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)

Annual Report 2008

Contents

Important Notice

(1) The board of directors (the "Board") and the supervisory committee ("Supervisory Committee") of Jiangxi Copper Company Limited (the "Company") and its directors (the "Directors"), supervisors (the "Supervisors") and senior management warrant that there are no false representations, misleading statements contained in or material omissions from this report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained.

(2) All Directors attended the Board meeting.

(3) The consolidated financial statement of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 prepared in accordance with PRC Accounting Standards for Business Enterprises ("PRC GAAP") and International Financial Reporting Standards ("IFRS") have been audited by Ernst & Young Hua Ming and Ernst & Young Certified Public Accountants respectively with standard unqualified audit opinions.

(4) The Company's Chairman, Mr. Li Yihuang, and the principal accounting responsible person, Mr. Wu Jinxing, and Manager of the Financial Department (accounting chief), Ms. Qiu Ling, represent that they warrant the truthfulness and completeness of the financial statements in the annual report.

(5) The audit committee (the "Audit Committee") of the Company has reviewed the financial report for the year ended 31 December 2008.

Corporate Information

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
Legal representative	Li Yihuang

INFORMATION ON COMPANY SECRETARY

Company Secretary	Pan Qifang
Address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Telephone	(86) 701 3777736
Fax	(86) 701 3777013
E-mail	jccl@jxcc.com

INFORMATION ON SECURITIES AFFAIRS REPRESENTATIVE

Securities Affairs Representative	Kang Shuigen
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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	http://www.jxcc.com
E-mail	jccl@jxcc.com
Name of newspapers designated for information disclosure	Shanghai Securities News
Websites designated by CSRC for publishing Annual Report	http://www.hkex.com.hk, http://www.sse.com.cn
Place available for inspection of Annual Report:	Secretarial Office of the Board 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China

INFORMATION ON THE COMPANY'S STOCK

Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited, London Stock Exchange (secondary listing), The Bank of New York (Level I American Depository Receipt)	Jiangxi Copper	0358
Warrants	Shanghai Stock Exchange	JCC CWB1	580026
Corporate bonds	Shanghai Stock Exchange	08 JCC Bonds	126018

OTHER RELEVANT INFORMATION

First registration date:	24 January 1997
First registration address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Business license registration number	Qi Gu Guo Fu Zi No. 000732
Taxation registration number	360681625912173

AUDITORS APPOINTED BY THE COMPANY

Name of Auditors (Domestic)	Ernst & Young Hua Ming
Address of auditors (Domestic)	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Ave., Dong Cheng District, Beijing, China
Name of Auditors (Overseas)	Ernst & Young
Address of auditors (Overseas)	18/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

OTHER CORPORATE INFORMATION

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China (the "PRC") on 24 January 1997. The Company's main scope of operations includes: non-ferrous metal mines, rare metals, non-metal mines; smelting, mangle rolling processing and further processing of non-ferrous metals and related by-products; sale and after sale services for self-produced products ; participation in overseas futures businesses; related enquiry services and businesses.

The quality assets owned and controlled by the Group mainly include:

— Six mines: — Dexing Copper Mine, Yongping Copper Mine, Chengmenshan Copper Mine, Wushan Copper Mine, Dongxiang Copper Mine and Yinshan Lead-Zinc Mine.

— Guixi Smelter, the largest copper smelter and refiner in the PRC with the largest scale, most advanced technologies and best environment protection.

— Six modern copper products processing plants: Jiangxi Copper Products Company Limited, Jiangxi Copper Alloy Materials Company Limited, Jiangxi Copper Yates Copper Foil Company Limited, Jiangxi Copper Taiyi Special Electrical Materials Company Limited, Jiangxi Copper (Leongchang) Precise Pipe Company Limited and Jiangxi Copper Corporation Copper Products Company Limited.

— Sichuan Kangxi Copper Company Limited located in southwestern China.

— Two sulphuric acid plants with leading technology: JCC-Wengfu Chemical Company Limited and Jiangxi Copper Group Chemical Company Limited.

Since its establishment, the Group has been adhering to the strategy "Based on solid foundation for fast growth", which enables the Group to become one of the largest copper enterprises in the world:

1) The Group owns abundant mineral resource reserve. As at the end of 2008, the Company had 100% ownership in the reserve of approximately 11,140,000 tonnes of copper metal, 363 tonnes of gold, 9,098 tonnes of silver, 277,000 tonnes of molybdenum, 103,900,000 tonnes accompanying sulphur and symbiotic sulphur. Among the resource jointly controlled by the Company and other companies, metal resource reserves attributable to the Company (based on its equity percentage) were approximately 4,070,000 tonnes of copper and 42.16 tonnes of gold. In 2008, 159,000 tonnes of copper were produced from the mines of the Group.

2) Currently, the Group's production capacity of copper cathode has exceeded 800,000 tonnes per year, which enables the Group to become a global leading large-scale copper manufacturer. In 2008, the Company produced 702,000 tonnes of copper cathode.

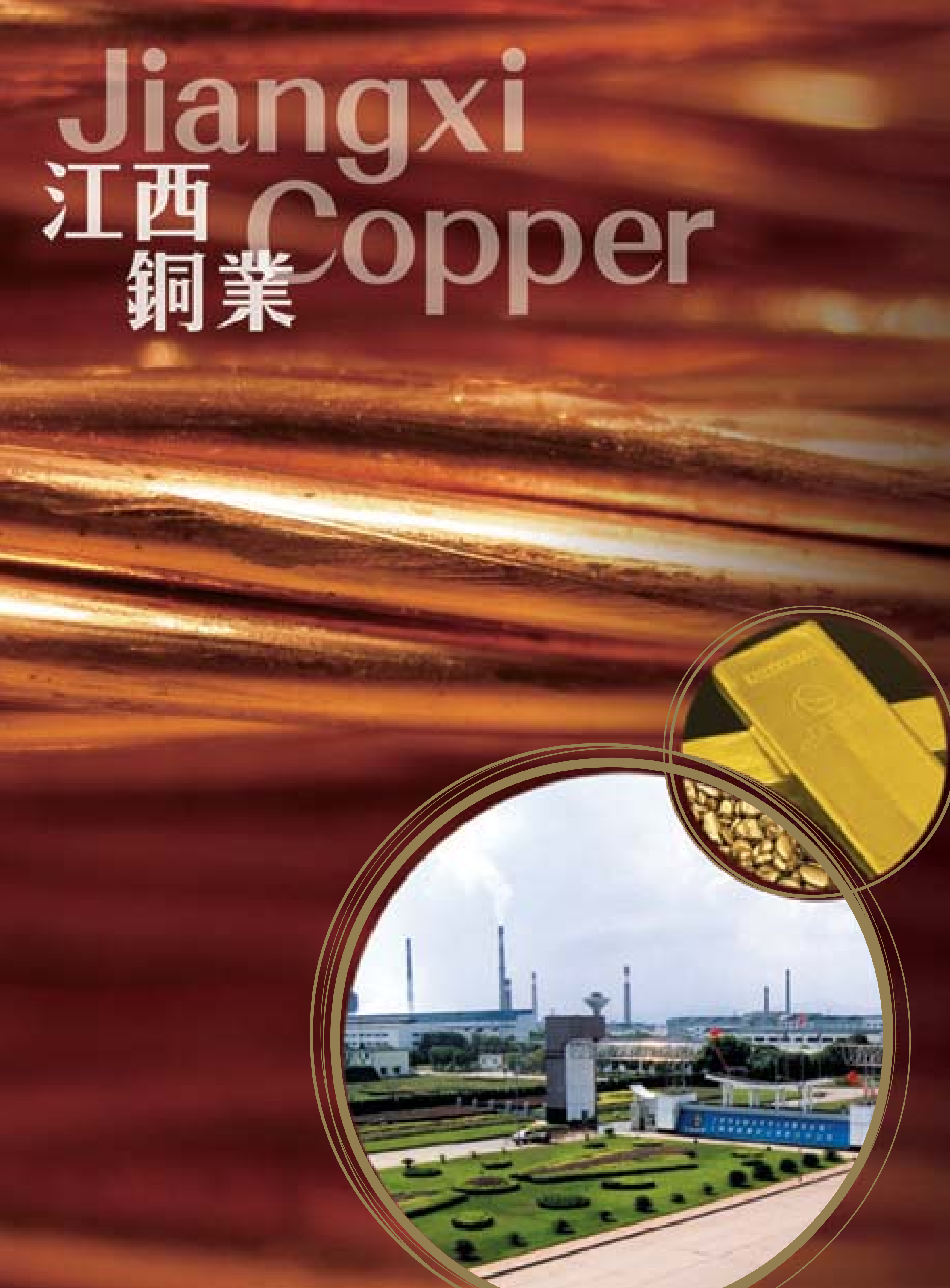
3) The Group is one of the largest gold and silver manufacturers in the PRC. In 2008, the Company produced 16.3 tonnes of gold and 408 tonnes of silver.

4) The Group's current processing capacity of copper products is 450,000 tonnes. In 2008, the Company produced 462,000 tonnes of copper products.

5) The Group is one of the largest sulphur chemical industry bases in the PRC. In 2008, the Company produced 2.18 million tonnes of sulphuric acid and 1.55 million tonnes of sulphuric concentrate.

6) The Group is one of the largest rare metal manufacturers in the PRC. In 2008, the Group produced 3,106 tonnes of standard molybdenum concentrates (average grade: 45%), approximately 351 tonnes of selenium products, 2,810 kg of ammonium rhenate, 41 tonnes of tellurium concentrate and 449 tonnes of bismuth concentrate.

The Group's growth strategy is "to develop mines, consolidate smelting, improve refining and diversify into related sectors".


Jiangxi
江西
銅業
Copper

Summary of Accounting and Business Data

(I) SUMMARY OF MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH THE PRC GAAP

1. Major financial data for the reporting period

Unit: '000 Currency: RMB

Item	Amount
Operating profit	3,003,444
Total profit	2,998,050
Net profit attributable to shareholders of the listed company	2,285,101
Net profit after extraordinary items attributable to shareholders of the listed company	2,920,955
Net cash flow from operating activities	6,249,417

2. Non-recurring profit and loss items and amounts

Unit: '000 Currency: RMB

Non-recurring profit and loss items	Amount
Profit and loss of disposal of non-current assets	7,810
Other items in non-operating income and expense (excluding profit and loss of disposal of non-current assets)	-5,357
Gain on disposal of subsidiaries	-84
Net profits of the acquired business as qualified as business combination under common control from the beginning of the reporting period till the date of business combination	-424,228
Losses from fair value changes of derivative financial instruments — commodity derivative contracts not qualified for hedge accounting	391,317
Realized losses of derivative financial instruments — commodity derivative contracts not qualified for hedge accounting	972,177
Impact on income tax expenses	-314,685
Impact on minority interests	8,905
Total	635,855

Note: The above non-recurring profit and loss items are prepared in accordance with the regulations of "interpretation announcement No. 1 of information disclosure by companies issuing public securities -extraordinary items" No. 43 [2008] issued by the China Securities Regulatory Commission ("CSRC").

3. Major accounting data and financial indicators for the last 3 years

Unit: '000 Currency: RMB

	2008	2007 (restated)	Increase/ (decrease) *(%)*	2006 (restated)
Revenue	**53,972,433**	43,337,085	24.54	27,024,193
Total profit	**2,998,050**	5,509,273	-45.58	6,452,980
Net profit attributable to equity holders of the company	**2,285,101**	4,533,754	-49.60	5,224,555
Net profit after non-recurring profit and loss items attributable to equity holders of the company	**2,920,955**	3,980,560	-26.62	5,085,518
Basic earnings per share *(RMB)*	**0.76**	1.53	-50.33	1.77
Diluted earnings per share *(RMB)*	**0.76**	1.53	-50.33	1.77
Basic earnings per share after non-recurring profit and loss items *(RMB)*	**0.97**	1.34	-27.61	1.72
Return on net assets (fully diluted) *(%)*	**11.01**	23.20	Decreased by 12.19 percentage points	37.63
Return on net asset (weighted average) *(%)*	**11.33**	27.92	Decreased by 16.59 percentage points	44.89
Return on net assets after non-recurring profit and loss items (fully diluted) *(%)*	**14.08**	20.37	Decreased by 6.29 percentage points	36.62
Return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**14.48**	24.52	Decreased by 10.04 percentage points	43.70
Net cash flow from operating activities	**6,249,417**	1,603,536	289.73	2,030,251
Net cash flow from operating activities per share *(RMB)*	**2.07**	0.54	283.33	0.69

	As at 31 December 2008	As at 31 December 2007 (restated)	Increase/ (decrease) *(%)*	As at 31 December 2006 (restated)
Total assets	**34,150,637**	34,942,192	-2.27	25,647,205
Equity attributable to equity holders of the Company	**20,752,344**	19,544,424	6.18	13,885,674
Net assets per share attributable to equity holders of the company *(RMB)*	**6.87**	6.47	6.18	4.70

The financial information previously reported by the Group in 2007 and 2006 has been restated as a result of the retrospective adjustments to apply merger accounting principle for business combination under common control and changes in accounting policy of production safety fund ("the Safety Fund").

(II) SUMMARY OF MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS PREPARED IN ACCORDANCE WITH IFRS

Unit: '000 Currency: RMB

	2008	2007 (Restated)	Increase/ (decrease) *(%)*	2006 (Restated)
Revenue	**53,693,436**	43,168,883	24.38	26,939,091
Profit before tax	**2,998,051**	5,509,273	-45.58	6,452,980
Income tax	**800,535**	854,813	-6.35	1,119,053
Minority interests	**(87,585)**	120,706	-172.56	109,372
Profit attributable to equity holders of the Company	**2,285,101**	4,533,754	-49.60	5,224,555
Basic and diluted earnings per share *(RMB)*	**0.76**	1.53	-50.33	1.77
Net cash flow from operating activities	**6,249,417**	1,603,537	289.73	2,030,251

	31 December 2008	31 December 2007 (Restated)	Increase/ (decrease) *(%)*	31 December 2006 (Restated)
Total assets	**34,504,921**	35,130,584	-1.78	25,762,955
Total liabilities	**13,385,945**	15,108,629	-11.40	11,061,310
Equity attributable to equity holders of the Company	**20,752,344**	19,544,424	6.18	13,885,674
Net assets per share attributable to equity holders of the Company *(RMB)*	**6.87**	6.47	6.18	4.70
Return on net assets *(%)* (Basic earnings per share/ net assets per share)	**11.06**	23.65	-53.23	37.66

The financial information previously reported by the Group in 2007 and 2006 has been restated as a result of the retrospective adjustment to apply the principles of merger accounting for business combination under common control.

There is no difference between the consolidated financial information prepared in accordance with PRC GAAP and the IFRS.

Chairman's Statement

To shareholders,

Thanks for your trust and support towards the Group. Based on the consolidated financial statement prepared in accordance with PRC GAAP, the revenue of the Group amounted to RMB53,972.43 million (2007: RMB43,337.08 million), representing an increase of RMB10,635.35 million or 24.54% from last year. Net profit attributable to equity holders of the Company amounted to RMB2,285.10 million (2007: RMB4,533.75 million), representing a decrease of RMB2,248.66 million or 49.60% from last year. Basic earnings per share was RMB0.76 (2007: RMB1.53), representing a decrease of RMB0.77 or 50.33% from last year. The comparative financial information has been restated as a result of the retrospective adjustment to apply merger accounting principle for business combination under common control and changes in accounting policy of Safety Fund.

DIVIDEND POLICY

The Board has recommended distributing to all shareholders a final dividend of RMB0.08 per share (inclusive of tax) for the financial year ended 31 December 2008 (2007: RMB0.3 per share (inclusive of tax)).

INDUSTRY DEVELOPMENT AND MARKET REVIEW

A decline in global copper price after an upsurge was witnessed in 2008. Under the impact of United States financial crisis, the shift from bull market to bear market was completed within a month in the copper market. In the first half of the year, the short supply of copper cathode and depreciation of US dollar supported high copper price in London Metal Exchange ("LME"), once reaching historical high of US$8,940 per tonne. However, around the end of September, the U.S. subprime mortgage crisis further deteriorated leading to a global financial tsunami, and it rapidly affected the substantial economy. The sudden global economic downturn brought a slump in both capital market and commodity market causing a collapse in global copper price.

As revealed from the statistics of World Bureau of Metal Statistics (WBMS), the global copper output was 18.48 million tonnes while consumption was 18.16 million tonnes in 2008.

The output of refined copper in China amounted to 3.70 million tonnes, representing an increase of 10% over last year. Apparent consumption volume reached 5.10 million tonnes, representing an increase of 4.94% over last year. Imported refined copper reached 1.456 million tonnes, representing a decrease of 2.44% from last year.

During the reporting period, the average closing price of three-month copper futures and the average closing price of copper spot on LME were US$6,888 per tonne and US$6,956 per tonne, representing decrease of 2.82% and 2.27% respectively as compared with last year. As in China, the monthly weighted average price of three-month copper futures (inclusive of tax) and the monthly weighted average price of current-month copper future price (inclusive of tax) during the reporting period was RMB55,599 per tonne and RMB56,609 per tonne, representing a decrease of 10.48% and 9.48% respectively as compared with last year.

BUSINESS REVIEW

During the reporting period, the Group adopted the strategy "to develop mines, consolidate smelting, improve refining and diversify into related sectors", strengthening its long-term development. Accordingly, the following measures were taken:

(1) Promotion of resources development strategy leading to a surge of resources reserves

During the reporting period, the Group acquired Yinshan Lead-Zinc Mine and Dongxiang Copper Mine in China, which were owned by Jiangxi Copper Corporation ("JCC"), the controlling shareholder; outside the territory, the Group jointly acquired the mining rights of Aynak Copper Mine in Afghanistan with China Metallurgical Group Corporation ("CMCC"), jointly acquired Northern Peru Copper Corp. ("NPC") with China Minerals Non-ferrous Metals Co., Ltd., and made certain progress in exploration in Zhu Sha Hong Mine, with proven reserves of copper metal amounting to 1.2 million tonnes. During the reporting period, the additional copper metal, gold and silver reserves of the Group amounted to 6.09 million tonnes, 145 tonnes, and 1,700 tonnes respectively.

(2) Expansion of rare metals business

During the reporting period, the Group successfully carried out polymetallic strategy for copper related multi-metals. It acquired business in relation to rare metal businesses such as molybdenum, selenium, rhenium, tellurium, and bismuth from JCC, its controlling shareholder, thus becoming one of the largest rare metal producers in China.

(3) Abundant capital raised from the issue of bonds with detachable warrants ("Bonds with Warrants") in an amount of RMB6.8 billion

During the reporting period, the Group successfully issued Bonds with Warrants in the most grim capital market, providing the Group with abundant capital amid the global financial crisis. The Group replaced certain debts with the certain proceeds, which lowered financial costs, substantially reduced short-term loans, and optimized debt structure.

(4) Expansion of production capacity and market share

During the reporting period, the Group greatly upgraded production capacity of its major product, copper cathode, through technology innovations. By the end of the reporting period, the Group's production capacity of copper cathode has exceeded 800,000 tonnes per year, by-products like gold and sulphuric acid have also experienced remarkable increases in the production capacity.

With more diversified copper processing products, the Group started to expand into copper pipe, copper foil and enamelled wire fields with higher technology requirements. As a result, a more comprehensive copper processing product line has formed, boosting the production capacity of copper processing products from 370,000 tonnes to over 450,000 tonnes.

PROSPECT AND STRATEGY

Looking ahead to the year of 2009, owning to the continuing downturn of the macro-economic environment around the globe, real estate, automobile and manufacture industries which mainly support the consumption of copper are expected to continue the depression as in the fourth quarter in 2008. The end of stagnancy is hardly seen in short-term, leading to a gradual increase in the copper inventory. Before any recovery on the macro-economic environment and effective demand rebound, copper price is not likely to rise again substantially in 2009.

On the other hand, with rescuing policies adopted by different governments to stimulate the economic growth, especially domestic demand stimulation and revival plans for nonferrous metal sector by the PRC government, copper price decline will be buffered in short term. In addition, profound positive effects are expected for metal prices. A surge in commodity price since 2003 has further illustrated scarcity and intrinsic value of resources. Merger and acquisition and restructuring in resources industry in 2009 around the globe are expected to be intensified and in larger scale given the dramatic price plunge. The trend that, resources are concentrating toward the few mining oligarchs, would become obvious, which facilitates long-term development of the industry. Moreover, as almost all global major economic systems are injecting liquidity to market on a large scale to tackle the economic crisis, we believe that price of commodities including copper will increase steadily in general.

In the second half of 2008, copper smelting and processing fee started to rebound. In 2009, nine major copper refiners in Asia reached consensus with suppliers that copper primary treatment charge would be US$75 per tonne and refinery charge would be US7.5 cents per pound. The rise of smelting and processing fee enhanced our profitability, but price of sulfuric acid, the by-product of refinery, experienced steep plunge in the fourth quarter of 2008 and still lingered low, nullified any substantial consolidated income from smelting and proceessing.

Gold is a notable safe haven in the financial crisis, whose price is expected to stay in high level in 2009.

Despite greater operating risks led by the financial crisis and the rigid market environment, the Group has enhanced its comprehensive capacity through the rapid expansion in the past few years. The increase in resources reserves and the improvement in the financial position have greatly enhanced its capacity for sustainable development and risk resistance. There are both crisis and opportunity in 2009. The Group will strengthen its internal management and system efficiency. In the background of more investments by the government, tax reduction and revival plans for nonferrous metal sector, the Group will utilize the low tide of production factors and resources, turning crisis into opportunity.

Major steps are:

1) Seek expansion opportunities at low cost. Guided by its development strategy, the Group will proactively seek opportunities to acquire enterprises whose business are closely related to the Group's business and expand at low cost. The present resource price bottom provides an opportunity for the Group to raise resource control reserves.

2) Accelerate construction in progress at low cost. Amid the decline in prices of materials, equipment, labour, energy resources and other production materials, the Group will speed up the development and construction of internal and overseas projects to lower investment cost.

3) Lower cost by technology upgrade. Fully utilizing the platform such as National Copper Refining and Processing Engineering Technology Research Center and postdoctoral research station, the Group will tackle key technology problems and carry out all-round technology reform. We will improve recycling rate of gold, copper and molybdenum, press ahead development for new copper processing products, and enhance abstraction and processing of rare metals as well as precious metals. Efforts will be paid to make breakthrough in abstraction and processing of rare metals and precious metals, so as to form a new growth point of the economy.

4) Optimize process and create efficient operating platform. In 2008, the Group acquired business related to its principal copper business from JCC, the controlling shareholder. The Company will integrate its internal operation upon acquisition of this portion of business, optimize resources allocation, complete staff assessment mechanism, promote basic salary system reform, and boost morale of its staff at work.

GRATITUDE

On behalf of the Board, I would like to thank our shareholders and all circle of life for their care and support throughout the years, and I also wish to extend sincere gratitude to all Directors, Supervisors, senior management members for their contribution and to our diligent staff during the past year.

Chairman
Li Yihuang

Jiangxi, China
31 March 2009

Management Discussion and Analysis

The management of the Group is pleased to provide the following discussion and analysis of the Group's 2008 business results for better understanding of investors in reading this annual report. Unless otherwise specified, the financial data mentioned in this discussion and analysis is mainly extracted from the consolidated financial statements prepared under the PRC GAAP. The comparative financial information has been restated as a result of the retrospective adjustment to apply merger accounting principle for business combination under common control and changes in accounting policy of Safety Fund.

(I) THE COMPANY'S PRINCIPAL OPERATIONS AND PERFORMANCE

1. Principal Operations by Industry and Product

Unit: '000 Currency: RMB

By industry	Operating revenue	Operating cost	Operating profit margin *(%)*	Increase/ (decrease) in operating revenue from last year *(%)*	Increase/ (decrease) in operating cost from last year *(%)*	Increase/ (decrease) in operating profit margin from last year *(%)*
Copper cathode	23,602,217	22,279,757	5.60	49.29	62.70	Decreased by 7.78 percentage points
copper rod and wire	17,448,299	16,399,129	6.01	-1.27	5.19	Decreased by 5.77 percentage points
Precious metals (gold/silver)	4,535,103	3,263,308	28.04	32.89	29.88	Increased by 1.67 percentage points
Chemical products (sulphuric acid and sulphuric concentrate)	2,602,402	602,980	76.83	218.57	35.66	Increased by 31.24 percentage points
Copper processing products other than copper rod and wire	3,953,692	3,789,878	4.14	6.43	15.24	Decreased by 7.33 percentage points
Rare metals	1,058,965	306,942	71.01	-11.04	29.36	Decreased by 9.05 percentage points
Other products	393,798	168,185	57.29	31.69	38.87	Decreased by 2.21 percentage points
Total	53,594,476	46,810,179	12.66	24.88	30.43	Decreased by 3.72 percentage points
Revenue from other business	377,957	355,847	5.85	-10.01	-0.87	Decreased by 8.68 percentage points
Total	53,972,433	47,166,026	12.61	24.54	30.12	Decreased by 3.75 percentage points

During the reporting period, the Company acquired business related to its principal copper business from JCC, the controlling shareholder of the Company, mainly including three categories: (1) business related to exploration and development of resources such as copper, gold, silver, lead and zinc; (2) bushiness engaged in business related to rare metals such as molybdenum, selenium, rhenium, tellurium and bismuth; (3) business engaged in financial service, ancillary business for production, copper processing and trading and sales. As such, the Group's resource reserves was further expanded, with additional copper metal reserve (exclusive of ores with low-grade of metal reserve) of 975,000 tonnes in aggregate, and additional copper concentrate of 5,600 tonnes per year. Meanwhile, the Group has had an annual production capacity of 3,500 tonnes of molybdenum concentrate (in the average grade of 45%). The Group also included the production capacity for rare metals such as selenium, rhenium, tellurium and bismuth and became one of the largest producers of such rare metals in China. With much more diversified copper processing products, the Group started to expand into copper pipe, copper foil and enameled wire field with relatively high technology. As a result, a comprehensive copper processing production line has been established, boosting the production capacity of copper processing products from 370,000 tonnes to 450,000 tonnes. In view of the additional businesses, the Group adjusted its major business segments by industry.

1) Copper cathode

During the reporting period, despite the decline in selling price compared with last year, operating revenue from copper cathode increased by RMB7,792.18 million or 49.29% compared with last year, due to a considerable increase in sales volume of copper cathode. Cost of sales of copper cathode increased by RMB8,585.76 million or 62.70% compared with last year, resulting from the increase in quantity and proportion of outsourced raw materials, as well as surging prices of fuel, raw materials and electricity. With the slump of the market price of copper cathode in the fourth quarter of the year, the copper cathode produced by the Group was sold at the price lower than the cost because of the higher raw material cost purchased in the previous periods. Therefore, the increase in cost of sales outweighed that of operating revenue during the year. As a result, operating profit of copper cathode decreased by RMB793.58 million or 37.50% in the year compared with last year while operating profit margin decreased from 13.38% last year to 5.60%.

2) Copper rod and wire

During the reporting period, the increase in operating revenue of copper rod and wire as a result of an increase in sales volume was not able to offset the decrease in operating revenue caused by the decline in selling price. Thus, operating revenue of copper rod and wire decreased by RMB225.02 million or 1.27% compared with last year. Cost of sales of copper rod and wire increased by RMB808.51 million or 5.19% compared with last year due to the increase in sales volume of copper rod and wire and proportion of outsourced raw materials. Operating profit of copper rod and wire decreased by RMB1,033.53 million or 49.62% compared with last year and operating profit margin decreased from 11.78% last year to 6.01%.

3) Precious metals (gold/silver)

During the reporting period, operating revenue of precious metals increased by RMB1,122.38 million or 32.89% due to the increase in sales volume and selling price. Cost of sales of precious metals increased by RMB750.69 million or 29.88%, attributable to the increases in quantity and purchase price of outsourced raw materials. Operating profit of precious metals increased by RMB371.69 million or 41.29% compared with last year while operating profit margin rose to 28.04% from 26.37% last year.

4) Chemical products (sulphuric acid and sulphuric concentrate)

During the reporting period, operating revenue of chemical products increased by RMB1,785.51 million or 218.57% due to increases in sales volume and selling price. Cost of sales of chemical products increased by RMB158.52 million, or 35.66%, due to the increase in sales volume. Operating profit of chemical products increased by RMB1,626.99 million or 436.86% compared with last year while operating profit margin rose to 76.83% from 45.59% last year.

