



Jiangxi Copper Company Limited

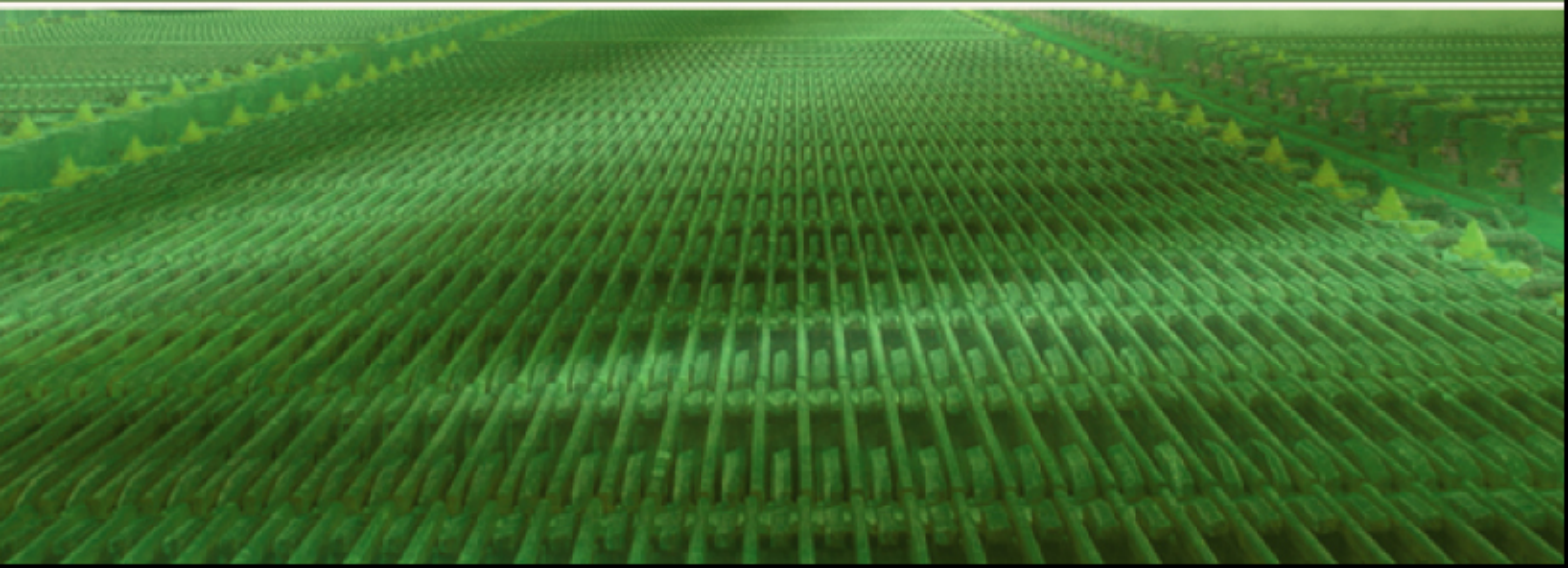
(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

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



Interim Report

2007



CONTENTS

| | | |
|----|--|-----|
| 1. | Corporate Information | 2 |
| 2. | Major Financial Data and Indicators | 4 |
| 3. | Changes in Share Capital and Shareholdings of Substantial Shareholders | 7 |
| 4. | Directors, Supervisors and Senior Management | 10 |
| 5. | Management Discussion and Analysis | 11 |
| 6. | Significant Events | 17 |
| 7. | Independent Review Report | 21 |
| 8. | Financial Reports | |
| | • Prepared in accordance with International Financial Reporting Standards (reviewed) | 22 |
| | • Prepared in accordance with PRC Accounting Standards and Regulations (unaudited) | 43 |
| 9. | Documents Available for Inspection | 122 |

CORPORATE INFORMATION

(1) IMPORTANT NOTICE

1. Jiangxi Copper Company Limited (the "Company"), the board of directors (the "Board") and the directors (the "Directors") of the Company warrant that there are no false representations or misleading statements contained in or material omissions from this report, and collectively and individually accept responsibility for the truthfulness, accuracy and completeness of the contents contained herein.
2. The financial statements in this interim report have not been audited, but the financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS") have been reviewed and approved by the independent audit committee of the Company.
3. The Directors of the Company, Mr. Wang Chiwei, Mr. Liang Qing, Mr. Long Ziping and Mr. Li Baomin were unable to attend the meeting, but have appointed other Directors to attend and exercise all rights of a Director on their behalf.
4. Mr. Li Yihuang, the Company's Chairman, Mr. Wu Jinxing, a Director and the Chief Financial Officer and Ms. Qiu Ling, the Manager of the Financial Department, represent and warrant that the financial statements contained in this interim report are true and complete.

(2) CORPORATE INFORMATION

(1) Corporate Information

- | | | | |
|----|---|---|---|
| 1. | Legal name of the Company in Chinese | : | 江西銅業股份有限公司 |
| | Chinese abbreviation | : | 江西銅業 |
| | Legal name of the Company in English | : | Jiangxi Copper Company Limited |
| | English abbreviation | : | JCCL |
| 2. | Stock Exchange of listing (A Shares) | : | Shanghai Stock Exchange |
| | Stock abbreviation (A Shares) | : | Jiangxi Copper |
| | Stock code (A Shares) | : | 600362 |
| | Stock Exchange of listing (H Shares) | : | The Stock Exchange of Hong Kong Limited |
| | Stock abbreviation (H Shares) | : | Jiangxi Copper |
| | Stock code (H Shares) | : | 0358 |
| | Secondary listing (H Shares) | : | London Stock Exchange |
| | Level I American Depository Receipt (ADR) | : | The Bank of New York |

CORPORATE INFORMATION

3. Registered address : 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Office address : 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code : 335424
Website : www.jxcc.com
E-mail address : jccl@jxcc.com
4. Legal representative : Li Yihuang
5. Company Secretary : Pan Qifang
Telephone : 86-701-3777736
Fax : 86-701-3777013
E-mail address : jccl@jxcc.com
Address : 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Securities Affairs Representative : Zhou Zhenghua
Telephone : 86-701-3777733
Fax : 86-701-3777013
E-mail address : jccl@jxcc.com
Address : 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
6. Name of newspapers for information disclosure : Shanghai Securities News
Websites for information disclosure : <http://www.sse.com.cn>,
<http://www.hkex.com.hk>,
<http://www.jxcc.com>, and
<http://jxcc.wsfg.hk>
Place available for inspection of Interim Report : Secretarial Office of the Board of Jiangxi Copper Company Limited
15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China

MAJOR FINANCIAL DATA AND INDICATORS

(1) FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

| | For the six months ended 30 June | |
|---|---|---|
| | 2007 RMB'000 Unaudited | 2006 RMB'000 Unaudited |
| Turnover | 17,298,422 | 9,492,581 |
| Profit before taxation | 2,417,361 | 2,546,642 |
| Profit for the reporting period attributable to shareholders of the Company | 2,031,698 | 2,090,353 |
| Basic earnings per share | RMB0.7018 | RMB0.7220 |
| | As at 30 June 2007 RMB'000 Unaudited | As at 31 December 2006 RMB'000 Audited |
| Total assets | 24,001,929 | 20,029,727 |
| Total liabilities | 10,213,423 | 7,106,701 |
| Minority interests | 446,727 | 415,330 |
| Equity attributable to shareholders of the Company | 13,341,779 | 12,507,696 |
| Equity attributable to shareholders of the Company per share | RMB4.61 | RMB4.32 |

MAJOR FINANCIAL DATA AND INDICATORS

(2) FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS AND REGULATIONS ("PRC GAAP")

| | As at 30 June 2007 RMB'000 (Unaudited) | As at 31 December 2006 RMB'000 (Audited) | Increase (Decrease) % |
|---|---|---|-----------------------------|
| Total assets | 24,000,827 | 19,991,730 | 20.05 |
| Owners' (or shareholders') equity | 13,750,378 | 12,923,028 | 6.40 |
| Net assets attributable to shareholders of the Company per share (RMB) | 4.75 | 4.46 | 6.50 |

| | For the six months ended 30 June | | |
|--|----------------------------------|--------------------------------|-----------------------------|
| | 2007 RMB'000 (Unaudited) | 2006 RMB'000 (Unaudited) | Increase (Decrease) % |
| Operating profit | 2,375,556 | 2,569,139 | (7.54) |
| Total profit | 2,366,524 | 2,546,643 | (7.07) |
| Net profit | 2,034,514 | 2,109,758 | (3.57) |
| Net profit after non-recurring items (Note) | 2,042,180 | 2,132,254 | (4.22) |
| Basic earnings per share (RMB) | 0.6886 | 0.7220 | (4.63) |
| Diluted earnings per share (RMB) | 0.6886 | 0.7220 | (4.63) |
| Return on net assets (%) | 14.99 | 16.71 | (1.72) |
| Net cash flow from operating activities | (595,059) | 1,190,293 | (150.00) |
| Net cash flow from operating activities per share | (0.21) | 0.41 | (151.22) |

Note: Non-recurring items

| | Amount RMB'000 (Unaudited) |
|--|----------------------------------|
| Loss from the disposal of non-current assets | 7,930 |
| Net non-operating expenses from other activities | 1,102 |
| Impact of income tax on non-recurring items | (1,366) |
| Total | 7,666 |

MAJOR FINANCIAL DATA AND INDICATORS

(3) DIFFERENCES BETWEEN IFRS AND PRC GAAP

| | Net profit | | Shareholders' equity | |
|---|----------------------------------|-------------|----------------------|-------------------|
| | For the six months ended 30 June | | As at 30 June | As at 31 December |
| | 2007 | 2006 | 2007 | 2006 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Prepared under PRC GAAP | 2,034,514 | 2,109,758 | 13,750,378 | 12,923,028 |
| Adjustments in accordance with IFRS: | | | | |
| — Reversal of safe production fund | 50,837 | — | 50,837 | — |
| — Recognition of the impact on deferred income tax from reversal of safe production fund under IFRS | (12,709) | — | (12,709) | — |
| Prepared in accordance with the IFRS | 2,072,642 | 2,109,758 | 13,788,506 | 12,923,028 |

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(1) SHAREHOLDING INFORMATION

(1) Shareholdings of the top ten shareholders as at the end of the reporting period

As at the end of the reporting period, the total number of shareholders of the Company amounted to 99,847.

| Name of shareholder | Type of shareholders | Percentage of shareholding (%) | Total number of shares held (Share) | Increase (decrease) during the reporting period | Number of shares held subject to trading moratorium (Share) | Number of shares pledged or frozen |
|-----------------------------------|-----------------------|--------------------------------|-------------------------------------|---|---|------------------------------------|
| HKSCC Nominees Limited | Overseas legal person | 47.59 | 1,377,705,900 | (838,000) | Nil | Unknown |
| Jiangxi Copper Corporation | Domestic legal person | 42.31 | 1,225,035,414 | — | 1,225,035,414 | Nil |
| Wang Yuanzhong | Unknown | 0.17 | 4,876,724 | — | Nil | Unknown |
| Dong Guoshun | Unknown | 0.13 | 3,723,321 | — | Nil | Unknown |
| Tianchuang Homebuyers | Unknown | 0.09 | 2,494,088 | 2,494,088 | Nil | Unknown |
| Prudential | Unknown | 0.08 | 2,194,807 | 2,194,807 | Nil | Unknown |
| HSBC Nominees (Hong Kong) Limited | Overseas legal person | 0.06 | 1,633,000 | 21,000 | Nil | Unknown |
| Boshi Securities Investment Fund | Unknown | 0.05 | 1,480,379 | 1,480,379 | Nil | Unknown |
| Feng Shihong | Unknown | 0.05 | 1,446,068 | 1,446,068 | Nil | Unknown |
| Wan Yong Industry | Unknown | 0.04 | 1,300,000 | 1,300,000 | Nil | Unknown |

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(2) Shareholdings of the top ten holders of shares not subject to trading moratorium as at the end of the reporting period

| Name of shareholder | Number of shares held not subject to trading moratorium (share) | Class of shares |
|-----------------------------------|--|---|
| HKSCC Nominees Limited | 1,377,705,900 | Overseas listed foreign shares (H Shares) |
| Wang Yuanzhong | 4,876,724 | Ordinary shares denominated in RMB (A Shares) |
| Dong Guoshun | 3,723,321 | Ordinary shares denominated in RMB (A Shares) |
| Tianchuang Homebuyers | 2,494,088 | Ordinary shares denominated in RMB (A Shares) |
| Prudential | 2,194,807 | Ordinary shares denominated in RMB (A Shares) |
| HSBC Nominees (Hong Kong) Limited | 1,633,000 | Overseas listed foreign shares (H Shares) |
| Boshi Securities Investment Fund | 1,480,379 | Ordinary shares denominated in RMB (A Shares) |
| Feng Shihong | 1,446,068 | Ordinary shares denominated in RMB (A Shares) |
| Wan Yong Industry | 1,300,000 | Ordinary shares denominated in RMB (A Shares) |
| Wong Shirley Kaye | 1,104,000 | Overseas listed foreign shares (H Shares) |

Notes:

The Company is not aware of any connected relationship among the above holders of listed shares, nor aware of any parties acting in concert as defined in Administrative Measures on Acquisitions of Listed Companies.

Jiangxi Copper Corporation ("JCC"), the de facto controller of the Company, and the others in top ten shareholders are neither connected person nor party acting in concert.

There is no change in controlling shareholder and the de facto controller of the Company during the reporting period.

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(3) Shareholdings of the top ten shareholders subject to trading moratorium and the condition of trading moratorium

Unit: Share

| No. | Name of shareholders subject to trading moratorium | Number of shares subject to trading moratorium held | Condition for shares subject to trading moratorium to be listed Date of commencement of trading | Number of new tradable shares | Conditions of trading moratorium |
|-----|--|---|--|-------------------------------|---|
| 1 | Jiangxi Copper Corporation | 1,225,035,414 | 19 April 2009 | 1,225,035,414 | Within 12 months after expiry of trading moratorium of 36 months, if trading through Shanghai Stock Exchange, Jiangxi Copper Corporation may only sell the original non-tradable shares at a price of not less than RMB9.00 |

(4) Interests and short positions of shareholders

As at 30 June 2007, the interests or short positions of the shareholders, other than Directors, supervisors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register of shares required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

| Name of shareholders | Class of shares | Capacity | Number of shares ^(Note) | Approximate percentage of total number of the relevant class of shares as at 30 June, 2007 (%) | Approximate percentage of total issued share capital as at 30 June, 2007 (%) |
|---|-----------------|--------------------|------------------------------------|--|--|
| Jiangxi Copper Corporation | Domestic Shares | Beneficial owner | 1,225,035,414 ^(long) | 88.29 | 42.31 |
| Halbis Capital Management (Hong Kong) Limited | H Shares | Investment manager | 82,128,000 ^(long) | 5.91 | 2.84 |

Note: "Long" means long position in the shares.

Save as disclosed above, the register required to be kept under section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2007.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) CHANGE OF DIRECTOR, SUPERVISOR OR SENIOR MANAGEMENT

On 19 January 2007, a meeting was held by the employee representatives of the Company at which the resignation of Mr. Li Baomin as Supervisor representing staff and employees of the Company was approved.

On 3 April 2007, the Company held the first extraordinary general meeting in the year 2007 at which the resignation of Mr. He Changming and Ms. Qi Huaiying as executive Directors of the Company were approved. Meanwhile, Mr. Li Baomin and Mr. Long Ziping were appointed as executive Directors of the Company.

(2) INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2007, none of the Directors or supervisors or chief executives of the Company had any interests or short positions in any shares, any underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as required to be recorded in the register of the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

(3) MOVEMENT TO SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there was no movement to shareholdings of the Company's Directors, supervisors or senior management.

(4) RIGHT TO PURCHASE SHARES OR DEBENTURES

During the six months ended 30 June 2007 none of the Directors, supervisors, chief executives of the Company, or their respective associates had been granted any rights to subscribe for any shares or debt securities of the Company nor had exercised any of such rights.

At no time during the six months ended 30 June 2007 was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements which would enable any of the Directors, supervisors or chief executive of the Company to acquire benefit by means of acquisition of shares in or debt securities of the Company or any other body corporates.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) BUSINESS REVIEW

During the reporting period, China's economy remained rapid growth with rising demand on copper from power, real estate and transportation industries. Meanwhile, the influential countries in the world also maintained rapid economic growth with moderate increase in overall consumption of copper on a solid basis. Accordingly, copper price regained momentum and stayed in high levels after the first quarter's falling. During the reporting period, the average three-month copper futures price on London Metals Exchange increased by USD787 per tonne (or an increase of 13.17%) to USD6,763 per tonne from USD5,976 per tonne when compared with the same period last year. On Shanghai Futures Exchange, average three-month copper futures closing price (tax inclusive) increased by RMB6,991 per tonne (or an increase of 12.97%) to RMB60,896 per tonne from RMB53,905 per tonne when compared with the same period last year. The Company realized the average copper price of RMB52,660 per tonne during the reporting period, representing an increase of 13.22% when compared with the same period last year.

Despite of the rising copper price in the reporting period, processing fee for copper smelting kept falling, as a result, the income from copper cathode produced with outsourced material and copper smelting and processing service decreased substantially.

During the reporting period, the Company recorded operating revenue of RMB17,298.42 million in accordance with IFRS, representing an increase of RMB7,805.84 million (or an increase of 82.23%) over the same period last year; net profit amounted to RMB2,072.64 million, representing a decrease of RMB37.12 million (or a decrease of 1.76%) when compared with the same period last year; earnings per share was RMB0.7018, representing a decrease of RMB0.0202 (or a decrease of 2.80%) from the same period last year. Equity per share attributable to shareholders of the Company was RMB4.61.

(2) INVESTMENT OVERVIEW

(1) Guixi Smelter Phase IV Expansion

The total investment of the project is estimated at approximately RMB3,644.75 million. As at the end of the reporting period, the accumulated investment of the project amounted to RMB1,453.83 million. A total of RMB616.24 million was invested during the reporting period. The remaining investment will be substantially completed by the end of this year. Upon its full completion, the Company's production capacity of copper cathode is expected to reach 700,000 tonnes per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Fujiawu Mine Development and Construction

The total investment of the project amounted to approximately RMB1,052.54 million. As at the end of the reporting period, the accumulated investment of the project amounted to RMB805.07 million. A total of RMB246.79 million was invested during the reporting period.

(3) Wushan Copper Mine's 5,000-tonne Expansion Project

The total investment of the project is estimated to approximately RMB257.31 million. As at the end of the reporting period, the accumulated investment of the Project amounted to RMB150.22 million. A total of RMB11.04 million was invested during the reporting period. Upon its completion, the ore handling capacity of Wushan Copper Mine will be increased to 5,000 tonnes from the existing 3,000 tonnes per day. The project is estimated to contribute to the Company additional 6,145 tonnes of copper concentrate and 107 kg of contained gold and 10,000 kg of contained silver.

(4) Yongping Copper Mine Transition Project from Open-pit Mining to Underground Mining

The total investment of the project is estimated to approximately RMB387.54 million. As at the end of the reporting period, the accumulated investment of the Project amounted to RMB29.02 million. A total of RMB19.23 million was invested during the reporting period. Upon its completion, the current production capacity of 10,000 tonnes per day of Yongping Copper Mine is expected to prolong for a period of 7 years.

(5) JCC-BioteQ Environmental Technologies Co. Ltd.

On 5 July 2007, the Company and BioteQ Environmental Technologies of Canada set up a joint venture, Jiangxi Copper BioteQ Environmental Technologies Co., Ltd. RMB14.10 million was contributed by the Company, representing 50% shares of the joint venture. The joint venture will utilize Bio-sulphide technology for the recovery of copper metal from waste water from mines. Upon completion of the project, approximately 700 tonnes of copper metal could be recovered from the waste water from mines per year.

(3) OUTLOOK FOR THE SECOND HALF

The PRC will maintain a moderate overall growth despite mild market control measures to be launched in a continuous manner. As supported by economic conditions as well as supply and demand fundamentals, the copper consumption will remain its growth momentum. Accordingly, it is expected that the copper price will stay at high levels. Meanwhile, since concentration of world copper resources is relatively high and the aggressive expansion of production capacity of copper has not been restricted essentially in China, it is estimated that global processing fee of copper smelting will hardly rebound in a short time. As such, the Company is expected to face many challenges in the second half of 2007. To address the challenges, the Company will focus on the following aspects:

(1) Speed up the implementation of resources development strategy

The Company is to strengthen resource exploration. After the acquisition of exploration rights for Zhu Sha Hong Mine, the Company will speed up supplementary exploration in the surrounding areas of the existing mines. Meanwhile, the Company will press ahead the non-public issue of A shares and the acquisition of Chengmenshan Copper Mine to implement the expansion plan of the Company at an early time.

(2) Actively promote internal structure reform and innovate internal management mechanism

In recent years, the production scale of copper cathode, copper rods and wires of the Company has expanded significantly, causing outsourced material to be increased in a continuous way. As the market competition for purchasing copper raw material and selling copper products is increasingly intensified, it has become even important for hedging, value-add accounting and auditing to each operation during the course from raw material purchase to product delivery. As such, the Company planned to strengthen the reform in internal management mechanism, especially for renovating marketing management mechanism, improving marketing efficiency, reducing purchase cost and controlling hedge risk, to cope with the Company's new strategy development and market competition.

(3) Strengthen customer credit management and reduce trade receivables

By enhancing the customer credit classified management, the Company is able to identify applicable credit period. Efforts will be made to fasten the recovery of trade receivables with a view to controlling the credit risk while sales of the products will be enhanced and market shares will be expanded.

