, pursuant to a notice issued by the Minority of Finance regarding the change of accounting treatment of profit appropriation of statutory public welfare fund after the implementation of PRC Company Law, no statutory public welfare fund will be accrued. The remaining balance of statutory public welfare fund will be transferred to surplus reserve.

35. OTHER PAYABLE

	THE GROUP AND THE COMPANY	
	2006	2005
	RMB'000	*RMB'000*
Portion bearing interest at 6.1% (2005: 5.3%) per annum, due within one year included as amount due to JCC - other under current liabilities *(note 28)*	**1,870**	1,870
Non-interest bearing portion, due after one year	**35,561**	37,431
	37,431	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
After five years	**28,081**	29,951
	37,431	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 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 year amounted to approximately RMB114,000 (2005: RMB99,000). The effective interest rate for the year ended 31 December 2006 is 6.1% (2005: 5.3%).

The directors estimate that the carrying amount of other payable approximates its fair value by discounting the future cash flows at the prevailing market long term bank loans borrowing rate at the balance sheet date.

36. RELATED PARTY TRANSACTIONS

Save as disclosed in the consolidated financial statements, the Group had the following significant transactions with (i) JCC and its affiliates, (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 of which are promoters and shareholders of the Company, (iii) other state-controlled entities in the PRC and (iv) compensation of key management personnel:

	2006	2005
	RMB'000	*RMB'000*
(i) Transactions with JCC and its control affiliates:		
Sale of copper cathode and sulphuric acid by the Group	**1,712,901**	485,842
Sale of raw copper sulphate by the Group	**92,245**	49,972
Tolling fee and sales fee charged by the Group (note)	**43,956**	150,531
Sale of waste, filter residue and black cement copper by the Group	**44,578**	75,576
Sale of auxiliary industrial products by the Group	**105,399**	112,450
Sale of low oxygen copper rods and wires and processing of copper cathode into low oxygen copper rods and wires by the Group	**65,908**	58,467
Purchase of copper concentrates by the Group	**518,924**	395,671
Purchase of blister copper by the Group	**1,035,965**	15,500
Purchase of scrap copper by the Group	**105,974**	607,040
Purchase of auxiliary industrial products by the Group	**370,031**	310,972
Purchase of gold and silver-bearing materials by the Group	**12,055**	26,737
Purchase of copper cathode by the Group	**—**	577,778
Brokerage agency services provided to the Group	**8,908**	6,241
Construction services provided to the Group	**123,579**	80,208
Environmental greenery services provided to the Group	**7,590**	7,112
Industrial water supplied to the Group	**20,450**	18,143
Railway transportation services provided to the Group	**20,419**	19,345
Rentals for office premises received by the Group	**56**	56
Rentals for housing for the employees and use of common facilities charged to the Group	**25,398**	21,323
Rental for land use rights charged to the Group	**15,000**	15,000
Rentals for office premises charged to the Group	**5,097**	8,367
Repair and maintenance services provided to the Group	**138,488**	127,033
Retirement benefits contributions paid by the Group	**74,614**	65,115
Sale of gases by the Group	**4,533**	4,042

	2006	2005
	RMB'000	*RMB'000*

(i) Transactions with JCC and its Control Affiliates: *(Continued)*

Social welfare and support services provided to the Group		
— welfare and medical services	**67,286**	57,528
— primary and secondary education services	**2,784**	13,059
— technical education services	**3,654**	3,165
— internal telecommunications services	**4,632**	2,674
— use of representative offices	**4,113**	3,445
Supply of water and transmission of electricity by the Group	**74,355**	62,362
Electricity supply provided to the Group	**4,391**	10,557
Vehicle transportation services provided to the Group	**114,602**	162,420
Equipment maintenance and machinery processing services provided to the Group	**—**	—
Operation management services expenses borne by the Group	**3,567**	2,952
Other administrative expenses borne by the Group	**8,682**	8,212
Purchases of property, plant and equipment by the Group (at carrying amount)	**28,985**	11,668
Sales of copper rod and wire	**183,940**	—
Purchases of silver concentrates by the Group	**2,315**	—
Transfer of mining right	**1,984**	1,974