5) Other copper processing products (excluding copper rod and wire)

During the reporting period, despite the decline in the selling price of other copper products compared with last year, operating revenue increased by RMB238.99 million or 6.43% compared with last year due to the increase in sales volume. Cost of sales of other copper products increased by RMB501.31 million or 15.24%, due to the increase in sales volume. With the slump of the market price of copper processing products in the fourth quarter of the year, the copper processing products produced by the Group was sold at the price lower than the cost because of the higher copper raw material cost purchased in the previous periods. Therefore, the increase in operating cost outweighed that of operating revenue during the year. As a result, operating profit of other copper products decreased by RMB262.31 million or 61.56% as compared with last year while operating profit margin decreased from 11.47% to 4.14%.

6) Rare metals

During the reporting period, the increase in operating revenue of rare metals caused by increased sales volume was not able to offset the decrease in operating revenue caused by the decline of its selling price. Thus, operating revenue of rare metals decreased by RMB131.41 million or 11.04% compared with last year. Cost of sales of rare metals increased by RMB69.67 million or 29.36% due to the increase in sales volume. Operating profit of rare metals decreased by RMB201.08 million or 21.10% compared with last year while operating profit margin decreased from 80.07% last year to 71.01%.

7) Other products

During the reporting period, due to the increase in sales volume of the Group's other products, operating revenue and cost of sales increased by RMB94.75 million (or 31.69%) and RMB47.07 million (or 38.87%) respectively compared with last year. Operating profit increased by RMB47.68 million or 26.80% while operating profit margin decreased from 59.50% last year to 57.29%.

2. Principal operation by geographical areas

Unit: '000 Currency: RMB

Geographical areas	Operating revenue	Increase/(decrease) in operating revenue from last year *(%)*
Mainland China	52,345,901	25.27
Hong Kong	879,914	2.77
Taiwan	247,388	28.72
Australia	68,843	222.46
Thailand	15,793	-8.43
Others	36,637	-15.57

(II) WORKING CAPITAL AND CASH FLOW

During the reporting period, due to a decrease in inventory balance and profit generated from operating activities, the Group's net cash flow from operating activities amounted to RMB6,249.42 million, representing an increase of RMB4,645.88 million (or 289.72%) from same period last year.

During the reporting period, net cash flow generated from operating activities exceeding net profit of RMB4,051.90 million was mainly due to RMB738.39 million of provision for the impairment of assets, RMB813.93 million of depreciation of fixed asset made by the Group during the reporting period, RMB353.51 million of financial costs incurred, a decrease of RMB2,235.64 million in inventory balance, a decrease of RMB959.32 million in balance of trade receivables and an increase of RMB1,049.70 million in balance of trade payables.

During the reporting period, net cash outflow from investment activities was RMB4,071.32 million, increased by RMB720.76 million or 21.51% from the same period last year, mainly attributable to cash payment of RMB2,469.04 million for acquisition of long-term assets, payment of cash consideration of RMB95.53 million for investment in MCC-JCC Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司) and Nanchang Commercial Bank, and payment of cash consideration of RMB1,585.49 million for acquisition of copper related business from JCC, the controlling shareholder of the Company.

During the reporting period, the Group raised proceeds of RMB6,686.33 million from issue of Bonds with Warrants, received RMB7,247.17 million of loan in cash, paid RMB1,000 million in cash for redemption of short-term debentures, paid RMB12,853.09 million in cash for debt repayment to bank, paid RMB1,379.91 million in cash for dividend and interests. During the reporting period, the Group's net cash flow from financing activities amounted to RMB-1,297.82 million, representing a decrease of RMB4,184.01 million or 144.97% from same period last year, mainly attributable to the substantial repayment of bank loans.

As at the end of the reporting period, balance of cash and cash equivalents of the Group reached approximately RMB3,944.77 million, representing an increase of RMB876.47 million or 28.57% from last year.

(III) FINANCIAL POSITION AND CAPITAL STRUCTURE

As at the end of the reporting period, total assets and liabilities of the Group decreased to RMB34.151 billion and RMB13.032 billion respectively from RMB34.942 billion and RMB14.920 billion at the end of 2007 as a result of repayment of certain debts. The asset-liability ratio (liabilities divided by assets) was 38.16%, representing a decrease of approximately 4.54 percentage points. Capital-liabilities ratio (liabilities divided by shareholders' equity) was 61.71%.

(IV) ANALYSIS ON CHANGES IN ITEMS OF FINANCIAL STATEMENTS

1. Analysis on major items in the Group's assets (consolidated balance sheet items) with significant changes:

Inventory:	As at the end of the reporting period, the inventory balance of the Group decreased by RMB2,815.28 million or 29.02% from the end of last year while the percentage of inventory accounting for total assets decreased from 27.76% at the end of last year to 20.16%, mainly due to price decline of main products and raw materials.
Short-term borrowing:	As at the end of the reporting period, the balance of short-term borrowing of the Group decreased by RMB6,135.80 million or 67.44% from the end of last year while percentage of short-term borrowing accounting for total assets decreased from 26.04% for at the end of last year to 8.68%, attributable to the repayment of certain short-term borrowing as a result of the issuance of Bonds with Warrants by the Group during the reporting period.
Bonds payable:	As at the end of the reporting period, the balance of bonds payable of the Group increased by RMB4,747.88 million over the end of last year, due to the issuance of Bonds with Warrants in an amount of RMB6.8 billion by the Group during the reporting period.

2. Analysis on items in consolidated income statement with material changes:

Cost of sales:	During the reporting period, the Group's cost of sales increased by RMB10,918.40 million, or 30.12% as compared with the same period last year, mainly attributable to the increase in sales volume and proportion of outsourced raw materials.
Taxes and surcharges:	During the reporting period, the Group's taxes and surcharges increased by RMB110.79 million or 65.87% as compared with the same period last year, mainly attributable to increased resource taxes in 2008 compared to the same period last year resulting from higher mining resource taxes levied by the authority in August 2007.
Distribution and selling costs:	During the reporting period, the Group's distribution and selling costs increased by RMB78.44 million or 41.29% as compared with the same period last year, mainly attributable to the increase in sales volume.
Provision for the impairment of assets:	During the reporting period, the Group's provision for the impairment of assets increased by RMB755.41 million, or 4,437.03% as compared with the same period last year, mainly because the Group had made provisions of RMB579.63 million for write-down of inventories to net realizable value, and provisions of impairment of RMB158.76 million for trade and other receivables, fixed assets and intangible assests.
Loss from changes of fair value:	During the reporting period, the Group's loss from changes of fair value increased by RMB111.07 million or 345.93% as compared with the same period last year, mainly attributable to unrealised losses or gains arising from changes of fair value of the outstanding commodity derivative contracts not qualified for hedge accounting and the embedded derivative financial instruments.
Investment income:	During the reporting period, the Group's investment income decreased by RMB1,051.81 million or 1,673.94% as compared with the same period last year, mainly attributable to the loss from the settlement of commodity derivative contracts not qualified for hedge accounting.
Operating profit, net profit, net profit attributable to shareholders of the Company:	During the reporting period, the Group's operating profit, net profit, net profit attributable to shareholders of the Company decreased by RMB2,472.96 million or 45.16%, RMB2,456.94 million or 52.79% and RMB2,248.65 million or 49.60%, respectively, as compared to the corresponding period last year, mainly attributable to lower product price, increased costs of fuel and raw materials and electricity, increased resources tax and provision for impairment of assets.
Minority interests:	During the reporting period, the Group's minority interests decreased by RMB208.29 million or 172.56% as compared with the same period last year, mainly attributable to net loss incurred by certain non-wholly-owned subsidiaries of the Group during the reporting period as compared to the same period last year.

(V) INTERNAL CONTROL SYSTEM RELATED TO FAIR VALUE MEASUREMENT

1. Internal control system for futures business

The Company's futures management system consists of Futures Steering Team, Futures Department, Risk Control Department and Compliance Manager. Futures Steering Team is responsible for determining hedging strategy, approving hedging plan and controlling hedging risk. Futures Department is responsible for market analysis, preparing hedging plan, performing daily operation and managing futures business for subsidiaries. Risk Control Department is responsible for daily supervision on futures risks. Compliance Manager mainly supervises and inspects whether Futures Department complies with domestic and overseas futures rules and regulations and the Company's futures business management regulations.

A series of futures control policies have been established by the Company, mainly including, authorization management systems, compliance inspection systems, risk management systems, capital management systems, futures business report systems, market analysis systems, information management systems, trading management systems, settlement management systems, file management systems, confidentiality management systems, method for selection of overseas futures agent institutions.

Items related to fair value measurement

Unit: '000 Currency: RMB

Item (1)	Opening balance (2)	Gains or losses from changes of fair value in the year (3)	Accumulated changes of fair value recorded in equity (4)	Provision for impairment during the year (5)	Closing balance (6)
Financial assets					
Including: 1. Financial assets at fair value through profit or loss	54,704	280,348	-22,957	0	312,455
Including: Derivative financial assets	54,704	280,348	-22,957	0	312,455
Subtotal of financial assets	54,704	280,348	-22,957	0	312,455
Subtotal of financial liabilities	0	359,309	0	0	359,309

3. Financial assets and liabilities held in foreign currencies

Unit: '000 Currency: RMB

Item (1)	Opening balance (2)	Gains or losses from changes of fair value in the year (3)	Accumulated changes of fair value recorded in equity (4)	Provision for impairment during the year (5)	Closing balance (6)
Financial assets					
Including: 1. Financial assets at fair value through profit or loss	31,427	312,356	-31,427	0	312,356
Including: Derivative financial assets	31,427	312,356	-31,427	0	312,356
2. Loan and receivables	408,006	0	0	0	1,002,670
Subtotal of financial assets	439,433	312,356	-31,427	0	1,315,026
Subtotal of financial liabilities	1,201,679	78,804	0	0	1,415,325

(VI) TECHNOLOGICAL INNOVATIONS

During the reporting period, the Group has enhanced technology platform construction, advanced development of key technologies and attained certain achievements: The first national enterprise engineering technology research center for China's copper industry was established by the Group after passing the demonstration of "National Copper Refining and Processing Engineering Technology Research Center" organised by the Ministry of Science and Technology. The Group's "Key Technology for Copper Recovery from Copper Smelting Slag and Slag Processing Project with Annual Capacity of 500,000 Tonnes" was awarded with the title of "High-Tech Industrialization Project of Jiangxi Province". Industrial tests research for 200 cubic meters float processing machine jointly carried out by the Group and Beijing General Research Institute of Mining & Metallurgy has been completed and passed the examination of Nonferrous Metals Society of China as well. The major projects being carried out by the Group include: Under the National Science & Technology Pillar Program: Research on Key Technology for Effective Development and Utilization of Dexing, Copper Mine Resources and Research on Production Technology for High Standard Electrolytic Copper Foil with Annual Capacity of 4,000 Tonnes; Under the National 863 Project: Research on Localization and Industrialization of Copper-aluminum Contact Wires Used for Magnetic Levitation Vehicles Rails and Research on Key Technology for Extraction of Nsulphide Ore, and industrial test for 300 cubic meters float processing machine. During the reporting period, a total of RMB21.36 million was invested in scientific research by the Group.

(VII) ENERGY SAVING AND EMISSION REDUCTION

As approved by the State Environmental Protection Administration of China, the Group was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation.

During the reporting period, the Group has kept enforcing energy saving and emission reduction and steadily working on relevant projects: The Group made additional investment of RMB46.29 million for the project of expansion of copper recovering from slag; additional investment of RMB16.51 million for project of utilization of the heat recovered from smelting process; additional investment of RMB660,000 for project of utilization of residual heat from anode furnace and additional investment of RMB 180,000 for project of flue gas residual heat recovery.

(VIII) MAJOR SUPPLIERS AND CUSTOMERS

The purchase attributable to the Group's largest suppliers accounted for 2.97% of total purchases for the year.

The Group's largest customer accounted for 4.04% of the total turnover for the year. All transactions between the Group and the customers concerned were carried out on normal commercial terms.

Unit: 0'000 Currency: RMB

Total purchase amount from the five largest suppliers	801,018	Percentage in total purchase amount	12.57%
Total sales amount to the five largest customers	768,235	Percentage in total sales amount	14.33%

So far as the Directors are aware, none of the Directors, associates or shareholders who hold more than 5% equity interests of the Company is interested in the five largest customers and suppliers.

(IX) PRODUCTION OPERATION PLAN FOR 2009

In 2009, the Group plans to produce 800,000 tonnes of copper cathode, 20 tonnes of gold, 430 tonnes of silver, 2.2 million tonnes of sulphuric acid, 167,000 tonnes of copper concentrate with copper and 480,000 tonnes of copper rods and wires and other copper processing products.

As the price of the Group's principal products are susceptible to the fluctuations of the international market as well as the ever changing sources of raw materials and methods of transactions (for instance, the production volume generated through buyout of materials and outsourced processing can be the same, but the respective sales can differ significantly), the Group may timely adjust its plan in accordance with the market changes.

(X) OPERATING RESULTS OF THE COMPANY'S SUBSIDIARIES

Unit: '000 Currency: RMB

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
Xiaoshan Copper Chemical Company Limited (Limited liability company)	Trading of sulphuric acid	1,000	60%	2,529	2,066	78,621	342	
Jiangxi Copper Products Company Limited (Limited liability company)	Manufacturing and processing of copper rods and wires	225,000	100%	411,309	365,725	183,571	61,535	
Sichuan Kang Xi Copper Company Limited (Limited liability company)	Sales of copper materials, precious metal materials and sulphuric acid	140,000	57.14%	426,964	199,408	1,616,177	-41,575	
Shanxi Diaoquan Silver and Copper Mine Company Limited (Limited liability company)	Sale of copper materials, precious metal materials and sulphuric concentrate powder	76,158	45.96%	25,069	-15,487	60,764	-114,725	
Sure Spread Company Limited (Limited company)	International trading providing dated technique service	HK$50,000	55%	314,973	62,561	2,578,685	6,867	
Jiangxi Copper Alloy Materials Company Limited (Limited liability company)	Manufacturing and processing of copper rods and wires	199,500	100%	449,327	444,622	231,407	132,923	
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited (Limited liability company)	Manufacturing and sale of sulphuric acid	181,500	70%	311,627	193,127	401,874	34,844	
Jiangxi Copper Shenzhen Trading Company Limited (Limited liability company)	Sale of copper products	330,000	100%	847,408	84,747	7,484,455	-274,652	Contributed additional RMB300 million into the capital in December 2008
Jiangxi Copper Shanghai Trading Company Limited (Limited liability company)	Sale of copper products	20,000	100%	69,076	42,899	10,826,620	2,596	

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
Jiangxi Copper Beijing Trading Company Limited (Limited liability company)	Sale of copper products	10,000	100%	14,068	10,379	722,015	231	
Jiangxi Copper Corporation Chemical Company Limited (Limited liability company)	Manufacturing and sale of sulphuric acid	42,630	100%	98,943	73,768	153,642	21,270	
JCC Yinshan Mining Company Limited (Limited liability company)	Development of resources of copper, gold, silver, lead zinc and sulphur	30,000	100%	392,765	337,484	392,408	121,969	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) Construction Company Limited (Limited liability company)	Provision of construction and installation service; development and sale of construction materials	20,000	100%	88,032	45,680	128,894	5,793	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) Explosion Company Limited (Limited liability company)	Blasting engineering, etc; production and sale of pressure bearable gas locks	1,000	100%	10,825	7,689	17,034	2,168	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Dongtong Mining Company Limited (Limited liability company)	Development of resources of copper, silver, tungsten and sulphur	9,000	100%	151,784	120,390	113,032	29,298	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Guixi) Logistics Company Limited (Limited liability company)	Provision of transportation services	40,000	100%	98,474	71,893	174,546	6,526	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Guixi Automobile Maintenance Company Limited (Limited liability company)	Maintenance of carriages, trucks, cars and construction machinery; sale of spare parts and complete construction machines	1,000	100%	7,949	2,584	33,427	80	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Guixi) New Materials Company Limited (Limited liability company)	Processing and extraction of rare metals from the residue and waste	60,000	100%	382,868	278,370	672,122	83,796	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
JCC (Ruichang) Transportation Company Limited (Limited liability company)	Provision of transportation	1,800	100%	5,278	3,696	11,397	456	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Qianshan) Industrial Trade Company Limited (Limited liability company)	Provision of repair and maintenance services for mining equipment	15,000	100%	50,918	22,509	68,695	3,358	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Qianshan) Copper Concentration Pharmaceuticals Company Limited (Limited liability company)	Manufacture of beneficiation drugs, fine chemicals, and other products	10,200	100%	16,704	15,135	43,274	1,600	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Qianshan) Mine Engineering Company Limited (Limited liability company)	Providing mining project and construction service; sale of rocks and stones	8,000	100%	18,050	14,684	33,593	3,031	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) New Mining Technology Development Company Limited (Limited liability company)	Production and sale of copper concentrate, molyboleaum concentrate, sulphur concentrate and related products, such as beneficiation drugs and lubes	44,996	100%	362,251	172,136	615,425	51,579	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) Waste Metal Recycle Company Limited (Limited liability company)	Collection of copper concentrate and other mining products from the residue and waste	3,836	100%	24,606	21,237	16,539	5,412	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Machinery Foundry Company Limited (Limited liability company)	Provision of special equipment, processing of spare parts and provision of repair, production and installation services for electrical and hydraulic pressure equipment	110,528	100%	149,639	98,670	82,704	-2,714	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) Equipment Manufacturing Company Limited (Limited liability company)	Processing, manufacture and sale of brake valves, cyclone and spare parts of mining equipment	1,430	100%	1,834	1,694	900	181	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
JCC Dongxiang Alloy Materials Manufacturing Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel	29,000	74.97%	72,720	33,713	102,512	1,801	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Dexing Alloy Materials Manufacturing Company Limited (Limited liability company)	Production of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	34,100	100%	101,782	77,659	186,803	11,894	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Ruichang Manufacturing Company Limited (Limited liability company)	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	2,602	100%	13,861	3,666	40,868	116	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dong Xiang) Recycling Company Limited (Limited liability company)	Recovery and sale of disused metal	500	89.99%	2,258	518	20,375	1	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Exploration Company Limited (Limited liability company)	Provision of services relating to searching, exploration of mine and examination of mine reserve, engineering work on geological investigation on site; engineering work for foundation for site; prevention of geological issues and site surveying	15,000	100%	19,108	18,268	17,602	1,474	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Jing Hang Engineering Company Limited (Limited liability company)	Providing mining services	20,296	100%	58,331	32,023	81,581	2,986	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Xiamen Trading Company Limited (Limited liability company)	Sale of products	1,080	100%	5,769	3,331	43,971	592	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
Hangzhou Tongxin Company Limited (Limited liability company)	Sale of metal, ore and chemical products	2,000	100%	33,533	11,431	813,710	-10,007	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
JCC (Guixi) New Metallurgical and Chemical Company Limited (Limited liability company)	Development of new chemical technologies and new products	2,000	100%	37,075	23,690	66,309	13,628	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Dexing) Gangue Recycle Company Limited (Limited liability company)	Collection and sale of copper products	4,921	100%	18,279	16,960	13,228	3,315	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Copper Products Company Limited (Limited liability company)	Processing of metal products	186,391	98.89%	301,945	127,230	739,949	-15,086	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Guangxin Electric Device Manufacturing Company Limited (Limited liability company)	Production and sale of copper and wires	120,477	98.89%	403,590	201,982	1,317,995	-1,467	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Recycling Company Limited (Limited liability company)	Collection and sale of metal scrap	3,000	98.89%	3,501	3,033	107,922	-22	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited (Limited liability company)	Provision of repair and maintenance services for production facilities and machinery equipment	20,300	100%	102,556	27,253	258,754	718	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
JCC Finance Company Limited (Sino-Foreign equity joint venture enterprise)	Provision of deposit, loan, guarantee and financing consultation services to related parties	300,000	80.00%	2,686,396	327,101	82,497	42,237	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
Shanghai Jiangxi Copper International Shipping Agency Limited Company (Limited liability company)	Provision of clearance services with customs in the PRC for import products and sale of metal products	6,000	100%	23,004	15,302	6,868	2,007	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008

Company name (Body corporate nature)	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
Jiangxi Copper Yates Copper Foil Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sale of copper foil	453,600	89.77%	937,166	380,378	550,645	-50,217	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008; Additional RMB268,000,000 was contributed into its capital in December 2008
Jiangxi Copper Leongchang Precise Pipe Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sale of copper pipe and other copper pipe products	300,000	75%	580,021	200,868	1,147,697	-47,508	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
Jiangxi Copper Taiyi Special Electrical Materials Company Limited (Limited liability company)	Production and sale of enameled wires and provision of repair and consulting services	US$16,800	70%	311,479	61,523	461,390	-36,217	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
Thermoelectric Electronic (Jiangxi) Company Limited (江西納米克熱電電子股份有限公司) (Joint stock limited company)	Development and production of electronic semiconductors and provision of related services	100,000	95.24%	20,178	20,806	700	-194	Acquired by the Company using proceeds from the issuance of Bonds with Warrants in 2008
Zhaojue Fenye Smelting Company Limited (Limited liability company)	Production and sale of electro deposited copper and related products; developing the technologies and providing services	10,000	65%	12,566	6,252	1,486	-3,688	Indirectly holds 65% equities by the Company through Sichuan Kangtong Copper Company Limited in 2008
Loyal Sky Industrial Company Limited (Limited company)	Trading of copper products	HK$10	100%	383	24	0	-710	Jiangxi Copper Shenzhen Trading Company Limited, the wholly-owned subsidiary of the Company, acquired entire equity interests in Hongtian Industrial in September 2008

Save for Sure Spread Company Limited and Loyal Sky Industrial Company Limited, all subsidiaries of the Company were incorporated in Mainland China, the major business of which were conducted in Mainland China.

Whether the actual operating results of the Company is 20% lower or higher than the profit forecast or operating plan disclosed during the year: No.

(XI) OPERATING RESULTS OF THE ASSOCIATES AND A JOINTLY-CONTROLLED ENTITY

Unit: '000 Currency: RMB

Company name	Business	Registered capital	Shareholding Percentage	Total assets	Net assets	Operating revenue	Net profit/(losses)	Note
Minmetals Jiangxi Copper Mining Investment Company Limited	Investment company	US$1,150,000	40%	3,578,033	1,037,898	—	-12,372	Associate
MCC-JCC Aynak Minerals Company Limited	Exploration of copper ores, processing and sale of copper products and rare metals	2,800	25%	778,177	228,214	—-	-5,091	Associate
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited	Manufacturing of copper products	90,000	40%	514,088	73,511	1,555,617	-47,790	Associate
Asia Development Sure Spread Company Limited	Sale, import and export of machinery, non-ferrous metals, processed copper products and rare metals	JPY200,000	49%	15,130	15,130	—	—	Associate
Jiangxi Fortune Transportation Industry Company Limited	Provision of transportation services	1,200	40%	3,623	2,235	8,959	481	Associate
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited	Recover of copper metals and by products from acid industrial waste water	28,200	50%	36,861	33,572	18,477	6,001	Jointly-controlled entity

(XII) INVESTMENT OF THE COMPANY

Unit: 0'000 Currency: RMB

Investment during reporting period	415,007
Increase/decrease in investment during reporting period comparing to last year	72,428
Increase/decrease in investment during reporting period *(%)*	21.14

Details of the investee companies are set out in the section headed "Operating results of the Company's subsidiaries and associated companies" under "Director's Report" of this report.

1. Use of raised proceeds

Unit: 0'000 Currency: RMB

Year	Method	Net proceeds	Utilised proceeds in the year	Accumulative utilised proceeds	Unutilised proceeds	Use of unutilised proceeds
2007	Non-public issuance of A Shares	395,017	38,821	307,352	87,665	Will be allocated to projects undertaken by the Company during the fund raising
2008	Bonds with Warrants	668,633	616,502	616,502	52,131	Will be allocated to projects undertaken by the Company during the fund raising
Total	/	1,063,650	655,323	923,854	139,796	/

2. Use of proceeds in projects undertaken

Unit: 0'000 Currency: RMB

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Expansion project of Phase II of Chengmenshan Copper Mine	No	49,800	6,584	Yes	13.22%	Produce copper concentrates containing 14,817 tonnes of copper, 25,814 tonnes of sulfur, 232kg of gold and 15,142kg of silver and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,542 tonnes) per annum.	Under construction, no earnings realised yet	—
Extension of Open-Pitting Mining Project	No	37,852	16,212	Yes	41.83%	Extend the existing production scale of the mine by about 8 years	Under construction, no earnings realised yet	—
Fujiawu Mine Development and Construction Project	No	30,056	20,204	Yes	81.25%	Extend the service life of Dexing Copper Mine	Under construction, no earnings realised yet	—
Project for Remaining Heat Re-cycling and Comprehensive Utilization	No	27,261	26,662	Yes	97.80%	Steam load in engineering boiler utilization plant will be decreased and off-gas, dust and sulfur dioxide will also be decreased.	Under construction, no earnings realised yet	—
Anode mud comprehensive utilization	No	19,427	9,172	Yes	46.97%	Increase the production of gold and silver	Under construction, no earnings realised yet	—

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Store Mining Project Expansion	No	18,953	16,448	Yes	77.53%	Increase the rate of copper recovery smelting process by nearly 1% and another 2,000 tonnes of copper can be recovered from slag per annum	Under construction, no earnings realised yet	—
5,000 Tonnes Copper Smelting Project	No	12,024	10,969	Yes	92.82%	Produce copper concentrates containing 12,800 tonnes of copper, 171,000 tonnes of sulfur, 218 kg of gold and 7,512 kg of silver per annum upon completion	Under construction, no earnings realised yet	—
Supplemental working capital	No	22,567	22,567	Yes	100%	Can be allocated flexibly with working capital	—	Yes
JCC's Subscription of non-public issue of 57,039,479 ordinary A shares of the Company by non-cash assets amounting to RMB1,785.34 million	No	178,534	178,534	Yes	100%	Increase resource reserves of the Company and perfect the industrial chain of the Company	Increase copper reserves by 1,530,000 tonnes and gold by 62 tonnes	Yes
Total	/	396,474	307,352	/	/	/	/	/

3. Projects financed by proceeds from the issuance of Bonds with Warrants

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Acquisition of assets related to copper, gold and molybdenum from JCC	No	210,680	158,549	Yes	77.26%	Reduce connected transactions with JCC expand resource reserves; increase rare metal business; extend the . industry chain.	Increase copper metal resource reserves of approximately 980,000 tonnes of copper, 103 tonnes of gold, 1,614 tonnes of silver, 60,000 tonnes of lead, 70,000 tonnes of zinc, 17,910,000 tonnes of sulphur; form the annual production capacity of approximately 3,500 tonnes of standard molybdenum concentrates (average grade of 45%); become one of the largest manufacturers of rare metal businesses such as molybdenum, selenium, rhenium, tellurium, and bismuth in China; increase the copper product processing capacity of approximately 80,000 tonnes/year	Yes
Repayment of loans from financial institution	No	457,953	457,953	Yes	100%	Adjust the corporate liability structure, strengthen the capability against risks; reduce cash flow expenditure, and improve the corporate operating benefits	Reduce financial costs with the decrease in the short-term liability structure and more reasonable liability structure	Yes
Total		668,633	616,502	/	/	/	/	/

1) Expansion project of Phase II of Chengmenshan Copper Mine

The Company intended to invest RMB498 million in the project, all of which will be raised through non-public issue of A Shares. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB53.17 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB65.84 million, representing 13.22% of the planned investment amount in the project.

2) Extension of Open-Pitting Mining Project

The Company intended to invest a total of RMB387.54 million in the project, of which RMB378.52 million would be financed through non-public issue of A shares, RMB9.02 million would be invested by internal resources. During the reporting period, the amount invested by proceeds from non-public issue of A Shares in the project was RMB111.33 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB162.12 million, completed total investment of RMB162.12 million, representing 41.83% of the planned investment amount in the project.