(4) Further enhance the environmental protection and safety, promote the energy saving and emission reduction and actively utilize cycle economy for the Company's sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

(4) PRINCIPAL BUSINESSES AND OPERATION CONDITIONS

(1) Principal businesses by industry

| By industry or product | Operating revenue RMB'000 | Operating cost RMB'000 | Gross profit margin (%) | Increase/decrease in operating income from same period of the previous year (%) | Increase/decrease in principal operating cost from same period of the previous year (%) | Increase/decrease in gross profit margin from same period of the previous year (%) |
|-----------------------------------|------------------------------|---------------------------|----------------------------|--|--|---|
| Copper cathode and tolling | 6,905,273 | 5,735,438 | 16.94 | 14.50 | 60.12 | (20.65) |
| Copper rods and wires and tolling | 7,600,288 | 6,735,455 | 11.38 | 163.39 | 283.40 | (27.74) |
| Gold/silver | 1,795,979 | 1,283,026 | 28.56 | 44.44 | 78.43 | (13.61) |
| Chemicals and others | 999,026 | 834,513 | 16.46 | 307.62 | 402.22 | (15.57) |
| Total | 17,300,566 | 14,588,432 | 15.68 | 66.27 | 134.42 | (24.50) |

Including: connected transactions for the product sold and service rendered by the Company to the controlling shareholder and its subsidiaries amounting to RMB1,389,730,000 for the reporting period.

(2) Principal operations by geographical areas

| Geographical areas | Operating revenue RMB'000 | Increase /decrease in operating income from same period of the previous year (%) |
|--------------------|------------------------------|---|
| Mainland China | 16,799,042 | 74.76 |
| Hong Kong | 438,467 | 23.29 |
| Singapore | 369 | 38.63 |
| Netherlands | 47,648 | (46.33) |
| New Zealand | 1,683 | (11.08) |
| Belgium | 10,768 | 100.00 |
| Others | 2,589 | 2,038.84 |
| Total | 17,300,566 | 66.27 |

(5) DISCUSSION AND ANALYSIS

(1) Principal business

Non-ferrous Metals (mainly including copper cathode products and tolling copper cathode service): Sales of copper cathode and copper cathode tolling in the reporting period were 146,600 tonnes and 25,100 tonnes respectively, realizing an aggregate operation income of RMB6,905.27 million, representing an increase of RMB874.63 million, or an increase of 14.50%, as compared with the same period of last year. But since copper tolling fee decreased during the reporting period, the surged cost of outsourced raw materials in this period, the increased proportion of outsourced raw materials and relatively higher cost of outsourced copper raw materials in stock at beginning of this year, the Company's operation cost significantly increased by 60.12% during the reporting period. Accordingly, the gross profit margin of the Company was dropped by 23.65 percentage points during the reporting period.

Copper product processing (mainly including copper rods and wires products and tolling service of copper rods and wires): As the Company's subsidiary Jiangxi Copper Alloy Company Limited commenced production in May 2006, the production month during the reporting period was more than approximately 5 months over the same period of last year, thereby the sales volume of copper rods and wires during the reporting period increased by 74,200 tonnes to 173,700 tonnes, realizing an operation income of RMB7,600.29 million, representing an increase of RMB4,714.74 million, or an increase of 163.39%, as compared with the same period of last year. Meanwhile, during the reporting period, due to the change of cost structure of raw material for copper rods and wires (utilizing large amount of outsourced copper rods), the Company's operating cost for copper rods and wires increased by 283.40%, while gross profit margin dropped by 27.74 percentage points.

Precious metals (mainly including gold and silver products): During the reporting period, sales of gold and silver were 7,990 kilograms and 149,516 kilograms respectively, realizing an operating income of RMB1,795.98 million, representing an increase of RMB552.6 million, or an increase of 44.44%, as compared with the same period of last year.

Chemical products and others (mainly including the sales of sulphuric acid, pyrite concentrates, wastes from smelting, and the trading of copper): During the reporting period, sales of sulphuric acid and pyrite concentrates were 708,800 tonnes and 627,700 tonnes respectively. Chemical and other products realized an operating income of RMB999.03 million, representing an increase of RMB753.94 million, or an increase of 307.62%, as compared with the same period of last year. It is mainly attributable to the trading of 15,400 tonnes of copper conducted by Sure Spread Limited, a subsidiary of the Company, which increased the operating revenue of RMB851.27 million.

During the reporting period, the Company's hedging activities realized a profit of RMB63.01 million, representing an increase of RMB1,410.54 million as compared with the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Financial Position

As at the end of the reporting period, the Company's total assets amounted to approximately RMB24,000.83 million, representing an increase of RMB4,009.10 million, or an increase of 20.05% over the beginning of the period, of which:(1) accounts receivable amounted to RMB1,914.08 million, representing an increase of RMB1,019.67 million, or an increase of 114.00% over the beginning of the period, mainly due to increased sales volume of copper rods and wires and prolonged credit period for customer make payments for their orders; (2) inventory amounted to RMB7,958.16 million, representing an increase of RMB1,819.16 million, or an increase of 29.63% over the beginning of the period. The noticeable increase in inventory was mainly due to the increased price of copper inventory and the copper raw materials being prepared by the Company for Guixi Smelter Phase IV to commence operation.

As at the end of the reporting period, the Company's total liabilities amounted to RMB10,250.45 million, representing an increase of RMB3,181.75million, or an increase of 45.01% over the beginning of the period, of which: the bank loans due within one year amounted to RMB5,508.13 million, representing an increase of RMB2,361.85 million, or an increase of 75.07% over the beginning of the period; the bank loans due above two years amounted to RMB557.31 million, representing a decrease of RMB647.49 million, or a decrease of 53.74% from the beginning of the period.

As at the end of the reporting period, shareholders' equity of the Company amounted to RMB13,750.38 million, representing an increase of RMB827.35 million, or an increase of 6.40% over the beginning of the period. Gearing ratio was 42.71%, representing an increase of 7.35 percentage point over the beginning of the period. Capital-liabilities ratio (liabilities divided by shareholders' equity) was 74.55%.

(3) Cash flow from operating activities

As at the end of the reporting period, the Company's net cash flow from operating activities was -RMB595.06 million, representing a decrease of RMB1,785.35 million, or a decrease of 150.00% from the same period of last year, mainly due to the increased accounts receivable and increased inventory as a result of preparing raw material for Guixi Smelter Phase IV.

(4) Explanation to the significant change of profitability (profit margin) of principal businesses over last year

During the reporting period, in spite of the increased production and sales volume, raised price and noticeably increased operation revenue, the Company's operating cost growth ratio significantly surpassed the operating income growth ratio as the result of the decreased tolling fee for smelting, increased cost of inventory raw material at the beginning of this year and decreased self-supply ratio in terms of raw material in the period. Therefore, the consolidated profit margin of the Company's principal business during the reporting period represented a decrease of 14.74% from last year.

SIGNIFICANT EVENTS

1. INTERIM DIVIDEND

The Board resolved not to declare the interim dividend for the six months ended 30 June 2007. No interim dividend was distributed in the corresponding period of last year.

2. IMPLEMENTATION OF PROFIT DISTRIBUTION PLAN DURING THE REPORTING PERIOD

On 26 June 2007, the Company's profit distribution plan for 2006 was considered and approved at the annual general meeting, pursuant to which RMB4 (tax inclusive for A shares) was distributed for every ten shares to all shareholders. On 16 July 2007, the Company distributed RMB0.4 (tax inclusive for A shares) per share in cash to the holders of H Shares whose names appear in the register of members the Company on 1 June 2007 and holders of A Shares whose names appear in the Company's register of members of A shares on 9 July 2007.

3. APPOINTMENT AND TERMINATION OF APPOINTMENT OF THE AUDITORS

During the reporting period, a document, namely "Gan Guo Zi Ping Jia Zi [2006] No.319" was issued by the State-owned Assets Supervision & Administration Commission of Jiangxi Province, which stated that "no intermediaries can undertake the same enterprise financial audit for less than two consecutive years or more than 5 consecutive years." As the original domestic auditor Deloitte Touche Tohmatsu CPA Ltd and international auditors Deloitte Touche Tohmatsu have provided auditing services for the Company over 5 years, the Company approved, at the 2006 Annual General Meeting convened on 26 June 2007, the resolution of appointing Ernst & Young Hua Ming and Ernst & Young as the domestic and international auditors for the year of 2007 respectively. The Company and the Board of the Company hereby express their gratitude to Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Tohmatsu for their provision of outstanding services in auditing the financial report of the Company for the years.

4. AMENDMENTS TO THE BUSINESS SCOPE AND THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the approval obtained at the 2006 Annual General Meeting of the Company held on 26 June 2007, the Company amended the business scope and the relevant articles of the articles of association of the Company (the "Articles of Association"). Details of the amendments to the business scope and the Articles of Association were contained in the circular of the Company dated 30 April, 2007.

5. IN THE REPORTING PERIOD, THE COMPANY WAS NOT INVOLVED IN ANY MATERIAL LITIGATION OR ARBITRATION

6. GUARANTEES

The Company did not have any guarantees during the reporting period.

SIGNIFICANT EVENTS

7. FUND MANAGEMENT ON TRUSTS

The Company did not have any fund management on trusts during the reporting period.

8. PURCHASE, DISPOSAL AND REPURCHASE OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2007, the Company did not repurchase any of its shares. Neither the Company nor any of its subsidiaries purchase or dispose of any shares of the Company during the six months ended 30 June 2007.

9. CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2007, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

10. COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by Directors of the Company. Having made specific enquiry of all Directors and supervisors of the Company, during the six months ended 30 June 2007, the Directors and supervisors of the Company have complied with the required standard set out in the Model Code.

11. FOR CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND JCC GROUP IN THE REPORTING PERIOD, PLEASE REFER TO NOTE 16 TO FINANCIAL REPORT PREPARED UNDER IFRS AND NOTE 8 TO FINANCIAL REPORT PREPARED UNDER PRC GAAP FOR DETAILS

12. PERFORMANCE OF UNDERTAKINGS

Undertakings of original holders of non-tradable shares in the Share Reform and its performance

| Name of shareholder | Undertakings | Performance of undertakings |
|---------------------|---|---|
| JCC | Within one year following completion of the share reform, JCC will propose to the Company's general meeting to inject or transfer to the Company its assets which are related to copper business and in line with corporate strategic targets of the Company. | On 16 March 2007, the sixth meeting of the fourth Board considered and passed the proposal to issue up to 290,000,000 A Shares to no more than ten specific places including JCC by way of private placement. Amongst them, JCC will subscribe for not less than 44.63% of the total shares to be issued, at a consideration of its assets or equity interests of mines or copper processing. |

13. INDEPENDENT AUDIT COMMITTEE

The Company had convened a meeting of the independent audit committee, at which the financial statements and interim report of the Company for the six months ended 30 June 2007 were considered and approved.

14. IMPROVEMENT OF CORPORATE GOVERNANCE STRUCTURE

In the first half of 2007, in accordance with the requirements and regulations of Company Law, Securities Law and relevant documents from China Securities Regulatory Commission, the Company continued to improve its corporate governance structure, and amended the Management Measures on Utilization of Raised Proceeds and Management Rules on Information Disclosure.

15. FOREIGN EXCHANGE RATE RISK

The reporting currency of the Company is Renminbi ("RMB"). Transactions in foreign currencies are translated into RMB at the middle market exchange rates ruling on the first day of the transaction month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the middle market exchange rates ruling on the balance sheet date.

Although currently RMB is not a freely convertible currency in PRC, China government is taking initiatives for exchange reform and adjustment to exchange rate. Exchange rate fluctuations will have an impact on the Company's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Company believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange spending.

16. EMPLOYEES

As at 30 June, 2007, the Company had 13,391 employees in total, of whom 1,527 were management personnel, 874 were technicians, 10,184 were directly involved in production and 806 were supporting staff.

SIGNIFICANT EVENTS

17. INFORMATION DISCLOSURE INDEX

| Items | Newspaper name for publication | Date of publication | Website for publication and retrieve path |
|---|---|---------------------|--|
| Announcement of continuing connected transactions and the change of Chairman considered and passed at the Board meeting | Shanghai Securities News (Page No. D16) Hong Kong Economic Times The Standard | 25 January 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of A share issue to specific places by way of private placement considered and passed at the Board meeting | Shanghai Securities News (Page No. D32) Hong Kong Economic Times The Standard | 20 March 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of share issue by way of private placement considered and passed at the general meeting | Shanghai Securities News (Page No. A17) Circular issued to the shareholders | 2 April 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of continuing connected transactions considered and passed at the general meeting | Shanghai Securities News (Page No. D6) Hong Kong Economic Times The Standard | 4 April 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of the listing of tradable shares subject to trading moratorium | Shanghai Securities News (Page No. D64) Hong Kong Economic Times The Standard | 17 April 2007 | http://www.sse.com.cn |
| Announcement of the first quarterly report for 2007 | Shanghai Securities News (Page No. A40) Hong Kong Economic Times The Standard | 23 April 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of the A share issued by way of a private placement considered and passed at the extraordinary general meeting | Shanghai Securities News (Page No. D8) Hong Kong Economic Times The Standard | 18 May 2007 | http://www.hkex.com.hk http://www.sse.com.cn |
| Announcement of resolutions passed at the annual general meeting for 2006 and dividend payment for H shares | Shanghai Securities News (Page No. D24) Hong Kong Economic Times The Standard | 27 June 2007 | http://www.hkex.com.hk http://www.sse.com.cn |

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



To the Board of Directors

Jiangxi Copper Company Limited

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 42 which comprises the condensed consolidated balance sheet of Jiangxi Copper Company Limited and its subsidiaries (collectively referred to as the "Group") as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standards 34 "Interim Financial Reporting" ("IAS 34") issued by International Accounting Standard Board.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

28 August 2007

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | Notes | For the six months period ended 30 June | |
|---|-------|--|--------------------------------|
| | | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Revenue | | 17,298,422 | 9,492,581 |
| Cost of sales and services | | (14,561,278) | (6,270,554) |
| GROSS PROFIT | | 2,737,144 | 3,222,027 |
| Other income | | 72,361 | 24,580 |
| Selling and distribution costs | | (67,661) | (40,770) |
| Administrative expenses | | (211,072) | (161,198) |
| Other expenses | | (40,592) | (415,605) |
| Finance costs | | (74,520) | (82,392) |
| Share of profit of an associate | | 1,701 | — |
| PROFIT BEFORE TAX | | 2,417,361 | 2,546,642 |
| Income tax expense | 5 | (344,719) | (436,885) |
| PROFIT FOR THE PERIOD | | 2,072,642 | 2,109,757 |
| ATTRIBUTABLE TO: | | | |
| Equity holders of the Company | | 2,031,698 | 2,090,353 |
| Minority interests | | 40,944 | 19,404 |
| | | 2,072,642 | 2,109,757 |
| DIVIDENDS | 4 | 1,158,015 | 555,847 |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | | | |
| — Basic | 6 | RMB0.7018 | RMB0.7220 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | <i>Notes</i> | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|----------------------------------|--------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 9,542,731 | 8,606,765 |
| Land lease prepayments | | 178,635 | 154,867 |
| Intangible assets | | 186,430 | 120,327 |
| Interest in associates | | 146,706 | 109,005 |
| Available-for-sale investments | | 10,000 | 10,000 |
| Deferred tax assets | 5 | 32,644 | — |
| | | 10,097,146 | 9,000,964 |
| Current assets | | | |
| Inventories | | 7,932,802 | 6,138,998 |
| Trade and other receivables | 8 | 4,918,722 | 3,834,042 |
| Derivative financial instruments | 9 | 133 | 38,747 |
| Cash and cash equivalents | | 1,053,126 | 1,016,976 |
| | | 13,904,783 | 11,028,763 |
| TOTAL ASSETS | | 24,001,929 | 20,029,727 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | Notes | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---------------------------------------|-------|---|---|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 14 | 2,895,038 | 2,895,038 |
| Reserves | 15 | 10,446,741 | 9,612,658 |
| Minority interests | | 446,727 | 415,330 |
| Total equity | | 13,788,506 | 12,923,026 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 11 | 557,310 | 1,204,797 |
| Deferred income | 12 | 69,428 | 72,684 |
| Other long term payables | 13 | 53,189 | 35,561 |
| | | 679,927 | 1,313,042 |
| Current liabilities | | | |
| Trade and other payables | 10 | 2,119,975 | 1,734,486 |
| Interest-bearing loans and borrowings | 11 | 5,919,477 | 3,407,127 |
| Derivative financial instruments | 9 | 12,175 | 19,297 |
| Dividend payable | 4 | 1,158,015 | — |
| Income tax payable | | 323,854 | 632,749 |
| | | 9,533,496 | 5,793,659 |
| Total liabilities | | 10,213,423 | 7,106,701 |
| TOTAL EQUITY AND LIABILITIES | | 24,001,929 | 20,029,727 |

Approved on behalf of the Board of Directors:

Li Yihuang
Director

Wu Jinxing
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | Attributable to equity holders of the Company | | | | | | | | | | | |
|--|---|---------------|-----------------|---------------|---------------------------|-------------------------------|-------------------|------------------------------|------------------|-------------|--------------------|-------------|
| | Share capital | Share premium | Capital reserve | Other reserve | Statutory surplus reserve | Discretionary surplus reserve | Retained earnings | Exchange fluctuation reserve | Hedging earnings | Total | Minority interests | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| As at 1 January 2007 | 2,895,038 | 1,945,551 | 70,546 | (92,506) | 1,307,272 | 2,313,617 | 4,031,171 | (1,740) | 38,747 | 12,507,696 | 415,330 | 12,923,026 |
| Profit for the period | — | — | — | — | — | — | 2,031,698 | — | — | 2,031,698 | 40,944 | 2,072,642 |
| Decrease in fair value of cash flow hedges | — | — | — | — | — | — | — | — | (43,216) | (43,216) | — | (43,216) |
| Transfer to profit or loss on cash flow hedges | — | — | — | — | — | — | — | — | 4,602 | 4,602 | — | 4,602 |
| Exchange differences arising on translation of operations in Hong Kong | — | — | — | — | — | — | — | (986) | — | (986) | (807) | (1,793) |
| Dividends declared | — | — | — | — | — | — | (1,158,015) | — | — | (1,158,015) | (8,740) | (1,166,755) |
| As at 30 June 2007 (Unaudited) | 2,895,038 | 1,945,551 | 70,546 | (92,506) | 1,307,272 | 2,313,617 | 4,904,854 | (2,726) | 133 | 13,341,779 | 446,727 | 13,788,506 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | Attributable to equity holders of the Company | | | | | | | | | | | | |
|--|---|------------------|--------------------|------------------|--------------------|---------------------------|-------------------------------------|----------------------|------------------------------------|---------------------|-----------|-----------------------|------------|
| | Share capital | Share premium | Capital reserve | Other reserve | Statutory | | | Retained earnings | Exchange fluctuation reserve | Hedging earnings | Total | Minority interests | Total |
| | | | | | surplus reserve | public welfare fund | Discretionary surplus reserve | | | | | | |
| RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| As at 1 January 2006 | 2,895,038 | 1,945,551 | 70,546 | (92,506) | 453,347 | 379,128 | 921,605 | 1,830,310 | (661) | (71,023) | 8,331,335 | 367,291 | 8,698,626 |
| Profit for the period | — | — | — | — | — | — | — | 2,090,353 | — | — | 2,090,353 | 19,404 | 2,109,757 |
| Decrease in fair value of cash flow hedges | — | — | — | — | — | — | — | — | — | (827,031) | (827,031) | — | (827,031) |
| Transfer to profit or loss on cash flow hedges | — | — | — | — | — | — | — | — | — | 912,070 | 912,070 | — | 912,070 |
| Exchange differences arising on translation of operations in Hong Kong | — | — | — | — | — | — | — | — | (333) | — | (333) | (272) | (605) |
| Winding up a subsidiary | — | — | — | — | — | — | — | — | — | — | — | (60) | (60) |
| Dividends declared | — | — | — | — | — | — | — | (555,847) | — | — | (555,847) | (8,377) | (564,224) |
| As at 30 June 2006 (Unaudited) | 2,895,038 | 1,945,551 | 70,546 | (92,506) | 453,347 | 379,128 | 921,605 | 3,364,816 | (994) | 14,016 | 9,950,547 | 377,986 | 10,328,533 |

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Net cash (used in)/from operating activities | (603,681) | 1,170,456 |
| Investing activities | | |
| Investment in an associate | (36,000) | — |
| Interest received | 7,758 | 11,853 |
| Purchase of items of property, plant and equipment | (1,224,807) | (664,867) |
| Proceeds from sale of items of property, plant and equipment | 763 | 1,162 |
| Other | — | 328 |
| Net cash used in investing activities | (1,252,286) | (651,524) |
| Financing activities | | |
| Interest paid | (82,734) | (82,392) |
| Dividend paid by subsidiaries to minority shareholders | — | (5,945) |
| Proceeds from borrowings | 4,291,865 | 3,781,674 |
| Repayment of borrowings | (2,316,909) | (3,556,796) |
| Repayment of other payables | — | (935) |
| Net cash from financing activities | 1,892,222 | 135,606 |
| Net increase in cash and cash equivalents | 36,255 | 654,538 |
| Cash and cash equivalents at beginning of the period | 1,016,976 | 1,142,497 |
| Effect of foreign exchange rate changes | (105) | (605) |
| Cash and cash equivalents at end of the period | 1,053,126 | 1,796,430 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

1. CORPORATE INFORMATION

The Company is a Sino-foreign joint venture joint stock limited company established in the People's Republic of China (the "PRC"). The directors regard the Company's ultimate holding company, as at 30 June 2007, to be Jiangxi Copper Corporation ("JCC").

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2006.

2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of new standards and interpretations, noted below. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

(a) *Impact of new and revised international financial reporting standards ("IFRSs")*

The following new and revised IFRSs affect the Group and are adopted for the first time for the current period's interim financial statements.

IAS 1 Amendment

Capital Disclosures

The Group adopted IAS 1 Amendment as of 1 January 2007, which requires an entity to disclose qualitative information about the entity's objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

IFRS 7

Financial Instruments: Disclosures

The Group adopted IFRS 7 as of 1 January 2007, which requires disclosures that enable users of the financial statements to evaluate the significance of an entity's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of IAS 32.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(a) *Impact of new and revised international financial reporting standards ("IFRSs") (continued)*

IFRIC — Int 8 *Scope of IFRS 2*

The Group adopted IFRIC — Int 8 as of 1 January 2007, which requires IFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.

IFRIC — Int 9 *Reassessment of Embedded Derivatives*

The Group adopted IFRIC — Int 9 as of 1 January 2007, which requires that the date to assess the existence of an embedded derivative is the date that an entity first becomes party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows.