Note: The Company entered into a processing agreement with JCC dated 3 September 2001 whereby the Company was appointed on an exclusive basis to process copper concentrates, blister copper and scrap copper imported by JCC into copper cathode and to arrange for the sales and distribution of such copper cathode in the PRC. On 25 May 2004, the Company entered into a new processing agreement with JCC. The new processing agreement was entered under substantially same terms and conditions as the processing agreement dated 3 September 2001. The directors of the Company are of a view that the entering into of the processing agreement may indirectly result in JCC being engaged in a business likely to be in competition with those of the Company and may result in JCC breaching the terms and conditions of the letter of undertaking dated 22 May 1997 by JCC (the "Undertaking") and the asset injection agreement dated 26 May 1997 entered into between JCC and the Company (the "Injection Agreement"). However, the directors of the Company are of a view that the processing agreement has already built in a mechanism to minimise its competing effect and that the processing agreement is in the best interest of the Company and its independent shareholders. Accordingly, the Company did not enforce against JCC for any breach of the terms and conditions of the Undertaking and the Injection Agreement arising out of the processing agreement or to take any other action against JCC. The ordinary resolution for such authorisation was passed at the extraordinary general meeting of the Company held on 23 October 2001.

On 25 January 2005, the Company entered into a joint venture agreement ("JV Agreement") with JCC to establish a Sino-foreign equity joint venture, Jiangxi Copper Alloy Materials Company Limited 江西銅業銅合金材料有限公司 ("JCAC"), to engage in the manufacturing of copper and copper alloy rods and wires. The Company and JCC shall invest a sum of RMB119,700,000 and RMB79,800,000 respectively in cash as capital contribution to JCAC according to the JV Agreement. JCAC is owned as to 60% by the Company and 40% by JCC.

On 3 June 2005, the Company entered into an agreement with JCC, an associate of JCC ("Party A"), two subsidiaries of JCC ("Party B" and "Party C"), a subsidiary of the Company (a non-wholly owned subsidiary of the Company, the shareholding of which is owned as to 60% by the Company and 40% by JCC) ("Party D") and an independent third party ("Party E") to establish a joint venture company, Jiangxi Copper Corporation Financial Ltd. 江西銅業集團財務有限公司 ("JXFC"), to engage in the provision of various financial services. The Company, JCC, Party A, Party B, Party C, Party D and Party E shall invest a sum of RMB100,000,000, RMB120,000,000, RMB6,000,000, RMB6,000,000, RMB3,000,000, RMB5,000,000 and RMB60,000,000 respectively in cash as capital contribution to JXFC according to the agreement. JXFC is owned as to 40% by JCC, 33.33% by the Company, 2% by Party A and Party B, 1% by Party C, 1.67% by Party D and 20% by Party E. As at the date of this report, JXFC still not yet in operation.

On 5 December 2006, JCAC entered into a consolidated supply and processing agreement with JCC and its affiliates. Under these agreements, JCAC will provided processing services from copper cathode to copper rod with different models.

(ii) Transactions with the Promoters and Shareholders of the Company:

	2006 **RMB'000**	2005 *RMB'000*
Sales of copper cathode to Jiangxi Xinxin (previously known as "Shangrao Zhenda")	**61,395**	302,489
Sales of copper rod and wire to Jiangxi Xinxin (previously known as "Shangrao Zhenda")	**135,574**	3,583
Tolling fee received from Hubei Sanxin	**21,749**	24,589
Purchase of copper concentrates from Hubei Sanxin	**128,708**	42,881

In addition, the Group had made nil (2005: RMB10,000,000) prepayment to Hubei Sanxin as at 31 December 2006 in respect of the purchase of copper concentrates. Interest charged by the Group during the year in respect of the prepayment amounted to nil (2005: approximately RMB142,000). Interest was determined with reference to the terms of the relevant agreement (including amendments thereto).

(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 36(i) and note 36(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/balances with other state-controlled entities are as follows:

	2006 **RMB'000**	2005 *RMB'000*
Trade sales	**2,180,746**	1,041,769
Trade purchases	**2,628,285**	2,045,514
Purchase of property, plant and equipment	**103,734**	19,358
Trade and other receivables	**98,125**	104,345
Trade and other payables	**18,258**	2,828

The Group 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.