3) Fujiawu Mine Development and Constructions Project

The Company intended to invest a total of RMB1,052.54 million in the project, of which RMB300.56 million would be financed through non-public issue of A shares and RMB751.98 million would be invested by internal resources. During the reporting period, RMB49.98 million was financed by raised proceeds in the project. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB202.04 million, the accumulated investment amount was RMB855.24 million, representing 81.25% of the planned investment amount in the project.

4) Project for Remaining Heat Re-cycling and Comprehensive Utilization

The Company intended to invest a total of RMB272.61 million in the project, all of which would be raised by proceeds of the non-public issue of A Shares. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB16.51 million. As at the end of the reporting period, the accumulated investment amount amounted to RMB266.62 million, representing 97.80% of the planned investment amount in the project.

5) Anode mud comprehensive utilization

The Company intended to invest a total of RMB195.74 million in the project, of which RMB194.27 million would be financed through raised proceeds from non-public issue of A shares and RMB1.47 million will be invested by internal resources. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB67.40 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB91.72 million, completed accumulated investment of RMB91.72 million, representing 46.97% of the planned investment amount in the project.

6) Stove Mining Project Expansion

The Company intended to invest a total of RMB212.14 million in the project, of which RMB189.53 million would be financed through raised proceeds from non-public issue of A shares and RMB22.61 million would be invested by internal resources. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB46.29 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB164.48 million, completed accumulated investment of RMB164.48 million, representing 77.53% of the planned investment amount in the project.

7) 5,000 Tonnes Copper Smelting Project

The Company intended to invest a total of RMB257.32 million in the project, of which RMB120.24 million would be financed through raised proceeds from non-public issue of A shares and RMB137.08 million would be invested by internal resources. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB43.53 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB109.69 million, completed accumulated investment of RMB238.85 million, representing 92.82% of the planned investment amount in the project.

3. Progress of projects financed by raised proceeds from exercise of warrants attached to Bonds with Warrants

Unit:0'000 Currency: RMB

Project	Project Amount to be Invested	Amount of Proceeds to be invested	Aggregate Investment Amount	Progress of Project	Earnings from Projects
Technical renovation Engineering of Enlarging Production Scale of Dexing Mine	253,787	Approximately 258,000	20,594	8%	Under construction, no earnings realised yet
Tender and exploration of the rights of copper mine in Afghanistan	—	Approximately 120,000	5,814	—	Under construction, no earnings realised yet
Acquisition of equity interests in Northern Peru Copper Corp	—	Approximately 130,000	46,000	—	Under construction, no earnings realised yet
Supplemental working capital	—	Approximately 172,000	—	—	Under construction, no earnings realised yet
Total	—	680,000	72,407	—	—

The total investment in two projects including the tender and the development of the exploration rights of copper mine in Afghanistan, and acquisition of equity interests in Northern Peru Copper Corp. is still under demonstration.

The fund invested in the technology innovation project for the expansion of mining scale in Dexing Copper Mine, the tender and development of the exploration rights of copper mine in Afghanistan, as well as the acquisition of equity interests in Northern Peru Copper Corp., was financed by the Company's internal resources.

As stated in the Offering Memorandum for the Bonds with Warrants and Feasibility Report of the Use of Proceeds Raised from Issuance of Bonds with Warrants, the proceeds raised from the exercise of the Warrants attached to the Bonds will be applied to the above projects. In the event that the availability of the proceeds is not consistent with the progress of the projects, the Company may use funds from other available resources according to the actual condition, and the funding of which will be replaced by the proceeds from the issuance once available. When the proceeds are available, the Company will prioritise their use according to the needs of the projects. In the event that the proceeds raised are less than the capital requirement of the projects, the shortage will be financed by other ways by reference to the then circumstances. Any surplus from the proceeds raised will be applied to repay the loan from financial institutions and supplement the working capital.

The proposed investment in the above projects is subject to approval from the relevant governmental authorities in the PRC and market conditions.

1) Technical renovation Engineering of Enlarging Production Scale of Dexing Mine

The Company intended to invest a total of RMB2,537.87 million in the project. During the reporting period, the actual amount invested in the project was RMB191.64 million. As at the end of the reporting period, the accumulated amount invested in the project was RMB205.94 million, representing 8% of the planned investment amount. Upon completion of the construction of the project, the current production scale will be expanded from a level of 100,000 tonnes as daily mining of ores to 130,0000 tonnes in Dexing Copper Mine. Additional copper concentrates containing 41,000 tonnes of copper, 61 kg of gold, 25.3 tonnes of silver, 1,614 tonnes of molybdenum and 87,597 tonnes of sulphur will be delivered per annum. The completion of the project will enhance the self-supply rate of the Company which raises investment efficiencies. The project is undertaken to be financed by proceeds from the exercise of the Warrants under the Bonds with Warrants in an amount of RMB6.8 billion issued by the Company in 2008. The fund invested by the Company will be replaced by the proceeds from the exercise of the Warrants when the proceeds are available. If the Warrants cannot be exercised, the Company will continue to use other sources of fund to invest in the project.

2) Tender and exploration of the rights of copper mine in Afghanistan

The Company had joined with CMCC and successfully bid the exploration rights of Aynak Copper Mine in Afghanistan, and invested RMB58.14 million to establish MCC-JCC Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司) in which the Company holds 25% equity interest. At present, the development plan for the copper mine is under demonstration.

3) Acquisition of equity interests in Northern Peru Copper Corp.

The Company had joined with China Minmetals Non-Ferrous Metals Co., Ltd. and invested RMB460 million to establish the Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司). They jointly acquired 100% equity interest in Northern Peru Copper Corp.. At present, the development plan for the mines of this company is under demonstration.

4. Progress of projects financed by non-raised proceeds

Unit: 0'000 Currency:RMB

Project	Proposed total investment	Progress of Project	Earnings from Projects
Arsenious acid Project Expansion	11,300	77%	Under construction, no earnings realised yet
Expansion project for Electrolyze	29,479	75%	Under construction, no earnings realised yet
No.5 Mine Exploitation Project	13,000	15%	Under construction, no earnings realised yet
38,000 Tonnes Copper Pipe Project	50,448	65%	Under construction, no earnings realised yet
Electric Shovel Update Dexing Copper Company Limited 2300XP	21,000	67%	Under construction, no earnings realised yet
Electromotor Update	35,520	99%	Under construction, no earnings realised yet
300,000 Tonnes Copper Smelting Project	309,953	80%	Under construction, no earnings realised yet
Total	470,700	/	/

1) Arsenious acid Project Expansion

The Company intended to invest a total of RMB113 million in the project. During the reporting period, the actual amount invested in the project was RMB13.73 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB87.09 million, representing 77% of the planned investment amount in the project.

2) Expansion project for Electrolyze

The Company intended to invest a total of RMB294.79 million in the project. During the reporting period, the actual amount invested in the project was RMB155.28 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB220.21 million, representing 75% of the planned investment amount in the project. Upon the completion of the project, the average production volume of refined copper cathode can hit 160,000 tonnes per annum.

3) No.5 Mine Exploitation Project

The Company intended to invest a total of RMB130 million in the project. During the reporting period, the actual amount invested in the project was RMB16.76 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB20.09 million, representing 15% of the planned investment for the project.

4) 38,000 Tonnes Copper Pipe Project

The Company intended to invest a total of RMB504.48 million in the project. During the reporting period, the actual amount invested in the Project was RMB10.17 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB325.39 million, representing 65% of the planned investment amount in the project.

5) Electric Shovel Update Dexing Copper Company Limited 2300XP

The Company intended to invest a total of RMB210 million in the project. During the reporting period, the actual amount invested in the project was RMB89.90 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB141.23 million, representing 67% of the planned investment amount in the project.

6) Electromotor Update

The Company intended to invest a total of RMB355.20 million in the project. During the reporting period, the actual amount invested in the project was RMB234.66 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB353.72 million, representing 99% of the planned investment amount in the project.

7) 300,000 Tonnes Copper Smelting Project

The Company intended to invest a total of RMB3,099.53 million in the project. During the reporting period, the actual amount invested in the project was RMB400.28 million. As at the end of the reporting period, the accumulated amount in the project amounted to RMB2,480.19 million, representing 80% of the planned investment amount in the project.

(XIII) REASONS AND INFLUENCE FROM CHANGES IN ACCOUNTING POLICIES OR ACCOUNTING ESTIMATES OR CORRECTION TO MATERIAL ACCOUNTING ERRORS

Changes in accounting policies accounted for retrospective adjustments

According to the China Accounting Standard Committee's ("CASC") expert opinion No.1 Q&A issued on 1 February 2007, the Production Safety Fund shall be recognised as a long-term payable and accrued in cost of products when incurred. For the utilization of the fund to pay for safety equipments and facilities, the cost of safety facilities was fully depreciated by debiting the long term payable upon the recognition of fixed assets. For the utilization of the fund to pay for safety related expenses, the long term payables will be reversed accordingly.

Pursuant to the Notice on Preparation of 2008 Annual Report in accordance with Accounting Standards for Business Enterprises issued on 26 December 2008 by the Ministry of Finance, the production safety fund and other relevant expenses accrued pursuant to relevant regulations shall be reflected as "specific reserve" under surplus reserve within the shareholders' equity. Meanwhile, retrospective adjustments shall be made.

The Group appraised the retrospective adjustments arising from the changes in accounting policies according to relevant information available, and made retrospective adjustment on the financial statement prepared in accordance with PRC GAAP. Accordingly, the surplus reserve was increased by RMB16,359,359 while the undistributed profit was decreased by RMB4,089,840 as at 31 December 2007.

(I) CHANGES IN SHARE CAPITAL

1. Statement of changes in share capital

Unit: Share

	Before the change		Increase/decrease (+, -)		After the change	
	Number	Percentage (%)	Others	Subtotal	Number	Percentage (%)
I. Shares subject to trading moratorium						
1. State-owned legal person shares	1,282,074,893	42.41	0	0	1,282,074,893	42.41
2. Other domestic shares	70,756,048	2.34	-70,756,048	-70,756,048	0	0
Total shares subject to trading moratorium	1,352,830,941	44.75	-70,756,048	-70,756,048	1,282,074,893	42.41
II. Circulating shares not subject to trading moratorium						
1. Ordinary shares denominated in RMB (A shares)	282,520,786	9.35	70,756,048	70,756,048	353,276,834	11.69
2. Overseas listed foreign shares (H shares)	1,387,482,000	45.90	0	0	1,387,482,000	45.90
Total circulating shares not subject to trading moratorium	1,670,002,786	55.25	70,756,048	70,756,048	1,740,758,834	57.59
III. Total shares	3,022,833,727	100.00	0	0	3,022,833,727	100.00

2. Statement of changes in shares subject to trading moratorium

Unit: Share

Name of shareholders	No. of shares subject to trading moratorium held at the beginning of the year	Number of shares released from trading moratorium during the year	Number of shares subject to trading moratorium increased during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release of moratorium
JCC	1,282,074,893	0	0	1,282,074,893	Shares subscribed by JCC through non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares.	27 September 2010
Guotai Junan Investment Management Co., Ltd.	13,400,000	13,400,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Suzhou Industrial Park Assets Management Co., Ltd.	10,000,000	10,000,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Minmetals Investment & Development Co., Ltd.	10,000,000	10,000,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Wuxi Guolian Development (Group) Co., Ltd.	10,000,000	10,000,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008

Name of shareholders	No. of shares subject to trading moratorium held at the beginning of the year	Number of shares released from trading moratorium during the year	Number of shares subject to trading moratorium increased during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release of moratorium
Sanjiang Aerospace Group Financial Company Limited	9,000,000	9,000,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Shanghai Rongchang Assets Management Co., Ltd.	7,600,000	7,600,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Shanghai Yuanhai Industrial Co., Ltd.	6,300,000	6,300,000	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Zhongrong International Trust & Investment Co., Ltd.	4,456,048	4,456,048	0	0	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	6 October 2008
Total	1,352,830,941	70,756,048	0	1,282,074,893	/	/

(II) ISSUE AND LISTING OF SECURITIES

1. Issue of securities for the past three years

Unit: Share Currency: RMB

Category of shares and its derivative securities	Date of issue	Issuance price *(RMB)*	Number of securities issued	Date of listing	Number of securities approved for listing	Expiry date for trading
Non-public Issue of A shares	17 September 2007	31.30	127,795,527	27 September 2007	127,795,527	—
Bonds with Warrants	22 September 2009	100.00	68,000,000 certificates	10 October 2008	68,000,000 certificates	22 September 2016
Warrants	22 September 2009	—	1,761,200,000	10 October 2008	1,761,200,000	9 October 2010

1) The Company issued 127,795,527 A shares by way of non-public issue to 9 institutions including JCC, the controlling shareholder of the Company on 17 September 2007, pursuant to the approval (Document Zheng Jian Fa Hang Zi [2007] No. 278) issued by CSRC, and as considered and approved by the 6th meeting of the fourth Board on 16 March 2007, the second extraordinary general meeting, the first class meeting for holders of A Shares and the first class meeting for holders of H Shares for 2007, as reviewed and approved by the Public Offering Review Committee of the CSRC on 2 August 2007, and approved by a document (Zheng Jian Fa Hang Zi [2007] No. 278) issued by the CSRC on 7 September 2007.

   On 27 September 2007, the Company completed the registration of newly issued shares and procedures for trading moratorium of shares as approved by China Securities Clearing and Registration Company, Shanghai Branch.

2) Approved by the CSRC through the document Zheng Jian Xu Ke [2008] No. 1102, the Company publicly issued Bonds with Warrants in an amount of RMB6.8 billion (68 million certificates of Bonds), with each certificate bearing a nominal value of RMB100 and each board lot comprises 10 certificates) on 22 September 2008. The ultimate subscribers concurrently obtained 259 warrants detached for each board lot of Bonds with Warrants, and total warrants detached amounted to 1,761,200,000.

   As approved by Shanghai Stock Exchange through the document Shang Zheng Shang Zi [2008] No. 104, the Company's corporate bonds from its RMB6.8 billion Bonds with Warrants have been listed and traded on Shanghai Stock Exchange with the bond abbreviation of "08 JCC Bond" and the trading code of "126018" since 10 October 2008.

   As approved by Shanghai Stock Exchange through the document Shang Zheng Quan Zi [2008] No. 18, 1,761,200,000 warrants distributed to holders of the Bonds with Warrants have been listed and traded on Shanghai Stock Exchange with the warrant abbreviation of "JCC CWB1" and trading code of "580026" on 10 October 2008.

2. Total shares and changes in share capital structure

On 6 October 2008, the Company's 70,756,048 A shares subject to trading moratorium were released from moratorium and approved for listing on the Shanghai Stock Exchange, representing 2.34% of the Company's total share capital. Please refer to "Statement of changes in share capital" and "Statement of changes in shares subject to trading moratorium" in this chapter for details of changes.

3. Existing staff shares

The Company had no staff shares as at the end of the reporting period.

(III) PARTICULARS OF SHAREHOLDERS AND ULTIMATE CONTROLLER

1. The number of shareholders and shareholdings

Unit: Share

The number of shareholders at the end of reporting period	143,688 shareholders in total, of which 1 was holder of tradable shares subject to trading moratorium, 142,463 were holders of tradable A shares, and 1,224 were holders of H shares.

Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholders	Shareholding Percentage *(%)*	Total number of shares held	Increase/ (decrease) during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
HKSCC Nominees Limited	Unknown	45.45	1,373,896,900	-5,462,000		Unknown
JCC	State-owned legal person	42.41	1,282,074,893	0	1,282,074,893	No
Wuxi Guolian Development (Group) Co., Ltd.	Unknown	0.33	10,000,000	0		Unknown
Sanjiang Aerospace Group Financial Company Limited	Unknown	0.30	9,000,000	0		Unknown
Shanghai 50 ETF	Unknown	0.14	4,156,059	4,156,059		Unknown
AIG-Huatai Active Growth Mixed Type Securities Investment Fund (友邦華泰積極成長混合型證券投資基金)	Unknown	0.13	3,782,120	3,782,120		Unknown
E-Fund 50 Index Securities Investment Fund (易方達50指數證券投資基金)	Unknown	0.11	3,299,930	3,299,930		Unknown
Huabao Xingye Selective Securities Investment Fund (華寶興業行業精選股票型證券投資基金)	Unknown	0.10	3,144,952	3,144,952		Unknown
Shanghai Yuanhai Industrial Co., Ltd.	Unknown	0.10	3,031,150	-3,268,850		Unknown
Penghua Dynamic Growth Mixed Type Securities Investment Fund (鵬華動力增長混合型證券投資基金(LOF))	Unknown	0.10	2,999,912	2,999,912		Unknown

(1) So far as the Directors are aware, JCC, the ultimate controller of the Company, and the other top ten shareholders are neither connected person nor parties acting in concert. The existence of such relationship amongst any other top ten shareholders is unknown.

(2) HKSCC Nominees Limited held a total of 1,373,896,900 H Shares of the Company in capacity of nominee on behalf of a number of customers, representing approximately 45.45% of the total issued share capital of the Company. HKSCC Nominees Limited is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.

Shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium	Class of shares
HKSCC Nominees Limited	1,373,896,900	Overseas listed foreign shares (H shares)
Wuxi Guolian Development (Group) Co., Ltd.	10,000,000	Ordinary shares denominated in RMB (A shares)
Sanjiang Aerospace Group Financial Company Limited	9,000,000	Ordinary shares denominated in RMB (A shares)
Shanghai 50 ETF	4,156,059	Ordinary shares denominated in RMB (A shares)
AIG-Huatai Active Growth Mixed Type Securities Investment Fund (友邦華泰積極成長混合型證券投資基金)	3,782,120	Ordinary shares denominated in RMB (A shares)
E-Fund 50 Index Securities Investment Fund (易方達50指數證券投資基金)	3,299,930	Ordinary shares denominated in RMB (A shares)
Huabao Xingye Selective Securities Investment Fund (華寶興業行業精選股票型證券投資基金)	3,144,952	Ordinary shares denominated in RMB (A shares)
Shanghai Yuanhai Industrial Co., Ltd.	3,031,150	Ordinary shares denominated in RMB (A shares)
Penghua Dynamic Growth Mixed Type Securities Investment Fund (鵬華動力增長混合型證券投資基金(LOF))	2,999,912	Ordinary shares denominated in RMB (A shares)
Huashang Leading Corporate Mixed Type Securities Investment Fund (華商領先企業混合型證券投資基金)	2,399,868	Ordinary shares denominated in RMB (A shares)
The explanation of the connected relationship and acting in concert among the aforesaid shareholders	The Company is not aware of any connected relationship among the above holders of shares not subject to trading moratorium, nor aware of any parties acting in concert as defined in "Management Method of the Information Disclosure in relation to the Changes in Shareholdings of Shareholders of Listed Companies" issued by CSRC.	

Shareholdings of the top ten holders of shares subject to trading moratorium and the conditions of trading moratorium

Unit: Share

No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium	Particulars of shares subject to trading moratorium to be listed		Conditions of trading moratorium
			Date of commencement of trading	Number of newly added shares to be listed	
1.	JCC	1,282,074,893	27 September 2010	0	Shares subscribed by JCC through non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares by the Company in September 2007.

Interests and Short Positions of Shareholders

As at 31st December 2008, 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 required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares *(Note)*	Percentage of total number of the relevant class shares *(%)*	Percentage of total issued share capital *(%)*
JCC	Tradable A shares subject to trading moratorium	Beneficial owner	1,282,074,893(L)	78.40 (L)	42.41 (L)
UBS AG	H Shares	*(Note 2)*	80,196,507(L) 28,956,108(S)	5.78(L) 2.09(S)	2.65(L) 0.96(S)
AllianceBernstein L.P.	H Shares	*(Note 3)*	110,431,000(L)	7.96(L)	3.65(L)

Note 1: L: long position; S: short position

Note 2: According to the corporate substantial shareholder notice filed by UBS AG on 24 December 2008, the H Shares were held in the following capacities:

Capacity	Number of H Shares
Beneficial owner	69,147,060(L) 17,144,004(S)
Person having a security interest in shares	0 (L) 1,147,857(S)
Interest of controlled corporation	11,049,447(L) 10,664,247(S)

Note 3: According to the corporate substantial shareholder notice filed by AllianceBernstein L.P. on 4 December 2008, the H Shares were held in the following capacities:

Capacity	Number of H Shares
Investment manager	107,837,000(L)
Interest of controlled corporation	2,594,000(L)

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 31 December 2008.

2. Particulars of Controlling Shareholder and Ultimate Controller

(1) Particulars of Controlling Shareholder

Unit: '000 Currency: RMB

Name	Legal representative	Registered capital	Establishment date	Principal Operations
JCC	Li Yihuang	2,656,150	1 July 1979	Non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing

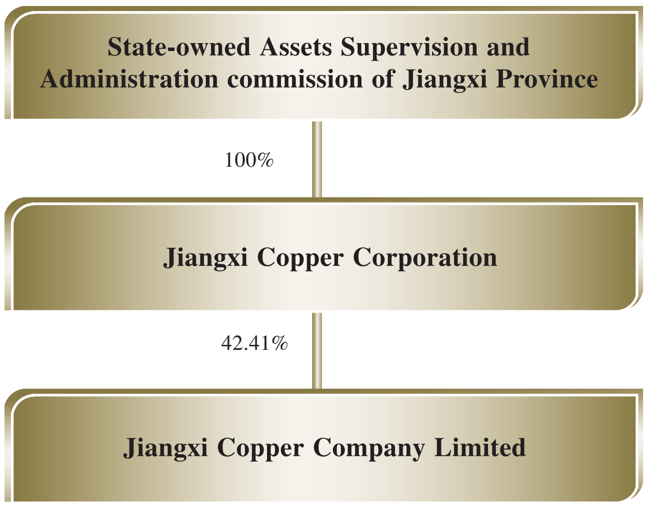
(2) Information on the ultimate controller

Name	Legal representative	Registered capital	Establishment date	Principal Operations
State-owned Assets Supervision and Administration Commission of Jiangxi Province	—	—	—	—

(3) Changes in Controlling Shareholder and the Ultimate Controller

There was no change in controlling shareholder and the ultimate controller during the reporting period.

(4) The ownership and controlling relationship between the Company and the ultimate controller



3. Other legal person shareholders with over 10% shareholding

As at the end of the reporting period, the Company had no other legal person shareholders with over 10% of shareholding of the Company.

4. Public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

5. Purchase, Sale or Redemption of Listed Securities of the Company

During the reporting period, there was no redemption of listed securities of the Company, and none of the Company or its subsidiaries had purchased or sold any of the Company's listed securities during the reporting period.

6. Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association and the relevant PRC law which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

(IV) DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Particulars of Directors, Supervisors and Senior Management

Name	Position	Sex	Age	Terms of appointment	Whether receive remuneration or allowance from the Company	Total remunerations received from the Company during the reporting period *(RMB0'000)* *(Before taxation)*	Whether receive remuneration or allowance from shareholders or other related entities
Li Yihuang	Chairman	Male	46	2007.1 - the present	Yes	81.55	No
Li Baomin	Executive Director	Male	51	April 2007 - present	Yes	81.55	No
Long Ziping	Executive Director	Male	48	April 2007 - present	Yes	81.55	No
Wang Chiwei	Executive Director and Deputy General Manager	Male	55	January 1997 - present	Yes	81.55	No
Wu Jinxing	Executive Director and Chief Financial Officer	Male	46	November 2005 - present	Yes	81.55	No
Gao Jianmin	Executive Director	Male	49	January 1997 - present	Yes	20.3	No
Liang Qing	Executive Director	Male	55	June 2002 - present	Yes	20.3	No
Kang Yi	Independent Non-executive Director	Male	68	June 2002 -June 2008	Yes	2.5	No
Wu Jianchang	Independent Non-executive Director	Male	70	June 2008 - present	Yes	2.5	No
Yin Hongshan	Independent Non-executive Director	Male	63	June 2003 - present	Yes	5	No
Zhang Rui	Independent Non-executive Director	Female	46	August 2006 - present	Yes	5	No
Tu Shutian	Independent Non-executive Director	Male	45	August 2006 - present	Yes	5	No
Wang Maoxian	Chairman of the Supervisory Committee	Male	56	June 2003 -June 2008	Yes	0	No
Li Ping	Supervisor	Male	50	June 2003 - present	Yes	52.3	No
Gan Chengjiu	Supervisor	Male	46	June 2003 - present	Yes	52.3	No
Hu Faliang	Chairman of the Supervisory Committee	Male	49	June 2008 - present	Yes	52.3	No

Name	Position	Sex	Age	Terms of appointment	Whether receive remuneration or allowance from the Company	Total remunerations received from the Company during the reporting period *(RMB0'000) (Before taxation)*	Whether receive remuneration or allowance from shareholders or other related entities
Wu Jimeng	Supervisor	Male	50	June 2008 - present	Yes	52.3	No
Liu Qianming	Supervisor	Male	46	June 2008 - present	Yes	13.1	No
Liu Yuewei	Deputy General Manager	Male	48	May 2001 - December 2008	Yes	52.68	No
Liu Jianghao	Chief Engineer	Male	47	November 2001 - present	Yes	51.24	No
Pan Qifang	Company Secretary (Domestic)	Male	44	January 2006- present	Yes	15.8	No
Tung Tat Chiu, Michael	Secretary to the Board (Hong Kong)	Male	46	January 1997 - present	Yes	5	No

Profiles of Directors, Supervisors and senior management are as follows:

1) **Li Yihuang**, a professor-grade senior engineer, is the deputy to the 11th National People's Congress and the 5th Outstanding Youthful Entrepreneurs of Jiangxi Province. Mr. Li was appointed as the Executive Director of the Company in June 2003. Mr. Li graduated from Northeast Industrial Institute as a bachelor with major in heavy smelting and from Central South University as a postgraduate. He worked in Guixin Smelter of the Company from August 1982 to January 2001, where he held the positions such as deputy director and director. Prior to the appointment of Chairman of the Company, Mr. Li held the position of Deputy Manager of JCC and the General Manager of the Company. Mr. Li is experienced in smelting business and management.

2) **Li Baomin**, a senior economist, is the Secretary of the Party Committee of JCC. Mr. Li had been appointed as the Supervisor of the Company before being appointed as the Director of the Company in April 2007. Mr. Li held a number of management positions in JCC with extensive management experience. He graduated from the Faculty of History of Jiangxi Teachers' University, the Corporate Management College of Fudan University and postgraduate programme of economics of Jiangxi Provincial Party Committee College.

3) **Long Ziping**, a senior engineer, is currently the Deputy Manager of JCC. Mr. Long graduated from Jiangxi Institute of Metallurgy majoring in smelting in 1982, and from Central South University as a postgraduate majoring in metallurgy engineering in 2001. Mr. Long had served at various operating and management positions including the Deputy Chief and the Factory Head of Guixi Smelter, the manager of JCC Guixi Smelter, the Head of Smelting Department in Guixi Smelter. He has extensive experience in operation management. Mr. Long would cease to be a Director from the date of 2008 annual general meeting of the Company due to expiry of term of office.

4) **Wang Chiwei**, a senior economist, is an arbitrator of Shanghai Arbitration Commission and Vice President of China Huaxue Mine Association. Mr. Wang graduated from Zhongnan Industrial University majoring in engineering management. He was Deputy Manager of JCC before May 2001. From December 1995 to July 1998, Mr. Wang was Deputy Director of the Shanghai Smelter. Subsequently, he has been serving as the executive Director of the Company. Mr. Wang has certain experience in business operation and sales. Mr. Wang would cease to be a Director from the date of 2008 annual general meeting due to the expiry of term of office.

5) **Wu Jinxing**, a senior accountant, is graduated from Zhejiang Metallurgical Economic Professional School in 1992 majoring in accounting, and obtained a master degree in 2007. Mr. Wu was appointed as the executive Director of the Company in November 2005. He had been the deputy head of the production and finance division and the Comprehensive Division of the Financial Department of JCC, the deputy head and head of the Financial Department of JCC Import and Export Company, deputy chief account and chief accountant of JCC Materials Equipment Company, the general management of the Financial Department of the Company, the Chief Account of Deixing Mine of the Company, and the Chief Financial Officer of the Company. Mr. Wu would cease to be a Director from the date of 2008 annual general meeting due to the expiry of term of office.