IFRIC — Int 10 *Interim Financial Reporting and Impairment*

The Group adopted IFRIC — Int 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

(b) *Impact of Issued But Not Yet Effective IFRSs*

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 8 *Operating Segments*
(effective for accounting periods beginning on or after 1 January 2009)

IFRIC — Int 11 *Group and Treasury Share Transactions*
(effective for accounting periods beginning on or after 1 March 2007)

IFRIC — Int 12 *Service Concession Arrangements*
(effective for accounting periods beginning on or after 1 January 2008)

IFRIC — Int 13 *Customer Loyalty Programmes*
(effective for accounting periods beginning on or after 1 July 2008)

IFRIC — Int 14 *IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
(effective for accounting periods beginning on or after 1 January 2008)

IAS 23 (revised) *Borrowing Costs*
(effective for accounting periods beginning on or after 1 January 2009)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Significant accounting policies (continued)

(b) Impact of Issued But Not Yet Effective IFRSs (continued)

IFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. This standard will supersede IAS 14 Segment Reporting.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

3. SEGMENT INFORMATION

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

| | For the six months ended 30 June | |
|------------------|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Revenue | | |
| Sales of goods | 17,207,443 | 9,349,421 |
| Tolling services | 90,979 | 143,160 |
| | 17,298,422 | 9,492,581 |

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

Over 90% of the Group's revenue is 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

4. DIVIDENDS PAID AND PROPOSED

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Dividends on ordinary shares declared during the periods | | |
| — Final dividend | 1,158,015 | 555,847 |

On 26 June 2007, a dividend of RMB0.40 per share (tax inclusive for A Shares) on 2,895,038,200 shares, in aggregate approximately RMB1,158,015,280, was declared to the shareholders as the final dividend for year 2006. On 16 July 2007, the dividend was paid to the shareholders.

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

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007. No interim dividend was declared for the same period last year.

5. INCOME TAX

The major components of income tax expense in the interim consolidated income statement are as follows:

| | For the six months ended 30 June | |
|-----------------------------|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Current income tax | | |
| — PRC enterprise income tax | 376,292 | 436,545 |
| — Hong Kong profits tax | 1,071 | 340 |
| Deferred income tax | (32,644) | — |
| | 344,719 | 436,885 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

5. INCOME TAX (CONTINUED)

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---|---|---|
| Deferred tax assets | | |
| — Provision for impairment of trade and other receivables | 26,217 | — |
| — Accrued payroll cost not deductible until payments are made | 15,653 | — |
| — Unrealised profits of intercompany transactions | 3,483 | — |
| Deferred tax liabilities | | |
| — Provisions for safety fund | (12,709) | — |
| | 32,644 | — |

Pursuant to a notice dated 16 April 2001 and 13 September 2004 issued by the Jiangxi Provincial Tax Bureau, the Company, being located in the mid-western part of the PRC, is subject to a reduced income tax rate of 16.5% for a period of three years from year 2005 to year 2007.

Hong Kong profits tax is calculated at 17.5% of the estimated assessable profit for the period.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. As at the date that these interim condensed consolidated financial statements are approved for issue, detailed measures of the New Corporate Income Tax Law have yet to be issued. Subject to the detailed measures and other related regulations concerning computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions, the Group will further evaluate the impact to its operating results and financial positions of future periods as more detailed measures and other related regulations are announced.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the parent of RMB2,031,698,000 (2006: RMB2,090,353,000) and on 2,895,038,200 shares (2006: 2,895,038,200 shares) outstanding during the period.

Diluted earnings per share for the periods ended 30 June 2007 and 2006 have not been calculated as no diluting events existed during those periods.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2007, the Group acquired property, plant and equipment with a cost of RMB1,629,242,418 (2006: RMB664,867,000). Depreciation for property, plant and equipment is RMB254,013,965 (2006: RMB238,056,882) during the period. No property, plant and equipment were acquired through a business combination.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment with a net book value of RMB34,354,809 (2006: RMB24,271,886) was disposed of by the Group during the six months period ended 30 June 2007, resulting in a net loss on disposal of RMB7,929,642 (2006: RMB974,215).

8. TRADE AND OTHER RECEIVABLES

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|--|---|---|
| Trade and notes receivables | 3,467,524 | 2,981,598 |
| Other receivables | 1,081,421 | 667,315 |
| Amounts due from JCC and its affiliates - trade | 365,811 | 178,468 |
| Amounts due from minority shareholders of subsidiaries | 3,966 | 6,661 |
| | 4,918,722 | 3,834,042 |

The ageing analysis of trade and notes receivables and amounts due from JCC and its affiliates at the reporting dates are as follows:

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|--|---|---|
| Trade and notes receivables | | |
| Within one year | 3,467,278 | 2,980,833 |
| Between one and two years | 246 | 121 |
| Between two and three years | — | 644 |
| Over three years | — | — |
| | 3,467,524 | 2,981,598 |
| Amounts due from JCC and its affiliates — trade | | |
| Within one year | 362,228 | 178,260 |
| Between one and two years | 3,439 | 205 |
| Between two and three years | 144 | 3 |
| | 365,811 | 178,468 |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

9. DERIVATIVE FINANCIAL INSTRUMENTS

| | 30 June 2007 (Unaudited) RMB'000 | | 31 December 2006 (Audited) RMB'000 | |
|---|--|-------------|--|-------------|
| | Assets | Liabilities | Assets | Liabilities |
| Commodity forward contracts - copper cathode | | | | |
| — Under hedge accounting | 133 | — | 38,747 | — |
| — Not under hedge accounting | — | (12,175) | — | (19,297) |
| | 133 | (12,175) | 38,747 | (19,297) |

Under hedge accounting

As at 30 June 2007, the forward contracts designated as cash flow hedges to the forecasted copper cathode sales were assessed to be highly effective and the unrealised gains of RMB133,000 (2006: RMB38,747,000) arising from change of fair value of the hedge instruments are included in equity. Such an unrealised gain is expected to be released to the income statement when the designated sales of copper cathode occur.

The terms of commodity forwards contracts have been negotiated to match the timing of the forecasted sales of copper cathode. As at balance sheets date, the expected delivery period of the forecasted sales of copper cathode is from July 2007 to September 2007.

Not under hedge accounting

The Group also utilises commodity purchase forward contracts to hedge forecasted purchases of copper concentrate. These arrangements are designed to address significant fluctuations 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.

As at 30 June 2007, the unrealised loss of RMB12,175,000 (2006: RMB19,797,000) arising from change of fair value of the hedge instruments was recognised in income statements. As at balance sheets date, the expected delivery period of the forecasted purchase of copper concentrate is from July 2007 to October 2007.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

10. TRADE AND OTHER PAYABLES

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---|---|---|
| Trade payables | 1,435,919 | 784,095 |
| Other payables | 514,080 | 645,210 |
| Amounts due to JCC and its affiliates — trade | 168,106 | 303,311 |
| Amount due to JCC — other (note 13) | 1,870 | 1,870 |
| | 2,119,975 | 1,734,486 |

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

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|--|---|---|
| Trade payables | | |
| Within one year | 1,416,139 | 771,566 |
| Between one and two years | 16,992 | 9,009 |
| Between two and three years | 260 | 218 |
| Over three years | 2,528 | 3,302 |
| | 1,435,919 | 784,095 |
| Amounts due from JCC and its affiliates — trade | | |
| Within one year | 166,233 | 251,964 |
| Between one and two years | 1,702 | 51,064 |
| Between two and three years | 3 | 12 |
| Over three years | 168 | 271 |
| | 168,106 | 303,311 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

11. INTEREST-BEARING LOANS AND BORROWINGS

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---------------------------------------|---|---|
| Non-current Bank borrowings | 557,310 | 1,204,797 |
| Current Bank borrowings | 3,411,841 | 1,443,266 |
| Debentures | 1,017,950 | 509,450 |
| Collateralised borrowing | 1,096,286 | 1,203,011 |
| Long-term loan due within one year | 393,400 | 251,400 |
| | 5,919,477 | 3,407,127 |
| Total borrowings | 6,476,787 | 4,611,924 |

- (a) As at 30 June 2007, bank borrowings bear interest rates ranging from 4.32% to 9.59% (2006: 3.60% to 7.02%) per annum.
- (b) On 25 May 2006, the Company issued short-term debentures with a total par value of RMB500,000,000 (maturity in 365 days), which bear an interest rate of 3.23% per annum. On 25 May 2007, the Company repaid RMB500,000,000 of short-term debentures.

On 11 January 2007, the Company issued short-term debentures with a par value of RMB1,000,000,000 (maturity in 365 days), bearing an interest rate of 3.8% per annum. As at 30 June 2007, the accrued interest payable on these short-term debentures was approximately RMB17,950,000.

- (c) Collateralised borrowing is secured by commercial or bank acceptance notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

12. DEFERRED INCOME

Deferred income represents government grants received in relation to the purchase or construction of property, plant and equipment. The movements of deferred income during the year are as follows:

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| At beginning of period | 72,684 | 74,637 |
| Addition during the period | — | 4,437 |
| Recognised as income during the period | (3,256) | (6,390) |
| At end of period | 69,428 | 72,684 |

13. OTHER LONG TERM PAYABLES

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---|---|---|
| Payable to JCC (i) | 36,385 | 37,431 |
| Payable to Ministry of Land and Resources (ii) | 28,674 | — |
| | 65,059 | 37,431 |
| Less: | | |
| Payable to JCC due within one year (note 10) | 1,870 | 1,870 |
| Payable to Ministry of Land and Resources due within one year | 10,000 | — |
| | 53,189 | 35,561 |

(i) The amount represents the balance due to JCC as the consideration for the transfer of the mining rights in respect of the Dexing Mine and the Yongping Mine from JCC to the Company. The amount is repayable in 30 annual instalments of RMB1,870,000 each starting from 1 January 1998. Interest is charged annually on the annual instalment payable by the Company which falls due within one year. The interest rate is determined at a rate equal to the State lending rate for a one-year fixed term loan capped at a maximum of 15% on each annual instalment starting from 1 January 1998. The interest payable during the period amounted to approximately RMB63,954 (2005: RMB43,500) and the State lending rate for the period was 6.84% (2006: 4.6%).

(ii) The amount represents the balance due to the Ministry of Land and Resources as the consideration for the acquisition of the mining rights in respect of Fujiawu. The amount is repayable in six annual instalments of RMB10,000,000 each starting from 2004. The amount due to the Ministry of Land and Resources is interest free.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

14. SHARE CAPITAL

| | 30 June 2007 (Unaudited) | | 31 December 2006 (Audited) | |
|---|-----------------------------|-------------------|-------------------------------|-------------------|
| | Number of shares | Amount RMB'000 | Number of shares | Amount RMB'000 |
| Listed shares subject to trading restrictions | 1,225,035,414 | 1,225,035 | 1,277,556,200 | 1,277,556 |
| Listed shares | | | | |
| — H Shares | 1,387,482,000 | 1,387,482 | 1,387,482,000 | 1,387,482 |
| — A Shares | 282,520,786 | 282,521 | 230,000,000 | 230,000 |
| | 2,895,038,200 | 2,895,038 | 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.

15. RESERVES

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|-------------------------------|---|---|
| Share premium | 1,945,551 | 1,945,551 |
| Capital reserve | 70,546 | 70,546 |
| Other reserve | (92,506) | (92,506) |
| Statutory surplus reserve | 1,307,272 | 1,307,272 |
| Discretionary surplus reserve | 2,313,617 | 2,313,617 |
| Exchange fluctuation reserve | (2,726) | (1,740) |
| Hedging earnings | 133 | 38,747 |
| Retained earnings | 4,904,854 | 4,031,171 |
| | 10,446,741 | 9,612,658 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

16. RELATED PARTY TRANSACTIONS

During the periods, the Group had the following material transactions with the related parties:

(i) Transaction with JCC and its affiliates:

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Sales of goods and services: | | |
| Sales of products and by-products | 1,613,599 | 858,365 |
| Supply of water and transmission of electricity | 44,306 | 32,963 |
| Operation management services | 1,762 | 1,174 |
| Supply of gases | 977 | 1,889 |
| Processing fee of blister (scrap) copper charged | 16,918 | 24,210 |
| Purchases of goods and services : | | |
| Purchases of raw materials and auxiliary materials | 1,119,961 | 1,200,825 |
| Vehicle transportation services | 91,930 | 116,927 |
| Construction services | 41,852 | 23,915 |
| Social welfare and support services | 32,696 | 19,923 |
| Repair and maintenance services | 28,115 | 27,616 |
| Purchase of equipment | 11,566 | — |
| Industrial water supplied | 9,777 | 8,865 |
| Brokerage agency services | 5,295 | 4,883 |
| Environmental greenery services provided | 826 | 3,643 |
| Electricity supply | — | 5,222 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

16. RELATED PARTY TRANSACTIONS (CONTINUED)

During the periods, the Group had the following material transactions with the related parties: (continued)

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

| | For the six months ended 30 June | |
|--|-------------------------------------|--------------------------------|
| | 2007 (Unaudited) RMB'000 | 2006 (Unaudited) RMB'000 |
| Others: | | |
| Retirement benefits contributions to | 27,952 | 23,504 |
| Rentals for office premises to | 720 | 28 |
| Rentals for land use rights from | 7,070 | 6,250 |
| Rentals for housing for the employees and use of common facilities from | — | 7,462 |
| Transfers of mining rights from | 1,735 | 1,984 |
| Rentals for office premises from | 1,169 | 1,208 |

In addition, bank borrowings of the Group at 30 June 2007 amounting to approximately RMB370,000,000 (31.12.2006: RMB479,710,000) were secured by guarantees from JCC. This guarantee from JCC is free of charge.

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

The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-Owned Enterprises"). During the period, the Group had transactions with State-Owned Enterprises including, but not limited to, the sales of goods, purchases of goods, and purchases of property, plant and equipment.

The directors consider that the transactions with other State-Owned Enterprises are conducted in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-Owned Enterprises are ultimately controlled or owned by the PRC government. The Group has established pricing policies for products and services, and these pricing policies do not depend on whether or not the customers are State-Owned Enterprises. The directors have confirmed that these transactions are carried out on terms similar to those that would be entered into with non-State-Owned Enterprises and have been reflected in the financial statements. The directors are of the opinion that the transactions with other State-Owned Enterprises are fair and reasonable.

Having due regard to the substance of the relationship, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

17. CAPITAL COMMITMENTS

| | 30 June 2007 (Unaudited) RMB'000 | 31 December 2006 (Audited) RMB'000 |
|---|---|---|
| Commitments for the acquisition of items of property, plant and equipment: | | |
| — contracted for but not provided in the condensed consolidated financial statement | 715,840 | 779,407 |
| — authorised but not contracted for | 2,086,786 | 2,305,698 |
| Commitments for investment in an associate | — | 36,000 |
| | 2,802,626 | 3,121,105 |

18. CONTINGENT LIABILITY

Under existing legislation, management believes that the Group's obligations with respect to the rehabilitation, restoration and environmental clean up of existing mine sites will not have a material adverse effect on the financial position or results of operations of the Group, and accordingly no provision has been made in respect of such costs which may be incurred in the future as a result of past mining activities. The PRC government, however, has moved and may move further towards the adoption of more stringent environmental standards. Environment liabilities are subject to considerable uncertainty which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH IFRS)

19. POST BALANCE SHEET EVENTS

(i) Additional A share issuance

Pursuant to an announcement dated on 19 March 2007, the Company announced its plan to apply to the China Securities Regulatory Commission (CSRC) and other relevant PRC authorities for the approval of the issue of no more than 290,000,000 A-shares in the PRC and the listing of such A-shares on the Shanghai Stock Exchange. On 16 March 2007, the Company entered into the Acquisition Agreement with Jiangxi Copper Corporation, pursuant to which, the Company agreed to acquire the below interests and businesses from JCC for an aggregate consideration of RMB1,785 million (subject to adjustment), which will be satisfied by the proceeds from the proposed issue of A-shares:

- the 40% equity interest of Jianxi Copper Products Company Limited and the 40% equity interest of Jiangxi Copper Alloy Materials Company Limited
- the 100% equity interest of JCC Chemical Company and the 100% equity interest of the JCC Dexing Transportation Company
- the mining rights and the related operating assets and liabilities of Chengmenshan Copper Mine, and the operating assets and related liabilities of the Xiangsei Railway

The proposed issue of new A-shares and the connected transaction were approved by a special shareholder meeting dated on 17 May 2007. The Company received the notice on 2 August 2007 from the CSRC that its application to issue additional A-shares via private placement had been conditionally approved.

(ii) The impact of resource tax

The Ministry of Finance and the State Administration of Taxation have jointly issued the Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc. (Cai Shui [2007] No.100) announcing that with effect from 1 August 2007, proper adjustment will be made to the applicable rate for resource tax. Pursuant to such adjusted rate and the preliminary estimate by the Group, the Group shall pay an additional tax in the approximate amount of RMB71,250,000 for the year ending 31 December 2007.

20. COMPARATIVE FIGURES

The consolidated financial statements for the year ended 31 December 2006 and the interim condensed consolidated financial statements for the period ended 30 June 2006 had been audited and reviewed respectively by another CPA firm who issued unqualified audit and review opinions on these financial statements. Certain comparative figures have been reclassified to conform with the current period presentation.

21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2007.

CONSOLIDATED BALANCE SHEET

30 June 2007
(Expressed in Renminbi Yuan)

| ASSETS | Note 6 | 30 June 2007 (Unaudited) RMB | 31 December 2006 (Audited) RMB |
|---------------------------------|--------|------------------------------------|--------------------------------------|
| Current assets: | | | |
| Cash and bank | 1 | 1,053,126,141 | 1,016,976,019 |
| Notes receivable | 2 | 1,818,040,016 | 2,096,287,796 |
| Accounts receivable | 3 | 1,914,084,651 | 894,416,243 |
| Advances to suppliers | 4 | 900,542,922 | 612,214,795 |
| Other current financial assets | 5 | 133,000 | 38,747,100 |
| Other receivables | 6 | 246,883,704 | 279,847,730 |
| Inventories | 7 | 7,958,161,483 | 6,138,997,323 |
| Total current assets | | 13,890,971,917 | 11,077,487,006 |
| Non-current assets: | | | |
| Available-for-sale investments | 8 | 10,000,000 | 10,000,000 |
| Long-term equity investments | 9 | 146,706,429 | 109,005,470 |
| Fixed assets | 10 | 6,471,103,594 | 6,368,537,452 |
| Construction in progress | 11 | 3,071,627,420 | 2,151,505,380 |
| Intangible assets | 12 | 365,065,187 | 275,194,686 |
| Deferred tax assets | 13 | 45,352,574 | — |
| Total non-current assets | | 10,109,855,204 | 8,914,242,988 |
| TOTAL ASSETS | | 24,000,827,121 | 19,991,729,994 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

30 JUNE 2007

(PREPARED IN ACCORDANCE WITH PRC GAAP)

| LIABILITIES AND OWNERS' EQUITY | Note 6 | 30 June 2007 (Unaudited) RMB | 31 December 2006 (Audited) RMB |
|--|--------|------------------------------------|--------------------------------------|
| Current liabilities: | | | |
| Short-term loans | 15 | 5,508,126,932 | 3,146,278,045 |
| Notes payable | 16 | 233,370,307 | 34,421,893 |
| Accounts payable | 17 | 1,248,667,913 | 808,575,644 |
| Other current financial liabilities | 5 | 12,175,295 | 19,297,150 |
| Advances from customers | 18 | 130,952,986 | 56,044,839 |
| Payroll payable | 19 | 78,594,844 | 111,212,858 |
| Taxes payable | 20 | 397,035,842 | 895,095,441 |
| Interests payable | | 23,300,000 | 9,450,000 |
| Dividends payable | 21 | 1,158,015,280 | — |
| Other payables | 22 | 298,817,622 | 422,014,494 |
| Non-current liabilities due within one year | 23 | 405,270,000 | 253,270,000 |
| Total current liabilities | | 9,494,327,021 | 5,755,660,364 |
| Long-term liabilities: | | | |
| Long-term borrowings | 24 | 557,310,000 | 1,204,797,000 |
| Long-term payables | 25 | 129,384,228 | 35,561,000 |
| Other non-current liabilities | 26 | 69,427,879 | 72,684,026 |
| Total long-term liabilities | | 756,122,107 | 1,313,042,026 |
| Total liabilities | | 10,250,449,128 | 7,068,702,390 |
| Owners' equity: | | | |
| Share capital | 27 | 2,895,038,200 | 2,895,038,200 |
| Capital reserves | 28 | 1,956,734,605 | 1,995,348,895 |
| Surplus reserves | 29 | 3,620,890,129 | 3,620,890,129 |
| Retained earnings | 30 | 4,833,714,691 | 3,998,160,000 |
| Including: Cash dividend declared after balance sheet date | | — | 1,158,015,280 |
| Exchange fluctuation reserves | | (2,726,346) | (1,740,229) |
| Equity attributable to equity holders of the parent | | 13,303,651,279 | 12,507,696,995 |
| Minority interests | 31 | 446,726,714 | 415,330,609 |
| Total owners' equity | | 13,750,377,993 | 12,923,027,604 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 24,000,827,121 | 19,991,729,994 |

The financial statements on pages 43 to 58 have been signed by:

Legal representative: Li Yihuang

Financial controller: Wu Jinxing

Head of accounting: Qiu Ling

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | Note 6 | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|--|--------|--|--|
| Revenue | 32 | 17,300,566,257 | 10,507,718,750 |
| Less: Cost of sales | 32 | 14,588,431,921 | 6,244,353,406 |
| Taxes and surcharges | 33 | 28,408,633 | 27,015,802 |
| Distribution and selling costs | | 67,660,687 | 40,769,828 |
| General and administrative expenses | | 187,567,930 | 247,963,477 |
| Financial expenses | 34 | 90,914,532 | 83,318,873 |
| Provision for impairment of assets | 35 | 14,566,792 | (20,295,208) |
| Add: (Loss)/gain from change of fair value | 36 | (12,175,106) | 31,059,150 |
| Investment income/(loss) | 37 | 64,715,706 | (1,346,513,089) |
| Including: Share of profit of an associate | | 1,701,118 | 998,956 |
| Operating profit | | 2,375,556,362 | 2,569,138,633 |
| Add: Non-operating income | | 5,995,735 | 3,543,998 |
| Less: Non-operating expenses | 38 | 15,027,781 | 26,040,022 |
| Including: Loss on disposal of fixed assets | | 7,981,852 | 974,215 |
| Total profit | | 2,366,524,316 | 2,546,642,609 |
| Less: Income tax | 39 | 332,010,590 | 436,884,820 |
| Net profit | | 2,034,513,726 | 2,109,757,789 |
| Attributable to equity holders of the parent | | 1,993,569,971 | 2,090,354,173 |
| Minority interests | | 40,943,755 | 19,403,616 |
| Earnings per share attributable to equity holders of the company | 40 | | |
| — Basic | | 0.6886 | 0.7220 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | For the six months ended 30 June 2007 | | | | | | | |
|---|---|------------------|------------------|-------------------|-------------------------------|-----------------|--------------------|----------------------|
| | Attributable to equity holders of the Company | | | | | | Minority interests | Total owner's equity |
| | Share capital | Capital reserves | Surplus reserves | Retained earnings | Exchange fluctuation reserves | Total | | |
| RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | |
| At end of last year | 2,895,038,200 | 2,047,773,923 | 3,620,890,129 | 3,998,964,769 | (1,740,229) | 12,560,926,792 | 415,330,609 | 12,976,257,401 |
| Add: Changes of accounting policy | — | (52,425,028) | — | (804,769) | — | (53,229,797) | — | (53,229,797) |
| At the beginning of the period | 2,895,038,200 | 1,995,348,895 | 3,620,890,129 | 3,998,160,000 | (1,740,229) | 12,507,696,995 | 415,330,609 | 12,923,027,604 |
| Change in current period | | | | | | | | |
| (1) Net profit | — | — | — | 1,993,569,971 | — | 1,993,569,971 | 40,943,755 | 2,034,513,726 |
| (2) Gain or (loss) directly recognized in owner's equity | | | | | | | | |
| (i) Change in fair value of derivative financial instruments | — | (38,614,290) | — | — | — | (38,614,290) | — | (38,614,290) |
| (ii) Exchange difference arising of translation of operation in Hong Kong | — | — | — | — | (986,117) | (986,117) | (806,823) | (1,792,940) |
| (3) Shareholders capital contribution and reduction | — | — | — | — | — | — | — | — |
| (4) Profit Appropriation | | | | | | | | |
| (i) Appropriation to surplus reserve | — | — | — | — | — | — | — | — |
| (ii) Distribution to shareholders | — | — | — | (1,158,015,280) | — | (1,158,015,280) | (8,740,827) | (1,166,756,107) |
| (5) Internal transfer within equity | — | — | — | — | — | — | — | — |
| Total changes in current period | — | (38,614,290) | — | 835,554,691 | (986,117) | 795,954,284 | 31,396,105 | 827,350,389 |
| At the end of the period | 2,895,038,200 | 1,956,734,605 | 3,620,890,129 | 4,833,714,691 | (2,726,346) | 13,303,651,279 | 446,726,714 | 13,750,377,993 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006
(Expressed in Renminbi Yuan)

| | For the six months ended 30 June 2006 | | | | | | | |
|---|---|------------------|------------------|-------------------|-------------------------------|---------------|--------------------|----------------------|
| | Attributable to equity holders of the Company | | | | | | Minority interests | Total owner's equity |
| | Share capital | Capital reverses | Surplus reserves | Retained earnings | Exchange fluctuation reserves | Total | | |
| RMB | RMB | RMB | RMB | RMB | RMB | RMB | RMB | |
| At end of last year | 2,895,038,200 | 2,043,336,794 | 1,754,080,747 | 1,812,275,967 | (660,852) | 8,504,070,856 | 368,937,343 | 8,873,008,199 |
| Add: changes of accounting policy | — | (190,769,541) | — | 18,034,033 | — | (172,735,508) | (1,646,343) | (174,381,851) |
| At the beginning of the period | 2,895,038,200 | 1,852,567,253 | 1,754,080,747 | 1,830,310,000 | (660,852) | 8,331,335,348 | 367,291,000 | 8,698,626,348 |
| Change in current period | | | | | | | | |
| (1) Net profit | — | — | — | 2,090,353,334 | — | 2,090,353,334 | 19,404,000 | 2,109,757,334 |
| (2) Gain or (loss) directly recognized in owner's equity | | | | | | | | |
| (i) Change in fair value of derivative financial instruments | — | 85,039,000 | — | — | — | 85,039,000 | — | 85,039,000 |
| (ii) Exchange difference arising of translation of operation in Hong Kong | — | — | — | — | (333,377) | (333,377) | (272,000) | (605,377) |
| (3) Shareholders capital contribution and reduction | — | — | — | — | — | — | (60,000) | (60,000) |
| (4) Profit Appropriation | | | | | | | | |
| (i) Appropriation to surplus reserve | — | — | — | — | — | — | — | — |
| (ii) Distribution to shareholders | — | — | — | (555,847,334) | — | (555,847,334) | (8,377,000) | (564,224,334) |
| (5) Internal transfer within equity | — | — | — | — | — | — | — | — |
| Total changes in current period | — | 85,039,000 | — | 1,534,506,000 | (333,377) | 1,619,211,623 | 10,695,000 | 1,629,906,623 |
| At the end of the period | 2,895,038,200 | 1,937,606,253 | 1,754,080,747 | 3,364,816,000 | (994,229) | 9,950,546,971 | 377,986,000 | 10,328,532,971 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | Supplementary information | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|--|------------------------------|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from sale of goods or rendering of services | | 22,319,201,309 | 12,810,898,878 |
| Cash received relating to other operating activities | | 4,543,313 | 12,300,058 |
| Sub-total of cash inflows | | 22,323,744,622 | 12,823,198,936 |
| Cash paid for goods and services | | 20,632,847,745 | 9,220,012,674 |
| Cash paid to and on behalf of employees | | 362,399,011 | 202,101,604 |
| Cash paid for all types of taxes | | 1,591,859,849 | 932,911,634 |
| Cash paid relating to other operating activities | Note 6 (41) | 331,697,027 | 1,277,879,765 |
| Sub-total of cash outflows | | 22,918,803,632 | 11,632,905,677 |
| Net cash flows from operating activities | 1 | (595,059,010) | 1,190,293,259 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash received from sale of investments | | — | 350,000 |
| Cash received from return on investments | | — | 1,016,816 |
| Net cash received from disposal of fixed assets, intangible assets and other long term assets | | 763,353 | 2,873,055 |
| Cash received relating to other investing activities | | — | — |
| Sub-total of cash inflows | | 763,353 | 4,239,871 |
| Cash paid for acquisition of fixed assets, intangible assets and other long term assets | | 1,216,105,184 | 671,686,861 |
| Cash paid for acquisition of investments | | 36,000,000 | 40,000 |
| Sub-total of cash outflows | | 1,252,105,184 | 671,726,861 |
| Net cash flows from investing activities | | (1,251,341,831) | (667,486,990) |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| Supplementary information | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received from borrowings | 4,299,995,434 | 3,781,673,732 |
| Sub-total of cash inflow | 4,299,995,434 | 3,781,673,732 |
| Cash repayments of borrowings | 2,316,908,500 | 3,559,646,000 |
| Cash paid for distribution of dividends or profits and for interest expenses Including: Cash paid for distribution of dividends or profits to minority shareholders | 100,640,958 | 89,361,949 |
| Cash paid relating to other financing activities | 8,740,828 | 5,945,303 |
| | — | 935,000 |
| Sub-total of cash outflow | 2,417,549,458 | 3,649,942,949 |
| Net cash flows from financing activities | 1,882,445,976 | 131,730,783 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | |
| | 104,987 | (605,094) |
| Net increase in cash and cash equivalents | 36,150,122 | 653,931,958 |
| Add: Cash and cash equivalent at beginning of period | 1,016,976,019 | 1,142,497,348 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 1,053,126,141 | 1,796,429,306 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| Supplementary information on cash flow statement | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|---|--|--|
| 1. Reconciliation of net profit to cash flows from operating activities | | |
| Net profit | 2,034,513,725 | 2,109,557,789 |
| Add: (Reversal)/provision for impairment of assets | 12,987,495 | (19,577,932) |
| Depreciation of fixed assets | 254,013,965 | 238,056,882 |
| Amortization of intangible assets | 4,299,512 | 2,896,793 |
| Losses on disposal of fixed assets, intangible assets and other long term assets | 7,929,642 | 21,398,831 |
| Loss on fair value change | 12,175,106 | (31,059,150) |
| Financial expenses | 89,619,308 | 82,392,205 |
| Investment gains | (64,715,707) | (1,016,816) |
| Decrease in deferred tax assets | (45,352,574) | — |
| Increase in inventories | (1,819,164,160) | (1,456,803,255) |
| Increase in operating receivables | (1,112,022,632) | (532,602,210) |
| Increase in operating payables | 30,657,310 | 777,050,122 |
| Net cash flows from operating activities | (595,059,010) | 1,190,293,259 |
| 2. Investing and financing activities that do not involve cash receipts and payments | | |
| Others | — | 3,297,639 |
| 3. Net increase/(decrease) in cash and cash equivalents | | |
| Cash and cash equivalents at end of the period | 1,053,126,141 | 1,796,429,306 |
| Less: Cash and cash equivalents at beginning of year | 1,016,976,019 | 1,142,497,348 |
| Net increase in cash and cash equivalents | 36,150,122 | 653,931,958 |

The notes on pages 59 to 117 form an integral part of these financial statements.

BALANCE SHEET

30 June 2007
(Expressed in Renminbi Yuan)

| ASSETS | Note 7 | 30 June 2007 (Unaudited) RMB | 31 December 2006 (Audited) RMB |
|---------------------------------|--------|------------------------------------|--------------------------------------|
| Current assets: | | | |
| Cash and bank | | 718,716,979 | 515,988,371 |
| Notes receivable | | 1,788,429,261 | 1,968,902,900 |
| Accounts receivable | 1 | 1,358,441,551 | 670,822,645 |
| Advances to suppliers | | 883,319,909 | 483,075,884 |
| Other current financial assets | | 133,000 | 38,747,100 |
| Dividends receivable | | 36,411,086 | — |
| Other receivables | 2 | 204,592,614 | 177,469,673 |
| Inventories | | 7,588,437,176 | 6,004,386,937 |
| Total current assets | | 12,578,481,576 | 9,859,393,510 |
| Non-current assets: | | | |
| Long term equity investments | 3 | 799,785,871 | 781,377,465 |
| Fixed assets | | 5,711,174,019 | 5,723,140,068 |
| Construction in progress | | 3,027,227,115 | 1,935,471,227 |
| Intangible assets | | 331,502,743 | 377,712,713 |
| Deferred tax assets | | 45,352,574 | — |
| Total non-current assets | | 9,915,042,322 | 8,817,701,473 |
| TOTAL ASSETS | | 22,493,523,898 | 18,677,094,983 |

The notes on pages 59 to 117 form an integral part of these financial statements.

BALANCE SHEET

30 June 2007
(Expressed in Renminbi Yuan)

| LIABILITIES AND OWNERS' EQUITY | Note 7 | 30 June 2007 (Unaudited) RMB | 31 December 2006 (Audited) RMB |
|--|--------|------------------------------------|--------------------------------------|
| Current liabilities: | | | |
| Short term loans | | 4,892,803,127 | 2,608,278,046 |
| Notes payable | | 233,370,307 | 34,421,893 |
| Accounts payable | | 1,140,137,659 | 648,941,403 |
| Other current financial liabilities | | 12,175,295 | — |
| Advances from customers | | 68,142,019 | 44,634,620 |
| Payroll payable | | 70,374,975 | 882,955 |
| Taxes payable | | 409,533,122 | 857,877,844 |
| Interest payable | | 23,300,000 | 9,450,000 |
| Dividends payable | | 1,158,015,280 | — |
| Other payables | | 235,164,262 | 509,670,464 |
| Non-current liabilities due within one year | | 366,870,000 | 206,870,000 |
| Total current liabilities | | 8,609,886,046 | 4,921,027,225 |
| Long-term liabilities: | | | |
| Long-term borrowings | | 427,310,000 | 1,104,797,000 |
| Long-term payables | | 129,072,889 | 35,561,000 |
| Other non-current liabilities | | 69,427,879 | 72,684,026 |
| Total long-term liabilities | | 625,810,768 | 1,213,042,026 |
| Total liabilities | | 9,235,696,814 | 6,134,069,251 |
| Owners' equity: | | | |
| Share capital | | 2,895,038,200 | 2,895,038,200 |
| Capital reserves | | 1,956,734,605 | 1,995,348,895 |
| Surplus reserves | | 3,602,619,293 | 3,602,619,293 |
| Retained earnings | | 4,803,434,986 | 4,050,019,344 |
| Including: Cash dividend declared after balance sheet date | | — | 1,158,015,280 |
| Total owners' equity | | 13,257,827,084 | 12,543,025,732 |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | 22,493,523,898 | 18,677,094,983 |

The notes on pages 59 to 117 form an integral part of these financial statements.

INCOME STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | Note 7 | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|---|--------|--|--|
| Revenue | 4 | 16,741,252,936 | 10,595,129,234 |
| Less: Cost of sales | 4 | 14,236,624,250 | 6,360,923,914 |
| Taxes and surcharges | | 27,691,246 | 25,723,955 |
| Distribution and selling costs | | 47,465,174 | 25,379,082 |
| General and administrative expenses | | 134,718,669 | 229,025,613 |
| Financial expenses | | 82,656,972 | 75,518,388 |
| Provision/(reversal) for impairment of assets | | 12,682,668 | (21,266,604) |
| Add: (Loss)/gain from change of fair value | | (12,175,106) | 31,059,150 |
| Investment income/(loss) | 5 | 57,369,137 | (1,346,182,755) |
| Including: Share of profit of an associate | | 1,701,118 | — |
| Operating profit | | 2,244,607,988 | 2,584,701,281 |
| Add: Non-operating income | | 3,643,431 | 3,303,516 |
| Less: Non-operating expenses | | 13,427,051 | 25,663,242 |
| Including: Loss on disposal of fixed assets | | 7,855,833 | — |
| Total profit | | 2,234,824,368 | 2,562,341,555 |
| Less: Income tax | | 323,393,447 | 422,722,646 |
| Net profit | | 1,911,430,921 | 2,139,618,909 |

The notes on pages 59 to 117 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | For the six months ended 30 June 2007 | | | | |
|---|---------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------|
| | Share capital RMB | Capital reserves RMB | Surplus reserves RMB | Retained earnings RMB | Total RMB |
| At end of last year | 2,895,038,200 | 2,047,773,923 | 3,602,619,293 | 4,050,823,954 | 12,596,255,370 |
| Add: Changes of accounting policy | — | (52,425,028) | — | (804,610) | (53,229,638) |
| At the beginning of the period | 2,895,038,200 | 1,995,348,895 | 3,602,619,293 | 4,050,019,344 | 12,543,025,732 |
| Change in current period | | | | | |
| (1) Net profit | — | — | — | 1,911,430,922 | 1,911,430,922 |
| (2) Gain or (loss) directly recognized in owner's equity | | | | | |
| (i) Change in fair value of derivative financial instruments | — | (38,614,290) | — | — | (38,614,290) |
| (ii) Exchange difference arising of translation of operation in Hong Kong | — | — | — | — | — |
| (3) Shareholders capital contribution and reduction | — | — | — | — | — |
| (4) Profit Appropriation | | | | | |
| (i) Appropriation to surplus reserve | — | — | — | — | — |
| (ii) Distribution to shareholders | — | — | — | (1,158,015,280) | (1,158,015,280) |
| (5) Internal transfer within equity | — | — | — | — | — |
| Total changes in current period | — | (38,614,290) | — | 753,415,642 | 714,801,352 |
| At the end of the period | 2,895,038,200 | 1,956,734,605 | 3,602,619,293 | 4,803,434,986 | 13,257,827,084 |

The notes on pages 59 to 117 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2006
(Expressed in Renminbi Yuan)

| | For the six months ended 30 June 2006 | | | | |
|---|---------------------------------------|------------------|------------------|-------------------|---------------|
| | Share capital | Capital reserves | Surplus reserves | Retained earnings | Total |
| | RMB | RMB | RMB | RMB | RMB |
| At end of last year | 2,895,038,200 | 2,043,336,794 | 1,746,601,671 | 1,822,644,856 | 8,507,621,521 |
| Add: Changes of accounting policy | — | (190,769,541) | — | (11,852,944) | (202,622,485) |
| At the beginning of the period | 2,895,038,200 | 1,852,567,253 | 1,746,601,671 | 1,810,791,912 | 8,304,999,036 |
| Change in current period | | | | | |
| (1) Net profit | — | — | — | 2,139,618,909 | 2,139,618,909 |
| (2) Gain or (loss) directly recognized in owner's equity | | | | | |
| (i) Change in fair value of derivative financial instruments | — | 85,039,000 | — | — | 85,039,000 |
| (ii) Exchange difference arising of translation of operation in Hong Kong | — | — | — | — | — |
| (3) Shareholders capital contribution and reduction | — | — | — | — | — |
| (4) Profit Appropriation | | | | | |
| (i) Appropriation to surplus reserve | — | — | — | — | — |
| (ii) Distribution to shareholders | — | — | — | (555,847,000) | (555,847,000) |
| (5) Internal transfer within equity | — | — | — | — | — |
| Total changes in current period | — | 85,039,000 | — | 1,583,771,909 | 1,668,810,909 |
| At the end of the period | 2,895,038,200 | 1,937,606,253 | 1,746,601,671 | 3,394,563,821 | 9,973,809,945 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | Supplementary information | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|--|------------------------------|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from sale of goods or rendering of services | | 21,947,312,869 | 12,572,083,662 |
| Cash received relating to other operating activities | | 7,270,964 | 12,059,576 |
| Sub-total of cash inflows | | 21,954,583,833 | 12,584,143,238 |
| Cash paid for goods and services | | 20,240,842,892 | 8,709,448,168 |
| Cash paid to and on behalf of employees | | 338,559,145 | 189,110,883 |
| Cash paid for all types of taxes | | 1,221,896,408 | 916,938,939 |
| Cash paid relating to other operating activities | | 586,854,264 | 1,255,996,627 |
| Sub-total of cash outflows | | 22,388,152,709 | 11,071,494,617 |
| Net cash flows from operating activities | 1 | (433,568,876) | 1,512,648,621 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash received from sale of investments | | — | — |
| Cash received from return on investments | | 81,655 | 2,914,195 |
| Net cash received from disposal of fixed assets, intangible assets and other long term assets | | 698,075 | 2,684,417 |
| Sub-total of cash inflows | | 779,730 | 5,598,612 |
| Cash paid for acquisition of fixed assets, intangible assets and other long term assets | | 1,185,634,116 | 485,951,157 |
| Cash paid for acquisition of investments | | 36,000,000 | 50,000,000 |
| Including: cash paid for acquisition or establishment of subsidiaries | | 36,000,000 | 50,000,000 |
| Sub-total of cash outflows | | 1,221,634,116 | 535,951,157 |
| Net cash flows from investing activities | | (1,220,854,386) | (530,352,545) |

The notes on pages 59 to 117 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

| | Supplementary information | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|---|------------------------------|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash received from borrowings | | 4,042,671,628 | 3,268,131,300 |
| Sub-total of cash inflows | | 4,042,671,628 | 3,268,131,300 |
| Cash repayments of borrowings | | 2,158,908,500 | 3,438,066,221 |
| Cash paid for distribution of dividends or profits and for interest expenses | | 27,077,992 | 75,183,220 |
| Cash paid relating to other financing activities | | — | 935,000 |
| Sub-total of cash outflows | | 2,185,986,492 | 3,514,184,441 |
| Net cash flows from financing activities | | 1,856,685,136 | (246,053,141) |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | | |
| | | 466,734 | — |
| Net increase in cash and cash equivalents | 2 | 202,728,608 | 736,242,935 |
| Add: Cash and cash equivalent at beginning of period | | 515,988,371 | 833,893,230 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 718,716,979 | 1,570,136,165 |

The notes on pages 59 to 117 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the six months ended 30 June 2007
(Expressed in Renminbi Yuan)

Supplementary information on cash flow statement

| | For the six months ended 30 June 2007 (Unaudited) RMB | For the six months ended 30 June 2006 (Unaudited) RMB |
|---|--|--|
| 1. Reconciliation of net profit to cash flows from operating activities | | |
| Net profit | 1,911,430,921 | 2,165,061,896 |
| Add: Reversal for impairment of assets | (144,696,639) | (19,744,433) |
| Depreciation of fixed assets | 226,132,004 | 224,889,967 |
| Amortization of intangible assets and other long term assets | 4,299,512 | 1,964,695 |
| Losses on fair value change | 7,803,673 | 21,398,831 |
| Financial expenses | 12,175,106 | (31,059,150) |
| Investment gains | 50,377,992 | 74,591,720 |
| Increase in deferred tax assets | (57,369,137) | (25,442,987) |
| Increase in inventories | (45,352,574) | — |
| Increase in operating receivables | (1,584,050,239) | (1,213,588,038) |
| Increase in operating payables | (818,955,323) | (525,103,323) |
| | 4,635,828 | 839,679,443 |
| Net cash flows from operating activities | (433,568,876) | 1,512,648,621 |
| 2. Net increase in cash and cash equivalents | | |
| Cash and cash equivalents at end of the period | 515,988,371 | 1,570,136,165 |
| Less: Cash and cash equivalents at beginning of the period | 718,716,979 | 833,893,230 |
| Net increase in cash and cash equivalents | (202,728,608) | 736,242,935 |

The notes on pages 59 to 117 form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited (the "Company") was established on 24 January 1997 by Jiangxi Copper Corporation ("JCC"), HongKong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") and London Stock Exchange ("LSE") on 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 placed 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 increased to RMB2,895,038,200.