(iv) Compensation of Key Management Personnel

The remuneration of key management during the year was as follows:

	2006 **RMB'000**	2005 *RMB'000*
Short-term benefits	**6,845**	5,223
Retirement benefits scheme contribution	**276**	252
Performance related bonus	**350**	410
	7,471	5,885

The remuneration of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. PLEDGE OF ASSETS

THE GROUP

At 31 December 2006, property, plant and equipment and inventories of approximately RMB96,260,000 (2005: RMB33,279,000) and RMB127,201,000 (2005: RMB30,987,000) respectively and mining right of RMB25,906,000 (2005: RMB27,917,000) were pledged to secure certain of the Group's bank borrowings.

38. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	THE GROUP AND THE COMPANY	
	2006	2005
	RMB'000	*RMB'000*
Within one year	**15,806**	15,806
In the second to fifth year inclusive	**63,224**	63,224
After five years	**257,245**	273,052
	336,275	352,082

The above amounts mainly represent commitments under the non-cancellable operating leases in respect of land use rights as described in note 18.

39. CAPITAL COMMITMENTS

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

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Commitments for the acquisition of property, plant and equipment:				
— contracted for but not provided in the financial statements	**779,407**	626,143	**768,804**	538,314
— authorised but not contracted for	**2,305,698**	3,448,854	**2,212,148**	3,019,066
— Investment in an associate	**36,000**	—	**36,000**	—
	3,121,105	4,074,997	**3,016,952**	3,557,380
An analysis of the capital commitments is as follows:				
Expansion projects	**2,101,585**	3,476,583	**2,101,586**	3,476,583
Exploration projects	**—**	—	**—**	—
Other general projects	**983,520**	598,414	**879,366**	80,797
Investment in an associate	**36,000**	—	**36,000**	—
	3,121,105	4,074,997	**3,016,952**	3,557,380

40. RETIREMENT BENEFITS SCHEMES

The Group contributes mainly to defined contribution pension schemes, which are administered by the provincial government, in respect of employees of the Group. According to such schemes, the Group shall pay an amount, calculated at a percentage of the total salaries and wages of the employees, to retirement reserve mainly through JCC.

The total cost charged to the income statement of approximately RMB77,074,000 (2005: RMB67,811,000) represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

41. EVENTS AFTER BALANCE SHEET DATE

(i) Pursuant to the announcement dated on 19 March 2007, the Company intends to apply to China Securities and Regulatory Commission and other relevant PRC authorities for the approval of the issue of not more than 290,000,000 A shares (including the Consideration Shares and Placing Shares) in the PRC and the listing of such A shares on The Shanghai Stock Exchange. Apart from that, on 16 March 2007, the Company entered into the Acquisition Agreement with JCC, pursuant to which, the Company agreed to acquire the mining rights and the related operating assets and liabilities of Chengmenshan Copper Mine, operating assets and related liabilities of the Xiangsei Railway, 40% equity interest of JCAC, 40% equity interest of JCPC, 100% equity interest of JCC Chemical Company and 100% equity interest of the JCC Dexing Transportation Company, from JCC for an aggregate Consideration of RMB1,785 million (subject to adjustment) which will be satisfied by the issue of the Consideration Shares.

(ii) On 26 November 2006, EPI Metals Limited ("EPI Metals"), a wholly owned subsidiary of the EPI (Holdings) Limited ("EPI"), entered into the JV Agreement with the Group and Qingyuan Tongda Electric Industrial Co., Ltd. ("CYTD") to form Jiangxi Copper EPI (Qingyuan) Limited ("JXEPI"). Upon Completion, JXEPI will be owned as to 51% by EPI Metals, 40% by the Group, and 9% by CYTD. The registered capital of JXEPI will be RMB 90 million.

On 29 December 2006, the Directors of EPI further announced that on 21 December 2006, the JV Parties entered into the Supplemental Agreement pursuant to which the JV Parties agreed to change the name of the joint venture from Jiangxi Copper EPI (Qingyuan) Limited to Qingyuan JCCL EPI Copper Limited and the chairman of the JV Board will be appointed by EPI Metals instead of by the Group.

JXEPI will be engaged in the production and sales of copper anodes. As at balance sheet date, the Group was not yet paid for any deposit for the investment.