6) **Gao Jianmin**, has more than 10 years of experience in finance, industrial investment and development. He graduated from Qinghua University. Mr. Gao is also a director and general manager of International Copper Company Limited,a director of Qingling Motors Co. Ltd and a managing director of Silver Grant International Industries Limited. Mr. Gao has been a Director of the Company since its incorporation.

7) **Liang Qing**, appointed as a Director of the Company in June 2002, is currently a director and General Manager of China Minmetals H.K. (Holdings) Limited. He has abundant experience in international trading and investment.

8) **Kang Yi**, a professor-grade senior engineer, was appointed as the independent non-executive Director of the Company in June 2002. He had been Deputy General Manager of the former China National Nonferrous Metals Industry Corporation and Deputy Director of the State Nonferrous Metals Industry Management Bureau and is now the chairman of China Nonferrous Metals Industry Association and President of China Nonferrous Metals Institute. He has over 30 years of experience in management of nonferrous metals enterprise. Mr. Kang ceased to be the Company's independent Director starting from June 2008 due to expiry of term of office.

9) **Wu Jianchang**, a professor-grade senior engineer, holds a bachelor's degree. He is currently a Consultant of China Iron and Steel Association (中國鋼鐵工業協會). Mr. Wu graduated from the Hengyang Mining College (衡陽礦業學院) with a major in smelting of non-ferrous metal in 1964. He had held a number of positions, including Deputy General Manager and General Manager of Non-Ferrous Metals Industrial Corporation (有色金屬工業總公司), Deputy Director of Metallugical Department (冶金部), Director of Metallugical Bureau (冶金局), Communist Party Secretary and Deputy Chairman of the China Iron and Steel Association. Mr. Wu has been participating in the research on non-ferrous technology intelligence and has issued a number of intelligence periodical and papers. He has extensive experience in management.

10) **Yin Hongshan**, a senior economist, was appointed as the independent non-executive Director of the Company in June 2003. Mr. Yin is currently the Chief Secretary to the Metallurgical Branch of the Chinese Labour Society. He had been the Deputy Chief Economist of Jiangxi Provincial Department of Metallurgy of Jiangxi Province, Research Officer of the Development and Research Centre of Jiangxi Provincial Government and the Strategic Consultation Committee of the Jiangxi Provincial Government. Mr. Yin has over 30 years of experience in metallurgical corporate engineering technology, management and capital operation as well as human resources management. Mr. Yin graduated from Tianjin University majoring in metal physics chemistry. Mr. Yin would cease to be an independent non-executive Director from the date of 2008 annual general meeting due to expiry of term of office.

11) **Zhang Rui**, currently serves as a chair professor, doctor in Management (Accounting), and a tutor of PhD Programme in Jiangxi University of Finance and Economics. She enjoys the special subsidy from the State Council. Ms. Zhang is currently a Consultant of the Committee of China Accounting Standard, committee member of China Accounting Professor Society, vice chairman of Accounting Association of Jiangxi Province, vice chairman of Jiangxi Institute of Internal Auditors, and committee member of China Youth Society of Finance and Cost. Ms. Zhang is experienced in accounting theory and practice, auditing theory and practice and results analyze. Ms. Zhang was appointed as independent non-executive Director of the Company in August 2006.

12) **Tu Shutian**, currently serves as a professor, a tutor of the Master programme in Department of Law, and a member of the Academic Committee in Nanchang University. He was appointed as independent non-executive Director of the Company in August 2006. Mr. Tu graduated from Southwest China Institute of Political Science in 1984 with a bachelor of laws degree. Mr. Tu has served as the representative of the Ninth People's Congress and the member of Committee for Internal and Judicial Affairs since 1998, the member of the Standing Committee of the Tenth People's Congress of Jiangxi Province, the member of Commission of Legislative Affairs, the legislative consultant of the People's Government of Jiangxi Province, the director of China Institute of Procedural Law, the Deputy President of Jiangxi Institute of Procedural Law and the arbitrator of Nanchang Arbitration Commission. He has relatively high accomplishment and abundant experience in procedural law, civil and commercial law.

13) **Wang Maoxian**, was a Secretary of the Party Committee of JCC and had been appointed as the Supervisor of the Company in June 2003. He held a number of management positions and has extensive experience in finance, accounting and personnel management. Mr. Wang graduated from Central Finance and Monetary College majoring in finance and accounting. Mr. Wang ceased to be the Company's Supervisor starting from June 2008 due to job allocation.

14) **Li Ping**, a senior engineer, was the Deputy General Manager of JCC during the reporting period and had been a Director of Dexing Copper Mine. Mr. Li was appointed as the Supervisor of the Company in June 2003. Mr. Li has been working for JCC for over 20 years and has a wide range of experience in mechanical engineering, equipment and management. Mr. Li graduated from Northeast University majoring in mechanical engineering of copper mine. Mr. Li would cease to be a Supervisor from the date of 2008 annual general meeting due to expiry of term of office.

15) **Gan Chengjiu**, a senior accountant, was the Chief Accountant of JCC during the reporting period. Mr. Gan has been engaging in financial management in JCC with extensive experience in finance, accounting and assets management. Mr. Gan was appointed as the Supervisor of the Company in June 2003. Mr. Gan graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting and graduated from Jiangxi University of Finance and Economics. Mr. Gan has been appointed as the Director of the Company at the Board Meeting held on 31 March 2009 and his term of office as a Supervisor will expire upon the conclusion of 2008 annual general meeting. Thus, he ceased to be the Supervisor of the Company and becomes a candidate nominated for the election of Directors of the Company which will be considered at the annual general meeting of the year 2008.

16) **Hu Faliang**, a senior economist, was the Chairman of the Labour Union of JCC during the reporting period. Mr. Hu was appointed as the Supervisor of the Company in June 2003. Mr. Hu had been the Deputy Head of Yongping Mine, and he has extensive experience in management. Mr. Hu graduated from Zhejiang Metallurgy Economy Tertiary School with a major in planning and statistics.

17) **Wu Jimeng**, graduated from the Shenyang East-North Industry College (瀋陽東北工學院工業) in 1980 with a major in automatic engineering, and obtained a master degree in Engineering from Hunan University (湖南大學) in 2006. As a senior engineer, he acted as the Factory Director of Guixi Smelter of the Company from November 2001 to March 2008 and acted as the assistant to the General Manager of JCC from March 2008 to December 2008. Mr. Wu has been appointed as the Company's Vice General Manager at the Board Meeting held on 31 March 2009 and his term of office as a Supervisor will expire upon the conclusion of 2008 annual general meeting. Therefore, he ceased to be the Supervisor of the Company.

18) **Liu Qianming**, a senior economist, graduated from the Changsha Metallurgy Industry College (長沙冶金工業學校) in July 1982. He was the Deputy Manager of Human Resources Department of the Company from November 2001 to December 2008. Mr. Liu would cease to be a Supervisor from the date of 2008 annual general meeting due to expiry of term of office.

19) **Liu Yuewei**, a professor-grade senior engineer, had acted as the Deputy General Manager of the Company. Mr. Liu graduated from Angang Iron and Steel Institute with major in mine extraction. He worked in Dexing Copper Mine of the Company since July 1982, where he held the positions such as deputy director and director of the mine. Prior to the appointment of Deputy General Manager of the Company, Mr. Li held the position of Assistant to Manager of JCC. Mr. Li is very experienced in extraction and management. Mr. Liu ceased to be the Company's Deputy General Manager starting from December 2008 due to job allocation.

20) **Liu Jianghao**, a professor-grade senior engineer, is the Chief Engineer of the Company. Mr. Liu graduated from Jiangxi Metallurgical Institute with major in mine selection. He worked in Dexing Copper Mine of the Company since 1982, where he held the position of director of Sizhou Mine Selection Plant of Dexing Copper Mine. Mr. Liu is very experienced in mine selection and management. Mr. Liu was granted first and second prize for science and technology advancement by China Nonferrous Metallurgical Corporation for various times. Mr. Liu is granted Special Allowance by the State Council.

21) **Pan Qifang**, a senior economist, engaged in the work in relation to capital operation of the Company since 1997. He had worked for different departments such as Promotion Department of JCC, the General Manager Office, the Secretarial Office of the Company, and participated in the arrangement and implementation of capital operation schemes such as the Company's initial public offering of A shares and H shares, issue of short-term debentures, placement of H shares, merger and acquisition and non-public issue of A shares. Mr. Pan graduated from Chinese Language Literature major of Jiangxi Normal University with a Bachelor's degree of Arts.

22) **Tung Tat Chiu Michael**, is the principal of Tung & Co., the Company's Hong Kong legal advisers. He has over 10 years of experience as a practising lawyer in Hong Kong. Mr. Tung joined the Company in January 1997. Mr. Tung is also the Company Secretary of a number of companies listed in Hong Kong, and the independent non-executive director of a company listed in Hong Kong. He holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom.

2. Positions held in Shareholders' entities

Name	Name of shareholder entity	Position held	Appointment Date	End of appointment	Whether receive remuneration or allowance
Li Yihuang	JCC	General Manager	2007-01-01	Present	No
Li Baomin	JCC	Secretary to the Party Committee	2006-09-29	Present	No
Wang Maoxian	JCC	Secretary to the Disciplinary Committee	2001-01-01	2007-11-31	No
Li Ping	JCC	Deputy General Manager	2001-10-01	2008-12-31	No
Gan Chengjiu	JCC	Chief Accountant	2001-10-01	2008-12-31	No
Long Ziping	JCC	Deputy General Manager	2001-11-01	2008-12-31	No
Wu Jimeng	JCC	Assistant to General Manager	2008-3-1	2008-12-31	No
Hu Faliang	JCC	Chairman of the Labor Union	2001-10-01	2008-12-31	No

Positions held in other entities

None of Directors, Supervisors or senior management members of the Company held a position in other entities as at 31 December 2008.

3. Remuneration of Directors, Supervisors and Senior Management

1) Determination procedures for remuneration of Directors, Supervisors and senior management

The Remuneration Committee of the Board presents the Board with proposals for remunerations of Directors and Supervisors. As considered by the Board, such proposals will be submitted at the general meeting for approval.

2) Determination basis for remuneration of Directors, Supervisors and senior management

The Company adopts the policy of linking annual remuneration of the Company's senior management to performance of the Company. Remuneration of management level is determined by the Board.

Remuneration of Directors, Supervisors and senior management is determined by the Company's general meeting or resolved at the Board meeting based on their service contract and the annual results growth of the Company.

Remuneration amounts (inclusive of tax) of Directors, Supervisors and senior management of the Company are set out in the table headed "Particulars of Directors, Supervisors and Senior Management".

4. Change in Directors, Supervisors and Senior Management

Name	Position held	Reasons for resignation
Kang Yi	Independent Non-executive Director	Expiry of term of office
Wang Maoxian	Chairman of the Supervisory Committee	Job allocation

1. On 6 June 2008, the Company held the annual general meeting of the year 2007, at which the resignation of Mr. Kang Yi as independent non-executive Director of the Company was approved and Mr. Wu Jianchang was appointed as independent non-executive Director of the Company;

2. On 6 June 2008, the Company held the annual general meeting of the year 2007, at which the resignation of Mr. Wang Maoxian as a Supervisor representing the shareholders of the Company was approved and Mr. Wu Jimeng was appointed as a Supervisor representing the shareholders of the Company and Mr. Liu Qianming was confirmed as a Supervisor representing the employees of the Company.

5. Service Contracts of Directors and Supervisors and Interests in Contracts

All Directors and Supervisors have entered into services contracts with the Company up to the date of the 2008 annual general meeting of the Company to be held in the year 2009.

Pursuant to relevant provisions in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including independent non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and re-appointment. Under Company Law of the PRC, the term of office of supervisors is also three years and they are eligible for re-election and re-appointment.

Save as disclosed above, none of the Directors or Supervisors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

6. Interests of Directors, Supervisors and Chief Executive in Shares

As at 31 December 2008, none of the Directors or Supervisors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporation as recorded in the register of the Company required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (“Model Code”) set out in Appendix 10 of the Listing Rules.

7. Directors' and Supervisors' Interests in Competitive Business or Other Interests in Contracts

During the year and as at the date of this report, none of the Directors or Supervisors had any interest in any business which competes or may compete with the business of the Company as required by the Listing Rules.

As at 31 December 2008 or at any time during the reporting year, none of the Company or its holding company or its subsidiaries entered into any contracts of significance in which the Directors or Supervisors was either directly or indirectly materially interested.

8. Model code for securities transactions by Directors

During the reporting period, the Company adopted the Model Code. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the requirements of the Model Code during the reporting period.

(V) DETAILS OF EMPLOYEES

Total in-service employees	23,405	Number of retired employees for whom the Company has to pay retirement benefits	0

Explanation to details of employees

1. Arrangement for retirement benefits:

The Company, through JCC, has provided retirement insurance for its employees in compliance with the relevant provisions of Jiangxi Provincial Government. According to a consolidated services agreement entered into between the Company and JCC, the Company shall pay basic retirement benefits in the amount of 20% of the total wages of its staff to JCC. JCC shall be responsible for managing the retired employees and paying the actual retirement benefits for the retired employees. During the reporting period, the Company paid a total of RMB131.20 million as retirement benefits (2007: RMB82.20 million).

2. Employees' basic medical insurance:

Pursuant to a consolidated services agreement entered into between the Company and JCC and the requirements of the relevant department of the PRC Government, the Company shall pay a welfare fee based on 18% of the staff wages to JCC. JCC shall be responsible for unified management of the basic medical insurance for the employees of the Company and provide the employees of the Company with various social services including medical service. During the reporting period, the Company has paid a total of RMB72.60 million as welfare fee (2007: RMB58.56 million).

3. Total Wages of Employees

During the reporting period, the Company actually paid a total of RMB886.52 million (2007: RMB829.59 million) as wages to its employees (including basic salary, annual bonus and other allowance).

The structure of employees is as follows:

1. Expertise

Expertise	Number of persons
Production personnel	17,019
Technicians	1,381
Management personnel and salesmen	3,350
Others	1,655

2. Education level

Education level	Number of persons
Post-secondary or above	5,330
Technical secondary or senior secondary	11,138
Junior secondary or below	6,937

(VI) DAILY WORK OF THE BOARD

1. Board Meetings and Resolutions

Session of the meeting	Date of meeting	Resolutions	Information disclosure newspapers for publishing resolutions	Publication date of resolutions
17th meeting of the Fourth Board	16 January 2008	To consider and approve the proposal for issuance of Bonds with Warrants by the Company	Shanghai Securities News D11	23 January 2008
18th meeting of the Fourth Board	28 February 2008	To consider and approve investment in Bank of Nanchang; prepare working system for annual report of the independent directors and working procedures for annual audit of Audit Committee under the Board	Shanghai Securities News D40	29 February 2008
19th meeting of the Fourth Board	22 February 2008	To consider and approve the determination of price for shares appreciation rights granted to the Company's internal executive directors and certain senior management	Shanghai Securities News D40	25 February 2008
20th meeting of the Fourth Board	25 March 2008	To consider and approve the annual report and remuneration and bonus of the Directors, Supervisors and senior management of the Company	Shanghai Securities News D16	26 March 2008
21st meeting of the Fourth Board	23 April 2008	To consider and approve 2008 first quarterly report	Shanghai Securities News D23	23 April 2008
22nd meeting of the Fourth Board	15 May 2008	To consider and approve capital increase in Finance Company and connected transactions	Shanghai Securities News D9	13 May 2008
23rd meeting of the Fourth Board	27 June 2008	To consider and approve proposal for joint development and investment in Afghanistan copper mine	Shanghai Securities News A14	30 June 2008
24th meeting of the Fourth Board	21 July 2008	To consider the self-inspection report for special activity of corporate governance	Shanghai Securities News C19	22 July 2008
25th meeting of the Fourth Board	26 August 2008	To consider interim report and preparation of the Company's rules and regulations	Shanghai Securities News C33	27 August 2008

Session of the meeting	Date of meeting	Resolutions	Information disclosure newspapers for publishing resolutions	Publication date of resolutions
26th meeting of the Fourth Board	15 October 2008	To consider further acquisition of equity interests in Bank of Nanchang	Shanghai Securities News C12	15 October 2008
27th meeting of the Fourth Board	21 October 2008	To consider the Company's third quarterly report	Shanghai Securities News, Cover14	22 October 2008
28th meeting of the Fourth Board	23 December 2008	To consider the capital increase in Jiangxi Copper Yates Copper Foil Company and JCC Shenzhen Trading Company Limited, and the resignation of Liu Yuewei, senior management of the Company	Shanghai Securities News	24 December 2008

2. Execution of the Resolutions Passed at the General Meeting by the Board

1) On 6 June 2008, the Company's profit distribution plan for 2007 was considered and approved at the 2007 annual general meeting, pursuant to which RMB0.3 (tax inclusive) per share was distributed to all shareholders on 1 July 2008.

2) On 20 March 2008, the Company convened an extraordinary general meeting for approving the issuance of Bonds with Warrants. On 22 September 2008, the Company issued Bonds with Warrants in an amount of RMB6.8 billion at par with a nominal value of RMB100 each, with 68,000,000 certificates of Bonds issued.

(VII) PROPOSALS OF PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

The Board has recommended distributing to all shareholders a final dividend of RMB0.08 for every share (inclusive of tax) for the financial year ended 31 December 2008 (2007: RMB0.3 for share (inclusive of tax)).

Pursuant to the "Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法》and the relevant implementing rules which came into effect on 1 January 2008 and the "Notice of the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which are Overseas non-resident Enterprises"《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》issued by the State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the names of non-individual registered shareholders (including HKSCC Nominees Limited, other corporate nominees, trustees or other entities and organisations) will be treated as being held by non-resident enterprise shareholder and will therefore be subject to the withholding of the corporate income tax. Shareholders and investors should peruse the contents above carefully. If shareholders' names appear on the H Shares register of members, please refer to nominees or trust organization for details of the relevant arrangements. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the law, and withhold and pay the corporate income tax on behalf of the relevant shareholders based on the H Shares register of members of the Company as of the record date (please refer to the notice of 2008 annual general meeting to be published by the Company for details). The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any errors in the identity of the shareholders.

(VIII) DIVIDENDS DISTRIBUTED BY THE COMPANY IN THE LAST THREE YEARS

Unit: '000 Currency: RMB

Year	Cash dividends (tax inclusive)	Net profit attributable to shareholders of the Company for that year	Percentage *(%)*
2005	555,847	1,876,953	29.61
2006 *(Note)*	1,158,015	4,623,520	25.05
2007	906,850	4,132,735	21.94

Note: net profits attributable to the parent for 2006 excluded impact from business combination under common control.

Report of the Supervisory Committee

(I) WORK OF THE SUPERVISORY COMMITTEE

Meeting of the Supervisory Committee	Topic for discussion
The Company convened the 5th meeting of the fourth Supervisory Committee on 25 March 2008	To consider and approve 2007 work report of Supervisory Committee, 2007 annual report, financial report and profit distribution proposal
The Company convened the 6th meeting of the fourth Supervisory Committee on 5 June 2008	To elect new Chairman of the Supervisory Committee
The Company convened the 7th meeting of the fourth Supervisory Committee on 26 August 2008	To consider and approve the 2008 interim report

(II) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON COMPLIANCE OF THE COMPANY'S OPERATION

During the reporting period, the Company implemented surveillance over its shareholders' general meetings, the procedure for convening meetings of the Board, matters to be resolved, execution of resolutions of shareholders' general meetings by the Board, as well as the integrity, diligence and commitment of the Company's Directors and senior management, in accordance with relevant provisions of Company Law and the Articles of Association of the Company. The Supervisory Committee is of the opinion that the Company's decision-making procedure is lawful and its operation is in strict compliance with the control system. No misappropriation of the Company's funds by connected parties was found, and the Company has not provided guarantee for any connected parties, other individuals or any third parties. Directors and senior management seriously carried out their commitments in respect of integrity and diligence and did not take any actions which were in violation of laws, regulations or the Company's Articles of Association nor detrimental to the Company's interests when discharging their duties.

(III) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON EXAMINATION OF THE COMPANY'S FINANCIAL POSITION

The Supervisory Committee approved the examination and audit on the Company's financial status and financial structure and is of the opinion that the Company's financial status is sound without any significant risks. The Supervisory Committee considers that the 2008 financial reports prepared under PRC GAAP and IFRS, as audited by the domestic and overseas accounting firms, give an objective, fair and true view of the Company's financial status and operating results.

(IV) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON USE OF THE LAST RAISED PROCEEDS BY THE COMPANY

During the reporting period, there was no change in use of raised proceeds. The proceeds were invested in the projects as undertaken.

(V) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON ACQUISITION AND DISPOSAL OF ASSETS OF THE COMPANY

During the reporting period, the Company acquired assets from JCC at fair price and there was no insider trading. There was no indication of damage to minority shareholders' interests or dissipation of the Company's assets. During the reporting period, the Company did not dispose of any assets.

(VI) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON CONNECTED TRANSACTIONS OF THE COMPANY

During the reporting period, the Company's procedure for entering into connected transactions complied with the relevant provisions of the Listing Rules. The disclosure of information on connected transactions was timely and sufficient. The execution of the contracts of connected transactions was reasonable and fair and was not detrimental to the interests of shareholders or the Company.

Corporate Governance Report

(I) CORPORATE GOVERNANCE STRUCTURE

1. Special campaign for corporate governance

During the reporting period, the Company formulated improvement measures and implemented it in response to suggestions made by CSRC Jiangxi Branch on the special campaign for corporate governance launched by the Company in 2007, in strict compliance with the domestic and overseas laws, regulations and provisions including the Company Law of the People's Republic of China, the Securities Law, documents including [2008] No. 27 Doc. issued by CSRC and Gan Zheng Jian Fa [2008] No. 221 issued by CSRC Jiangxi Branch, Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules and the Model Code.

Since the launching of special campaign for corporate governance in 2007, the Company has improved corporate governance from the following aspects:

In response to the suggestions made by CSRC Jiangxi Branch, the Company addressed the problems of the insufficient one-third percentage of staff representatives in Supervisors due to job allocation of original Supervisor representing the staff and employees, improved its system construction which includes amendments to Articles of Association; formulation of Administrative Measures on Connected Transactions, Administrative Measures on Utilisation of Raised Proceeds, Management Systems for Information Disclosure, Work rules of the Independent Audit Committee, Internal Report Systems for Significant Information, Administrative Measures on Prevention of Fund Occupation by Controlling Shareholders and Connected Parties, and Administrative Measures on Shareholdings of Directors, Supervisors and senior management.

2. Corporate Governance Practices

The Company complied with the Code set out in Appendix 14 to the Listing Rules in 2008. The following text sets out the corporate governance practices adopted by the Company.

(1) Shareholders and General Meeting

The Company is committed to ensuring that all shareholders, especially minority shareholders, are ranked pari passu with each other and their rights and obligations are fully performed, meanwhile ensures shareholders' rights to know and participate in the Company's significant events as defined in relevant laws, regulations and the Articles of Association.

The convening, holding, consideration and voting procedures of the Company's shareholders' meetings were in strict compliance with relevant regulatory provisions of the places where the Company's shares are listed as well as the requirements of the Articles of Association of the Company. All shareholders' meetings were witnessed by the PRC lawyers with the representative from auditors as the scrutineer.

(2) Relationship between the Controlling Shareholder and the Company

JCC, being the controlling shareholder of the Company, performs its rights and obligations under the laws. The business between the Company and its controlling shareholder is carried out in a market and commercial principle and follows the approval procedures for connected transactions. The controlling shareholder does not override the power of the shareholders' meeting to interfere directly or indirectly in the operating activities of the Company. The Company is independent of its controlling shareholder in terms of operations, assets, organisation, finance and staff. The Board, the Supervisory Committee and the internal functions of the Company operate independently.

(3) Directors and the Board

The Board of the Company is mainly responsible for devising the Company's overall strategies including the development strategies, management structure, investment and financing, budget, financial control and human resources, as well as monitoring the operation of the Company. The Board is also responsible for formulating the operations and disclosures of the Company in accordance with the listing rules or rules and regulations of places in which the shares of the Company are listed. During the reporting period, Mr. Li Yihuang served as Chairman of the Company. The Chairman leads and supervises the operation of the Board and effectively plans Board meetings to ensure that the Board acts in the best interests of the Company. Led by the Chairman, the Board has adopted sound corporate governance and procedures and taken adequate measures for efficient communication with shareholders. The Chairman implements the Board's decisions and making daily management decisions. The power and duties of the Board and Chairman of the Company are set out in the Articles of Association.

The Board of the Company comprises 11 Directors, including 2 external executive Directors, 4 independent non-executive Directors and 3 executive Directors appointed by the ultimate controller. Members of the Board have different industrial background and professional knowledge in financial management, accounting, law, mining and metallurgy. For details of the composition of the Board, please refer to the paragraph headed "Directors, Supervisors and Senior Management" in the section "Directors, Supervisors and Senior Management" of this annual report. For the name list and profile of the members of the Board, please refer to the paragraph headed "Profile of Directors, Supervisors and Senior Management" in the section "Directors, Supervisors and Senior Management" of this annual report.

The current Board is the fourth session of the Board of the Company. The Directors' term of office commenced from 15 June 2006 and will expire upon the convening of the 2008 annual general meeting.

Currently, the Company has 4 independent non-executive Directors. Among them, Ms. Zhang Rui is the chief professor on Accounting and a tutor of PhD Programme of Jiangxi Financial University, a Director of Accounting Society of China and Hong Kong International Accounting Association. The Board considers that, Ms. Zhang, with her educational background and experience, is in compliance with the requirement set out in Rule 3.10(2) of the Listing Rules that at least one of the independent non-executive directors shall have appropriate expertise in accounting or related financial management.

The Board has not established a nomination committee. In the reporting period, the Company nominated the Director candidates in accordance with its Articles of Association and relevant regulatory requirements. Candidates for independent directorship may be nominated by the Board, the Supervisory Committee or by shareholders individually or collectively holding 1% or more of the issued shares of the Company carrying voting rights. Candidates for non-independent directorship may be nominated by the Board or the controlling shareholder of the Company. Pursuant to relevant provision in the Articles of Association of the Company, the term of office of the Chairman and other Directors (including non-executive Directors) is three years commencing from the date of their appointment or re-election and they are eligible for re-election and reappointment. Under the Company Law, the term of office of Supervisors is also three years and they are eligible for re-election and re-appointment.

The Board established the Independent Audit Committee (also known as Audit Committee) and Remuneration Committee:

(a) Independent Audit Committee

The responsibilities of the independent Audit Committee principally covers reviewing and monitoring the performance and procedures of financial reporting, reviewing the soundness and effectiveness of internal control system of the Company, considering and approving the engagement of independent auditors and the related coordination, and reviewing the related working efficiency and performance. The current Independent Audit Committee comprises 4 independent non-executive Directors of the Company, namely, Ms. Zhang Rui, Mr. Wu Jianchang, Mr. Tu Shutian and Mr. Yin Hongshan, with Ms. Zhang Rui as chairman of the Audit committee. The Secretary to the Board is also the secretary to the independent Audit Committee.

During the reporting period, the independent Audit Committee convened two meetings, each of which was attended by all members of the independent Audit Committee.

Summary report on fulfilment of duties of the Audit Committee established the Board

(1) We communicated with the Company's auditors, Ernst & Young Hua Ming, in respect of 2008 annual audit work arrangements;

(2) Before the auditor conducted auditing, we reviewed the annual financial statements for 2008 prepared by the Company, issued written opinions that such financial statements were in compliance with the PRC GAAP, and agreed to submit such financial statements to Ernst & Young Hua Ming for auditing;

(3) We reviewed matters including the auditing process, auditing findings and auditing adjustments of Ernst & Young Hua Ming and believed that the auditing work was executed in strict accordance with provisions of Independent Auditing Standards for Chinese Certified Public Accountants;

(4) Upon issue of initial auditing opinions by the auditor, we reviewed again such financial statements prepared by the Company and considered that they was appropriately prepared in accordance with requirements of the PRC GAAP, and truly and completely reflected the Company's financial position on 31 December 2008, operating results and cash flow for 2008 in significant events;

(5) We submitted to the Board the summary report on auditing work made by the auditor for last year, considering that Ernst & Young Hua Ming executed the auditing work in strict accordance with provisions of Independent Auditing Standards for Chinese Certified Public Accountants. With sufficient time for auditing and reasonable allocation on auditing personnel, the auditors were competent in respect of execution ability. The auditor's report issued by it can fully reflect the financial position of the Company on 31 December 2008 and operating results for 2008. The auditing conclusions drawn were in line with actual situation of the Company;

(6) We recommend the Company to re-appoint Ernst & Young Hua Ming and Ernst & Young Certified Public Accountants as the domestic and overseas auditors of the Company.