The Company has been recognized as one of the twenty-second batch share reform companies by China Securities Regulatory Commission and its share reform plan was implemented on 17 April 2006 upon approval of the Gan State-owned Assets Ownership Letter [2006] No.76 issued by the 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. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standard (the "New Chinese Accounting Standards"), the Implementation Guidance on Accounting System for Business Enterprises (the "Implementation Guidance") and other related guidance issued by the Ministry of Finance (the "MOF") of the People's Republic of China (the "PRC") in year 2006.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

2. BASIS OF PREPARATION *(Continued)*

Pursuant to a notice of (CaiHui [2006] No 3) - New Chinese Accounting Standards No1- Inventory and 38 specific accounting standards issued by the MOF, the Company has adopted the New Chinese Accounting Standards which has come into effect on 1 January 2007. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited ("SEHK") on 12 June 1997 and the financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). In accordance with the "Implementation Guidance and Working Group of Experts Opinions" and "Accounting Standards for Business Enterprises No38- First Time Adoption" issued by the MOF, and "Q&A No.7 on the Information Disclosures Requirement for the Public Listed companies (Zhengjianhui Kuaiji[2007] No.10)" issued by the China Securities Regulatory Commission, the Company has retrospectively adjusted the transactions in relation to the changes of accounting policy, as if the new accounting policy has been adopted consistently during the reporting periods, on this financial statements. Therefore, certain comparative figures has been restated and detail of the restatement can be found in Note 3 (20) of notes to financial statements.

The financial statements have been prepared under going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

This financial statement is prepared based on the following accounting policy and estimation:

(1) Accounting year

The accounting year of the Company is from 1 January to 31 December. The period of this financial statements is from 1 January 2007 to 30 June 2007.

(2) Reporting currency

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

The reporting and presentation currency for the Group's subsidiaries, associates and joint venture is adopted according to their own business environment and has been translated to RMB for consolidation.

(3) Basis of accounting and measurement

The Company's financial statements have been prepared on an accrual basis using the historical cost as the basis of measurement, except for certain financial instruments.

(4) Basis of consolidation

Consolidated financial statements comprise financial statements period ended 30 June 2007 of a parent and all its subsidiaries. Subsidiaries are companies in which the Company has control over them.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-group transactions and balances are eliminated on consolidation, including the unrealised profits and losses incurred.

The portion of a subsidiary's equity that is not attributable to the parent shall be treated as minority interests and presented as "minority interests" in the consolidated balance sheet within owners' equity.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(4) Basis of consolidation *(Continued)*

Business combination not involving enterprises under common control

Acquisition method is applied to business combination not involving enterprises under common control. The cost of combination is the aggregate of the fair value, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer. The acquirer shall measure the assets given and liabilities incurred or assumed as consideration of the business combination at their fair values on the acquisition date.

When the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net asset, the difference shall be recognized as goodwill. After initial recognition, goodwill shall be measured at cost less accumulated impairment losses. When the cost of a combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net asset, the acquirer shall reassess the measurement of the fair values and recognize the remaining difference in profit or loss for the current period.

The operating results of all combining parties shall be included in the consolidated financial statements from the acquisition date until the control be disposed.

Business combination involving enterprises under common control

Policy of interest method is applied to business combination involving enterprises under common control. Assets and liabilities that are obtained by the absorbing party in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being absorbed except the adjustment for the different accounting policies and not be recognized as goodwill. The difference between the carrying amount of the net assets obtained and the carrying amount of the consolidated paid for the combination shall be adjusted to capital surplus and retained earnings if capital surplus is not enough. The net profit of all combining parties, from the beginning of the period in which the combination occurs up to the combination date, shall be included in the consolidated income statement.

(5) Cash equivalents

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

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(6) Foreign currency translation

Foreign currency transaction

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

Transactions in foreign currencies are translated into the reporting currency at the market exchange rates prevailing on the first day of the month in which the transactions take place. Monetary assets and liabilities denominated in foreign currencies are restated into the reporting currency using the rates of exchange ruling at the balance sheet date. The exchange gains or losses are dealt with in the income statement for the period. The exchange gains or losses arising from foreign currency borrowings related to the acquisition or construction of a fixed asset are accounted for based on the requirements relating to the capitalisation of borrowing costs.

Translation for overseas operation

The functional currencies of certain overseas entities within the Group are currencies other than RMB. As at the balance sheet date, the assets and liabilities of these entities are translated into RMB at the exchange rates ruling at the balance sheet date and, their income statements are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated income statements.

(7) Inventories

Inventories include raw materials, work in progress, finished goods and others. Inventories contain finished goods for sales purpose produced during normal operating activities, or work in progress for sales purpose which are under processing, or materials and consumables that consumed in production or rendering of services.

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

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

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

The Company adopts perpetual inventory method.

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

Inventories are valued at the lower of cost and net realizable value at the balance sheet date. The differences between the cost and the lower net realizable value are accounted for as a provision. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and estimated expenses and related taxes necessary to make the sale. The provision for inventories is determined on an individual item basis.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(8) Long term investments

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

When the Company holds control, the cost method is applied.

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

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

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

When the equity method is adopted, the Company recognizes its share of post-acquisition result in the invested enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. However, the share of net loss is only recognized to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Company has incurred obligations to assume additional losses. The Company shall adjust the carrying amount of the long-term equity investment for other changes in owner's equity of the invested enterprise (other than net profits or losses), and include the corresponding adjustment in equity.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

(9) Fixed assets

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

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

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditures for bring the asset to working condition for its intended use, such as delivery and handling costs, installation costs and other surcharge.

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.

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

| | Estimated useful life | Estimated residual rate | Annual depreciation rate |
|-----------|--------------------------|----------------------------|-----------------------------|
| Buildings | 12 - 40 years | 3% - 10% | 2.25 - 8.08% |
| Machinery | 10 - 25 years | 3% - 10% | 3.60 - 9.70% |
| Vehicles | 10 - 12 years | 3% - 10% | 7.50 - 9.70% |

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year, and make relevant adjustment if necessary.

(10) Construction in progress

Construction in progress includes all costs incurred during the preparation period before commencement of construction and until the asset is ready for its intended use. These costs include direct materials, direct labour, equipment for installation, construction and installation charges, management fees, gain or loss on trial run production and borrowing costs which are qualified for capitalisation.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(11) Intangible assets

Intangible assets are recorded at actual cost on acquisition.

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

The useful lives are as follow:

| | Useful life |
|--------------|--------------------|
| Mining right | 12-50 years |
| Trademarks | 20 years |

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

For an intangible asset with indefinite useful life, impairment test shall be performed in each year no matter whether there is any indication that the intangible asset may be impaired. An intangible asset with indefinite useful life shall not be amortized. The Company shall reassess the useful life of the asset in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Company shall apply the accounting requirements of the intangible asset with definite useful life.

(12) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

Recognition and Derecognition

The company shall recognize a financial asset or liability when the company becomes a party to the contractual provisions of the financial instruments.

A financial asset shall be derecognized if one of the following conditions is met:

- (a) The contractual rights to the cash flow from the financial asset expire.
- (b) The financial asset has been transferred and the transfer qualifies for derecognition.

The company shall derecognize a financial liability only when the underlying present obligation is cancelled.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(12) Financial Instruments *(Continued)*

Classification and Measurement of Financial Assets

On initial recognition, financial assets shall be classified into the following four categories: financial assets at fair value through profit or loss; held-on-maturity investments; loans and receivables; available-for-sale financial assets. When a financial asset is recognized initially, the company shall measure it at its fair value. In the case of a financial asset not at fair value through profit or loss, transaction costs shall be included in its initial recognition amounts.

(a) *A financial asset at fair value through profit or loss*

A financial asset at fair value through profit or loss includes financial assets held for trading and those designated as at fair value through profit or loss. Financial assets held for trading includes financial assets held for short-term trading and derivative. For these assets, fair value shall be adopted for subsequent amount and realized or not realized profit or loss shall be charged to the profit or loss for the current period.

(b) *Held-to-maturity investment*

Held-to-maturity investment are non-derivative financial assets with fixed or determinable payments and fixed maturity date that a company has the positive intention and ability to hold on maturity except the non-derivative financial assets classified to other financial assets. A company shall measure these financial assets at amortized cost using the effective interest method and the profit or loss of derecognition, impairment or amortization shall be charged to the profit or loss for the current period.

(c) *Loans and receivable*

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. A company shall measure these financial assets at amortized cost using the effective interest method and the profit or loss of derecognition, impairment or amortization shall be charged to the profit or loss for the current period.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(12) Financial Instruments *(Continued)*

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

Available-for-sale financial assets are those non-derivative financial assets that are designated on initial recognition as available for sale or those financial assets that are not classified as other financial assets. A company shall measure these financial assets at their fair values. A gain or loss shall be amortized using the effective interest method and be charged to interest income. The change in the fair value of a financial asset shall be recognized directly in capital reserves except for impairment losses until the financial asset is derecognized at which time the cumulative gain or loss previously recognized in owner's equity shall be removed from owner's equity and recognized in profit or loss.

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

Recognition and Measurement of Financial Liabilities

On initial recognition, financial liabilities shall be classified into the following categories: financial liabilities at fair value and the change designated as fair value through profit or loss; other financial liabilities. In the case of financial liabilities not at fair value through profit or loss, transaction costs shall be included in its initial recognition amounts.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. For these liabilities, fair value shall be adopted for subsequent amount and realized or not realized profit or loss shall be charged to the profit or loss for the current period.

(b) *Other financial liabilities*

A company shall measure these financial assets at amortized cost using the effective interest method.

(c) *Financial guarantee contracts*

When financial guarantee contract is recognized initially, a company shall measure it at its fair value. After initial recognition, it shall be subsequently measured at the higher of the contingency amount and the amount initially recognized less cumulative amortization.

Derivative financial instruments

The Group uses derivative financial instruments (mainly forward contracts) to hedge its risks associated. The policy applied by the Group is to net off the estimated risks from transaction price and to aim at cash flow hedging. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(12) Financial Instruments *(Continued)*

Derivative financial instruments (Continued)

The Group manages the operation of derivative financial instruments under the rule, and lists the application policy of derivative financial instruments, which is in accordance with the Group's risk management strategy, in a written form. The Group does not use derivative financial instruments to speculate. However, part of the derivative financial instruments are not defined hedging tool or do not accord with hedge accounting policy.

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

Hedge accounting is discontinued when the hedging instruments expire or are sold, terminated, or exercised, or no longer qualified for hedge accounting.

Fair value of financial instruments

If there is an active market for a financial asset or liability, the quoted price in the active market shall be used to establish the fair value of the financial asset or liability. If no active market exists for a financial asset or liability, a company establishes fair value by using a valuation technique. Valuation techniques include using recent market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment of financial assets

A company shall assess at the balance sheet date the carrying amount of a financial asset. If there is objective evidence that the financial asset is impaired, the company shall determine the amount of any impairment loss. Objective evidence that a financial asset is impaired is one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset which can be reliable estimated.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(12) Financial Instruments *(Continued)*

Impairment of financial assets (Continued)

(a) *Financial assets carried at amortized cost*

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The amount of reduction shall be recognized as an impairment loss in profit or loss. Present value of estimated future cash flows shall be discounted at the financial asset's original effective interest rate and shall include the value of any related collateral.

For a financial asset that is individually significant, a company shall assess the asset individually for impairment, and recognize the amount of impairment in profit or loss if there is objective evidence of impairment. For a financial asset that is not individually significant, the company can assess the asset individually for impairment or include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

If subsequent to the recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the reverse shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the impairment is reversed.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

(b) *Financial assets carried at cost*

If there is objective evidence that the financial asset is impaired, the difference between the carrying amount and the future cash flows which is discounted at the similar financial asset's current market income rate shall be recognized as an impairment loss in profit or loss. Impairment losses recognized shall not be reversed through profit or loss.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(12) Financial Instruments *(Continued)*

Impairment of financial assets (Continued)

(c) *Available-for-sale financial assets*

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that had been recognized directly in owner's equity shall be removed from owner's equity and recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is removed from owner's equity shall be the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss. Impairment losses recognized for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss.

Transfer of financial assets

A financial asset is transferred where the Group has granted or delivered to an outside party other than the financial assets issuer (the receiver).

Where the Group has transferred all risks and rewards of the asset to the receiver, the financial asset is derecognized; where the Group retained all the risks and rewards of the asset, the asset is not derecognized.

Where the Group has neither transferred nor retained all the risks and rewards of the asset, relevant treatment is listed as below: the asset is derecognized where control of the asset has been transferred and both assets and liabilities are recognized accordingly; the asset is recognized to the extent of the Group's continuing involvement where control of the asset has not been transferred and relevant liability is recognized as well.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(13) Borrowing costs

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

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

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

- Expenditures for the asset are being incurred;
- Borrowing costs are being incurred;
- Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

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

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

- Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalized shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds;
- Where funds are borrowed under general-purpose borrowing and are utilized for the acquisition, the company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(14) Impairment of Assets

Impairment of assets except for inventories, deferred tax, and financial assets is confirmed as follows:

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

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

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

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

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

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

(15) Contingencies

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

- The obligation is a present obligation of the company;
- It is probable that an outflow of economic benefits will be required to settle the obligation;
- The amount of the obligation can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(16) Revenue

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

Revenue from sale of goods

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

Revenue from the rendering of services

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

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.

Rental income

Rentals of operating leases are charged to the income statement on a straight-line basis over the lease terms.

(17) Leasing

A financial lease is a lease that transfers in substance all the risks and the rewards incident to ownership of an asset. An operating lease is a lease other than a financial lease.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(18) Income tax

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

Current income tax expenses are calculated based on the applicable income tax rate and the accounting results for the period after adjusting for items which are non-assessable or disallowed in accordance with the relevant tax laws.

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

Deferred tax shall be recognized according to liability method when the temporary difference between the carrying amount of an asset or liability and its tax base is resulted.

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

- (1) The initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination; at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss); and
- (2) For taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled enterprises, the investing enterprise is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reverse in the foreseeable future.

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

- (1) The transaction is not a business combination and at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible loss); and
- (2) For taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled enterprises, the investing enterprise is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

(19) Payroll payable

Cost of employee salary, bonus, allowance, compensation, welfare, social fund and public housing fund are recognized in the period which services are provided. For the balance due over one year subsequent to balance sheet date, if the impact of balance subsequent discounted to net present value discounting is significant, then the discounted present value is used.

Employees of the Group are covered by the local government-regulated defined contribution retirement benefit schemes. Contributions to these schemes are expensed as incurred.

(20) First-time adoption of New Chinese Accounting Standards

As stated in Note 2, the Group has adopted the New Chinese Accounting Standards which has come into effect on 1 January 2007. The cumulated impact of first-time adoption of New Chinese Accounting Standards is as follows:

| | 2007 | | | 2006 | | |
|--|------------------|------------------|-------------------|------------------|------------------|-------------------|
| | Capital reserves | Surplus reserves | Retained earnings | Capital reserves | Surplus reserves | Retained earnings |
| At beginning of year before retrospective adjustment | 2,047,773,923 | 3,620,890,129 | 3,998,964,769 | 2,043,336,794 | 1,754,080,747 | 1,812,275,967 |
| Retrospective Adjustment: | | | | | | |
| Government subsidy | (91,172,128) | — | 18,488,102 | (86,735,000) | — | 12,098,103 |
| Change in fair value of derivative instruments | 38,747,100 | — | (19,292,871) | (71,022,899) | — | 9,059,930 |
| Pre-operating expenses | — | — | — | — | — | (3,124,000) |
| At beginning of year after retrospective adjustment | 1,995,348,895 | 3,620,890,129 | 3,998,160,000 | 1,885,578,895 | 1,754,080,747 | 1,830,310,000 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES *(Continued)*

(20) First-time adoption of New Chinese Accounting Standards *(Continued)*

The impact of net profit for first-time adoption of New Chinese Accounting Standards for the period from 1 January to 30 June 2006 is as follows:

| | For the six months ended 30 June 2006 |
|--|--|
| Before retrospective adjustment balance: | 2,076,032,639 |
| Adjustment: | |
| Effect amount from commodity forward contracts not qualified for hedge accounting | 31,059,150 |
| Amortization of deferred income | 3,097,000 |
| Pre-operating expenses | (431,000) |
| After retrospective adjustment balance | <u>2,109,757,789</u> |

(21) Changes in accounting policies and accounting estimates

The Group selects and applies the same accounting policies and accounting estimates for identical or similar transactions or events unless the changes in accounting policies and accounting estimates subsequent to the first-time adoption of accounting standards for business enterprises.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

4 TAXATION

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

Value Added Tax

Output value added tax ("VAT") is calculated at 17% on revenue from principal operations except for gold (free of VAT) and sulphuric concentrate (13% on revenue). The company is required to remit the VAT it collect to the tax authority, but may deduct the VAT it has paid on eligible purchases.

Business Tax

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

Resource Tax

Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. The range of resource tax rate is RMB1.3-1.5/ton.

Income Tax

(1) Company income tax (parent company)

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

Pursuant to No. 10 circular issued by the Foreign Economic and Trade Ministry and the Company is a foreign invested company with advanced technology which is approved under Wai Zi [2002] No. 446 by Gan Munnicipal Foreign Economic and Trade Committee, the Company shall be exempted from local income tax from 2001 to 2005 and allow a 1.5% local income tax rate from 2006 to 2010. This is the second year of tax relief period with effective local tax rate of 1.5%. Therefore, the Company entitled to tax rate of 16.5%.

(2) Company income tax (subsidiaries)

The income tax rate for the company's subsidiaries, except for Jiangxi Copper Products Co., Ltd. ("JCPC"), Sichuan Kangxi Copper Co., Ltd. ("Kangxi Copper"), Sure Spread Limited ("Sure Spread"), Jiangxi Copper Shenzhen Trading Company Limited ("Shenzhen Trading"), and Jiangxi Copper Shanghai Trading Company Limited ("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 followed by a 50% reduction of income tax in the third, fourth and fifth years. Since this year is the first 50% reduction year, its effective income tax rate is 16.5%. 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

5 SCOPE OF CONSOLIDATION AND SUBSIDIARIES

The group main subsidiary companies are as follow:

| Name of Subsidiary | Place of Registration | Principal Business | Paid-in capital Currency | Group total investment | | Attributable equity interest held by the Group | | Voting right | Note |
|---|----------------------------|--|-----------------------------|------------------------|---------|--|----------|--------------|------|
| | | | | '000 | '000 | Direct | Indirect | | |
| Xiaoshan Tongda Chemical Limited ("Xiaoshan Tongda") | Hangzhou Zhejiang Province | Sales of sulphuric acid | RMB | 1,000 | 600 | 60% | — | 60% | 1 |
| Jiangxi Copper Products Co., Ltd. ("JCPC") | Guixi Jiangxi | Produce and operating of copper industrial materials | RMB | 225,000 | 135,000 | 60% | — | 60% | 2 |
| Sichuan Kangxi Copper Co., Ltd. ("Kangxi Copper") | Xichang Sichuan | Sales of copper materials, precious metal materials and sulphuric acid | RMB | 140,000 | 80,000 | 57.14% | — | 57.14% | 3 |
| Shanxi Diaoquan Silver and Copper Mining Co., Ltd. ("Diaoquan Silver and Copper") | Diaoquan, Shanxi | Sales of copper materials precious metal materials and sulphuric concentrate | RMB | 76,158 | 35,000 | 45.96% | — | 66.76% | 4 |
| Sure Spread Limited ("Sure Spread") | Hong Kong | Import and export trading and related limited tech service | HKD | 50,000 | 27,500 | 55% | — | 55% | 5 |
| Jiangxi Copper Alloy Materials Co., Ltd. ("JCAC") | Guixi Jiangxi | Manufacture sales of copper and copper alloy rods and wires | RMB | 199,500 | 119,700 | 60% | — | 60% | 6 |
| Jiangtong-Wengfu Chemical Industry ("Wengfu Chemical") | Guixi Jiangxi | Manufacture sales of sulphuric acid and lay product | RMB | 181,500 | 127,500 | 70% | — | 70% | 7 |
| Jiangxi Copper Shenzhen Trading Co., Ltd. ("Shenzhen Trading") | Shenzhen | Sale of copper products | RMB | 30,000 | 30,000 | 100% | — | 100% | 8 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

5 SCOPE OF CONSOLIDATION AND SUBSIDIARIES (Continued)

The group main subsidiary companies are as follow:

| Name of Subsidiary | Place of Registration | Principal Business | Paid-in capital Currency | Group total investment | | Attributable equity interest held by the Group | | Voting right | Note |
|--|-----------------------|------------------------------|-----------------------------|------------------------|--------|--|----------|--------------|------|
| | | | | '000 | '000 | Direct | Indirect | | |
| Jiangxi Copper Shanghai Trading Co., Ltd. ("Shanghai Trading") | Shanghai Pudong | Sale of copper products | RMB | 20,000 | 20,000 | 100% | — | 100% | 8 |
| Jiangxi Copper Beijing Trading Co., Ltd. ("Beijing Trading") | Beijing | Sale of copper products | RMB | 10,000 | 10,000 | 100% | — | 100% | 9 |
| Xichang Jinhui Regenerative Resource Co., Ltd. ("Xichang Jinhui") | Xichang Sichuan | Reclaim of scrap iron copper | RMB | 1,000 | — | — | 57.14% | 57.14% | 10 |
| Xichang Huimin Industry Co., Ltd. ("Xichang huimin") | Xichang Sichuan | Sale of copper products | RMB | 30,000 | — | — | 57.14% | 57.14% | 10 |

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

Note 2: In March 2002, the Company invested jointly RMB150,000,000 to establish 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 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.

Note 3: In September 2003, the Company bought 40% interest with purchase consideration of 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 2005, the Company invested another RMB40,000,000 in Kangxi Copper which made its paid-in capital increase to RMB140,000,000. Subsequently, the interest of Kangxi Copper also rose to 57.143%.

Note 4: In June 2004, the Company bought 45.957% interest (RMB35,000,000) in Shanxi Diaquan Silver and Copper Mining Company Limited ("Diaquan Silver and Copper"). This interest of Diaquan 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 Diaquan Silver and Copper, that the Company has the power to govern the financial and operating policies of Dianquan Silver and Copper. Thus, Diaquan Silver and Copper is included in the scope of consolidation.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

5 SCOPE OF CONSOLIDATION AND SUBSIDIARIES (Continued)

Note 5: 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.

Note 6: 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.

Note 7: 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. As at 30 June 2007, Wengfu Chemical was still in testing phase.

Note 8: In June 2006, the Company invested RMB30,000,000 and RMB20,000,000 respectively to establish 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.