42. BALANCE SHEET OF THE COMPANY

	NOTES	**2006** **RMB'000**	2005 RMB'000
Non-current assets			
Property, plant and equipment	17	**7,836,293**	6,764,887
Prepaid lease payments	18	**27,117**	27,719
Mining right	19	**55,659**	57,936
Trademark	20	**34,484**	36,204
Investments in subsidiaries	22	**586,577**	526,500
Investment in an associate	21	**100,000**	—
		8,640,130	7,413,246
Current assets			
Inventories	24	**6,004,387**	3,127,680
Trade and other receivables	25	**3,231,162**	995,976
Derivative financial instruments	32	**38,747**	—
Bank balances and cash	27	**515,988**	833,894
		9,790,284	4,957,550
Current liabilities			
Trade and other payables	28	**1,519,919**	910,995
Taxation payable		**612,583**	206,395
Bank and borrowings - amount due within one year	30	**2,180,584**	1,544,216
Short-term debenture	31	**509,450**	—
Derivative financial instruments	32	**—**	94,978
		4,822,536	2,756,584
Net current assets		**4,967,748**	2,200,966
		13,607,878	9,614,212
Capital and reserves			
Share capital	33	**2,895,038**	2,895,038
Reserves	34	**9,572,482**	5,415,033
		12,467,520	8,310,071
Non-current liabilities			
Bank borrowings - amount due after one year	30	**1,104,797**	1,266,710
Other payable - amount due after one year	35	**35,561**	37,431
		1,140,358	1,304,141
		13,607,878	9,614,212

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

	2006 RMB'000	2005 RMB'000
Net assets as per consolidated balance sheet prepared under IFRS	**12,923,026**	8,698,626
Different accounting treatment in respect of minority interests	**(415,330)**	(367,291)
Different accounting treatment in respect of government subsidy	**72,680**	74,635
Different accounting treatment in respect of derivative financial instruments	**(19,450)**	94,978
Different accounting treatment in respect of pre-operating expenses of certain subsidiaries	**—**	3,124
Net assets as per consolidated balance sheet prepared under PRC accounting standards and regulations	**12,560,926**	8,504,072
Profit for the year as per consolidated income statement prepared under IFRS	**4,704,736**	1,899,753
Different accounting treatment in respect of minority interests	**(81,219)**	(27,984)
Different accounting treatment in respect of depreciation relating to government subsidy	**(6,390)**	(6,100)
Different accounting treatment in respect of derivative financial instruments	**(4,658)**	(17,408)
Different accounting treatment in respect of pre-operating expenses of certain subsidiaries	**(3,124)**	3,124
Net profit as per consolidated income statement prepared under PRC accounts standards and regulations	**4,609,345**	1,851,385

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

FINANCIAL SUMMARY

(Prepared in accordance with IFRS)

	Year ended 31 December				
	2006	2005	2004	2003	2002
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**24,558,151**	13,177,516	10,627,274	5,420,891	3,327,073
Cost of sales and services	**(17,743,901)**	(9,992,777)	(8,688,160)	(4,342,161)	(2,710,844)
Gross profit	**6,814,250**	3,184,739	1,939,114	1,078,730	616,229
Other income	**54,982**	58,877	41,364	33,799	41,111
Distribution costs	**(104,595)**	(95,765)	(84,827)	(61,977)	(40,488)
Administrative expenses	**(518,576)**	(353,713)	(326,417)	(246,002)	(236,856)
Share of results of associates	**5**	—	—	—	—
Other expenses	**(527,804)**	(404,888)	(136,822)	(104,489)	(49,843)
Finance costs	**(168,938)**	(190,556)	(199,517)	(162,413)	(156,816)
Profit before taxation	**5,549,324**	2,198,694	1,232,895	537,648	173,337
Taxation	**(844,588)**	(298,941)	(116,962)	(29,101)	(3,752)
Profit for the year	**4,704,736**	1,899,753	1,115,933	508,547	169,585
Attributable to:					
Equity holders of the parent	**4,623,517**	1,871,769	1,108,139	505,243	169,504
Minority interests	**81,219**	27,984	7,794	3,304	81
	4,704,736	1,899,753	1,115,933	508,547	169,585

	At 31 December				
	2006	2005	2004	2003	2002
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**19,957,043**	13,035,542	11,268,827	10,097,654	8,824,764
Total liabilities	**(7,034,017)**	(4,336,916)	(5,117,208)	(4,781,605)	(4,021,756)
	12,923,026	8,698,626	6,151,619	5,316,049	4,803,008
TOTAL EQUITY					
Equity attributable to equity holders of the parent	**12,507,696**	8,331,335	5,956,080	5,167,626	4,742,304
Minority interests	**415,330**	367,291	195,539	148,423	60,704
	12,923,026	8,698,626	6,151,619	5,316,049	4,803,008