Signature:
Zhang Rui, Wu Jianchang, Yin Hongshan, Tu Shutian
Independent Audit Committee of Jiangxi Copper Company Limited
25 March 2009

(b) Remuneration Committee

Responsibilities of the Remuneration Committee mainly include: to recommend the Board in respect of the remuneration schemes and policies for the Directors and senior management of the Company; to recommend the Board in respect of the remuneration for the non-executive Directors; to determine the specific remunerations for all executive Directors and senior management members, comprising non-monetary benefits, pension and compensation payment; to ensure that none of the Directors or any of their respective associates determine their own remuneration; and to carry out other recommended duties set out in the Code. The current Remuneration Committee of the Company comprised 4 independent non-executive Directors including Mr. Yin Hongshan, Mr. Wu Jianchang, Mr. Tu Shutian and Ms. Zhang Rui. Mr.Yin Hongshan serves as the Chairman of the Remuneration Committee. The Secretary to the Board is also the secretary to the Remuneration Committee.

Summary report on fulfilment of duties of the Remuneration Committee of the Board

On 19 March 2008, the Company held the fourth meeting of the Fourth Remuneration Committee, which was attended by all members of the Remuneration Committee, at which the remuneration proposal for Directors (including independent non-executive Directors), Supervisors and senior management for the year of 2007 was approved, and recommendations were made to the Board.

Signature:
Yin Hongshan, Wu Jianchang, Zhang Rui, Tu Shutian
Remuneration Committee of Jiangxi Copper Company Limited
25 March 2009

(c) Board meetings

In 2008, the Board convened 12 meetings. As the Directors of the Company were often on business trips, 8 meetings were held by way of written resolutions during the reporting period. The Secretary to the Board has ensured that each Director, before making decisions, was fairly informed of the content of the resolutions and all other relevant documents, and was invited to give their opinion.

The following table sets out the attendance of each Director at the Board meetings during the year.

Name of Director	Times of required attendance in the year	Times of attendance in person	Times of attendance by proxy	Times of absence	Remarks
Li Yihuang	12	12			Abstain from voting for 2 times
Li Baomin	12	11		1	Abstain from voting for 2 times
Long Ziping	12	12			Abstain from voting for 2 times
Wang Chiwei	12	10	2		Abstain from voting for 1 time
Wu Jinxing	12	12			Abstain from voting for 2 times
Gao Jianmin	12	11	1		
Liang Qing	12	11	1		
Kang Yi	6	6			Resigned on 6 June 2008
Wu Jianchang	6	5	1		Appointed on 6 June 2008
Yin Hongshan	12	11		1	Business trip
Tu Shutian	12	12			
Zhang Rui	12	11		1	Business trip

Details of the work of the Board during the reporting period is set out in the paragraph headed "Daily work of the Board" in the section "Report of the Board" of this annual report.

With the constant services and notices provided by Secretary to the Board, all Directors of the Company are able to understand and comply with, on a timely basis, the relevant regulations promulgated by the PRC and overseas regulatory authorities. The election, re-election, term of office and duties of all Directors and the Chairman of the Company as well as the convening, holding, procedures and voting of the Board meetings were in strict compliance with the Articles of Association.

(4) Supervisory Committee

The Supervisory Committee of the Company consists of 5 Supervisors, including 2 representatives from the staff. The current Supervisory Committee is the fourth Supervisory Committee since the incorporation of the Company. Supervisors' term of office commences from 15 June 2006 and will expire upon the convening of the 2008 annual general meeting.

During the reporting period, the Supervisors of the Company exercised its supervising power, thereby safeguarding the legal interests of shareholders, the Company and its employees. For details of the work of the Supervisory Committee, please refer to "Report of the Supervisory Committee" set out in this annual report.

(5) Director's Responsibilities in Respect of Financial Statements

Under the assistance of the accounting department, the Board is responsible for preparing the financial statements for each financial year and ensuring that, in preparing such financial statements, appropriate accounting policies are adopted and applied and the PRC accounting standards and systems and IFRS are observed, to give a true and impartial view of the financial position and operating results of the Company.

(II) FULFILMENT OF DUTIES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

1. Attendance of Independent Non-executive Directors at the Board Meetings

Details of the attendance of independent non-executive Directors at the Board meetings is set out in the paragraph headed "Corporate Governance Structure" in the section "Corporate Governance Report" of this annual report.

2. Objection of Independent Non-executive Directors to the Company's Events

During the reporting period, no objection was made by the Company's independent non-executive Directors to proposals tabled at Board meetings or other matters.

3. Independence of Independent Non-executive Directors

The Board has received the confirmation letters made by all independent non-executive Directors on their independence in accordance with Rule 3.13 of the Listing Rules. The Company considers that all current independent non-executive Directors are independent persons.

(III) INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDER IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE

Independence of Business	The Company is able to operate mining, milling and smelting businesses independently with independent operation systems of supply and purchase, sale, financial management and auditing.
Independence of personnel	All senior management of the Company received remuneration from the Company. Except that some senior management members hold positions in some members of the controlling shareholder, the labour, personnel and remuneration management of the Company are fully independent.
Independence of assets	The Company owns principal assets of Dexing Copper Mine, Yongping Copper Mine, Wushan Copper Mine, Chengmenshan Copper Mine, Dongxiang Copper Mine, Yinshan Lead-Zinc Mine and Guixi Smelter, including a complete production line from mining, milling to smelting, which enable the Company to independently operate mining, milling and smelting of copper, gold and silver and processing of rare metals including molybdenum concentrates, selenium, tellurium, rhenium. The Company has an independent and complete production process. The assets of the Company are completely independent.
Independence of organizations	The Company has an independent and well-built organization structure and corporate governance structure. All departments carry out their operations independently.
Independence of finance	The Company has its own independent financial institute and accounting system. A series of accounting regulations and financial management regulations were set up. The Company maintained independent account at the bank and paid tax independently. The Company made independent financial decisions in accordance with Articles of Association of the Company and relevant regulations. JCC did not intervene in the Company's use of funds.

(IV) ESTABLISHMENT AND SOUNDNESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM

The Board takes full charge of monitoring the operation of the Company's business units. It appointed competent personnel to the Boards of all subsidiaries and associated companies of the Company which are engaged in operation of key business and also attended their board meetings to monitor the operation of those companies. The management level of each business sector shall undertake the responsibility for the operation and results of such business.

The Company has set up internal control systems according to the potential risks in and the importance of various business sectors and procedures. These systems include corporate governance, finance, sales, merchandising, futures, administration, investment and operation etc.. The internal audit department of the Company would audits and inspects, from time to time, the effectiveness of these internal control systems. The Independent Audit Committee under the Board also constantly supervises and monitors on the Company's internal control system on a regular basis or when necessary.

(V) DISCLOSURE OF SELF-EVALUATION REPORT ON THE INTERNAL CONTROL SYSTEM OF COMPANY PREPARED BY THE BOARD AND VERIFICATION OPINIONS FROM AUDITORS

1. Self-Evaluation Report on the Internal Control System of Company Prepared by the Board (full text): please refer to Appendixes to the annual report for details.

   The Company has established Internal control system.

   The Company has established Internal Review Department for Risk Control to inspect and supervise the internal control.

   The Company's Internal Review Department for Risk Control did not regularly submit reports on inspection and supervision of internal control to the Board.

2. The audit firms did not issue verification and appraisal opinions for the internal control of the Company.

(VI) THE COMPANY DISCLOSED THE REPORT ON FULFILMENT OF SOCIAL RESPONSIBILITY: PLEASE REFER TO APPENDIXES TO THE ANNUAL REPORT FOR DETAILS.

General Meetings

(I) ANNUAL GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure Newspapers for publishing resolutions	Publication date of resolutions
2007	6 June 2008	Shanghai Securities News A14	10 June 2008

(II) EXTRAORDINARY GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure Newspapers for publishing resolutions	Publication date of resolutions
The 2008 First Extraordinary General Meeting	19 February 2008	Shanghai Securities News D9	20 February 2008
The 2008 Second Extraordinary General Meeting	20 March 2008	Shanghai Securities News D40	21 March 2008

Significant Events

(I) MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigations and arbitrations during the year.

(II) MATTERS RELATED TO BANKRUPTCY AND RESTRUCTURE

The Company had no matters related to bankruptcy and restructure during the year.

(III) EXPLANATION ON OTHER SIGNIFICANT EVENTS AND INFLUENCE THEREFROM AND SOLUTION THEREON

1. Equity interests in non-listing financial enterprises held by the Company

Name of companies being held	Amount of initial investment *(RMB)*	Number of shares held *(share)*	Percentage of the company's equity *(%)*	Book value at the end of the reporting period *(RMB)*	Profit and loss occurred in the reporting period *(RMB)*	Changes in the owner's equity during the reporting period *(RMB)*	Accounting items	Ways of acquisition
Bank of Nanchang	280,000,000	100,000,000	4.20	280,000,000	0	0	Financial assets available-for-sale	Acquired from the third party

The equity investments in the above financial enterprises were stated at cost and subject to a test for impairment loss as there is no quoted market price in an active market and their fair values cannot be measured reliably.

On 24 September 2008, Jiangxi Chengkai Investment Company Limited entered into a transfer agreement with the Company, pursuant to which 40,000,000 shares and relevant interests in Bank of Nanchang held by it was transferred to the Company at price of RMB2.95 each, with transfer consideration totalling RMB118 million. As at 31 December 2008, the Company has made an advance payment of 30% of the total consideration, amounting to RMB35,400,000. As at 27 March 2009, the above equity transfer agreement has been approved by shareholders at the general meeting of Bank of Nanchang and submitted the application to China Banking Regulatory Commission for approval.

(IV) ASSET TRANSACTIONS

1. Acquisition of Assets

Unit:'000 Currency: RMB

Counterparty or ultimate controlling party	Assets acquired	Date of acquisition	Consideration	Net profit/(loss) attributable to the Company since date of acquisition to the end of the year	Net profit (loss) contributed by the assets to the Company since the beginning of the year to the end of the year (applicable for business combination under common Control)	Whether a connected transaction (if so, state the basis of pricing)	Whether the entitlement of the assets concerned are completely transferred	Percentage of net profit contributed by the assets in the total profit of the Company *(%)*	Whether the claims and debts concerned are completely transferred
JCC	Business related to its principal copper business	1 October 2008	1,585,490	N/A	509,529	Yes, with reference to the valuation	Yes *(Note 1)*	17	Yes
JCC	Mining rights of Dongxiang Copper Mine and Yinshan Lead-Zinc Mine	1 October 2008	521,309	N/A	N/A	Yes, the consideration is the same as the payment of transfer mining rights made by JCC to governmental departments	Yes	—	Yes

Note 1: as at 31 December 2008, original book value of the buildings acquired from JCC with uncompleted transfer procedures was RMB92,686,909, and net book value was RMB55,053,884. Procedures for entitlement transfer are still being processed.

(V) IMPLEMENTATION OF SHARE APPRECIATION AND ITS IMPACT

On 19 February 2008, the Company held extraordinary general meeting and considered and passed the Share Appreciation Rights Scheme for the senior management of Jiangxi Copper. Mr.Li Yihuang, the Chairman of the Company, and Mr. Li Baomin, an executive Director, were granted 92,700 H shares Appreciation Rights respectively. Executive Directors, Mr. Wang Chiwei, Mr. Long Ziping, and Mr. Wu Jinxing, and senior managers Mr. Liu Yuewei and Liu Jianghao were granted 64,900 H shares Appreciation Rights respectively. At the 19th meeting of the 4th Board held on 22 February 2008, the date of granting H-share Appreciation Rights was determined as 22 February 2008 with exercise price of HK$18.90.

As at the end of the reporting period, no Share Appreciation Rights granted were exercised or expired. The Company did not recognise share compensation cost and the liability related to such rights and has not determined the value of rights granted.

(VI) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

1. Continuing connected transactions relating to day-to-day operation

On 24 January 2007, the Board announced that the Consolidated Supply Agreement, the Consolidated Industrial Service Agreement, Consolidated Miscellaneous Services Agreement, and Consolidated Supply and Industrial Services Agreement (the "Agreements") were entered into regarding certain continuing connected transactions of the Group. The Agreements became effective upon approval by independent Shareholders of the Company at the extraordinary general meeting held on 3 April 2007 till 31 December 2009, and the annual cap limits set out in the Agreements are applicable to transaction of the whole year of 2008.

(i) The Consolidated Supply Agreement entered into between JCC and the Company for, among others, the supply of various materials by JCC and its subsidiaries and the Group ("the parties") thereto. The transaction under the agreement between the parties amounted to RMB5,504,837,000 for the year ended 31 December 2008 with details as follows:

	RMB'000
Sales of products and by products to JCC and its subsidiaries	3,464,087
Processing services provided to JCC and its subsidiaries	51,115
Processing services provided by JCC and its subsidiaries	70,392
Purchase of raw materials and auxiliary products from JCC and its subsidiaries	1,919,243
	5,504,837

(ii) The Consolidated Industrial Service Agreement entered into between JCC and the Company for, among others, the provision of industrial services by the parties thereto. The transaction under the agreement between the parties amounted to RMB398,475,000 for the year ended 31 December 2008 with details as follows:

	RMB'000
Supply of water and transmission of electricity to JCC and its subsidiaries	53,041
Sales of gases to JCC and its subsidiaries	9,786
Construction services provided by JCC and its subsidiaries	143,184
Vehicle transportation services provided by JCC and its subsidiaries	105,734
Repair and maintenance services provided by JCC and its subsidiaries	86,451
Electricity supplied by JCC and its subsidiaries	279
	398,475

(iii) The Consolidated Miscellaneous Services Agreement entered into between JCC and the Company for, among others, the provision of miscellaneous services by the parties thereto. The transaction under the agreement between the parties amounted to RMB302,181,000 for the year ended 31 December 2008 with details as follows:

	RMB'000
Brokerage agency services provided by JCC and its subsidiaries	21,296
Rentals for sharing of public facilities paid to JCC and its subsidiaries	17,597
Rental for land use rights charged by JCC and its subsidiaries	15,000
Other administrative expenses charged by JCC and its subsidiaries	11,436
Import and Export agency services provided by JCC and its subsidiaries	7,400
Rentals for office premises charged by JCC and its subsidiaries	3,405
Environmental greenery services provided by JCC and its subsidiaries	1,317
Other support services provided by JCC and its subsidiaries	806
Social welfare and support services provided by JCC and its subsidiaries:	
— welfare and medical services	85,929
— use of representative offices	3,000
— technical education services	2,400
— internal telecommunications services	607
Pension contributions paid to JCC and its subsidiaries	131,988
	302,181

Independent non-executive Directors of the Company have reviewed the above-mentioned connected transactions and confirmed: (i) the transactions have been entered into by the Company in the ordinary and usual course of the Company's business; (ii) the transactions have been entered into on normal commercial terms or on terms same as or no less favourable than terms available to or from independent third parties; and (iii) the transactions have been entered into on fair and reasonable terms so far as the shareholders of the Company are concerned.

The Company believes that by sharing production facilities and technologies of each other with JCC and taking advantages in proximity, it is necessary for the Company and JCC to provide or accept supply or sales of industrial goods from each other on an ongoing basis. The agreements governing connected transactions were entered into with a view to satisfy the Company's actual needs from its production and operation. The pricing policies for the connected transactions between the Company and JCC were determined based on the priority from State price, industry price, market price to cost plus tax. The Company's connected transactions were settled by cash in time after acceptance of goods or provision of services. The connected transactions of the Company are in strict compliance with the requirements for connected transactions.

Based on the procedures performed solely to assist the directors of the Company to fulfill the requirements as stipulated in Rule 14A.38 (1), (2), (3) and (4) of the Listing Rules for the above said connected transactions (other than those transactions where the annual value falls below the De Minimis disclosure threshold set by the Listing Rules), the Company's overseas auditor report that the above said connected transactions:

— have received the approval of the Company's board of directors;

— are in accordance with the pricing policies of the Group if the Transactions involved provision of goods or services by the Group;

— have been entered into and conducted in accordance with the relevant agreements governing the Transactions; and

— have not exceeded the caps disclosed in the Company's announcement dated 24 January 2007.

2. Connected transactions arising from acquisition and disposal of assets

For details of connected transactions arising from assets acquired, please refer to the section headed "Assets Transactions" under "Significant Events" in this report.

(VII) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, contracts and leases

(1) Custody

The Company did not have custody during the year.

(2) Contracts

The Company did not have contracts during the year.

(3) Leases

The Company did not have leases during the year.

2. Guarantees

The Company did not have guarantees during the year.

3. Asset management on trust

The Company involved in no asset management on trust during the year.

4. Other material contracts

The Company did not enter into other material contracts during the year.

(VIII) PERFORMANCE OF UNDERTAKINGS

1. Undertakings of the Company or shareholders with 5% or more interests in the Company occurred in or subsisted to the reporting period

Undertakings	Content of Undertaking	Performance
Undertaking for Share Reform	During the year following completion of the share reform plan, JCC would propose to the Company's general meeting to inject or transfer to the Company its assets which are related to copper industry and in line with corporate strategic targets of the Company.	On 17 September 2007, the Company issued 127,795,527 A shares to nine institutions including JCC by way of non-public issue and acquired certain assets of JCC.
Undertaking made in issuance	(1) On 22 May 1997, JCC undertook to the Company as follows: So far as JCC holds 30% or over of the voting rights of the Company, JCC and its subsidiaries and associated companies (except for those controlled through the Company) shall not engage in any business or activities which may directly or indirectly compete with the Company's business. Furthermore, JCC will devote utmost efforts to ensure the independency of the Board of the Company and will not impose any control thereto in accordance with the requirements of the Stock Exchange and the London Stock Exchange. 2) On 17 September 2007, JCC undertook that shares subscribed by JCC through the non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares by the Company. 3) JCC will settle the matters in relation to the concurrent posts of Mr. Li Yihuang within six months after completion of the issue of Bonds with Warrants and acquisition.	1) The Company's Board confirms that JCC has complied with the above undertakings. 2) As at the end of the reporting period, JCC did not transfer its shares in the Company. 3) Relevant authorities are handling.

(IX) APPOINTMENT AND REMOVAL OF THE AUDITORS

Whether changed the auditors: No

	Original auditors	Current auditors
Name of the domestic auditor	Ernst & Young Hua Ming	Ernst & Young Hua Ming
Years of audit service provided by the domestic auditor	2	2
Name of overseas auditor	Ernst & Young Certified Public Accountants	Ernst & Young Certified Public Accountants
Years of audit services provided by the overseas auditor	2	2

Pursuant to the requirements stipulated in the document issued by the State-owned Assets Supervision and Administration Commission of Jiangxi Province in 2006, the term of office for an intermediary agency for provision of financial settlement and auditing service to an enterprise shall not be less than 2 consecutive years but not more than 5 consecutive years. As such, the Company changed the Company's external auditors from Deloitte Touche Tohmatsu Certified Public Accountant Ltd. (domestic) and Deloitte Touche Tohmatsu (overseas) to Ernst & Young Hua Ming (domestic) and Ernst & Young Certified Public Accountants (overseas) for the year 2007.

During the reporting period, the remunerations paid by the Company to the abovementioned domestic and overseas auditors were RMB4.80 million and RMB3.60 million respectively (2007: RMB3.05 million and RMB3.05 million). The Company should also bear the miscellaneous expenses including accommodation expenses during the fieldwork period, excluding travelling expenses of the relevant auditors.

(X) PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND ULTIMATE CONTROLLER AND RECTIFICATION

During the year, none of the Company and its Directors, Supervisors, senior management, controlling shareholders and ultimate controller was a subject of any investigation, administrative punishment or criticism by CSRC or any condemnation by any securities exchange.

Auditor's Report

ERNST & YOUNG HUA MING

Ernst & Young Hua Ming (2009) Shen Zi No.60654279_B01

To the Shareholders of Jiangxi Copper Company Limited:

We have audited the accompanying financial statements of Jiangxi Copper Company Limited (the 'Company') and its subsidiaries collectively (the "Group"), which comprise the consolidated and the Company balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, these financial statements have been prepared in accordance with Accounting Standards for Business Enterprises, and present fairly, in all material aspects, the financial position of the Group and the Company as of 31 December 2008 and the results of its operations and its cash flows for the year then ended.

Mao Anning
Certified Public Accountant

Yang Lei
Certified Public Accountant

Ernst & Young Hua Ming
Beijing, the People's Republic of China

March 31, 2009

Consolidated Balance Sheet

31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	note 6	31 December 2008	31 December 2007 Restated *(note 11)*
Current assets:			
Cash	1	**4,140,323,761**	3,194,256,651
Notes receivable	2	**2,620,065,831**	3,406,362,690
Accounts receivable	3	**1,356,339,486**	1,952,252,000
Advances to suppliers	4	**761,940,509**	988,297,672
Interest receivable		**1,386,178**	1,286,840
Other receivables	5	**1,386,254,229**	1,074,077,680
Inventories	6	**6,886,053,350**	9,701,329,517
Non-current assets due within one year	15	**3,000,000**	—
Other current assets	7	**575,012,429**	278,558,183
Total current assets		**17,730,375,773**	20,596,421,233
Non-current assets:			
Available-for-sale financial assets	8	**327,400,000**	290,000,000
Long-term equity investments	9	**525,124,450**	529,064,296
Fixed assets	10	**11,793,923,906**	11,409,059,505
Construction in progress	11	**2,259,132,431**	1,352,513,131
Intangible assets	12	**1,151,535,874**	668,926,793
Exploration costs	13	**71,880,000**	—
Deferred tax assets	14	**290,264,343**	92,206,584
Other non-current assets	15	**1,000,000**	4,000,000
Total non-current assets		**16,420,261,004**	14,345,770,309
TOTAL ASSETS		**34,150,636,777**	34,942,191,542

The notes on pages 102 to 208 form an integral part of these financial statements.

LIABILITIES AND OWNERS ' EQUITY	note 6	**31 December 2008**	31 December 2007 Restated (note 11)
Current liabilities:			
Short-term loans	18	**2,962,621,173**	9,098,425,189
Notes payable	19	**86,217,573**	249,921,676
Accounts payable	20	**1,328,422,011**	1,931,135,580
Advances from customers	21	**280,116,664**	259,947,255
Employee benefits payable	22	**236,128,931**	270,850,440
Taxes payable	23	**140,660,925**	640,515,005
Interest payable		**8,058,286**	49,364,379
Dividends payable	24	**—**	3,621,217
Other payables	25	**1,051,825,680**	406,782,981
Non-current liabilities due within one year	26	**385,226,056**	524,433,261
Other current liabilities	27	**1,329,646,469**	476,801,767
Total current liabilities		**7,808,923,768**	13,911,798,750
Non-current liabilities:			
Long-term borrowings	28	**147,250,000**	810,802,920
Bonds payable	29	**4,747,884,213**	—
Long-term payables	30	**16,109,052**	28,094,211
Provision	31	**107,001,601**	48,224,000
Deferred tax liabilities	14	**78,108,874**	5,779,260
Other non-current liabilities	32	**126,383,712**	115,536,946
Total non-current liabilities		**5,222,737,452**	1,008,437,337
Total liabilities		**13,031,661,220**	14,920,236,087
Owners' equity:			
Share capital	33	**3,022,833,727**	3,022,833,727
Capital reserve	34	**5,355,255,474**	5,363,709,177
Surplus reserve	35	**6,177,137,035**	5,296,412,549
Retained earnings	36	**6,242,872,933**	5,865,559,622
Exchange fluctuation reserve		**(45,755,263)**	(4,090,600)
Equity attributable to shareholders of the Company		**20,752,343,906**	**19,544,424,475**
Minority interests	37	**366,631,651**	477,530,980
Total owners' equity		**21,118,975,557**	20,021,955,455
TOTAL LIABILITIES AND OWNERS' EQUITY		**34,150,636,777**	34,942,191,542

The financial statements on pages 88 to 208 have been signed by:

Legal representative:	Financial controller:	Head of accounting:
Li Yihuang	**Wu Jinxing**	**Qiu Ling**

The notes on pages 102 to 208 form an integral part of these financial statements.