Note 9: 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.

Note 10: In August 2006, the Company's subsidiary, Kangxi Copper invested RMB1,000,000 to establish Xichang Jinhui Regenerative Resource Company Limited ("Xichang Jinhui"), which became a wholly owned subsidiary of Kangxi Copper. As at 30 June 2007, Xichang Jinhui was still in pre-operating phase. In March 2007, Kangxi Copper Invested RMB30,000,000 to establish Xichang Huimin Industry Company Limited ("Xichang Huimin"), a wholly owned subsidiary of Kangxi Copper. As at 30 June 2007, Xichang huimin was still in pre-operating phase.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash and Bank Balances

| | 30 June 2007 | | | 31 December 2006 | | |
|---------------------|----------------------|------------------|----------------------|----------------------|------------------|----------------------|
| | Original Currency | Exchange Rate | RMB Equivalent | Original Currency | Exchange Rate | RMB Equivalent |
| Cash on hand | | | | | | |
| — RMB | — | — | 213,208 | — | — | 151,248 |
| — HKD | 3,325 | 0.9744 | 3,240 | 10,817 | 1.0047 | 10,868 |
| — JPY | — | — | — | 2,270 | 0.06563 | 149 |
| — GBP | — | — | — | 1 | 15.3232 | 15 |
| | | | 216,448 | | | 162,280 |
| Cash in bank | | | | | | |
| — RMB | — | — | 918,753,568 | — | — | 895,867,735 |
| — USD | 10,985,969 | 7.6155 | 83,663,648 | 10,061,946 | 7.8087 | 78,570,717 |
| — HKD | 31,868,159 | 0.9744 | 31,052,334 | 41,486,819 | 1.0047 | 41,681,807 |
| — EUR | 5,983 | 10.2337 | 61,226 | 49,660 | 10.2665 | 509,834 |
| — JPY | 300,188,812 | 0.0618 | 18,558,873 | — | — | — |
| — AUD | 126,928 | 6.4607 | 820,044 | 29,813 | 6.1599 | 183,646 |
| | | | 1,052,909,693 | | | 1,016,813,739 |
| | | | 1,053,126,141 | | | 1,016,976,019 |

(2) Notes Receivable

| | 30 June 2007 RMB | 31 December 2006 RMB |
|---------------------------|----------------------|-------------------------|
| Bank accepted notes | 1,788,040,016 | 1,993,266,569 |
| Commercial accepted notes | 30,000,000 | 103,021,227 |
| | 1,818,040,016 | 2,096,287,796 |

As at 30 June 2007, the amount of RMB1,066,286,499 bank accepted notes and RMB30,000,000 commercial accepted notes have been discounted to obtain bank short-term loan (31 December 2006: the amount of RMB1,303,011,546 bank accepted and commercial accepted notes).

As at balance sheet date, there is no balance due from shareholder who holds more than 5% shares of the Company.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Accounts Receivable

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------|----------------------|-------------------------|
| Accounts receivable | 2,059,473,274 | 1,027,629,022 |
| Less: bad debt provision | (145,388,623) | (133,212,779) |
| | 1,914,084,651 | 894,416,243 |

The ageing analysis of accounts receivable is as below:

| | 30 June 2007 | | | | 31 December 2006 | | | |
|---------------|----------------------|--------------|-----------------------|----------------------|------------------|-------|-----------------------|-------------------|
| | Amount RMB | (%) | Bad debt provision | Net book value | Amount RMB | (%) | Bad debt provision | Net book value |
| Within 1 year | 1,945,931,107 | 94.5 | (32,098,453) | 1,913,832,654 | 938,003,836 | 91.3 | (44,357,116) | 893,646,720 |
| 1— 2 years | 48,176,235 | 2.3 | (47,924,238) | 251,997 | 24,231,988 | 2.4 | (24,106,078) | 125,910 |
| 2— 3 years | 740,005 | 0.1 | (740,005) | — | 1,287,225 | 0.1 | (643,612) | 643,613 |
| Over 3 years | 64,625,927 | 3.1 | (64,625,927) | — | 64,105,973 | 6.2 | (64,105,973) | — |
| | 2,059,473,274 | 100.0 | (145,388,623) | 1,914,084,651 | 1,027,629,022 | 100.0 | (133,212,779) | 894,416,243 |

The movement of bad debt provision on accounts receivable:

| | For the six months ended 30 June 2007 RMB | For the year ended 31 December 2006 RMB |
|---|---|---|
| At beginning of the period/ year | 133,212,779 | 73,495,697 |
| Addition during the period/ year | 12,676,230 | 65,511,720 |
| Write back during the period/ year | (500,386) | (2,203,152) |
| Write off during the period/ year | — | (3,591,486) |
| At end of the period/ year | 145,388,623 | 133,212,779 |
| | 30 June 2006 | 31 December 2006 |
| Total amount of five largest debtors | 625,678,225 | 439,917,943 |
| Percentage in total accounts receivable | 30.38% | 42.81% |

The Group's balance due from shareholder who holds more than 5% shares of the Company is RMB826,023(31 December 2006:RMB1,205,137). Please refer to Note 8 for details of the related party transaction.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4) Prepayments

The ageing analysis of prepayment is as below:

| | 30 June 2007 | | 31 December 2006 | |
|---------------|--------------------|---------------|------------------|--------|
| | Amount RMB | (%) | Amount RMB | % |
| Within 1 year | 834,652,890 | 92.68 | 581,933,588 | 95.05 |
| 1-2 years | 60,628,892 | 6.73 | 26,460,166 | 4.32 |
| 2-3 years | 4,465,840 | 0.50 | 3,821,041 | 0.63 |
| Over 3 years | 795,300 | 0.09 | — | — |
| | 900,542,922 | 100.00 | 612,214,795 | 100.00 |

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

The Group's prepayments to shareholder who holds more than 5% shares of the Company is RMB1,130,577 (31 December 2006: RMB903,187). Please refer to Note 8 for further details of the related party transaction.

(5) Other current financial assets/ (liabilities)

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

| | 30 June 2007 | | 31 December 2006 | |
|------------------------------|----------------|---------------------|------------------|------------------|
| | Asset RMB | Liability RMB | Asset RMB | Liability RMB |
| Commodity forward contracts | | | | |
| — copper cathode | | | | |
| — Under hedge accounting | 133,000 | — | 38,747,100 | — |
| — Not under hedge accounting | — | (12,175,295) | — | (19,297,150) |
| | 133,000 | (12,175,295) | 38,747,100 | (19,297,150) |

Under hedge accounting

As at 30 June 2007, the commodity sell forward contracts designated as cash flow hedge to the forecasted copper cathode sales was assessed to be highly effective and the unrealized gains of RMB133,000 (31 December 2006: RMB38,747,000) arising from change of fair value of the hedge instruments are included in equity. Such unrealized gain is expected to be released to the income statement when the designated sales of copper cathode occur.

The terms of commodity forwards contracts have been negotiated to match the timing of the forecasted sales of copper cathode. As at balance sheets date, the expected delivery period of the forecast sales of copper cathode is from July 2007 to September 2007.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Other current financial assets/ (liabilities) (Continued)

Not under hedge accounting

The Group also utilizes commodity purchase forward contracts to hedge forecasted purchases of copper concentrate. These arrangements are designed to address significant fluctuations 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 ASBE 24.

As at 30 June 2007, the unrealized loss of RMB12,175,000 (31 December 2006: RMB19,797,000) arising from change of fair value of the hedge instruments was recognized in income statements. As at balance sheets date, the expected delivery period of the forecast purchase of copper concentrate is from July 2007 to October 2007.

(6) Other receivables

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------|---------------------|-------------------------|
| Other receivables | 275,324,581 | 307,476,956 |
| Less: Bad debt provision | (28,440,877) | (27,629,226) |
| | 246,883,704 | 279,847,730 |

The ageing analysis of other receivables is as below:

| | 30 June 2007 | | | | 31 December 2006 | | | |
|---------------|--------------------|--------------|-----------------------|--------------------|------------------|-------|-----------------------|-------------------|
| | Amount RMB | (%) | Bad debt provision | Net book value | Amount RMB | (%) | Bad debt provision | Net book value |
| Within 1 year | 237,498,869 | 86.3 | — | 237,498,869 | 277,096,951 | 90.1 | — | 277,096,951 |
| 1— 2 years | 9,475,625 | 3.4 | (946,817) | 8,528,808 | 9,786,233 | 3.2 | (7,417,402) | 2,368,831 |
| 2— 3 years | 858,346 | 0.3 | (253,384) | 604,962 | 763,896 | 0.2 | (381,948) | 381,948 |
| Over 3 years | 27,491,741 | 10.0 | (27,240,676) | 251,065 | 19,829,876 | 6.5 | (19,829,876) | — |
| | 275,324,581 | 100.0 | (28,440,877) | 246,883,704 | 307,476,956 | 100.0 | (27,629,226) | 279,847,730 |

As at 30 June 2007, the Group's balance of forward contracts deposits is RMB121,764,585 (31 December 2006: RMB146,922,237).

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Other receivables (Continued)

Movement of bad debt provision on other receivables:

| | For the six months ended 30 June 2007 RMB | For the year ended 31 December 2006 RMB |
|--------------------------------------|---|---|
| At beginning of the period/year | 27,629,226 | 21,916,446 |
| Addition during the period/year | 1,890,563 | 9,189,352 |
| Write back during the period/year | (1,078,912) | (1,126,521) |
| Write off during the period/year | — | (2,350,051) |
| At end of the period/year | 28,440,877 | 27,629,226 |
| | 30 June 2007 RMB | 31 December 2006 RMB |
| Total amount of five largest debtors | 131,312,775 | 172,455,352 |
| Percentage in total other receivable | 47.69% | 56.09% |

The Group's balance due from shareholder who holds more than 5% shares of the Company is RMB3,101,005 (31 December 2006: RMB206,549). Please refer to Note 8 for further details of related party transaction.

(7) Inventories

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------------|----------------------|-------------------------|
| Raw material | 3,010,264,219 | 3,910,942,241 |
| Work in process | 4,223,151,839 | 1,575,987,931 |
| Finished goods | 725,407,660 | 652,729,386 |
| Less: Provision for impairment | (662,235) | (662,235) |
| | 7,958,161,483 | 6,138,997,323 |

As at 30 June 2007, the inventories included the raw materials amounting of RMB112,873,025 (31 December 2006: RMB127,201,483) are pledged for short-term loan, referred to Note 6 (15).

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Available-for-sale investments

| | Investment cost <i>RMB</i> | Beginning balance <i>RMB</i> | Increase / (Decrease) <i>RMB</i> | Ending balance <i>RMB</i> |
|---|----------------------------------|------------------------------------|--|---------------------------------|
| Available-for-sale investment: | | | | |
| Kebang Telecom (Group) Co., Ltd | 5,610,000 | 5,610,000 | — | 5,610,000 |
| Liangshan Mining Co., Ltd ("Liangshan mining") | 10,000,000 | 10,000,000 | — | 10,000,000 |
| | | 15,610,000 | — | 15,610,000 |
| Less: Impairment provision | | (5,610,000) | — | (5,610,000) |
| | | 10,000,000 | — | 10,000,000 |

(9) Long-term equity investments

| | Investment cost | | | Share of results of investee | | | |
|---|----------------------------------|------------------------------------|------------------------|---------------------------------|------------------------------------|--|---------------------------------|
| | Investment cost <i>RMB</i> | Beginning balance <i>RMB</i> | Addition <i>RMB</i> | Ending balance <i>RMB</i> | Beginning balance <i>RMB</i> | Increase / (Decrease) <i>RMB</i> | Ending balance <i>RMB</i> |
| Equity method: | | | | | | | |
| Investment in associated company | | | | | | | |
| Jiangxi Copper Coporation Finance Co., Ltd. ("JCC Finance") | 105,005,000 | 105,005,000 | — | 105,005,000 | 470 | (32,608) | 104,972,862 |
| Jiangxi Copper Changying Qingyuan Co., Ltd. (JCQingyuan) | 36,000,000 | — | 36,000,000 | 36,000,000 | — | 1,733,567 | 37,733,567 |
| Zhaojue Smelter Co., Ltd. ("Zhaojue Smelter") | 4,000,000 | 4,000,000 | — | 4,000,000 | — | — | 4,000,000 |
| Subtotal | 145,005,000 | 109,005,000 | 36,000,000 | 145,005,000 | 470 | 1,700,959 | 146,706,429 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Long-term equity investments (Continued)

Details of investment in associates are as follows:

| | Register place | Principal business | Paid-in Capital RMB'000 | Equity share held by the Group (%) | Voting right held by the Group (%) |
|-----------------|----------------|--------------------------------|----------------------------|---------------------------------------|---------------------------------------|
| JCC Finance | China | Finance consulting | 300,000 | 33.33% | 33.33% |
| JCC Qinyuan | China | Manufacture & sale of products | 90,000 | 40.00% | 40.00% |
| Zhaojue Smelter | China | Manufacture & sale of products | 10,000 | 40.00% | 40.00% |

| | 30 June 2007 | | For the six months ended 2007 | |
|-----------------|-------------------------|------------------------------|-------------------------------|-----------------------|
| | Total Assets RMB'000 | Total Liabilities RMB'000 | Revenue RMB'000 | Net profit RMB'000 |
| JCC Finance | 1,497,971 | 1,198,053 | 16,486 | 97 |
| JCC Qingyuan | 511,568 | 417,234 | 179,474 | 4,334 |
| Zhaojue Smelter | 10,030 | 30 | — | — |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Fixed assets

| | Buildings <i>RMB</i> | Equipment and machine <i>RMB</i> | Vehicles <i>RMB</i> | Total <i>RMB</i> |
|---|-------------------------|--|------------------------|---------------------|
| Cost | | | | |
| 1 January 2007 | 4,588,648,466 | 6,984,305,816 | 832,004,937 | 12,404,959,219 |
| Additions | — | 37,560,377 | 787,853 | 38,348,230 |
| Transferred from construction in progress | 113,024,609 | 216,918,187 | 291,546 | 330,234,342 |
| Disposals | (6,366,388) | (27,668,744) | (9,691,512) | (43,726,644) |
| 30 June 2007 | 4,695,306,687 | 7,211,115,636 | 823,392,824 | 12,729,815,147 |
| Accumulated Depreciation | | | | |
| 1 January 2007 | 1,588,702,976 | 3,893,068,403 | 549,821,130 | 6,031,592,509 |
| Charge for the period | 72,574,764 | 164,251,323 | 17,187,878 | 254,013,965 |
| Disposals | (5,713,962) | (23,289,146) | (2,721,071) | (31,724,179) |
| 30 June 2007 | 1,655,563,778 | 4,034,030,580 | 564,287,937 | 6,253,882,295 |
| Impairment provision | | | | |
| 1 January 2007 | — | 4,829,258 | — | 4,829,258 |
| Reversal | — | — | — | — |
| 30 June 2007 | — | 4,829,258 | — | 4,829,258 |
| Net book value | | | | |
| 1 January 2007 | 2,999,945,490 | 3,086,408,155 | 282,183,807 | 6,368,537,452 |
| 30 June 2007 | 3,039,742,909 | 3,172,255,798 | 259,104,887 | 6,471,103,594 |

As at 30 June 2007, equipment and machinery with net book value of RMB53,875,383 (31 December 2006: RMB96,260,486) has been pledged as security for short term bank loans. Please refer to Note 6 (15).

As at 30 June 2007, cost of the building and equipments and machinery have fully depreciated assets but still in use amounted to RMB2,588,296,304 and net book value amounted to RMB262,295,082.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Construction in progress

| Construction name | Budget RMB | 1 January 2007 RMB | Addition RMB | Transfer to fixed assets RMB | 30 June 2007 RMB | % of budget | Source of funds |
|--|---------------|--------------------------|----------------------|------------------------------------|----------------------|-------------|--------------------------|
| Sundry Assets of Guixi Smelter Phase III | 51,663,700 | 798,543 | — | — | 798,543 | 2% | Self-funding |
| Fujiawu Mine Development and Construction project | 1,052,540,000 | 558,281,379 | 246,792,876 | — | 805,074,255 | 76% | Loan and self-funding |
| Extension of Open-pitting Mining project | 387,540,000 | 9,785,630 | 19,232,582 | — | 29,018,212 | 7% | self-funding |
| Acquisition of building for Beijing Trading | 20,000,000 | 16,720,190 | 2,844,798 | — | 19,564,988 | 98% | self-funding |
| 400,000 AUD Sulphic Project | 344,890,000 | 308,272,984 | 30,234,316 | 275,753,239 | 62,754,061 | 98% | Loan and self-funding |
| 220,000 ton Copper Alloy Project | 157,000,000 | 240,239 | 4,016,040 | — | 4,256,279 | 3% | self-funding |
| 300K ton Copper Smelting Project | 3,644,750,000 | 837,587,768 | 616,242,679 | — | 1,453,830,447 | 40% | self-funding |
| Nanchang Single Flat Project | 28,390,000 | 25,015,834 | — | 25,015,834 | — | 88% | self-funding |
| 5,000 ton Technical Improvement | 257,313,300 | 139,177,301 | 11,040,209 | — | 150,217,510 | 58% | self-funding |
| Utilization of Remaining Heat from Anode Store | 54,240,000 | 37,423,112 | 4,021,950 | — | 41,445,062 | 76% | self-funding |
| Heat Re-cycling Project from Smoke Sulphicacid Series I, II | 19,166,000 | 17,842,620 | 1,322,814 | — | 19,165,434 | 100% | self-funding |
| Electromotor Update | 112,000,000 | 42,612,287 | 65,173,759 | — | 107,786,046 | 96% | self-funding |
| Engine Update | 27,380,000 | 23,523,511 | — | — | 23,523,511 | 86% | self-funding |
| No.4 Dam Draining Underlay Paving Phase V | 7,130,000 | 7,057,726 | 30,000 | — | 7,087,726 | 99% | self-funding |
| Electric Shovel Update 2300XP | 70,000,000 | 6,209,728 | 6,792,151 | — | 13,001,879 | 19% | self-funding |
| Stove Mining Project Expansion | 208,870,000 | 24,089,530 | 23,159,507 | — | 47,249,037 | 23% | self-funding |
| Arsenious acid Project Expansion | 113,000,000 | 11,674,715 | 35,143,977 | — | 46,818,692 | 41% | self-funding |
| Comprehensive Control Project on Waste Water in No.1 Workshop | 16,200,000 | 3,799,750 | 1,308,560 | — | 5,108,310 | 32% | self-funding |
| Office building and blister copper piling ground construction of Raw Material Department | 9,820,000 | 4,607,440 | 3,132,125 | — | 7,739,565 | 79% | self-funding |
| Copper Board and Band Project | 15,197,060 | 7,720,765 | 7,237,422 | — | 14,958,187 | 98% | self-funding |
| Others | | 69,064,328 | 172,630,617 | 29,465,269 | 212,229,676 | | |
| Total | | 2,151,505,380 | 1,250,356,382 | 330,234,342 | 3,071,627,420 | | |
| Including: Capitalized borrowing cost | | 5,305,991 | | | 5,827,294 | | |

For the six months ended 30 June 2007, the rate for calculating interest capitalized amount is between 5.508% to 6.48%.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Intangible assets

| | Trade marks <i>RMB</i> | Mining right <i>RMB</i> | Land use right <i>RMB</i> | Total <i>RMB</i> |
|---------------------------------|---------------------------|----------------------------|------------------------------|---------------------|
| Cost | | | | |
| 1 January 2007 | 51,683,900 | 111,543,939 | 154,867,412 | 318,095,251 |
| Addition | — | 70,393,461 | 24,072,325 | 94,465,786 |
| 30 June 2007 | 51,683,900 | 181,937,400 | 178,939,737 | 412,561,037 |
| Accumulated amortization | | | | |
| 1 January 2007 | (17,200,000) | (25,700,565) | — | (42,900,565) |
| Charge for the period | (915,560) | (3,374,611) | (305,114) | (4,595,285) |
| 30 June 2007 | (18,115,560) | (29,075,176) | (305,114) | (47,495,850) |
| Net book value | | | | |
| 1 January 2007 | 34,483,900 | 85,843,374 | 154,867,412 | 275,194,686 |
| 30 June 2007 | 33,568,340 | 152,862,224 | 178,634,623 | 365,065,187 |

As at balance sheet date, Mining rights with net book value of RMB25,059,998 (31 December 2006: RMB25,906,543) has been pledged as security for long-term loan. Please refer to Notes 6 (24).

At at balance sheet date, the Group is in the process of applying for property certificates for certain land use right with net book value of RMB157,088,199 (31 December 2006 : RMB137,222,789).

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Deferred tax assets

Deferred tax assets affirmed:

| | Impairment provisions <i>RMB</i> | Payroll accrued but not paid <i>RMB</i> | Unrealized profit arising from inter-company <i>RMB</i> | Total <i>RMB</i> |
|-----------------------------|--|---|--|---------------------|
| At beginning of year | — | — | — | — |
| Charge to Income Statements | 26,216,470 | 15,652,798 | 3,483,306 | 45,352,574 |
| At the end of period | 26,216,470 | 15,652,798 | 3,483,306 | 45,352,574 |

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic—invested and foreign—invested enterprises at 25%. As at the date that these interim consolidated financial statements are approved for issue, detailed measures of the New Corporate Income Tax Law have yet to be issued. Subject to the detailed measures and other related regulations concerning computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions, the Group will further evaluate the impact to its operating results and financial positions of future periods as more detailed measures and other related regulations are announced.