Consolidated Income Statement

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	note 6	**For the year ended 31 December 2008**	For the year ended 31 December 2007 Restated *(note11)*
Revenue	38	**53,972,432,872**	43,337,084,671
Less: Cost of sales	38	**47,166,026,381**	36,247,628,013
Taxes and surcharges	39	**278,996,466**	168,201,962
Distribution and selling costs		**268,384,326**	189,947,703
General and administrative expenses		**1,062,427,318**	965,879,518
Financial expenses	40	**386,827,384**	400,986,174
Provision/(reversal) for impairment of assets	41	**738,388,528**	(17,025,228)
Add: Gain/(loss) from changes in fair value	42	**(78,960,839)**	32,107,000
Investment (loss)/income	43	**(988,977,618)**	62,834,549
Include: Share of (loss)/profit of the associates and a jointly controlled entity		**(22,144,859)**	12,174,942
Operating profit		**3,003,444,012**	5,476,408,078
Add: Non-operating income	44	**30,703,666**	65,847,833
Less: Non-operating expenses	45	**36,097,352**	32,982,689
Include: Loss on disposal of non-current assets		**13,123,129**	13,822,939
Total profit		**2,998,050,326**	5,509,273,222
Less: Income tax	46	**800,534,770**	854,813,130
Net profit		**2,197,515,556**	4,654,460,092
Include: Net profits of the acquired companies and businesses under common control before the acquisition		**424,227,847**	530,963,860
Attributable to shareholders of the Company		**2,285,100,597**	4,533,754,499
Minority interests		**(87,585,041)**	120,705,593
Earnings per share attributable to shareholders of the Company — Basic and diluted	47	**0.76**	1.53

The notes on pages 102 to 208 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

31 December 2008 (Restated: note 11)
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Total	Minority interests	Total equity
Balance at 1 January 2008	3,022,833,727	4,613,812,761	5,163,553,020	5,342,280,409	(4,090,600)	18,138,389,317	244,152,798	18,382,542,115
Add: Retrospective adjustment as a result of change in accounting policy *(note 3 (24))*	—	—	16,359,359	(4,089,840)	—	12,269,519	—	12,269,519
Effect of opening balance adjustment for business combination under common control *(note 6 (52))*	—	749,896,416	116,500,170	527,369,053	—	1,393,765,639	233,378,182	1,627,143,821
Balance at 1 January 2008 (Restated)	3,022,833,727	5,363,709,177	5,296,412,549	5,865,559,622	(4,090,600)	19,544,424,475	477,530,980	20,021,955,455
Changes during the year								
1. Net profit	—	—	—	2,285,100,597	—	2,285,100,597	(87,585,041)	2,197,515,556
2. Gain/(loss) directly recognized in owners' equity								
(1) Transfer to profit or loss on derivative financial instruments	—	(22,596,559)	—	—	—	(22,596,559)	—	(22,596,559)
(2) Exchange difference arising of translation of operation in Hong Kong	—	—	—	—	(1,735,116)	(1,735,116)	(1,714,207)	(3,449,323)
(3) Other equity movement from an associate	—	—	—	—	(39,929,547)	(39,929,547)	—	(39,929,547)
3. Shareholders capital contribution and reduction								
(1) Capital contribution	—	—	—	—	—	—	1,673,500	1,673,500
(2) Equity component of bonds with warrants	—	2,008,917,277	—	—	—	2,008,917,277	—	2,008,917,277
(3) Effect of business combination under common control	—	(1,585,490,072)	—	—	—	(1,585,490,072)	—	(1,585,490,072)
(4) Distributions of acquirees of business combination under common control before the acquisition date	—	(409,284,349)	—	(118,963,502)	—	(528,247,851)	—	(528,247,851)
4. Profit appropriation								
(1) Appropriation to surplus reserve	—	—	784,396,908	(784,396,908)	—	—	—	—
(2) Appropriation to special reserve	—	—	159,055,810	(159,055,810)	—	—	—	—
(3) Use of special reserve	—	—	(62,728,232)	62,728,232	—	—	—	—
(4) Appropriation to employee bonus and welfare fund	—	—	—	(1,249,180)	—	(1,249,180)	(45,121)	(1,294,301)
(5) Distribution to shareholders	—	—	—	(906,850,118)	—	(906,850,118)	(23,228,460)	(930,078,578)
Changes during the year	—	(8,453,703)	880,724,486	377,313,311	(41,664,663)	1,207,919,431	(110,899,329)	1,097,020,102
Balance at 31 December 2008	3,022,833,727	5,355,255,474	6,177,137,035	6,242,872,933	(45,755,263)	20,752,343,906	366,631,651	21,118,975,557

The notes on pages 102 to 208 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Total	Minority interests	Total equity
Balance at 1 January 2007	2,895,038,200	2,361,762,817	3,621,046,542	3,999,087,695	(1,740,229)	12,875,195,025	415,330,609	13,290,525,634
Add: Effect of opening balance adjustment for business combination under common control *(note 6 (52))*	—	610,184,736	73,031,371	327,262,813	—	1,010,478,920	400,641,081	1,411,120,001
Balance at 1 January 2007	2,895,038,200	2,971,947,553	3,694,077,913	4,326,350,508	(1,740,229)	13,885,673,945	815,971,690	14,701,645,635
Changes during the year								
1. Net profit	—	—	—	4,533,754,499	—	4,533,754,499	120,705,593	4,654,460,092
2. Gain/(loss) directly recognized in owners' equity								
(1) Change in fair value of derivative financial instruments	—	114,030,092	—	—	—	114,030,092	—	114,030,092
(2) Transfer to profit or loss on derivative financial instruments	—	(130,180,633)	—	—	—	(130,180,633)	—	(130,180,633)
(3) Exchange difference arising of translation of operation in Hong Kong	—	—	—	—	(2,350,371)	(2,350,371)	(1,923,031)	(4,273,402)
3. Shareholders capital contribution and reduction								
(1) Issue of new shares	127,795,527	2,268,200,485	—	—	—	2,395,996,012	—	2,395,996,012
(2) Acquisition of minority interests	—	(5,463,703)	—	—	—	(5,463,703)	(453,587,491)	(459,051,194)
(3) Distributions by acquirees of business combination under common control before the acquisition date	—	145,175,383	—	(234,195,469)	—	(89,020,086)	—	(89,020,086)
4. Profit appropriation								
(1) Appropriation to surplus reserve	—	—	1,573,913,274	(1,573,913,274)	—	—	—	—
(2) Appropriation to special reserve	—	—	164,230,479	(164,230,479)	—	—	—	—
(3) Use of special reserve	—	—	(135,809,117)	135,809,117	—	—	—	—
(4) Distribution to shareholders	—	—	—	(1,158,015,280)	—	(1,158,015,280)	(3,635,781)	(1,161,651,061)
Changes during the year	127,795,527	2,391,761,624	1,602,334,636	1,539,209,114	(2,350,371)	5,658,750,530	(338,440,710)	5,320,309,820
Balance at 31 December 2007	3,022,833,727	5,363,709,177	5,296,412,549	5,865,559,622	(4,090,600)	19,544,424,475	477,530,980	20,021,955,455

The notes on pages 102 to 208 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	note 6	**For the year ended 31 December 2008**	For the year ended 31 December 2007 Restated (note11)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**72,017,140,844**	55,675,137,898
Cash received from refunds of taxes		**10,629,528**	39,305,008
Cash received relating to other operating activities	48	**58,435,893**	282,458,835
Sub-total of cash inflows		**72,086,206,265**	55,996,901,741
Cash paid for goods and services		**58,821,558,196**	49,336,571,985
Cash paid to and on behalf of employees		**1,321,260,573**	1,076,249,230
Cash paid for all types of taxes		**3,640,310,706**	2,868,843,654
Cash paid relating to other operating activities	48	**2,053,659,673**	1,111,700,871
Sub-total of cash outflows		**65,836,789,148**	54,393,365,740
Net cash flows from operating activities	51	**6,249,417,117**	1,603,536,001
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from returns on investments		**5,259,417**	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**53,547,032**	44,571,607
Cash received relating to other investing activities		**19,945,195**	30,665,000
Sub-total of cash inflows		**78,751,644**	75,236,607
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**2,469,043,976**	2,629,502,482
Cash paid for acquisition of investments		**1,681,024,672**	796,286,812
Sub-total of cash outflows		**4,150,068,648**	3,425,789,294
Net cash flows from investing activities		**(4,071,317,004)**	(3,350,552,687)

The notes on pages 102 to 208 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	note 6	**For the year ended 31 December 2008**	For the year ended 31 December 2007 Restated *(note11)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**1,673,500**	2,164,838,974
Cash received from issuing bonds		**6,686,330,000**	1,000,000,000
Cash received from borrowings		**7,247,174,832**	8,838,278,008
Sub-total of cash inflows		**13,935,178,332**	12,003,116,982
Cash repayment of bonds		**1,000,000,000**	500,000,000
Cash repayment of borrowings		**12,853,089,090**	7,045,203,663
Cash paid for distribution of dividends or profits and for interest expenses		**1,379,911,688**	1,571,723,598
Including cash paid to minority interests for distribution of dividends or profits by subsidiaries		**23,228,460**	3,635,781
Sub-total of cash outflows		**15,233,000,778**	9,116,927,261
Net cash flows from financing activities		**(1,297,822,446)**	2,886,189,721
EFFECT OF EXCHANGES RATE CHANGES		**(3,809,348)**	(4,273,402)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**876,468,319**	1,134,899,633
Add: Cash and cash equivalents balance at beginning of year		**3,068,297,059**	1,933,397,426
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	49	**3,944,765,378**	3,068,297,059

The notes on pages 102 to 208 form an integral part of these financial statements.

Balance Sheet

31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	note 7	**31 December 2008**	31 December 2007 Restated *(note11)*
Current assets:			
Cash		**2,518,273,220**	2,186,547,620
Notes receivable		**1,932,729,512**	2,785,852,908
Accounts receivable	1	**947,135,936**	1,213,919,259
Advances to suppliers		**778,982,354**	824,994,033
Interest receivable		**52,524,277**	—
Other receivables	2	**1,166,033,391**	443,541,035
Inventories		**5,944,722,775**	8,780,300,514
Other current assets		**312,356,294**	22,596,559
Total current assets		**13,652,757,759**	16,257,751,928
Non-current assets:			
Available-for-sale financial assets		**315,400,000**	280,000,000
Long-term equity investments	3	**4,094,953,535**	1,496,297,842
Fixed assets		**9,444,806,917**	8,527,514,838
Construction in progress		**2,117,617,579**	1,231,789,996
Intangible assets		**1,120,932,499**	621,065,568
Exploration costs		**71,880,000**	—
Deferred tax assets		**223,393,807**	66,669,047
Total non-current assets		**17,388,984,337**	12,223,337,291
TOTAL ASSETS		**31,041,742,096**	28,481,089,219

The notes on pages 102 to 208 form an integral part of these financial statements.

Balance Sheet

31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	note 7	**31 December 2008**	31 December 2007 Restated *(note11)*
Current liabilities:			
Short-term loans		**2,306,261,309**	6,757,511,948
Notes payable		**86,217,573**	249,921,676
Accounts payable		**1,228,120,019**	1,205,153,658
Advances from customers		**116,904,418**	167,084,256
Employee benefits payable		**171,362,301**	186,779,498
Taxes payable		**82,205,787**	530,053,356
Interest payable		**7,321,828**	46,844,169
Other payables		**1,021,369,535**	449,232,036
Non-current liabilities due within one year		**99,513,136**	493,433,261
Other current liabilities		**201,759,099**	—
Total current liabilities		**5,321,035,005**	10,086,013,858
Non-current liabilities:			
Long-term borrowings		—	303,046,000
Bonds payable		**4,747,884,213**	—
Long-term payables		**16,109,052**	28,094,210
Provision		**94,576,154**	48,224,000
Deferred tax liabilities		**78,089,074**	—
Other non-current liabilities		**107,103,222**	94,636,946
Total non-current liabilities		**5,043,761,715**	474,001,156
Total liabilities		**10,364,796,720**	10,560,015,014
Owners' equity:			
Share capital		**3,022,833,727**	3,022,833,727
Capital reserve		**6,320,912,627**	4,619,183,609
Surplus reserve		**6,043,884,797**	5,160,900,214
Retained earnings		**5,289,314,225**	5,118,156,655
Total owners' equity		**20,676,945,376**	17,921,074,205
TOTAL LIABILITIES AND OWNERS' EQUITY		**31,041,742,096**	28,481,089,219

The notes on pages 102 to 208 form an integral part of these financial statements.

Income Statement of the Company

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	note 7	**For the year ended 31 December 2008**	For the year ended 31 December 2007 Restated *(note11)*
Revenue	4	**46,748,539,232**	38,065,561,733
Less: Cost of sales	4	**41,692,679,738**	32,700,713,994
Taxes and surcharges		**229,884,018**	120,670,785
Distribution and selling costs		**151,529,245**	107,312,675
General and administrative expenses		**777,430,993**	506,944,128
Financial expenses		**197,386,364**	213,576,845
Provision/(reversal) for impairment of assets		**500,184,096**	(13,777,304)
Add: Gain/(loss) from changes in fair value		**110,597,195**	—
Investment (loss)/income	5	**(669,948,370)**	69,161,992
Include: Share of (loss)/profit of the associates and a jointly controlled entity		**(13,819,770)**	12,075,496
Operating profit		**2,640,093,603**	4,499,282,602
Add: Non-operating income		**9,706,587**	20,097,674
Less: Non-operating expenses		**24,000,406**	12,206,472
Include: Loss on disposal of non-current assets		**9,420,270**	6,557,499
Total profit		**2,625,799,784**	4,507,173,804
Less: Income tax		**664,807,513**	647,234,565
Net profit		**1,960,992,271**	3,859,939,239

The notes on pages 102 to 208 form an integral part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at 1 January 2008	3,022,833,727	4,619,183,609	5,145,125,770	5,132,307,364	17,919,450,470
Add: Retrospective adjustment as a result of change in accounting policy	—	—	15,774,444	(3,943,611)	11,830,833
Effect of opening balance adjustment for business combination under common control *(note 5 (4))*	—	—	—	(10,207,098)	(10,207,098)
Balance at 1 January 2008 (Restated)	3,022,833,727	4,619,183,609	5,160,900,214	5,118,156,655	17,921,074,205
Changes during the year					
1. Net profit	—	—	—	1,960,992,271	1,960,992,271
2. Gain/(loss) directly recognized in owners' equity					
(1) Transfer to profit or loss on derivative financial instruments	—	(22,596,559)	—	—	(22,596,559)
(2) Other equity movement from an associate	—	(39,569,522)	—	—	(39,569,522)
3. Shareholders capital contribution and reduction					
(1) Equity component of bonds with warrants	—	2,008,917,276	—	—	2,008,917,276
(2) Share premium of business combination under common control	—	(245,022,177)	—	—	(245,022,177)
4. Profit appropriation					
(1) Appropriation to surplus reserve	—	—	784,396,910	(784,396,910)	—
(2) Appropriation to special reserve	—	—	138,482,502	(138,482,502)	—
(3) Use of special reserve	—	—	(39,894,829)	39,894,829	—
(4) Distribution to shareholders	—	—	—	(906,850,118)	(906,850,118)
Changes during the year	—	1,701,729,018	882,984,583	171,157,570	2,755,871,171
Balance at 31 December 2008	3,022,833,727	6,320,912,627	6,043,884,797	5,289,314,225	20,676,945,376

The notes on pages 102 to 208 form an integral part of these financial statements.

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at 1 January 2007	2,895,038,200	1,995,348,895	3,602,619,292	3,974,518,929	12,467,525,316
Add: Effect of opening balance adjustment for business combination under common control *(note 5 (4))*	—	—	—	(5,311)	(5,311)
Balance at 1 January 2007 (Restated)	2,895,038,200	1,995,348,895	3,602,619,292	3,974,513,618	12,467,520,005
Changes during the year					
1. Net profit	—	—	—	3,859,939,239	3,859,939,239
2. Gain/(loss) directly recognized in owners'equity					
(1) Change in fair value of derivative financial instruments	—	114,030,092	—	—	114,030,092
(2) Transfer to profit or loss on derivative financial instruments	—	(130,180,633)	—	—	(130,180,633)
3. Shareholders capital contribution and reduction					
(1) Issue of new shares	127,795,527	2,639,985,255	—	—	2,767,780,782
4. Profit appropriation					
(1) Appropriation to surplus reserve	—	—	1,542,506,478	(1,542,506,478)	—
(2) Appropriation to special reserve	—	—	135,618,236	(135,618,236)	—
(3) Use of special reserve	—	—	(119,843,792)	119,843,792	—
(4) Distribution to shareholders	—	—	—	(1,158,015,280)	(1,158,015,280)
Changes during the year	127,795,527	2,623,834,714	1,558,280,922	1,143,643,037	5,453,554,200
Balance at 31 December 2007	3,022,833,727	4,619,183,609	5,160,900,214	5,118,156,655	17,921,074,205

The notes on pages 102 to 208 form an integral part of these financial statements.

Cash Flow Statement of the Company

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	For the year ended 31 December 2008	For the year ended 31 December 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	**59,406,513,101**	48,161,858,749
Cash received from refunds of taxes	**—**	52,199,162
Cash received relating to other operating activities	**43,637,676**	222,119,497
Sub-total of cash inflows	**59,450,150,777**	48,436,177,408
Cash paid for goods and services	**48,403,111,132**	42,948,482,868
Cash paid to and on behalf of employees	**634,874,906**	602,954,460
Cash paid for all types of taxes	**3,065,737,177**	3,171,125,285
Cash paid relating to other operating activities	**1,748,793,106**	759,401,571
Sub-total of cash outflows	**53,852,516,321**	47,481,964,184
Net cash flows from operating activities	**5,597,634,456**	954,213,224
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from returns on investments	**17,714,800**	36,076,646
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**5,191,378**	11,675,591
Cash received relating to other investing activities	**19,000,000**	28,665,000
Sub-total of cash inflows	**41,906,178**	76,417,237
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	**2,256,974,031**	2,312,027,984
Cash paid for acquisition of investments	**2,247,024,672**	790,100,000
Sub-total of cash outflows	**4,503,998,703**	3,102,127,984
Net cash flows from investing activities	**(4,462,092,525)**	(3,025,710,747)

The notes on pages 102 to 208 form an integral part of these financial statements.

	For the year ended 31 December 2008	For the year ended 31 December 2007
CASH FLOWS FROM FINANCING ACTIVITES		
Cash received from capital contributions	—	2,164,838,973
Cash received from issuing bonds	**6,686,330,000**	1,000,000,000
Cash received from borrowings	**6,673,976,105**	5,874,994,700
Sub-total of cash inflows	**13,360,306,105**	9,039,833,673
Cash repayment of bonds	—	500,000,000
Cash repayment of borrowings	**12,937,434,904**	3,405,709,217
Cash paid for distribution of dividends or profits and for interest expenses	**1,226,687,532**	1,389,888,108
Sub-total of cash outflows	**14,164,122,436**	5,295,597,325
Net cash flows from financing activities	**(803,816,331)**	3,744,236,348
EFFECT OF EXCHANGES RATE CHANGES	—	(2,179,576)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**331,725,600**	1,670,559,249
Add: Cash and cash equivalents balance at beginning of year	**2,186,547,620**	515,988,371
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**2,518,273,220**	2,186,547,620

The notes on pages 102 to 208 form an integral part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. COMPANY INFORMATION

Jiangxi Copper Company Limited (the "Company") was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Kan Zhong Zi 003556. The Company was established on 24 January 1997 by by Jiangxi Copper Corporation ("JCC"), Hong Kong 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 and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Company has allotted 230,000,000 ordinary A shares of par value of RMB1.00 each on 21 December 2001 and was 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 at the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi [2004] No.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 SASAC of the People's Government of Jiangxi Province and the Ministry of Commerce of the PRC, as well as approved at the Company's shareholder's meeting.

According to the approval of the Company's annual general meeting of 2007 and pursuant to the sanction document of ZhengJianGuoHeZi (2007)278 issued by the CSRC, the Company non-publicly issued an aggregate of 127,795,527 A shares of par value of RMB1.00 each on 27 September 2007. After the placing, the share capital of the Company increased to RMB3,022,833,727.

According to the approval of the Company's annual general meeting of 2008 and pursuant to the sanction document of ZhengJianGuoHeZi (2008)1102 issued by the CSRC, the Company issued 6,800,000,000 detachable convertible bonds of per value of RMB100 each on 22 September 2008. The bonds and warrants were listed on Shanghai Stock Exchange. More details are given in note 6 (29).

The Company mainly engages in smelting, protracting and refining of non-ferrous metals, precious metals, non-metal mine and by-products; after-sales service for self-produced products and relevant consulting service; offshore futures hedging operations; production and processing of arsenic trioxide, sulphuric acid, oxygen, liquid oxygen, liquid nitrogen and liquid argon related to above services.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standard" and 38 specific accounting standards issued by the Ministry of Finance of the PRC in February 2006, as well as the Application Guide, interpretation and other related regulations issued after that.(Collectively, the "Accounting Standard for Business Enterprises")

The financial statements are stated on the basis of continuing operations.

Statement of Compliance with the "Accounting Standards for Bussiness Enterprises"

The financial statements for the year end 31 December 2008 present truthfully and completely the financial position of the Group and the Company as at 31 December 2008, and of its financial performance and its cash flows for 2008 in accordance with the Accounting Standards for Business Enterprises.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The financial statements are prepared based on the following accounting policies and estimates.

(1) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(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 currencies of the Group's subsidiaries, associates and joint ventures are adopted according to their own business environments and have been translated to RMB for consolidation.

(3) Basis of accounting and measurement basis

Except for certain financial instruments, the Group's accounts have been prepared on an accrual basis using the historical cost as the basis of measurement. If the assets are impaired, impairment provisions are made in accordance with the relevant regulations.

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

(4) Business combinations

The term "business combination" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. Business combinations are classified into the business combinations under common control and the business combinations not under common control.

Business combinations under common control

A business combination under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. In a business combination under common control, the party which obtains control of other combining enterprise(s) on the combination date is the merging party, the other combining enterprise(s) is (are) the merged party. The "combination date" refers to the date on which the merging party actually obtains control of the merged parties.

The assets and liabilities that the merging party obtains in a business combination shall be measured on the basis of their carrying amounts in the merged parties on the date of combination. The difference between the carrying amount of the net assets which the merging party obtains and the carrying amount of the consideration which it pays (or the total par value of the shares issued) shall adjust the capital stock premium in capital reserves. If the the capital stock premium is not sufficient to be offset, the retained earnings shall be adjusted.

The merging party's direct costs for the business combination shall be recorded in the profits and losses in the current period.

Business combinations not under common control

A business combination not under common control is a business combination in which the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. In a business combination not under common control, the party which obtains control of other combining enterprise(s) on the purchase date is the acquirer, other combining enterprise(s) is (are) the acquirees. The "acquisition date" refers to the date on which the acquirer actually obtains control of the acquirees.

For a business combination not under common control, the combination costs shall be the fair values, on the acquisition date, of the assets given, the liabilities incurred or assumed, and the equity securities issued by the acquirer, in exchange for the control of the acquiree and the direct costs for the business combination.

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.

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

(4) Business combinations *(Continued)*

Business combinations not under common control *(Continued)*

Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in profit or loss for the current period.

(5) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. A subsidiary is an entity whose financial and operating policies the Group controls, directly or indirectly.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Group's subsidiaries and are presented separately in the consolidated financial statement.

Where the parent has acquired a subsidiary or business during the reporting period through a business combination involving enterprises under common control, the acquiree's operating results and cash flows shall be incorporated in the consolidated income statement and consolidated financial statements as if the acquiree is under the control at the beginning and the comparative amounts of the consolidated financial statements of the Group shall be restated accordingly.

Where the Group has acquired a subsidiary through a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements of the acquirer from the acquisition date until the date that such control cease. In preparation of the consolidated financial statements, the financial statements of the acquired subsidiary shall be adjusted based on the fair value of the subsidiary's identifiable assets, liabilities or contingent liabilities determined at the acquisition date.

(6) 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.

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

(7) Foreign currency translation

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

Foreign currency transactions are initially recorded using the functional currency rates ruling 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 retranslated into the reporting currency using the rates of exchange ruling at the balance sheet date. All differences are taken to the income statement, except for the diferences arising from foreign currency borrowings related to the acquisition or construction of fixed assets which are qualified for capitalisation and the differences arising from foreign currency borrowings related to the outside operating net investment hedging which are dealt with in the owners' equity until the hedging is disposed. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All differences are taken to income statement or capital surplus for the current year.

The functional currencies of certain overseas entities within the Group are currencies other than RMB. These financial statements in foreign currency are translated into RMB for consolidation as follows: 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, the owner's equities (except for retained earnings) and the items of income statements are all translated into RMB at the exchange rates ruling at the transaction dates. The resulting exchange differences are included in a separate component of equity. On disposal of a foreign entity, the Group may calculate the differences arising from the translation of foreign currency statements of the part of disposal based on the disposal rate and shall shift them into the profits and losses of the current period.

For the purpose of the consolidated cash flow statement, the cash flows of the subsidiary incorporated overseas are translated into RMB at the exchange rates ruling at the dates of the cash flows. The cash difference caused by the exchange rates was recognised as an adjusted item and represent in a separate component of the cash flow.

(8) Inventories

Inventories include raw materials, work in progress, and finished goods. Inventories contains finished goods for sales purpose produced in normal operating activities, or work in progress for sales purpose which is under processing, or materials and consumables being consumed in the 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 and major product"), their production costs are apportioned among resulting finished products by reference to their sales amount at the point where those products become physically separated.

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

(8) Inventories *(Continued)*

The Company adopts perpetual inventory method.

Inventories are measured at the lower of cost and net realizable value at balance sheet day. Where the net realizable value is lower than the cost, the difference is recognized in the current period as a provision for decline in value. When the circumstances that previously caused the inventories to be written down below the cost no longer exist, the write-down shall be reversed. The reversal shall be limited to the originally amount provided for the decline in value of inventories. The amount of the reversal is included in profit or loss for the current period.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to completion and the estimated expenses and the related taxes necessary to make the sale. Provision for decline in value is made by category. For the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combintion basis.

(9) Long-term investments

Long-term investments include the investments in subsidiaries, joint ventures and associated companies. A long-term investment also include the investment of the investing enterprise that does not do joint control or does not have significant infulences on the invested enterprise, and the investment has no offer in the active market and its fair value cannot be reliably measured. A long-term investment is initially recorded at its cost on acquisition.

When the Group does not hold jointly control, or exercises no significant influence on the invested enterprise, and the investment is not quoted in an active market and its fair value cannot be reliably measured, the cost method is applied. When the Group holds control on the invested enterprise, the cost method is applied in individual financial statements.

When the cost method is adopted, the investments are initially recognised at cost, and 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 joint control, or exercises significant influence over the invested company. The term "joint control" refers to the control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one assent on sharing the control power over the relevant important financial and operating decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

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

(9) Long-term investments *(Continued)*

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 Group 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. When the Group recognizes its share of net profit of the invested enterprise, it shall adjust the financial statements of the invested entity to conform to its own accounting period and accounting policies, and make appropriate adjustments based on the fair values of the invested entity's individual separately identifiable assets etc, determine at the time of acquisition. Moreover, profits and losses arising from intra-group transactions between the enterprise (including its consolidated subsidiaries) and its associates or joint ventures shall be eliminated to the extent of the enterprise's interest in the investees, and on that basis the investment income or losses is recognised. 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 Group has incurred obligations to assume additional losses. The Group 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. When disposing of a long-term equtiy investment measured by employing the equity method, the portion previously included in the owner's equity shall be transferred to the current profits and losses according to a certain proportion.

When prepared the consolidated financial statement, the difference between the addition cost of long term equity investment for acquisition of share of minority interest and the share of the subsidiary's identifiable net assets continuously calculated by new share percentage since acquisition date or combination date shall adjust the additional capital reserves. If the additional capital reserves are not sufficient to be offset, the retained earnings shall be adjusted.

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

(10) Fixed assets

Fixed assets are tangible assets held by the Group for the production of goods, supply of services, rental or administration, and are expected to be used for more than one year.

Where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of a fixed asset, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement. Otherwise, such expenditure shall be recognized in income statement when they are incurred.

Fixed assets are initially measured at cost and the estimated discard expenses should be taken into account. The cost of a fixed asset comprises the purchase price; related taxes and any directly attributable expenditure for bring the asset to its working condition and location for its intended use.

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- 45years	3%-10%	2.00-8.08%
Equipment and machinery	8-27 years	3%-10%	3.33-12.13%
Vehicles	9-13 years	3%-10%	6.92-10.78%
Office equipment	5-10 years	3%-10%	9.00-19.40%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

(11) Construction in progress

Construction in progress is recorded at the actual cost incurred for the construction. Cost includes all expenditures incurred for construction projects, capitalized borrowing costs incurred on borrowings for the construction in progress and incurred before it has been completed and ready for its intended use, and other related expenses.

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

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

(12) Intangible assets

Intangible assets are measured on initial recognition at cost

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 Group.

The useful lives are as follow:

	Useful life
Trademarks	20 years
Mining rights	12-50 years
Land use rights	25-50 years
Others	5-20 years

The land use rights obtained by the Group are treated as intangible assets. When the Company built plants, factories and other buildings, the related land use rights shall be accounted for intangible assets and fixed assets respectively. When the buildings are purchased from the third party, the payment shall be amortized between the land use rights and fixed assets, if it can not be measured reliably, it should be recognised as property, plant and equipments.

The amorisation of a finite useful life intangible asset is calculated on the straight-line basis over the estimated useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

No matter whether there is any sign of possible assets impairment, the intangible assets with uncertain service lives shall be subject to impairment test every year. Intangible assets with uncertain service life may not be amortized. The Group checks the service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be treated according to these Standards.

(13) Exploration costs

Exploration costs include the cost of acquiring exploration rights and other costs and expenses happened in the course of exploration. And exploration costs also include the cost of topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off to the income statement.

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

(14) Financial instruments

Financial instruments refer to the contracts whereby the financial assets of an enterprise are formed, and whereby the financial liabilities or equity instruments of any other entity are formed.

Recognition and derecognition

The Group recognises a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contract of the financial instruments.

The Group derecognizes a financial asset if one of the following conditions is met (or part of financial assets, or part of the group of similar financial assets):

(i) the rights to receive cash flows from the asset have expired;

(ii) the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

(iii) the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Classification and measurement of financial assets

Financial assets are classified into one of the following four categories when they are initially recognised: i) financial assets at fair value through profit or loss; ii) held-to-maturity investments; iii) loans and receivables; iv) available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in case of financial assets not at fair value through profit or loss, directly attributable transaction losses.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to and assesses whether an embedded derivatives is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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

(14) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets may be classified as held for trading if one of the following conditions is met: (i) the financial assets is acquired for the purpose of sale in the near term; (ii) the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (iii) derivatives, including separate embedded derivative instruments, are also classified as held for trading unless they are designated as effective hedging instruments. or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments. For these assets, fair value shall be adopted for subsequence amount and realized or unrealized variation shall be charged to the profit or loss for the current period.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are calculated by the effective interest rate method and subsequently measured at amortised cost less any allowance for impairment. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost, by adopting the effective interest rate method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

(14) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. Gains or losses are recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in the income statement. Interests and dividends relating to an available-for-sale financial asset are recognized in income statement.

Investments in equity instruments, which do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at cost.

Classification and measurement of financial liabilities

Financial liabilities are classified into one of the following two categories when they are initially recognized: (i) financial liabilities at fair value through profit or loss; and (ii) other financial liabilities. For financial liabilities measured at fair value and whose variation is included in profit or loss for the current period, the transaction expenses thereof are recorded in profit or loss for the current period. For others, the transaction expenses are included their initial recognition amount.

(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 financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if one of the following conditions is met: (i) the financial liability is incurred principally for the purpose of repurchasing it in the near term; (ii) the financial liabilities is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (iii) the financial liability is a derivative, excluding the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investments for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments. Such financial liabilities are measured at fair value and both realised and unrealised variation is included in profit or loss for the current period.

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

(14) Financial instruments *(Continued)*

Classification and measurement of financial liabilities *(Continued)*

(b) Other financial liabilities

Other financial liabilities are measured at amortized cost using the effective interest rate method.

(c) Financial guarantee contracts

Financial guarantee contracts are measured, upon initial recognition, at fair value. For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, a subsequent measurement shall be made after they are initially recognized according to the higher one of the following:

i. the best estimate of the necessary expenses for the performance of the current obligation according to the balance sheet date; or

ii. the surplus after accumulative amortization as determined according to the principles of the Accounting Standards for Enterprises No. 14 - Revenues is subtracted from the initially recognized amount.

Derivative financial instruments and hedging

The Group uses derivative financial instruments (primarily commodity derivative contracts) to manage its exposure against commodity price fluctuations relating to certain forecasted transactions and its exposure against fair value change of firm commitments associated with commodity price fluctuations. Such derivative financial instruments are initially recognised 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.

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

For derivative financial instruments that do qualify for cash flow hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.

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

(14) Financial instruments *(Continued)*

Derivative financial instruments and hedging *(Continued)*

If the hedging instrument expires or is sold, terminated or exercised, or no longer satisfied the requirements of hedging accounting, hedging accounting will be terminated.

The terms of metal in copper concentrate purchase contracts with third parties contain provisional pricing arrangements whereby the purchase price for metal in concentrate is based on prevailing spot prices on a specified future period after shipment by suppliers (the "quotation period"). Adjustments to the purchase price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and four months.

The provisionally priced purchase of metal in concentrate contains an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the purchase of metals in concentrate and the embedded derivative is the forward contract for which the provisional price is subsequently adjusted. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value with subsequent changes in the fair value recognised in the income statement each period until final settlement. Changes in fair value over the quotation period and up until final settlement are estimated by reference to the quoted market prices of copper forward contract.

Bonds with warrants

On issuance of bonds with warrants, the Group will determine whether they contain a liability component and an equity component simultaneously in accordance with the terms. If it is the case, the components should be separated upon the initial recognition and accounted for separately. The component of bonds with warrants that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of bonds with warrants, the fair value of the liability component is determined using a market rate for an equivalent bond without the detachable share purchase warrants; and the remainder of the proceeds is allocated to the detachable share purchase warrants that are recognised and included in shareholders' equity. Transaction costs are apportioned between the liability and equity components of the bonds with warrants based on the allocation of proceeds to the liability and equity components when the instruments are first recognised. The liability component is carried on an amortised cost basis until redemption. The carrying amount of the detachable share purchase warrants is not remeasured in subsequent years.

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

(14) Financial instruments *(Continued)*

Fair value of financial instruments

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The objective evidence refers to the actual incurred events that, after the initial recognition of the financial asset, have an impact upon the predicted future cash flows of the financial asset, and such impact can be reliably measured by the Group.

(a) Financial assets measured at amortized cost

If there is any objective evidence that a financial asset has been impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The amount of the impairment loss is recognised in the income statement. The present value of estimated future cash flows is discounted at the financial asset's original effective interest rate, and the value of the relevant guaranty should also be taken into account.

An impairment test is made to financial assets with significant individual amounts. If any objective evidence indicates that it has been impaired, the impairment-related losses are recognized and included in profit or loss for the current period. With regard to the financial assets with insignificant individual amounts, an independent impairment test may be carried out, with financial assets with similar credit risk features conbined for the purpose of conducting an impairment-related test. If, upon an independent test, the financial assets (including those financial assets with significant individual amounts and those with insignificant amounts) are not found to have been impaired, it is included in a combination of financial assets with similar risk features, to conduct another impairment test. Financial assets that have suffered from impairment losses, in any single amount, are not included in any combination of financial assets with similar risk features for any impairment test.

If any financial asset, measured on the basis of amortized cost, is recognized as having suffered from any impairment loss, and if there is any objective evidence that can prove the value of the financial asset has been restored, and it is objectively related to events that incur after such loss is recognized, the impairment-related losses, as originally recognized, is reversed and included in profit or loss for the current period. However, the reversed carrying amount is not more than amortized cost of the financial asset on the day of reverse, under the assumption that no provision is made for the impairment.

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

(14) Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(b) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, even if the recognition of the financial asset has not stopped, the accumulative losses arising from the decrease in the fair value of the owner's equity, which was directly included, is transferred out and included into the current profits or losses. The cumulative losses that are transferred out is the surplus obtained from the initially obtained costs of the sold financial asset, after the deduction of the principal, the current fair value and the impairment-related losses, were included in profit or loss for the current period.

As for the tradable debt instruments, whose impairment-related losses have been recognized, if within the accounting period, the fair value has risen and is objectively related to the subsequent events that occur after the original impairment-related losses were recognized, the originally recognized impairment-related losses were reversed and included in profit or loss for the current period. Impairment-related losses incurred to tradable equity instrument are not reversed through profit or loss.

(c) Financial assets measured at cost

If any objective evidence that an impairment loss has been incurred on financial assets measured at cost. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

For a long-term equity investment accounted for using the cost method in accordance with the requirements of the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" and which is not quoted in an active market and its fair value cannot be measured reliably, impairment is accounted for in accordance with the above method.

Transfers of financial assets

If the Group has transferred substantially all of the risks and rewards related to the ownership of a financial asset to the transferee, the Group derecognizes the financial asset. However, if it has substantially retained all of the risks and rewards related to the ownership of a financial asset, the Group continues recognizing the asset.

When the Group neither transfer nor retain substantially all of the risks and rewards related to the ownership of a financial asset, the Group treats it as follows, according to individual circumstances: (i) if the Group relinquishes control over the financial asset, the Group derecognizes the financial asset; (ii) if the Group does not relinquish control over the financial asset, the Group, to the extent of its continuous involvement in the financial asset, recognizes it as a related financial asset and recognizes the relevant liability accordingly.

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

(15) Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interest, amortization 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; and

— 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 of 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.

Capitalization of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months. The borrowing costs incurred during these periods shall be recognized as an expense for the current period until the acquisition, construction or production is resumed.

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

(16) Impairment of assets

Impairment of assets other than inventories, deferred income tax assets, financial assets and long-term equity investments measured by employing the cost method which have no offer in the active market and the fair value cannot be reliably measured is recognized based on the following method.

The Group shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Group 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 important indication 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 Group shall estimate the recoverable amount individually. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. Identification of an asset group shall be based on whether there are major cash inflows which are independent from other assets or asset groups.

If the result of the recoverable amount calculation indicates what 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 the 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.

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

(17) 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 Group;

— 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.

A provision shall be initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as risks, uncertainties and time value of money shall be taken into account as a whole in reaching the best estimate. The Group may review the carrying amount of a provision at the balance sheet date. Where there is clear evidence that the carrying amount of a provision does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

(18) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases.

Revenue from sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, 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: (i) the amount of revenue can be measured reliably; (ii) it is probable that the associated economic benefits will flow to the company; (iii) the stage of completion of the transaction can be measured reliably and (iv) the costs incurred and to be incurred for the transaction can be measured reliably. The Group 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 recognized on a time proportion basis taking into account the principle outstanding and the effective interest rate applicable.

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

(18) Revenue *(Continued)*

Rental income

Revenue from operating leases is recognized on a straight-line basis over the lease terms.

(19) Leasing

Leases of assets where all the risks and rewards incident to ownership are in substance transferred to the lessees are classified as finance leases. All other leases are operating leases.

Lease payments under an operating lease shall be charged to the income statement or the included in the cost of related asset on the straight-line basis over the lease terms.

(20) Employee benefit

Employee benefits refer to all forms of consideration given and other relevant expenditures incurred by the Company in exchange for service rendered by employees. In the accounting period in which an employee has rendered service to the Group, the Group recognizes the employee benefits payable as a liability. When the termination benefits fall due more than one year after the balance sheet date, and if the discounted value is material, it is reflected in the present value.

The employees of the Group participate in employee social security plans managed by the local government, including pension, medical, housing and other welfare benefits. The costs are charged to relevant assets or the income statement when incurred.

(21) Income tax

Income tax comprises current and deferred tax. Current and deferred tax of a company shall be recognized as income or expense and included in income statement 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 owners' equity.

Current income tax expense is determined based on the total amount of the taxable profit for the year. The taxable profit is based on the profit before tax and adjusted according to the requirements of tax laws.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered or paid according to the requirements of tax laws.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

(21) Income tax *(Continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) that the deferred tax liability arises from: the initial recognition of goodwill or the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

(i) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in transactions that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

At the balance sheet date, the carrying amount of a deferred tax asset shall be reviewed. The Group 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.

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

(22) Production safety fund ("the Safety Fund")

According to CaiQi [2006] No 478 "Tentative Measures for the Financial Management of the Production Safety Fund for the High Risk Enterprises", issued by the Ministry of Finance ("MOF") and the Safety Production General Bureau, the Group is required to accrue a "Safety Fund", which is used to improve the production safety.

According to "Circular on Compilation of 2008 Annual Reports Prepared under Accounting Standards for Business Enterprises" issued by the MOF on 26 December 2008, the Safety Fund and other similar funds accrued by the enterprises in accordance with relevant regulations should be presented as special reserves, separate account under surplus reserve in equity. Accrual of Safety Fund is recognizeded as profit appropriation to special reserve. Capitalized expenditure is transferred to fixed assets when the asset is ready for its intended use with depreciation released to income statement. Other expenditure shall be recognized in income statement when they are incurred. When the enterprises utilise the safety fund to purchase or build security protective equipment or expenditures related to security of production, the actual expenditures should be carried over within equity until the special reserve becomes zero. If the enterprises do not follow accounting treatment required by above regulations, the enterprises should propose adjustment retrospectively.

(23) Significant accounting judgments and accounting estimates

Estimation uncertainty

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

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of "significant" or ''prolonged" requires judgment. When the fair value declines, management makes an assessment about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

Impairment of non-current assets

Where an indication of impairment exists, or when annual impairment testing for a non-current asset is required (other than non-current assets classified as held for sale), the non-current asset's recoverable amount is estimated. A non-current asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the Group cannot obtain the market price of the assets or groups of assets, it undertakes value in use calculations, which require estimation of the present value of future cash flows. These assessments require the use of estimates and assumptions such as long-term commodity price, discount rates, future capital requirement, exploration potential and operating performance.

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

(23) Significant accounting judgments and accounting estimates *(Continued)*

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies. If the estimated useful lives changed significantly adjustment of depreciation will be provided in the future period.

Impairment of loans, trade and other receivables

Provision for impairment of loans, trade and other receivables is made based on an assessment of the recoverability of loans, trade receivables and other receivables. The identification of doubtful debts requires management's judgment and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which such estimate has been changed.

Mineral reserves

Technical estimates of the Group's mining reserves are inherently imprecise and represent only approximate amounts because of the subjective judgments involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before the estimated mining reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as prices and cost levels and technical information change from year to year, the estimates of proved and probable mining reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortisation rates for mine related assets and are used in assessing impairment losses.

Deferred tax assets

To the extent that it is probable that the deferred tax assets will ultimately be realised, deferred tax asset shall be recognized. Judgment regarding the timing and amont of future taxable profit, and considerations to tax planning strategies, are needed when estimating the amont of deferred tax asset.

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

(23) Significant accounting judgments and accounting estimates *(Continued)*

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only the approximate amounts because of the subjective judgments involved in the estimation of the costs. Environment rehabilitation obligations are subject to a considerable amount of uncertainties which affects 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. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation.

Exploration cost

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the income statement in the period when the new information becomes available.

(24) Changes in accounting policies

Retrospective adjustment adopted for change in accounting policies

According to the China Accounting Standard Committee's ("CASC") expert opinion No.1 Q&A issued on 1 February 2007, the Safety Fund shall be recognized as a long-term payable and accrued in production cost when incurred. For the utilization of the fund to pay for safety equipment and facilities, the cost of safety facilities was fully depreciated by debiting the long term payable upon the recognition of fixed assets. For the utilization of the fund to pay for safety related expenses, the long term payables will be reversed accordingly.

According to "Circular on Compilation of 2008 Annual Reports Prepared under Accounting Standards for Business Enterprises" issued by the MOF on 26 December 2008, the Safety Fund and other similar funds withdrawn by the enterprises should be presented as special reserve, separate account under surplus reserves in equity. The accounting treatment should be applied retrospectively. More details about accounting policies of safety fund are given in note 3 (35).

According to the relevant information, the Group assessed accumulated impact from change in accounting policies for safety fund, and restated the financial statement retrospectively, which cause an increase in surplus reserve by RMB 16,359,359 and a decrease in retained earnings by RMB 4,089,840.

(Expressed in Renminbi Yuan)

4. TAXATION

The Group's main tax items and rate are as follows:

Value Added Tax	According to the Provisional Regulations of the Peoples Republic of China on Value Added Tax ("VAT"), sales of goods are subject to VAT. Output VAT is calculated at 17% on revenue from principal operations except for gold (which is free of VAT), sulphuric concentrate, molybdenum and water-supply income (which is 13% on revenue). The input VAT paid when purchasing the raw material, works in progress, heat and power can be credited against the output VAT. The Group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business Tax	Business tax is calculated and paid at 3% or 5% of operating income.
Resource Tax	Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. Pursuant to the Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc. (Cai Shui [2007] No.100), from 1st August 2007, the range of resource tax rate is RMB5-7/ton for copper ore and RMB10/ton for lead and zinc ore.
Mineral Resources Compensation Fee	Pursuant to the State Council No150, Provisions on the Administration of Collection of the Mineral Resources Compensation and the Jiangxi Government No.35, Provisions on the Administration of Collection of the Mineral Resources Compensation of Jiangxi, the mineral resources compensation fee shall be caculated as follows: Mineral resources compensation fee= sales income of mineral products x compensation rate x the mining recovery coefficiency rate Mining recovery coefficiency rate = approved mining recovery rate/actual mining recovery rate Pursuant to the Table for Rates of Mineral Resources ,the rate applicable shall be 2%, 2.8% or 4%.
Income Tax — parent company	According to the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, the provision for PRC current income tax is based on a statutory rate 25% of the assessable profit of the Company. The rate changed from 33% to 25% (16.5% for 2007 during the year).

4. TAXATION *(Continued)*

Income
Tax — subsidiaries

The income tax rate for the Company's subsidiaries, except for Jiangxi Copper Products Company Limited ("JCPC"), Sichuan Kangtong Copper Company Limited ("Kangtong Copper"), Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu"), Jiangxi Copper Yates Copper Foil Company Limited ("Yates"), Jiangxi Copper (Leongchang) Precise Pipe Company Limited ("Leongchang Copper Pipe"), JCC Finance Company Limited ("Finance Company"), Jiangxi Copper Shenzhen Trading Company Limited("SZJX"), Jiangxi Copper Shanghai Trading Company Limited("SHJX"), Xiamen Trading Company ("Xiamen Trading"), JCC Copper Products Company Limited("Copper Products"), Manufacturing Company Limited("Guangxin Electric Device"), Sure Spread Company Limited ("Sure Spread") is 25%.

Exemption from income taxation for first two years, 50% reduction for the next three years

Upon approval of Gui Guo Shui Fa [2006] No.20 issued by the State Tax Bureau of Guixi City, Jiangxi Province, JCPC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. The effective income tax rate for 2008 is 12.5% and the rate for 2007 is 15%.

Since Kangtong Copper is set-up as aproductive foreign-funded enterprise, Kangtong Copper shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 July 2006. Kangtong Copper was exempted from income tax in 2007 and the first half year of 2008. With a 50% reduction of income tax allowed, its effective income tax rate is 12.5% since 1 July 2008.

Since JCAC is set-up as a productive foreign-funded enterprise, JCAC shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2007. The first profit-making year is 2007 and JCAC is exempted from income taxation during the year of 2007 and 2008.

Since Wengfu is set-up as a productive foreign-funded enterprise, Wengfu shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2008. The first profit-making year is 2008 and Wengfu is exempted from income taxation during the year of 2008.

Yates and Leongchang are foreign-funded enterprises in Jiangxi Nanchang National High and New Technology Industry Develoment Zones JXCC Industry Zones. According to the Law of the People's Republic of China on Income Tax of Enterprises with Foreign Investment and Foreign Enterprises and the Notice Relating the Enterprise Income Tax Preferential Policy for Enterprises which has Technology Innovation (Cai Shui[2006]No.88),Yates and Leongchang shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years.Yates and Leongchang have not been profitable up to 31 December 2008.

(Expressed in Renminbi Yuan)

4. TAXATION *(Continued)*

Income Tax — subsidiaries *(continued)*	Exemption from income taxation for first year, 50% reduction for next two years The Finance Company is a foreign-funded enterprise with the approval of the China Banking Regulatory Commission and the Ministry of Commerce of the PRC. Pusuant to the Rules for the Implementation of the Income Tax Law of PRC for Enterprises with Foreign Investment and Foreign Enterprises, Guoshui Hanfa [1995] No.138 and the reply of Guixi Tax Office (Guiguoshuihan [2007] No 34), the finance company shall be exempted from income tax in 2007 and allowed a 50% reduction of income tax in 2008 and 2009, the effective rate for 2008 is 9%. Exemption from income taxation for Special Ecnomic Zones SZJX, SHJX and Xiamen Trading are registered in Shenzhen Special Ecnomic Zone, Shanghai Pudong Special Zone and Xiamen Special Ecnomic Zone. The applicable income tax rate is 18% for 2008 and 15% for 2007. Exemption from income taxation for the Hong kong Special Administrative Region of PRC Sure Spread pays profits tax at a rate of 16.5% in Hong Kong. (17.5% for 2007). Transitional Preferential Policies concerning Enterprise Income Tax The Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax Guo Fa [2007] No.39 was enacted in 26 December 2007 Based on the New Corporate Income Tax Law and the notification Guo Fa [2007] No.29, for SZJX, SHJX and Xiamen Trading and Finance Company who enjoy lower tax rates before, the Corporate Income Tax rate will be gradually integrated to the new rate of 25% on a 5-year basis The applicable tax rates will be 18% for 2008, 20% for year 2009, 22% for year 2010, 24% for year 2011 and 25% for year 2012. In accordance with the New Corporate Income Tax Law effective from 1 January 2008 and the above Notification, JCPC, Kangtong Copper, JCAC, Wengfu, Yates, Leongchang and Finance Company can continue to enjoy their tax holiday until the expiration date. However, for enterprises which are entitled to, but have not yet commenced the tax holiday due to continuing losses, the tax holiday is considered to have started from the year 2008. The enterprise can only choose either the transitional tax incentive policy or new corporate tax law and regulations for their best interest.
Cities Construction Tax	The Group paid urban construction tax at a rate of 1%, 5% or 7% of turnover tax paid.
Education Supplementary Tax	The Group paid education supplementary tax at a rate of 3% or 4% of turnover tax paid
With holding of individual income tax	The Group is required to withhold individual income tax on salaries paid to its employees.

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES

The Group's main subsidiary companies are as follow:

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest- ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
Xiaoshan Copper Chemical Co, Ltd. ("Xiaoshan Tongda")	Zhejiang Hangzhou April 1997	Sale of sulphuric acid	RMB	1,000	600	60%	—	60%	60%	
JCPC	Jiangxi Guixi March 2002	Production of copper industrial materials	RMB	225,000	246,879	100%	—	100%	100%	
Kangtong	Sichuan Xichang September 1996	Sale of copper materials,precious metal materials and sulphuric acid	RMB	140,000	80,000	57.14%	—	57.14%	57.14%	
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	Shanxi Diaoquan May 1998	Sale of copper materials precious metal materials and sulphuric concentrate	RMB	76,158	35,000	45.96%	—	45.96%	66.76%	note1
Sure Spread	Hong Kong January 2005	Import and export trading and related limited tech service	HKD	50,000	27,500	55%	—	55%	55%	
JCAC	Jiangxi Guixi February 2005	Manufacture sale of copper and copper alloy rods and wires	RMB	199,500	229,509	100%	—	100%	100%	
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu")	Jiangxi Shangrao May 2005	Manufacture sale of sulphuric acid and lay products	RMB	181,500	127,050	70%	—	70%	70%	
SZJX	Shenzhen June 2006	Sale of copper products	RMB	330,000	330,000	100%	—	100%	100%	note2
SHJX	Shanghai Pudong June 2006	Sale of copper products	RMB	20,000	20,000	100%	—	100%	100%	
Jiangxi Copper Beijing Trading Company Limited ("BJJX")	Beijing July 2006	Sale of copper products	RMB	10,000	10,000	100%	—	100%	100%	

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest- ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	Jiangxi Dexing October 2004	Manufacture sale of sulphuric acid and lay products	RMB	42,630	47,485	100%	—	100%	100%	
JCC Yinshan Mining Company Limited ("Yinshan Mining")	Jiangxi Dexing July 2003	Development of resources of copper, gold, silver, lead zinc and sulphur	RMB	30,000	354,488	100%	—	100%	100%	note3
JCC (Dexing) Construction Company Limited ("Dexing Construction")	Jiangxi Dexing July 2005	Provision of construction and installation services; development and sale of construction materials	RMB	20,000	45,751	100%	—	100%	100%	note3
JCC Dexing Explosion Company Limited. ("Dexing Explosion")	Jiangxi Dexing February 2003	Blasting engineering, etc; production and sales of pressure bearable gas locks	RMB	1,000	3,414	—	100%	100%	100%	note3
JCC Dongtong Mining Company Limited ("Dongtong Mining")	Jiangxi Dongxiang July 2003	Development of resources of copper, silver, tungsten and sulphur	RMB	9,000	125,025	100%	—	100%	100%	note3
JCC Guixi Logistics Company Limited ("Guixi Logistics")	Jiangxi Guixi March 2002	Provision of transportation services	RMB	40,000	72,871	100%	—	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest-ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
JCC Guixi Automobile Maintenance Company Limited ("Guixi Automobile")	Jiangxi Guixi July 1999	Maintenance of carriages, trucks, cars and construction machinery; sales of spare parts and complete construction machines	RMB	1,000	1,000	—	100%	100%	100%	note3
JCC Guixi New Materials Company Limited ("Guixi Material")	Jiangxi Guixi December 1994	Processing and extraction of rare metals from the residue and waste	RMB	60,000	276,684	100%	—	100%	100%	note3
JCC Ruichang Transportation Company Limited ("Ruichang Transportation")	Jiangxi Ruichang October 2002	Provision of transportation services	RMB	1,800	3,590	100%	—	100%	100%	note3
JCC (Qianshan) Industrial Trade Company Limited ("Qianshan Trading")	Jiangxi Qianshan January 2006	Provision of repair and maintenance services for mining equipment	RMB	15,000	20,142	100%	—	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group investment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration")	Jiangxi Qianshan October 2000	Manufacture of beneficiation drugs, fine chemicals, rubber items and other industry and civilian products	RMB	10,200	14,456	—	100%	100%	100%	note3
JCC (Qingshan) Mine Engineering Company Limited ("Qianshan Mining Project")	Jiangxi Qianshan January 2006	Provision mining project and construction services, sale of rock and stones	RMB	8,000	13,200	100%	—	100%	100%	note3
JCC (Dexing) New Mining Technology Development Company Limited ("Dexing Mining")	Jiangxi Dexing January 2000	Production and sale of copper concentrate, molybdenum concentrate, sulphur concentrate, and related products, such as beneficiation drugs and lubes	RMB	44,996.3	156,172	100%	—	100%	100%	note3
JCC (Dexing) Waste Metal Recycle Company Limited ("Dexing Recycling")	Jiangxi Dexing October 2005	Collection of copper concentrate and other mining products from the residue and waste	RMB	3,836	19,000	100%	—	100%	100%	note3
JCC Machinery Foundry Company Limited ("Mechanical Manufacturing")	Jiangxi Dexing January 1997	Provision of special equipment, processing of spare parts and provision of repair, production and installation services for electrical and hydraulic pressure equipment	RMB	110,528	117,023	100%	—	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest-ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
JCC Dexing Equipment Manufacturing Company Limited ("Dexing Equipment")	Jiangxi Dexing July 1999	Processing, manufacture and sale of each kind of brake valve, cyclone and spare parts of mining equipment	RMB	1,430	1,548	—	100%	100%	100%	note3
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	Jiangxi Fuzhou August 1998	Production of copper and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steels processing; machines work and reclaiming waste steel	RMB	29,000	22,609	—	74.97%	74.97%	74.97%	note3
JCC Dexing Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	Jiangxi Dexing December 1997	Production of alloy grinding pebble and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	RMB	34,100	60,404	—	100%	100%	100%	note3
JCC Ruichang Manufacturing Company Limited ("Ruichang Manufacturing")	Jiangxi Ruichang March 2003	Manufacture and sale of new type of ductile iron ball parameters, each kind of wear resistant material and products; machinery processing	RMB	2,602	3,223	—	100%	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest-ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	Jiangxi Dongxiang July 2005	Recovery and sale of disused metal	RMB	500	500	—	100%	89.99%	89.99%	note3
JCC Exploration Company Limited ("Geology Exploration")	Jiangxi Dexing September 2004	Provision of services relating to searching, exploration of mine and examination of mine reserve, engineering work on geological investigation on site; engineering work for foundation for site; prevention of geological issues and site surveying	RMB	15,000	18,145	100%	—	100%	100%	note3
JCC Jing Hang Engineering Company Limited ("Drilling Project")	Jiangxi Ruichang September 2003	Providing mining services	RMB	20,296	31,790	100%	—	100%	100%	note3
Xiamen Trading Company ("Xiamen Trading")	Fujian Xiamen March 2004	Sales of products	RMB	1,080	3,127	100%	—	100%	100%	note3
Hangzhou Tongxin Company Limited ("Hangzhou Trading")	Zhejiang Hangzhou July 2000	Sales of metal, ore and chemical products	RMB	2,000	25,453	100%	—	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest-ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelter")	Jiangxi Guixi Augest 1999	Development of new chemical technologies and new products	RMB	2,000	20.894	100%	—	100%	100%	note3
JCC (Dexing) Gangue Recycle Company Limited ("Dexing Recycling")	Jiangxi Dexing December 2006	Collection and sale of copper products	RMB	4,921	17,396	100%	—	100%	100%	note3
JCC Copper Products Company Limited ("Copper Products")	Jiangxi Guixi December 2003	Processing of metal products	RMB	186,391	217,712	98.89%	—	98.89%	98.89%	note3
JCC Guangxin Electric Device Manufacturing Company Limited ("Guangxin Electric Device")	Jiangxi Guixi September 1989	Production and sale of copper rods and wires	RMB	120,477	120,477	—	100%	98.89%	98.89%	note3
JCC Recycling Company Limited ("Copper Recycling")	Jiangxi Guixi November 2005	Collection and sale of metal scrap	RMB	3,000	3,000	—	100%	98.89%	98.89%	note3
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry")	Jiangxi Guixi March 1993	Provision of repair and maintenance services for production facilities and machinery equipment	RMB	20,300	27,599	100%	—	—	100%	note3
JCC Finance Company Limited ("Finance Company")	Jiangxi Guixi December 2006	Provision of deposit, loan, guarantee and financing consultation services to related parties	RMB	300,000	246,556	78.33%	1.67%	80%	80%	note3
Shanghai Jiangxi Copper International Shipping Agency Limited Company ("Shanghai Agency")	Shanghai October 2003	Provision of clearance services with customs in the PRC for import products and sale of metal products	RMB	6,000	14,896	100%	—	100%	100%	note3

5. SCOPE OF CONSOLIDATION AND SUBSIDIARIES *(Continued)*

The Group's main subsidiary companies are as follow: *(Continued)*

Name of subsidiary	Place and date of establishment and operations	Principal activities	Paid up/ registered capital		Group invest-ment	Attributable equity interest of the Company			Vote	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*	*Final*		
Jiangxi Copper Yates Copper Foil Company Limited ("Yates")	Jiangxi Nanchang June 2003	Production and sale of copper foil	RMB	453,600	392,767	89.77%	—	89.77%	89.77%	note3 note4
Jiangxi Copper (Leongchang) Precise Pipe Company Limited ("Leongchang Copper Pipe")	Jiangxi Nanchang August 2005	Production and sale of copper pipe and other copper pipe products	RMB	300,000	174,957	75%	—	75%	75%	note3
Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi")	Jiangxi Nanchang May 2005	Production and sale of enameled wires and provision of repair and consulting services	USD	16,800	64,705	70%	—	70%	70%	note3
Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	Jiangxi Nanchang September 2008	Manufacturing of thermoelectric semi-conductor and provision of related services	RMB	100,000	20,000	—	95.24%	95.24%	95%	note3
Zhaojue Fenye Smelting Company Limited ("Fengye")	Sichuan Zhaojue September 2006	Production and sale of electro deposited copper and related products; developing the technologies and providing services	RMB	10,000	6,500	—	65%	47.86%	65%	note3
Loyal sky industrial Company Limited ("Loyal sky")	Hong Kong September 2002	Trading of copper products	HKD	10	24	—	100%	100%	100%	note5

Note1. In June 2004, the Company bought a 45.957% interest (RMB35,000,000) in Diaoquan Silver and Copper. The Company made an agreement with a third party who holds a 20.8% equity interest in this entity whereby the Company is entrusted with the third party's voting rights, and hence the Company has the power to govern the financial and operating policies of Diaoquan Silver and Copper. Therefore, this entity is consolidated by the Group.