(14) Impairment provision

| | 1 January 2007 <i>RMB</i> | Addition <i>RMB</i> | Deduction Write back <i>RMB</i> | Write off <i>RMB</i> | 30 June 2007 <i>RMB</i> |
|------------------------------------|------------------------------|------------------------|---------------------------------------|-------------------------|----------------------------|
| Accounts receivable | | | | | |
| — Bad debt provision | 133,212,779 | 12,676,230 | (500,386) | — | 145,388,623 |
| Other receivables | | | | | |
| — Bad debt provision | 27,629,226 | 1,890,563 | (1,078,912) | — | 28,440,877 |
| Inventory provision | 662,235 | — | — | — | 662,235 |
| Impairment of long-term investment | 5,610,000 | — | — | — | 5,610,000 |
| Impairment of fixed assets | 4,829,258 | — | — | — | 4,829,258 |
| Total | 171,943,498 | 14,566,793 | (1,579,298) | — | 184,930,993 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Short-term loans

| | 30 June 2007 RMB | 31 December 2006 RMB |
|-------------------------------|----------------------|-------------------------|
| Bank loan | 3,411,840,434 | 1,343,266,499 |
| Non-maturity discounted notes | 1,096,286,498 | 1,303,011,546 |
| | 4,508,126,932 | 2,646,278,045 |
| Short-term debentures | 1,000,000,000 | 500,000,000 |
| | 5,508,126,932 | 3,146,278,045 |
| (i) Including: | | |
| Pledged loans | 1,096,286,498 | 1,303,011,546 |
| Mortgaged loans | 116,500,000 | 88,000,000 |
| Credit loans | 3,295,340,434 | 1,255,266,499 |
| | 4,508,126,932 | 2,646,278,045 |

During the six months ended 30 June 2007, the annual interest rate of above short-term loans ranges from 4.32% to 9.59%.

(i) Pledged loans were secured by the discounted unmatured commercial and bank notes.

The mortgaged loans were secured by inventories (Note 6 (7)) and fixed assets (Note 6 (10)).

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

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

As at 30 June 2007, interest incurred of the short-term debenture is RMB17,950,000 (31 December 2006: RMB9,450,000), which has been recorded in interest payable account.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Notes payable

| | 30 June 2007 RMB | 31 December 2006 RMB |
|-----------------------------|---------------------|-------------------------|
| Bank-accepted notes payable | 233,370,307 | 34,421,893 |

As at balance sheet date, the Group does not have balance due from shareholder who holds more than 5% shares of the Company.

(17) Accounts payable

As at 30 June 2007, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB343,658 (31 December 2006: RMB2,279,968). Please refer to Note 8 for further details of related party transaction.

As at 30 June 2007, the balance of accounts payable with ageing over one year is not material.

(18) Advance from customers

The Group's balance due from shareholder who holds more than 5% shares of the Company is RMB122,617 (31 December 2006: RMB1,606,181). Please refer to Note 8 for further details of related party transaction.

As at 30 June 2007, the Group does not have material balance of advance from customers with ageing over one year.

(19) Payroll payable

| | Beginning balance RMB | Addition RMB | Payment RMB | Ending balance RMB |
|---|-----------------------------|-----------------|----------------|--------------------------|
| Payroll, bonus and allowance | 99,783,995 | 235,928,655 | (279,761,131) | 55,951,519 |
| Staff welfare | 1,293,222 | 18,315,596 | (19,319,886) | 288,932 |
| Social insurance | 2,225,582 | 54,983,777 | (43,062,554) | 14,146,805 |
| Housing fund | 1,220,786 | 14,078,316 | (13,855,522) | 1,443,580 |
| Labour fee and personnel education fee | 4,820,460 | 5,792,113 | (6,168,858) | 4,443,715 |
| Others | 1,868,813 | 682,542 | (231,062) | 2,320,293 |
| | 111,212,858 | 329,780,999 | (362,399,013) | 78,594,844 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20) Taxes payable

| | 30 June 2007 RMB | 31 December 2006 RMB |
|---------------------------------|---------------------|-------------------------|
| Income tax | 323,853,472 | 632,749,362 |
| Value-added tax | 33,900,210 | 196,547,928 |
| Business tax | 23,815 | 115,359 |
| Resource tax | 2,858,185 | 3,467,014 |
| Mineral resource compensate fee | 25,503,503 | 47,017,225 |
| Others | 10,896,657 | 15,198,553 |
| | 397,035,842 | 895,095,441 |

Mineral resources compensation fee is collected in accordance with Order No. 150 issued by the PRC State Council Decree and Order No. 35 issued by government of Jiangxi Province, and is calculated as sales of mineral products x compensation rate x extracting coefficient rate.

(21) Dividends payable

| Name of the investor | 30 June 2007 RMB | 31 December 2006 RMB |
|-------------------------------------|----------------------|-------------------------|
| Jiangxi Copper Corporation Company | 490,014,166 | — |
| COFCO Property (Group) Co., Ltd. | 384,156 | — |
| Jiangxi Xinxin Enterprise Co., Ltd. | 192,079 | — |
| Hubei Sanxin Gold Copper Co., Ltd. | 192,079 | — |
| H shares holder | 554,992,800 | — |
| A shares holder | 112,240,000 | — |
| | 1,158,015,280 | — |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(22) Other payables

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------------------|---------------------|-------------------------|
| Purchase of materials and equipments | 121,181,281 | 177,828,361 |
| Sundry construction | 89,552,692 | 162,567,283 |
| Retention for contract | 30,659,954 | 5,097,910 |
| Service fee | 29,510,535 | 40,503,645 |
| Others | 27,913,160 | 36,017,295 |
| | 298,817,622 | 422,014,494 |

As at 30 June 2007, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB15,949,404 (31 December 2006: RMB73,264,083). Please refer to Note 8 for further details of related party transaction.

As at 30 June 2007, the Group does not have material balance of accounts payable with ageing over one year.

(23) Non-current liabilities due within one year

| | Note 6 | 30 June 2007 RMB | 31 December 2006 RMB |
|----------------------|--------|---------------------|-------------------------|
| Long-term borrowings | 24 | 393,400,000 | 251,400,000 |
| Long-term payables | 25 | 11,870,000 | 1,870,000 |
| | | 405,270,000 | 253,270,000 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(24) Long-term borrowings

| | 30 June 2007 | | 31 December 2006 | | Loan condition |
|-------------------------------------|-----------------------|----------------------|------------------|----------------|----------------|
| | Original amount | RMB Equivalent | Original amount | RMB Equivalent | |
| Secured loans | RMB18,400,000 | 18,400,000 | RMB26,400,000 | 26,400,000 | secured (i) |
| Guaranteed loans | RMB400,000,000 | 400,000,000 | RMB479,710,000 | 479,710,000 | guarantee (ii) |
| Credit loans | USD 20,000,000 | 152,310,000 | USD 10,000,000 | 78,087,000 | credit |
| Credit loans | RMB380,000,000 | 380,000,000 | RMB940,087,000 | 872,000,000 | credit |
| | | 950,710,000 | | 1,456,197,000 | |
| Less: Amount due within one year | | (393,400,000) | | (251,400,000) | |
| | | 557,310,000 | | 1,204,797,000 | |

- (i) As at 30 June 2007, the Mining rights with net book value RMB25,059,998 (31 December 2006: RMB25,906,543) were pledged for secured loans.
- (ii) As at 30 June 2007, the guarantee is provided by JCC, the Company's holding company.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(25) Long-term payables

| Item | Term | Original cost | 30 June 2007 | 31 December 2006 |
|----------------------------------|----------|---------------|---------------------|---------------------|
| Mining right payable | | | | |
| — Dexing & Yongping Mining (i) | 30 years | 54,261,000 | 36,385,081 | 37,431,000 |
| — Fujiawu Mining (ii) | 6 years | 71,025,000 | 28,674,000 | — |
| Safety production fund (iii) | | | 76,195,147 | — |
| Less: Amount due within one year | | | (11,870,000) | (1,870,000) |
| | | | 129,384,228 | 35,561,000 |

- (i) *The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term loan up to a maximum of 15% on annual installment starting from 1 January 1998. During the period, total interest expense incurred is approximated RMB63,954 (31 December 2006: RMB43,500) and interest rate announced by the state during the period is 6.84% (31 December 2006: 4.6%).*
- (ii) *The amount represents the balance due to the National Land Management Authority on the consideration for the mining rights obtained for Fujiawu Project. The amount is repayable in 6 annual installment of RMB10,000,000 each year, and this long term payable is interest free.*
- (iii) *The Company shall accrue safety production cost from 2007 in accordance with the notices (Cai Qi[2006] No.478) promulgated by the Ministry of Finance and State and the Administration of Work Safety on 8 December 2006. As specified in the document, the standard rate for each raw ore extracted is RMB4 per tonne of raw ore for open-pit mines and RMB8 per tonne for underground mines.*

(26) Other non-current liabilities

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

| | 30 June 2007 RMB | 31 December 2006 RMB |
|---|---------------------|-------------------------|
| At beginning of the period/year | 72,684,026 | 79,074,026 |
| Recognized as income during the period / year | (3,256,147) | (6,390,000) |
| At end of the period/ year | 69,427,879 | 72,684,026 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(27) Share capital

Paid in capital of the Group is RMB2,895,038,200. The face value of the shares is RMB1.00 each. The shares' type and configuration is as follow:

| | Beginning | | Increase / (decrease) | | | | Ending | |
|---|---------------|--------|-----------------------|--------------|-------------|-------------|---------------|--------|
| | No. of shares | % | Issue share | Donate share | Other | Subtotal | No. of shares | % |
| 1. Listed shares | | | | | | | | |
| with restricted trading condition | | | | | | | | |
| (1) State owned | — | — | — | — | — | — | — | — |
| (2) State legal person owned | 1,225,035,414 | 42.31% | — | — | — | — | 1,225,035,414 | 42.31% |
| (3) Domestic other legal owned | 1,920,786 | 0.07% | — | — | (1,920,786) | (1,920,786) | — | — |
| Including: | | | | | | | | |
| Domestic legal person owned | 1,920,786 | 0.07% | — | — | (1,920,786) | (1,920,786) | — | — |
| Domestic person owned | — | — | — | — | — | — | — | — |
| (4) Foreign owned | — | — | — | — | — | — | — | — |
| Including: | | | | | | | | |
| Foreign legal owned | — | — | — | — | — | — | — | — |
| Foreign person owned | — | — | — | — | — | — | — | — |
| Listed shares with restricted trading conditions | 1,226,956,200 | 42.38% | — | — | (1,920,786) | (1,920,786) | 1,225,035,414 | 42.31% |
| 2. Listed shares without trading conditions | | | | | | | | |
| (1) A shares | 280,600,000 | 9.69% | — | — | 1,920,786 | 1,920,786 | 282,520,786 | 9.76% |
| (2) Domestic foreign shares | — | — | — | — | — | — | — | — |
| (3) H shares | 1,387,482,000 | 47.93% | — | — | — | — | 1,387,482,000 | 47.93% |
| (4) Others | — | — | — | — | — | — | — | — |
| Listed shares without restricted trading conditions | 1,668,082,000 | 57.62% | — | — | 1,920,786 | 1,920,786 | 1,670,002,786 | 57.69% |
| 3. Total of share capital | 2,895,038,200 | 100% | — | — | — | — | 2,895,038,200 | 100% |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28) Capital reserves

The change of capital reserves from 1 January 2007 to 30 June 2007 is as follows:

| | 1 January 2007 <i>RMB</i> | Addition / (deduction) <i>RMB</i> | 30 June 2007 <i>RMB</i> |
|---|------------------------------|---|----------------------------|
| Share premium | 1,956,488,731 | — | 1,956,488,731 |
| Revaluation reserve | 113,063 | — | 113,063 |
| Change in fair value of derivative financial instruments | 38,747,101 | (38,614,290) | 132,811 |
| | 1,995,348,895 | (38,614,290) | 1,956,734,605 |

The change of capital reserves in year 2006 is as follows:

| | 1 January 2006 <i>RMB</i> | Addition / (deduction) <i>RMB</i> | 31 December 2006 <i>RMB</i> |
|---|------------------------------|---|-----------------------------------|
| Share premium | 1,956,488,731 | — | 1,956,488,731 |
| Revaluation reserve | 113,063 | — | 113,063 |
| Change in fair value of derivative financial instruments | (71,022,899) | 109,770,000 | 38,747,101 |
| | 1,885,578,895 | 109,770,000 | 1,995,348,895 |

(29) Surplus reserves

The change of surplus reserves from 1 January 2007 to 30 June 2007 is as follows:

| | Statutory surplus reserves <i>RMB</i> | Discretionary surplus reserves <i>RMB</i> | Total <i>RMB</i> |
|------------------------|--|--|---------------------|
| 1 January 2007 | 1,307,272,766 | 2,313,617,363 | 3,620,890,129 |
| Charge for this period | — | — | — |
| Transfer out | — | — | — |
| 30 June 2007 | 1,307,272,766 | 2,313,617,363 | 3,620,890,129 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29) Surplus reserves (Continued)

Pursuant to company law and the company's Article of Association, the Company is required to allocate 10% of its profit after tax, and 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. The company does not propose any appropriation for the period ended 30 June 2007.

Pursuant to company law, no statutory public welfare fund is accrued from 1 January 2006. The balance of statutory public welfare fund as at 31 December 2005 is transferred to statutory surplus reserve.

(30) Retained earnings

| | For the six months ended 30 June 2007 | For the six months ended 30 June 2006 |
|---|---|---|
| Un-appropriated profits at beginning of the period | 3,998,160,000 | 1,830,310,000 |
| Add: Net profit for the period | 1,993,569,971 | 2,090,353,334 |
| Profits available for appropriation | 5,991,729,971 | 3,920,663,334 |
| Less: Appropriations to statutory surplus reserve | — | — |
| Appropriations to discretionary surplus reserve | — | — |
| Profits available for appropriation to shareholders | 5,991,729,971 | 3,920,663,334 |
| Less: Cash dividend approved by the general meeting of last year | 1,158,015,280 | 555,847,334 |
| Un-appropriated profits at the end of the period | 4,833,714,691 | 3,364,816,000 |
| Including: Cash dividends proposed after the balance sheet date | — | — |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31) Minority interests

Major minority interests of the Group subsidiaries are as follows:

| | 30 June 2007 RMB | 31 December 2006 RMB |
|---|---------------------|-------------------------|
| Jiangxi Copper Alloy Materials Co., Ltd. | 119,551,390 | 114,611,097 |
| Kangxi Copper Co., Ltd. | 103,339,836 | 93,546,829 |
| Jiangxi Copper Products Co., Ltd. | 100,729,250 | 83,386,124 |
| Diaoquan Silver & Copper Mining Co., Ltd. | 51,370,881 | 45,790,028 |
| Wengfu Chemical Industry Co., Ltd. | 44,566,386 | 51,626,019 |
| Sure Spread Ltd. | 26,462,985 | 25,636,362 |
| Xiaoshan Tongda Chemical Co., Ltd. | 705,986 | 734,150 |
| | 446,726,714 | 415,330,609 |

(32) Revenue and Cost of sales

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|------------------------|--|--|
| Sales revenue | 17,298,421,546 | 10,404,650,526 |
| Other operating income | 2,144,711 | 103,068,224 |
| | 17,300,566,257 | 10,507,718,750 |

Revenue by products:

| Product category | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--------------------------------------|--|--|
| Copper cathode | 8,160,415,096 | 6,030,639,350 |
| Copper rods and wires | 7,320,026,404 | 2,758,540,501 |
| Gold | 1,310,818,405 | 887,784,142 |
| Others (Silver, Sulphuric acid, etc) | 416,182,699 | 600,679,350 |
| Tolling services | 90,978,942 | 127,007,183 |
| | 17,298,421,546 | 10,404,650,526 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(32) Revenue and Cost of sales (Continued)

Revenue by geographical:

| Geographical segments | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|-----------------------|--|--|
| Mainland China | 16,799,041,994 | 9,612,719,058 |
| Hong Kong | 438,466,943 | 355,626,631 |
| Holland | 47,647,658 | 88,778,984 |
| Belgium | 10,768,980 | — |
| New Zealand | 1,682,914 | 1,892,516 |
| Singapore | 369,414 | 266,480 |
| America | — | 125,836,124 |
| South Korea | — | 219,410,081 |
| Others | 443,643 | 120,652 |
| | 17,298,421,546 | 10,404,650,526 |

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.

Cost of sales:

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|---|--|--|
| Cost of domestic sales | 14,134,293,511 | 5,679,852,981 |
| Cost of export sales | 454,138,410 | 564,500,425 |
| | 14,588,431,921 | 6,244,353,406 |
| Total sales of the five largest customers | 2,577,914,472 | 3,149,118,847 |
| Percentage in total sales | 14.90% | 30.27% |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(33) Taxes and surcharges

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|---|--|--|
| Resource Tax | 26,316,721 | 25,723,956 |
| City construction tax and education surcharge | 118,252 | 1,291,846 |
| Mineral resource compensation fee | 1,624,421 | — |
| Fund for price change on non-staple food | 349,239 | — |
| | 28,408,633 | 27,015,802 |

(34) Financial expenses

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|------------------------------|--|--|
| Interest expense | 89,619,308 | 82,392,205 |
| Add: Interest Income | (7,391,015) | (11,853,060) |
| Foreign exchange (gain)/loss | (104,988) | 9,002,391 |
| Other | 8,791,227 | 3,777,337 |
| | 90,914,532 | 83,318,873 |

(35) Provision for impairment of assets

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|---|--|--|
| Bad debt provision | 14,566,792 | — |
| Reversal of impairment for fixed assets | — | (20,295,208) |
| | 14,566,792 | (20,295,208) |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36) (Loss) / gain from change of fair value

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|---|--|--|
| (Loss) / gain from change of fair value for commodity contract | (12,175,106) | 31,059,150 |

(37) Investment income/(loss)

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Gain on stock investment | — | 17,860 |
| Gain/(loss) from commodity forward contracts (not under hedge accounting) | 63,014,588 | (1,347,529,905) |
| Share of profit of an associate | 1,701,118 | 998,956 |
| | 64,715,706 | (1,346,513,089) |

(38) Non-operating expenses

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|----------------------------------|--|--|
| Loss on disposal of fixed assets | 7,981,852 | 974,215 |
| Education expenditures | 5,258,850 | 4,187,937 |
| Donation | 728,223 | 350,000 |
| Others | 1,058,856 | 20,527,870 |
| | 15,027,781 | 26,040,022 |

(39) Income tax

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|---------------------|--|--|
| Current income tax | 377,363,164 | 436,884,820 |
| Deferred income tax | (45,352,574) | — |
| | 332,010,590 | 436,884,820 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(40) Earnings per share

The calculation of basic earnings per share amounts is based on the net profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculations of basic and diluted earnings per share are based on:

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Earnings | | |
| Profit attributable to ordinary equity holders of the parent | 1,993,569,971 | 2,090,354,173 |
| Share capital | | |
| Weighted average number of ordinary shares adjusted | 2,895,038,200 | 2,895,038,200 |

No diluted earnings per share amounts are presented for the period as no diluting events occurred during the period.

As at 30 June 2007, the Company does not carry potential diluted ordinary shares.

(41) Cash paid relating to other operating activities

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Cash paid relating to: | | |
| Operating expenses and general and administrative expenses | 293,158,853 | 163,255,448 |
| Net losses from the settled commodity forward contracts | 31,492,245 | 1,108,846,947 |
| Non-operating expenses | 7,045,929 | 5,446,086 |
| Others | — | 331,284 |
| | 331,697,027 | 1,277,879,765 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY

(1) Accounts receivable

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------|----------------------|-------------------------|
| Account receivable | 1,503,257,660 | 804,018,468 |
| Less: Bad debt provision | (144,816,109) | (133,195,823) |
| | 1,358,441,551 | 670,822,645 |

The aging analysis of accounts receivable is as below:

| | 30 June 2007 | | | | 31 December 2006 | | | |
|---------------|----------------------|------------|------------------------------|--------------------------|------------------|-------|------------------------------|--------------------------|
| | Amount RMB | (%) | Bad debt provision RMB | Net book value RMB | Amount RMB | (%) | Bad debt provision RMB | Net book value RMB |
| Within 1 year | 1,390,534,305 | 92.50 | (32,098,453) | 1,358,435,852 | 714,433,088 | 88.8 | (44,357,116) | 670,075,972 |
| 1 — 2 years | 47,863,677 | 3.18 | (47,857,978) | 5,699 | 24,203,425 | 3.0 | (24,100,365) | 103,060 |
| 2 — 3 years | 740,005 | 0.05 | (740,005) | — | 1,287,225 | 0.2 | (643,612) | 643,613 |
| Over 3 years | 64,119,673 | 4.27 | (64,119,673) | — | 64,094,730 | 8.0 | (64,094,730) | — |
| | 1,503,257,660 | 100 | (144,816,109) | 1,358,441,551 | 804,018,468 | 100.0 | (133,195,823) | 670,822,645 |

| | 30 June 2007 RMB | 31 December 2006 RMB |
|---|---------------------|-------------------------|
| Total amount of five largest debtors | 979,371,364 | 318,093,904 |
| Percentage in total accounts receivable | 65.15% | 39.56% |

As at the balance sheet date, the company's balance due from shareholder who holds more than 5% shares of the Company is RMB826,023 (31 December 2006: RMB805,647). Please refer to Note 8 for further details of related party transaction.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (Continued)

(2) Other receivables

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------|---------------------|-------------------------|
| Other receivables | 228,259,181 | 201,653,158 |
| Less: Bad debt provision | (23,666,567) | (24,183,485) |
| | 204,592,614 | 177,469,673 |

The aging analysis of other receivable is as follows:

| | 30 June 2007 | | | | 31 December 2006 | | | |
|---------------|--------------------|---------------|------------------------------|--------------------------|------------------|-------|------------------------------|--------------------------|
| | Amount RMB | (%) | Bad debt provision RMB | Net book value RMB | Amount RMB | (%) | Bad debt provision RMB | Net book value RMB |
| Within 1 year | 186,895,721 | 81.88 | — | 186,895,721 | 175,406,492 | 87.0 | — | 175,406,492 |
| 1-2 years | 17,222,872 | 7.55 | (449) | 17,222,423 | 9,249,017 | 4.6 | (7,309,960) | 1,939,057 |
| 2-3 years | 350,389 | 0.15 | (20,505) | 329,884 | 248,247 | 0.1 | (124,123) | 124,124 |
| Over 3 years | 23,790,199 | 10.42 | (23,645,613) | 144,586 | 16,749,402 | 8.3 | (16,749,402) | — |
| | 228,259,181 | 100.00 | (23,666,567) | 204,592,614 | 201,653,158 | 100.0 | (24,183,485) | 177,469,673 |

The company's balance of forward contracts deposits is RMB95,263,994 (31 December 2006: RMB39,925,715).

| | 30 June 2007 RMB | 31 December 2006 RMB |
|--------------------------------------|---------------------|-------------------------|
| Total amount of five largest debtors | 108,126,167 | 64,502,347 |
| Percentage in total other receivable | 47.37% | 31.99% |

As at balance sheet date, the company's balance due from shareholder who holds more than 5% shares of the Company is RMB3,101,005 (31 December 2006: RMB-). Please refer to Note 8 for further details of related party transaction.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (Continued)

(3) Long-term equity investments

| | Investment cost | | | Share of results of investee | | | |
|------------------------|------------------------|------------------------|-------------------|------------------------------|------------------------|------------------------------|-----------------------|
| | Investment cost RMB | Opening balance RMB | Addition RMB | Ending balance RMB | Opening balance RMB | Increase / (decrease) RMB | Ending balance RMB |
| Cost method: | | | | | | | |
| JCPC | 135,000,000 | 135,000,000 | — | 135,000,000 | 36,916,646 | — | 171,916,646 |
| Xiaoshan Tongda | 1,078,330 | 1,078,330 | — | 1,078,330 | 22,895 | — | 1,101,225 |
| Kangxi | 79,496,520 | 79,496,520 | — | 79,496,520 | 53,918,329 | — | 133,414,849 |
| Diaoquan | 33,458,942 | 33,458,942 | — | 33,458,942 | 5,479,908 | — | 38,938,850 |
| Baohong, HK | 29,227,000 | 29,227,000 | — | 29,227,000 | 3,846,560 | — | 33,073,560 |
| JCAC | 119,700,000 | 119,700,000 | — | 119,700,000 | 5,379,185 | — | 125,079,185 |
| Wengfuhuagong | 127,050,000 | 127,050,000 | — | 127,050,000 | (6,589,292) | — | 120,460,708 |
| Shenzhen Trading | 30,000,000 | 30,000,000 | — | 30,000,000 | (7,480,448) | (14,274,313) | 8,245,239 |
| Shanghai Trading | 20,000,000 | 20,000,000 | — | 20,000,000 | 4,811,459 | (5,018,400) | 19,793,059 |
| Beijing Trading | 10,000,000 | 10,000,000 | — | 10,000,000 | 56,120 | — | 10,056,120 |
| Equity method: | | | | | | | |
| Interest in associates | | | | | | | |
| JCC Finance Co. | 100,000,000 | 100,000,000 | — | 100,000,000 | 5,311 | (32,448) | 99,972,863 |
| Qingyuan | 36,000,000 | — | 36,000,000 | 36,000,000 | — | 1,733,567 | 37,733,567 |
| Total | | 685,010,792 | 36,000,000 | 721,010,792 | 96,366,673 | (17,591,594) | 799,785,871 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (Continued)

(4) Revenue and Cost of Sales

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|------------------------|--|--|
| Sales revenue | 16,653,911,039 | 10,496,798,492 |
| Other operating income | 87,341,897 | 98,330,742 |
| | 16,741,252,936 | 10,595,129,234 |

Revenue by products:

| Product category | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--------------------------------------|--|--|
| Cathode copper | 6,970,598,364 | 8,292,785,955 |
| Copper rods and wires | 7,634,796,759 | 636,939,481 |
| Gold | 1,292,538,568 | 887,784,142 |
| Others (Silver, Sulphuric acid, etc) | 737,774,955 | 579,435,567 |
| Tolling services | 18,202,393 | 99,853,347 |
| | 16,653,911,039 | 10,496,798,492 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (Continued)

(4) Revenue and Cost of Sales (Continued)

Revenue by geographical:

| Geographical segments | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|-----------------------|--|--|
| Mainland China | 16,154,531,487 | 9,704,867,024 |
| Hong Kong | 438,466,943 | 355,626,631 |
| America | — | 125,836,124 |
| South Korea | — | 219,410,081 |
| Singapore | 369,414 | 266,480 |
| Holland | 47,647,658 | 88,778,984 |
| New Zealand | 1,682,914 | 1,892,516 |
| Belgium | 10,768,980 | — |
| Others | 443,643 | 120,652 |
| | 16,653,911,039 | 10,496,798,492 |

| Cost of sales: | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Cost of domestic sales | 13,782,485,840 | 5,796,423,489 |
| Cost of export sales | 454,138,410 | 564,500,425 |
| | 14,236,624,250 | 6,360,923,914 |
| Total amount of five largest customers | 2,577,914,472 | 2,251,432,152 |
| Percentage in total revenue | 15.48% | 21.45% |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

7 NOTES TO FINANCIAL STATEMENTS OF THE COMPANY (Continued)

(5) Investment income/(loss)

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Gain/(Loss) from commodity forward contracts (not under hedge accounting) | 43,175,278 | (1,346,182,755) |
| Dividends income | 12,492,741 | — |
| Share of profit of an associate | 1,701,118 | — |
| | 57,369,137 | (1,346,182,755) |

8 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(1) The criteria for related party

Parties are considered to be related if one party has the ability, directly or indirectly to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(2) Parent company and subsidiaries company

| Parent company | Registration place | Principal business | Equity interest in the Company | Vote interest in the Company | Paid-in capital RMB |
|--|-----------------------|--|---|---------------------------------------|---------------------------|
| Jiangxi Copper Products Co., Ltd ("JCC") | Guixi | Colored metal, Non-metal mining, Smelting, refining, and protracting colored metal | 42.31% | 42.31% | 3,896,060,000 |

The group main subsidiary company is referred to Notes 5.

(3) Other Related Parties

| Name | Relationship |
|---|--|
| Jiangxi Copper Corporation JCC Finance, JC Qingyuan, Zhaojue Smelter | Controlled by parent company Jointly-controlled company |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

8 RELATED PARTY RELATIONSHIP AND TRANSACTION (Continued)

(4) Major transaction with related parties

During the period, the Group had the following material transactions with related parties.

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Sales and services provided to related parties | | |
| Sales of products and by-products | 1,613,599 | 858,365 |
| Processing service | 16,918 | 24,210 |
| Water and electricity | 44,306 | 32,963 |
| Management service | 1,762 | 1,174 |
| Gas | 977 | 1,889 |
| Purchases and services received from related parties | | |
| Raw material and auxiliary material | 1,119,961 | 1,200,825 |
| Vehicle transportation service | 91,930 | 116,927 |
| Construction service | 41,852 | 23,915 |
| Welfare and other supporting service | 32,696 | 19,923 |
| Repair and maintenance service | 28,115 | 27,616 |
| Purchase of equipments | 11,566 | — |
| Industrial water | 9,777 | 8,865 |
| Brokerage agency service | 5,295 | 4,883 |
| Environmental greenery services | 826 | 3,643 |
| Electricity supply | — | 5,222 |
| Other related party transaction | | |
| Pension paid | 27,952 | 23,504 |
| Rentals for offices premises received | 720 | 28 |
| Rental for land use rights paid | 7,070 | 6,250 |
| Rentals for housing for the employees and use of common facilities paid | — | 7,462 |
| Transfer of mining rights | 1,735 | 1,984 |
| Rentals for offices premises paid | 1,569 | 1,208 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

8 RELATED PARTY RELATIONSHIP AND TRANSACTION (Continued)

(5) Amounts due from/to related parties

| Accounts | Name of the related party | 30 June 2007 RMB | 31 December 2006 RMB |
|---|---------------------------|---------------------|-------------------------|
| Accounts receivable | JCC | 826,023 | 1,205,137 |
| | JCC's affiliates | 218,604,388 | 18,564,664 |
| | Associates | 3,965,510 | — |
| | | 223,395,921 | 19,769,801 |
| Other receivables | JCC | 3,101,005 | 206,549 |
| | JCC's affiliates | 139,779,480 | 118,814,224 |
| | | 142,880,485 | 119,020,773 |
| Prepayments | JCC | 1,130,577 | 903,187 |
| | JCC's affiliates | 2,369,423 | 34,920,567 |
| | | 3,500,000 | 35,823,754 |
| Accounts payable | JCC | 343,658 | 2,279,968 |
| | JCC's affiliates | 23,239,364 | 41,848,500 |
| | Associates | 994,168 | — |
| | | 24,577,190 | 44,128,468 |
| Advance from customers | JCC | 122,617 | 1,606,181 |
| | JCC's affiliates | 593,947 | 1,113,254 |
| | | 716,564 | 2,719,435 |
| Other payables | JCC | 14,079,404 | 73,264,083 |
| | JCC's affiliates | 128,732,528 | 122,048,262 |
| | | 142,811,932 | 195,312,345 |
| Non-current liabilities due within one year | JCC | 1,870,000 | 1,870,000 |
| Long term payables | JCC | 34,514,888 | 35,561,000 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

9 CONTINGENT LIABILITY

Under existing legislation, management believes that the Group's obligations with respect to the rehabilitation, restoration and environment clean up of existing mine sites will not have a material adverse effect on the financial position or results of operations of the Group, and accordingly no provision has been made in respect of such costs which may be incurred in the future as a result of past mining activities. The PRC government, however, has moved and may move further towards the adoption of more stringent environmental standards. Environment liabilities are subject to considerable uncertainty which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites.

10 COMMITMENTS

(1) Operating commitments

The non-cancellable minimal lease payment subsequent to the balance sheet date and the aggregate minimum lease payments thereafter are as follows:

| | 30 June 2007 RMB'000 | 31 December 2006 RMB'000 |
|---------------------------------|-------------------------|-----------------------------|
| Within 1 year (1 year included) | 15,806 | 21,327 |
| 1-2 years (2 years included) | 15,806 | 15,806 |
| 2-3 years (3 years included) | 15,806 | 15,806 |
| Above 3 years | 288,858 | 283,640 |
| | 336,276 | 336,579 |

(2) Capital commitments

| | 30 June 2007 RMB'000 | 31 December 2006 RMB'000 |
|-----------------------------------|-------------------------|-----------------------------|
| Contracted for but not provided | 715,840 | 779,407 |
| Authorized but not contracted for | 2,086,786 | 2,305,698 |
| Interest in an associate | — | 36,000 |
| | 2,802,626 | 3,121,105 |

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

11 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY

The Group's principal financial instruments, other than derivatives, comprise bank loans, cash and cash equivalent, and etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade and notes receivable, other receivables, trade and notes payable and other payables, which arise directly from its operations. For the period ended 30 June 2007 and for the year of 2006, the Group utilizes commodity forwards contracts to hedge Copper Cathode transaction.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk, liquidity risk and commodity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

i. Cash flow interest rate risk

The Group's exposure to cash flow risk for changes in interest rates relates primarily to the Group's interest-bearing bank loans and borrowings. The Group does not use derivative financial instruments to hedge its interest rate risk. As at 30 June 2007, total interest-bearing loan is RMB6.02 billion.

ii. Foreign currency risk

The Group operates mainly in the PRC and its principal activities are transacted in RMB except for certain sales, purchase and loans denominated in United States dollars. Therefore, the fluctuations in the exchange rate of RMB against foreign currencies could affect the Group's results of operations.

iii. Credit risk

The Group only deals with acceptable and reputable counterparties. According to the Group's policy, review on customers credit need to be performed for those transaction settled via credit method. In addition, the Group keeps monitoring accounts receivable to ensure it does not face significant risk of unrecoverable amount. The Group's credit risk on accounts receivable is concentration of customers and sale to the five largest customers is 15% of total sales for the period (2006: 21%).

Other financial assets of the Group includes other receivables. The credit risk of those financial assets is unrepayment from counterparty.

iv. Liquidity risk

The objective of the Group is to use bank, other borrowings and other appropriate financing method to ensure the balance between consistency and flexibility.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

11 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICY (Continued)

v. Commodity price risk

The Group's exposure to commodity price risk relates primarily to the increase in the price of Copper. To manage the risk, the Group has signed Copper Cathode forward contracts to guarantee future price of Copper Cathode. In addition, the Group also purchases Copper concentrate from outside party for production.

vi. Fair values

Fair value is estimated according to relevant market information and information about financial instruments at specific point in time. Those estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of the Group's long term loan is calculated according to similar terms and time frame and prevailing market borrowing interest and therefore are not materially different from their carrying amount.

As the rest financial instruments are all short-term, there is no material difference between fair value and their carrying amount. In addition, the changes of fair value for those outstanding commodity forward contracts resulting to unrealized profit of RMB133,000 (under hedge accounting) and unrealized loss of RMB12,157,000 (not under hedge accounting) has been recognized in equity and income statement respectively during the period.

12 EVENTS AFTER THE BALANCE SHEET DATE

(i) Additional A share raising

Pursuant to an announcement dated on 19 March 2007, the Company announced its plan to apply to CSRC and other relevant PRC authorities for the approval of the issue of no more than 290,000,000 A shares in the PRC and the listing of such A shares on the Shanghai Stock Exchange. On 16 March 2007, the Company entered into the Acquisition Agreement with Jiangxi Copper Corporation, pursuant to which, the Company agreed to acquire the below interests and businesses from JCC for an aggregate consideration of RMB1,785 million (subject to adjustment), which will be satisfied by the proceeds from the proposed issue of A shares:

- the 40% equity interest of Jiangxi Copper Products Company Limited and 40% equity interest of Jiangxi Copper Alloy Materials Company Limited
- the 100% equity interest of JCC Chemical Company and 100% equity interest of the JCC Dexing Transportation Company
- the mining rights and the related operating assets and liabilities of Chengmenshan Copper Mine, and the operating assets and related liabilities of the Xiangsei Railway

The proposed issue of new A shares and connected transaction were approved by a special shareholder meeting dated on 17 May 2007. The Company received the notice on 2 August 2007 from the China Securities Regulatory Commission that its application to issue additional A-shares via private placement had been conditionally passed.

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

12 EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

(ii) The impact of resource tax

The Ministry of Finance and the State Administration of Taxation have jointly issued the Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc. (Cai Shui [2007] No.100) announcing that with effect from 1 August 2007, proper adjustment will be made to the applicable rate for resource tax. Pursuant to such adjusted rate and the preliminary estimate by the Group, the Group shall pay an additional tax in the approximate amount of RMB71,250,000 for the year ending 31 December 2007.

13 COMPARATIVE FIGURE

As the first-time adoption of New Chinese Accounting Standards, certain comparative figures has been reclassified to conform to this period presentation.

14 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 28 August 2007.

APPENDIX I SUPPLEMENT INFORMATION TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

1 RECONCILIATION BETWEEN INTERNATIONAL FINANCIAL REPORTING STANDARDS AND NEW CHINESE ACCOUNTING STANDARDS AND REGULATIONS ("PRC GAAP")

| | For the six months ended 30 June 2007 Net profit RMB'000 | As at 30 June 2007 Net asset RMB'000 |
|---|--|---|
| Financial statements prepared under PRC GAAP | 2,034,514 | 13,750,378 |
| Adjustment in accordance with IFRS | | |
| — Reversal of safety production fund not qualified for liability | 50,837 | 50,837 |
| — Recognition of the impact on deferred tax arising from the reversal of safety production fund | (12,709) | (12,709) |
| Financial statements prepared in accordance with IFRS | 2,072,642 | 13,788,506 |

118

2 WEIGHTED AVERAGE AND FULLY DILUTED RETURN ON NET ASSETS AND EARNING PER SHARE

| | For the six months ended 30 June 2007 | | | |
|---|---------------------------------------|------------------|-------------------------|------------------|
| | Return on net asset (%) | | Earning per share (RMB) | |
| | Fully diluted | Weighted average | Fully diluted | Weighted average |
| Net profit attributable to equity holders of the parent | 14.99% | 14.99% | 0.6886 | 0.6886 |
| Net profit attributable to equity holders of the parent excluding non-recurring gain/loss | 15.04% | 15.04% | 0.6913 | 0.6913 |

APPENDIX I SUPPLEMENT INFORMATION TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

2 WEIGHTED AVERAGE AND FULLY DILUTED RETURN ON NET ASSETS AND EARNING PER SHARE

There is no potential diluted share issued. Net profit attributable to equity holders of the parent excluding non-recurring items is calculated as below:

| | For the six months ended 30 June 2007 RMB | For the six months ended 30 June 2006 RMB |
|--|--|--|
| Net profit attributable to equity holders of the parent | 1,993,569,971 | 2,090,354,173 |
| Add: Non-recurring items | | |
| Loss on disposal of non-current assets | 7,929,642 | 838,715 |
| Gains / (losses) in non-operating income / (expense) other than the disposals loss of non-current assets | 1,102,404 | 4,117,622 |
| Impact of income tax on non-recurring item | (1,366,278) | (817,796) |
| Net profit after non-recurring item | 2,001,235,739 | 2,094,492,714 |
| Less: Impact of non-recurring item attributable to minority interest | (156,173) | 84,997 |
| Net profit attributable to equity holders of the parent after non-recurring item | 2,001,391,912 | 2,094,407,717 |

The recognition of the non-recurring items is prepared in accordance with the regulation of [2007] No 9 "Q&A1 for the disclosure information for public listed companies" issued by CSRC.

APPENDIX I SUPPLEMENT INFORMATION TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3 ANALYSIS OF THE FLUCTUATION IN THE FINANCIAL STATEMENTS

The analysis of the financial caption in the financial statements with fluctuation ranges more than 30%, or cover more than 5% (or 5%) of the total assets of the balance sheet date or cover more than 10% (or 10%) of the total profit during the period are detailed as below:

- 1) Other current assets/ (liabilities) represent the fair value changes of outstanding commodity forward contract. Other current assets/(liabilities) have decreased by 100% and 37% as compared to the comparative period, which was mainly due to the decrease in price fluctuation of commodity forward contracts.
- 2) Trade receivable amounted to RMB1,914 million, representing an increase of 114% as compared to the comparative period was the result of the sales growth in the current period. The sales growth was mainly due to the business expansion of the trading companies located in Shenzhen, Shanghai and Beijing which increase the number of new customers.
- 3) Prepayments amounted to RMB901 million, representing an increase of 47% as compared to the comparative period, which was due to prepayment made to purchase copper concentrates in line with the increasing capacity of smelting facilities.
- 4) Long-term investment amounted to RMB157 million, representing an increase of 32% as compared to the comparative period, which was mainly due to the additional investment of RMB36 million in Qingyuan Changying Copper Co., Ltd during the period.
- 5) Construction work in-progress amounted to RMB3,072 million, representing an increase of 43% as compared to the comparative period, which was mainly due to the development of projects Fujiawu mine and expansion of smelting capacity by 300,000 tonnes per day.
- 6) Deferred tax assets amounted to RMB45 million represents the effect of temporary differences arising from provision for doubtful debts and unpaid payroll balances.
- 7) Short-term loan amounted to RMB4,508 million, representing an increase of 70% as compared to the comparative period, which was mainly due to the increase in short-term borrowings for working capital purposes and the issuance of short-term debenture. On 1 January 2007, the Group issued short-term debenture with a total face value of RMB1,000 million, which is part of RMB2 billion debt debenture approved.
- 8) Notes payable amounted to RMB233 million, representing an increase of 578% as compared to the comparative period, which was in line with the increased purchase volume of copper concentrates.
- 9) Trade payables amounted to RMB1,249 million, representing an increase of 54% as compared to the comparative period, which was mainly due to the increased purchase and expanded production capacity of the Group.
- 10) Advance from customer amounted to RMB131 million, representing an increase of 134% as compared to the comparative period, which was mainly due to the business expansion of the Group and increase in the number of new customers in the trading business located at Shenzhen, Shanghai and Beijing.
- 11) Tax payable amounted to RMB398 million, representing a decrease of 56% as compared to the comparative period, which was mainly due to the payment of 2006 income tax amounted to RMB317 million.

APPENDIX I SUPPLEMENT INFORMATION TO FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007
(PREPARED IN ACCORDANCE WITH PRC GAAP)

3 ANALYSIS OF THE FLUCTUATION IN THE FINANCIAL STATEMENTS *(Continued)*

- 12) Interest payable amounted to RMB23 million, representing an increase of 147% as compared to the comparative period, which was due to the issuance of short-term debenture with a total face value of RMB1,000 million during the period. Accordingly, interest expense of RMB18 million has been accrued.
- 13) Dividend payable increased by RMB1,158 million as compared to the comparative period, which was mainly due to a dividend of RMB0.40 per share (tax inclusive for A share) with an aggregate of RMB1,158 million was declared to shareholders as the final dividend for the year ended 2006.
- 14) Non-current liabilities due within one year amounted to RMB405 million, representing an increase of 60% as compared to the comparative period, which was mainly due to the increase in the amount of long-term borrowings due within one year.
- 15) Long-term borrowings amounted to RMB557 million, representing a decrease of 54% as compared to the comparative period, which was mainly due to the payment and reclassification of long-term loan due within one year to current liabilities.
- 16) Long-term payable amounted to RMB129 million, representing an increase of 264% as compared to the comparative period, which was mainly due to the provision made for safety fund during the period.
- 17) Revenue amounted to RMB17,301 million, representing an increase of 65% as compared to the corresponding period of the comparative period, which was mainly due to the increase in copper selling price and sales volume.
- 18) Cost of sales amounted to RMB14,588 million, representing an increase of 134% as compared to the comparative period, which was mainly due to the increase in raw material prices and sales volume.
- 19) Provision for impairment amounted to RMB15 million, which was mainly due to the increase in doubtful debt provision.
- 20) Selling expenses amounted to RMB68 million, representing an increase of 66%, as compared to the comparative period which was mainly due to the increase in transportation and warehouse expenses, which were in line with the increased sales.
- 21) Investment income amounted to RMB65 million, representing an increase over the comparative period, which was mainly due to the gain on commodity forward contracts and share of an associate's profit.

DOCUMENTS AVAILABLE FOR INSPECTION

- (1) The interim report duly signed by the legal representative of the Company
- (2) Financial statements duly signed by the Company's Chairman, the Chief Financial Officer and the Manger of the Financial Department and under the seal of the Company
- (3) Articles of Association of the Company
- (4) All documents disclosed on the newspaper designated by China Securities Regulatory Commission during the reporting period.

Upon the request of The Stock Exchange of Hong Kong Limited or Shanghai Stock Exchange or at the request of shareholders in accordance with relevant regulations or the Company's Articles of Association, the above documents are available for inspection at the Company's legal address during normal business hours after the interim report is published.

Jiangxi Copper Company Limited
Li Yihuang
Chairman