Note2. In December 2008, the Company injected RMB300 million capital into a subsidiary, SZJX. As at 31 December 2008, the registered capital increased from RMB30 million to RMB330 million.

Note3. During the year, the Company acquired these entities through business combinations involving entities under common control. Further details of these acquisitions are included in note6(52) to the financial statements.

Note4. In December 2008, the Company injected RMB268 million into Yates. After this capital injection, the Company invested RMB407.2 million and the proportion of the share capital increased from 75% to 89.77%.

Note5. In September 2008, a subsidiary of the Company, SZJX acquired a 100% equity interest in Loyal Sky from an entity controlled by JCC, Jiangxi Copper Southern (Hong Kong) Co., Ltd.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash

	31 December 2008			31 December 2007 Restated *(Note11)*		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on hand						
— RMB			**246,226**			277,519
— HKD	**4,795**	**0.8819**	**4,197**	1,102	0.9364	1,032
— JPY	**2,272**	**0.0757**	**172**	952	0.0641	61
— GBP	**1**	**9.8798**	**10**	—		—
			250,605			278,612
Cash in banks						
— RMB			**3,890,010,307**			2,904,656,632
— USD	**7,477,830**	**6.8346**	**51,107,975**	16,985,973	7.3046	124,075,737
— HKD	**3,313,638**	**0.8819**	**2,922,264**	41,000,969	0.9364	38,392,487
— AUD	**100,400**	**4.7135**	**473,234**	128,558	6.4540	829,709
— EUR	**86**	**9.6590**	**834**	5,983	10.6669	63,820
— JPY	**2,100**	**0.0757**	**159**	974	0.0641	62
			3,944,514,773			3,068,018,447
Others						
— RMB			**195,558,383**			125,959,592
			4,140,323,761			3,194,256,651

As at 31 December 2008, Athe restricted amount of cash is RMB195,558,383 (31 December 2007: RMB125,959,592) More details are given in note 6 (17).

As at 31 December 2008, Athe amount of cash stored in overseas currencies is RMB28,975,156 (31 December 2007: RMB141,231,275).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(2) Notes receivable

	31 December 2008	31 December 2007 Restated *(Note11)*
Bank accepted notes	**2,571,987,601**	3,346,746,812
Commercial accepted notes	**48,078,230**	59,615,878
	2,620,065,831	3,406,362,690

As at 31 December 2008, the amount of RMB1,821,630,773 bank accepted and commercial accepted notes have been discounted to secure short- term bank borrowings (31 December 2007: RMB2,039,779,053) and the amount of RMB101,746,942 bank accepted notes have been endorsed (31 December 2007: RMB75,200,292).

As at 31 December 2008, the Group's balance due from a shareholder who holds more than 5% of the shares of the Company is Nil. (31 December 2007: RMB1,590,000). More details are given in note 8 (5) "Relationships and transactions of related parties".

(3) Accounts receivable

The credit period is generally three months, extending up to one year for major customers. Accounts receivables are non-interest-bearing.

The ageing analysis of accounts receivable is as below:

	31 December 2008	31 December 2007 Restated *(Note11)*
Within 1 year	**1,391,589,553**	1,947,512,454
1-2 years	**3,702,106**	3,955,810
2-3 years	**581,082**	4,005,605
Over 3 years	**137,265,697**	134,274,261
Less: Bad debt provision	**(176,798,952)**	(137,496,130)
	1,356,339,486	1,952,252,000

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(3) Accounts receivable *(Continued)*

	31 December 2008			
	Balance	%	Bad debt provision	%
Individually significant	1,066,244,976	69.55%	83,816,474	7.86%
Others	466,893,462	30.45%	92,982,478	19.92%
	1,533,138,438	100.00%	176,798,952	11.53%

	31 December 2007 Restated *(Note11)*			
	Balance	%	Bad debt provision	%
Individually significant	1,518,997,827	72.69%	71,236,691	4.69%
Others	570,750,303	27.31%	66,259,439	11.61%
	2,089,748,130	100.00%	137,496,130	6.58%

The movement of bad debt provision on accounts receivable is as below:

	Beginning balance	Additions	Decreases		Ending balance
			Revesals	Written off	
2008	137,496,130	43,072,313	(365,526)	(3,403,965)	176,798,952
2007	145,876,707	12,485,302	(15,543,134)	(5,322,745)	137,496,130

	31 December 2008	31 December 2007 Restated *(Note11)*
Total amount of five largest debtors	**549,182,253**	586,722,162
Percentage in total accounts receivable	**35.82%**	28.08%
Ageing of accounts receivable	**within 1 year**	within 1 year

As at 31 December 2008, the Group's balance due from a shareholder who holds more than 5% of the shares of the Company is RMB1,345,359 (31 December 2007: RMB1,838,637). More details are given in note 8 (5) "Relationships and transactions of related parties".

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(4) Advances to suppliers

The ageing analysis of advances to suppliers is as below:

	31 December 2008		31 December 2007 Restated *(Note11)*	
	Balance	**%**	Balance	%
Within 1 year	**704,770,600**	**92.50%**	944,135,933	95.53%
1-2 years	**46,983,838**	**6.17%**	42,829,014	4.33%
2-3 years	**9,175,788**	**1.20%**	414,238	0.04%
Over 3 years	**1,010,283**	**0.13%**	918,487	0.10%
	761,940,509	**100.00%**	988,297,672	100.00%

As at 31 December 2008, the balances with ageing over one year are mainly advances to suppliers for uncompleted purchase contracts of project and equipment.

As at 31 December 2008, the Group's balance due from a shareholder who holds more than 5% of the shares of the Company is RMB615,712. (31 December 2007: RMB716,652). More details are given in note 8 (5) "Relationships and transactions of related parties".

Management of the Group is of the opinion that no bad provision is necessary at balance sheet date.

(5) Other receivables

The ageing analysis of other receivables is as below:

	31 December 2008	31 December 2007 Restated *(Note11)*
Within 1 year	**1,348,907,585**	1,049,716,475
1-2 years	**27,516,746**	23,777,474
2-3 years	**5,017,040**	1,590,962
Over 3 years	**30,968,902**	29,659,453
Less: Bad debt provision	**(26,156,044)**	(30,666,684)
	1,386,254,229	1,074,077,680

	31 December 2008			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	1,258,752,423	89.12%	—	—
Others	153,657,850	10.88%	26,156,044	17.02%
	1,412,410,273	100.00%	26,156,044	1.85%

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(5) Other receivables *(Continued)*

	31 December 2007 Restated *(Note11)*			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	960,845,369	86.97%	—	—
Others	143,898,995	13.03%	30,666,684	21.31%
	1,104,744,364	100.00%	30,666,684	2.78%

As at 31 December 2008, the Group's balance of deposits for commodity derivative contracts is RMB418,696,578 (31 December 2007: RMB269,787,514)

Purstant to pricing mechanism used in the copper concentrate contracts between the Group and its suppliers, the Group pays provisional price at the time of shipment, while the final invoiced purchase price for metals in concentrate is subject to price adjustment feature which is based on the monthly-average quoted market prices of a specified month subsequent to the date of shipment or delivery. The redundancy of provisional payment over the final invoice will be returned back by suppliers. As at 31 December 2008, the redundancy amounted to RMB840,055,845 is recorded in other receivables (31 December 2007: RMB 130,000,830).

Movement of bad debt provision on other receivables is as below:

	Beginning balance	**Additions**	**Decreases**		**Ending balance**
			Revesals	**Written off**	
2008	**30,666,684**	**921,300**	**(2,412,560)**	**(3,019,380)**	**26,156,044**
2007	41,335,354	1,982,346	(9,892,565)	(2,758,451)	30,666,684

	31 December 2008	31 December 2007 Restated *(Note11)*
Total amount of five largest debtors	**835,172,575**	684,835,417
Percentage in total other receivables	**59.13%**	61.99%
Ageing of other receivable	**within 1 year**	within 1 year

As at 31 December 2008, the Group's balance due from a shareholder who holds more than 5% of the shares of the Company is Nil (31 December 2007: RMB571,643,977. More details are given in note 8 (5) "Relationships and transactions of related parties".

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6) Inventories

	31 December 2008	31 December 2007 Restated *(Note11)*
Raw materials	**3,005,930,940**	2,199,260,902
Work in process	**3,823,889,319**	6,768,222,655
Finished goods	**684,745,890**	782,727,365
Less: Provisions	**(628,512,799)**	(48,881,405)
	6,886,053,350	9,701,329,517

As at 31 December 2008, Athe restricted amount of inventories is RMB131,184,744 (31 December 2007: RMB120,903,462). More details are given in note 6 (17).

The movement of inventory provision is as below:

2008

	Beginning balance	**Additions**	**Decreases**		**Ending balance**
			Revesals	**Written off**	
Raw materials	662,235	406,665,487	—	—	407,327,722
Work in process	69,476	101,230,227	(69,476)	—	101,230,227
Finished goods	48,149,694	72,400,239	(595,083)	—	119,954,850
	48,881,405	580,295,953	(664,559)	—	628,512,799

2007 *(Restated note 11)*

	Beginning balance	**Additions**	**Decreases**		**Ending balance**
			Revesals	**Written off**	
Raw materials	1,032,877	—	—	(370,642)	662,235
Work in process	529,323	—	(40,851)	(418,996)	69,476
Finished goods	54,871,432	664,558	(6,680,884)	(705,412)	48,149,694
	56,433,632	664,558	(6,721,735)	(1,495,050)	48,881,405

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other current assets

		31 December 2008	31 December 2007 Restated *(Note11)*
Short term loan to the related parties	(i)	**262,557,135**	223,854,624
Commodity derivative contracts	(ii)		
— Under hedge accounting		**—**	22,596,559
— Not under hedge accounting		**99,000**	32,107,000
Embedded Derivative-Provisional price terms	(iii)	**312,356,294**	—
		575,012,429	278,558,183

(i) As at 31 December 2008, loans to related parties are provided by a subsidiary of the Company, Finance Company. The short term loans' interest rates range from 4.37% to 7.84% per annum (2007: 5.43% to 7.34%) and will be repaid from 4 January 2009 to 30 December 2009. More details are given in note 8 (5) "Relationships and transactions of related parties".

(ii) Commodity derivative contracts represent the gains/(losses) arising from changes of fair value for those undelivered commodity derivative contracts.

Commodity derivative contracts-Under hedge accounting

As at 31 December 2007, the fair value of commodity derivative contracts in relation to copper cathode designated as cash flow hedges of the Group according to RMB22,596,559 were recognized in the balance sheet. These Commodity derivative contracts are designated as highly effective hedging instruments in order to manage the Group's exposure in relation to forecasted sales of copper cathode.

The terms of commodity derivative contracts have been negotiated to much the timing of the forecasted sales of copper cathode. These unrealized gains are released to the income statement when the designated sales of copper cathode occur.

As at 31 December 2008, there are no commodity derivative contracts designated as hedging instruments or qualified under hedge accounting.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(7) Other current assets *(Continued)*

(ii) Commodity derivative contracts *(Continued)*

Commodity derivative contracts-Not under hedge accounting

The Group also utilizes commodity derivative contracts to manage its exposure to forecasted purchases of copper concentrate and copper cathode and firm commitments of sales of copper rods and wires. These arrangements are designed to address significant fluctuations in the price of copper concentrate and copper related products which move in line with the price of copper cathode. However, this arrangement is not considered as an effective hedge according to requirement of Accounting Standards for Business Enterprises 24-Hedye Accounting. The unrealized gains or losses arising from the change in fair value of the derivative instruments are recognized in the income statement. As at the balance sheet date, the expected arrival period of the forecasted purchases of copper concentrate and copper cathode is from January 2009 to April 2009 and the expected delivery period of the firm commitments of sales of copper rods and wires is from January 2009 to July 2009.

(iii) Purstant to pricing mechanism used in the copper concentrate contracts between the Group and its suppliers, the Group pays provisional price at the time of shipment, while the final invoiced purchase price for metals in concentrate is subject to price adjustment feature which is based on the monthly-average quoted market prices of a specified month subsequent to the date of shipment or delivery. As at balance sheet date, since final pricing of certain copper concentract contracts has not been determined, it is subject to variability of the copper cathode prices. It has identified that an embedded derivative exists and the derivative component has been separated from its host agreement once the significant risks and rewards of ownership have been transferred to the Group, and is recognised at fair value with subsequent changes in the fair value recognised in the income statement each period until final settlement.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(8) Available-for-sale investments

	Investment cost	Opening balance Restated *(Note 11)*	Addition	Ending balance
Available-for-sale investments:				
Nanchang Bank	280,000,000	280,000,000	—	280,000,000
Liangshan Mining Co., Ltd (“Liangshan Mining”)	10,000,000	10,000,000	—	10,000,000
Kebang Telecom (Group) Co., Ltd (“KebangTelecom”)	5,610,000	5,610,000	—	5,610,000
Gantian Wan Mining in Luchang Town Huili County (“ Gantian Wan Mining”)	2,000,000	—	2,000,000	2,000,000
Subtotal		295,610,000	2,000,000	297,610,000
Advanced to Nanchang Bank	35,400,000	—	35,400,000	35,400,000
Less: Impairment provision		(5,610,000)	—	(5,610,000)
		290,000,000	37,400,000	327,400,000

As at 31 December 2008, the Group’s unlisted equity investments represent the Group’s 4.20% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining and 0.4% equity interest in Kebang Telecom and 11.13% equity interest in Gantian Wan Mining. These unlisted equity investments were stated at cost and subject to an annual impairment assessment because there is no quoted market price in an active market and their fair values cannot be measured reliably.

The Company entered into a share transfer agreement with Jiangxi Kaicheng Investment Co., Ltd. on 24 September 2008 to acquire 40 million shares and the related equity interest of Bank of Nanchang at a price of RMB2.95 per share with total consideration of RMB118 million. As at 31 December 2008, the Company has made an advance payment of 30% of the total consideration, amounting to RMB35,400,000. As at 27 March 2009, the above share transfer transaction has been approved by the shareholders meeting of Bank of Nanchang and submitted the application to the China Banking Regulatory Commission for approval.

Notes to the Financial Statements

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Long-term equity investments

2008

		Investment cost			Share of net profit		Other equity movement from associate		
	Investment cost	Opening balance	Addition	Accumulated additions	Opening balance	Increase/ (decrease)	Opening balance	Increase/ (decrease)	Ending balance
Equity method:									
Investment in associates									
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals")	460,000,000	460,000,000	—	460,000,000	(130,825)	(4,948,897)	—	(39,761,078)	415,159,200
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	58,134,560	—	58,134,560	58,134,560	—	(1,272,703)	—	191,556	57,053,413
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited ("Qing Yuan")	36,000,000	36,000,000	—	36,000,000	12,520,573	(19,116,150)	—	—	29,404,423
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	6,186,812	—	6,186,812	—	—	—	(360,025)	5,826,787
Jiangxi Fortune Transportation Industry Company Limited ("Jiangxi Fortune")	480,000	480,000	—	480,000	221,989	192,402	—	—	894,391
Investment in jointly-controlled entity									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited ("Jiangtong Bioteq")	14,100,000	14,100,000	—	14,100,000	(314,253)	3,000,489	—	—	16,786,236
Total	574,901,372	516,766,812	58,134,560	574,901,372	12,297,484	(22,144,859)	—	(39,929,547)	525,124,450

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Long-term equity investments *(Continued)*

2007 Restated *(Note 11)*

		Investment cost			Share of net profit		Other equity movement from associate		
	Investment cost	Opening balance	Addition	Accumulated additions	Opening balance	Increase/ (decrease)	Opening balance	Increase/ (decrease)	Ending balance
Equity method:									
Investment in associates									
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals")	460,000,000	—	460,000,000	460,000,000	—	(130,825)	—	—	459,869,175
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited ("Qing Yuan")	36,000,000	—	36,000,000	36,000,000	—	12,520,573	—	—	48,520,573
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	—	6,186,812	6,186,812	—	—	—	—	6,186,812
Jiangxi Fortune Transportation Industry Company Limited ("Jiangxi Fortune")	480,000	480,000	—	480,000	122,542	99,447	—	—	701,989
Investment in jointly-controlled entity									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited ("Jiangtong Bioteq")	14,100,000	—	14,100,000	14,100,000	—	(314,253)	—	—	13,785,747
Total	516,766,812	480,000	516,286,812	516,766,812	122,542	12,174,942	—	—	529,064,296

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(9) Long-term equity investments *(Continued)*

The financial information in respect of the Group's associates and jointly-controlled entity is set out below:

	%	Registration place	Principal business	Registered capital Currency	Registered capital '000
Investment in associates					
Jiangxi Copper Minerals	40%	China	Investment company	RMB	1,150,000
MCC-JCL	25%	Afghanistan	Manufacture and sale of copper products	USD	2,800
Qing Yuan	40%	China	Manufacture and sale of copper products	RMB	90,000
Asia Sure Spread	49%	Japan	Import and export of copper products	JPY	200,000
Jiangxi Fortune	40%	China	Transportation service	RMB	1,200
Investment in jointly-controlled entity					
Jiangtong Bioteq	50%	China	Recover the copper metals from industrial waste water	RMB	28,200

	31 December 2008 Total Assets RMB'000	31 December 2008 Total Liabilities RMB'000	2008 Revenue RMB'000	2008 Net (loss)/ profit RMB'000
Investment in associates				
Jiangxi Copper Minerals	3,578,033	2,540,135	—	(12,372)
MCC-JCL	778,177	549,963	—	(5,091)
Qing Yuan	514,088	440,577	1,555,617	(47,790)
Asia SureSpread	15,130	—	—	—
Jiangxi Fortune	3,623	1,388	8,959	481
Investment in jointly controlled entity				
Jiangtong Bioteq	36,861	3,289	18,477	6,001

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10) Fixed assets

2008

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2008	5,830,515,480	11,755,465,274	1,089,709,553	116,924,676	18,792,614,983
Additions	59,186,497	49,327,694	34,637,707	4,104,475	147,256,373
Transferred from construction in progress	268,532,462	768,049,224	168,853,686	2,813,511	1,208,248,883
Disposals	(58,384,863)	(38,733,101)	(13,924,174)	(824,877)	(111,867,015)
31 December 2008	6,099,849,576	12,534,109,091	1,279,276,772	123,017,785	20,036,253,224
Accumulated depreciation					
1 January 2008	(1,967,526,836)	(4,674,961,637)	(673,816,905)	(55,066,802)	(7,371,372,180)
Charge for the year	(204,378,131)	(539,671,382)	(60,054,401)	(9,824,757)	(813,928,671)
Disposals	12,889,308	21,586,917	8,828,335	736,464	44,041,024
31 December 2008	(2,159,015,659)	(5,193,046,102)	(725,042,971)	(64,155,095)	(8,141,259,827)
Impairment provision					
1 January 2008	(5,464,898)	(6,718,400)	—	—	(12,183,298)
Additions	(77,438,779)	(11,967,069)	(3,055,927)	—	(92,461,775)
Write-offs	499,437	3,076,145	—	—	3,575,582
31 December 2008	(82,404,240)	(15,609,324)	(3,055,927)	—	(101,069,491)
Net book value					
31 December 2008	3,858,429,677	7,325,453,665	551,177,874	58,862,690	11,793,923,906
1 January 2008	3,857,523,746	7,073,785,237	415,892,648	61,857,874	11,409,059,505

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10) Fixed assets *(Continued)*

2007 Restated *(Note 11)*

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2007	4,707,218,412	9,179,300,808	1,051,501,508	110,363,307	15,048,384,035
Additions	106,093,966	32,678,546	833,597	3,484,040	143,090,149
Transferred from construction in progress	1,088,867,088	2,628,719,510	63,997,488	3,388,584	3,784,972,670
Disposals	(71,663,986)	(85,233,590)	(26,623,040)	(311,255)	(183,831,871)
31 December 2007	5,830,515,480	11,755,465,274	1,089,709,553	116,924,676	18,792,614,983
Accumulated depreciation					
1 January 2007	(1,807,870,990)	(4,267,640,836)	(653,861,975)	(47,987,562)	(6,777,361,363)
Charge for the year	(228,004,212)	(441,813,306)	(42,912,784)	(7,350,691)	(720,080,993)
Disposals	68,348,366	34,492,505	22,957,854	271,451	126,070,176
31 December 2007	(1,967,526,836)	(4,674,961,637)	(673,816,905)	(55,066,802)	(7,371,372,180)
Impairment provision					
1 January 2007	(5,464,898)	(6,965,941)	—	—	(12,430,839)
Write-offs	—	247,541	—	—	247,541
31 December 2007	(5,464,898)	(6,718,400)	—	—	(12,183,298)
Net book value					
31 December 2007	3,857,523,746	7,073,785,237	415,892,648	61,857,874	11,409,059,505
1 January 2007	2,893,882,524	4,904,694,031	397,639,533	62,375,745	8,258,591,833

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10) Fixed assets *(Continued)*

As at 31 December 2008, buildings, equipment and machinery with net book value of RMB 63,857,385 (31 December 2007: Nil) and RMB 61,027,148 (31 December 2007: RMB 52,332,749) is restricted for use. More details are given in notes 6 (17).

As at 31 December 2008, original cost of the buildings and equipment and machinery have been fully depreciated but still in use with original cost of RMB1,771,499,284 and net book value of RMB159,323,036.

As at 31 December 2008, the Group is in the process of obtaining the property ownership certificates for certain of the Group's buildings with original cost of RMB16,267,139 and net book value of RMB14,747,128.

At 31 December 2008, the transfer of the property ownership certificates have not been completed for certain of the Group's buildings acquired from JCC with original cost of RMB92,686,909 and net book value of RMB55,054,000.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11) Construction in progress

2008

	Budget	Opening balance	Additions	Transfer to fixed assets	Transfer to intangible assets	Ending balance	% of budget	Source of funds
Expansion Project of Phase II of Chengmenshan Copper Mine	498,000,000	12,670,000	53,168,386	—	—	65,838,386	13%	Proceeds
Extension of Open-Pitting Mining Project	387,540,000	50,790,000	111,328,065	—	—	162,118,065	42%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	95,550,725	49,980,322	(50,379,843)	—	95,151,204	81%	Self-funding and Proceeds
Project for Remaining Heat Re-cycling and Comprehensive Utilization	272,610,000	189,570,000	16,505,163	(206,075,163)	—	—	98%	Proceeds
Anode Mud comprehensive Utilization	195,740,000	24,320,000	67,399,550	—	—	91,719,550	47%	Self-funding and Proceeds
Stove Mining Project Expansion	212,140,000	118,190,000	46,288,590	—	—	164,478,590	78%	Self-funding and Proceeds
5,000 Ton Technical Improvement	257,320,000	195,310,007	43,544,404	—	—	238,854,411	93%	Self-funding and Proceeds
300K Ton Copper Smelting Project	3,099,530,000	62,002,576	400,277,815	(396,492,533)	—	65,787,858	80%	Self-funding
Technical renovation Engineering of Enlarging Production Scale of Dexing Mine	2,537,870,000	14,295,189	191,643,325	—	—	205,938,514	8%	Self-funding
38K Ton Copper Pipe Project	504,480,000	1,928,100	10,171,888	(9,870,084)	—	2,229,904	65%	Self-funding
Electromotor Update	355,200,000	119,056,598	234,662,585	(118,637,305)	—	235,081,878	99%	Self-funding
Expansion Project for Electrolyze	294,790,000	64,932,899	155,279,786	—	—	220,212,685	75%	Self-funding
Electric Shovel Update 2300XP	210,000,000	51,329,897	89,901,401	—	—	141,231,298	67%	Self-funding
No.5 Mine Exploitation Project	130,000,000	3,328,277	16,760,244	—	—	20,088,521	15%	Self-funding
Arsenious Acid Project Expansion	113,000,000	73,356,954	13,732,538	—	—	87,089,492	77%	Self-funding
Leaded and Bismuth Material Product Line Expansion	61,940,000	39,693,209	10,490,590	—	—	50,183,799	81%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	50,423,072	657,965	—	—	51,081,037	94%	Self-funding
Concentrating Millformed by Reworking Process	24,270,600	3,190,400	5,144,623	—	—	8,335,023	34%	Self-funding
Heat Re-cycling Project from Smoke Sulphic Acid Series I, II	18,500,000	17,503,104	179,000	—	—	17,682,104	97%	Self-funding
Wushiyuan Mine Expansion	16,070,600	12,369,298	1,242,576	—	—	13,611,874	85%	Self-funding
Others	Not applicable	152,702,826	598,616,543	(426,793,955)	(2,107,176)	322,418,238		
Total		1,352,513,131	2,116,975,359	(1,208,248,883)	(2,107,176)	2,259,132,431		

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11) Construction in progress *(Continued)*

2007 Restated *(Note 11)*

	Budget	Opening balance	Additions	Transfer to fixed assets	Ending balance	% of completion	Sources of funds
Expansion Project of Phase II of Chengmenshan Copper Mine	498,000,000	—	12,670,000	—	12,670,000	3%	Proceeds
Extension of Open-Pitting Mining Project	387,540,000	9,785,630	41,004,370	—	50,790,000	13%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	649,260,110	155,995,645	(709,705,030)	95,550,725	77%	Self-funding and Proceeds
Project for Remaining Heat Re-Cycling and Comprehensive Utilization	272,610,000	—	250,110,000	(60,540,000)	189,570,000	92%	Proceeds
Anode mudcomprehensive Utilization	195,740,000	—	24,320,000	—	24,320,000	12%	Self-funding and Proceeds
Stove Mining Project Expansion	212,140,000	24,089,530	94,100,470	—	118,190,000	56%	Self-funding and Proceeds
5,000 Ton Technical Improvement	257,320,000	139,177,301	56,132,706	—	195,310,007	76%	Self-funding and Proceeds
300K Ton Copper Smelting Project	3,099,530,000	837,587,768	1,242,322,293	(2,017,907,485)	62,002,576	67%	Self-funding
Technical Renovation Engineering of Enlarging Production Scale of Dexing Mine	2,537,870,000	—	14,295,189	—	14,295,189	1%	Self-funding
38K Ton Copper Pipe Project	504,480,000	291,328,508	23,890,398	(313,290,806)	1,928,100	62%	Self-funding
Electromotor Update	355,200,000	42,612,287	76,444,311	—	119,056,598	34%	Self-funding
Expansion project for Electrolyze	294,790,000	40,612,899	24,320,000	—	64,932,899	22%	Self-funding
Electric Shovel Update 2300XP	210,000,000	6,209,728	45,120,169	—	51,329,897	24%	Self-funding
220K Ton Copper and Copper Rod Project	157,000,000	240,239	—	(240,239)	—	91%	Self-funding
No.5 Mine Exploitation Project	130,000,000	1,085,277	2,243,000	—	3,328,277	3%	Self-funding
Arsenious Acid Project Expansion	113,000,000	11,674,715	61,682,239	—	73,356,954	65%	Self-funding
Leaded and Bismuth Material Product Line Expansion	61,940,000	17,879,908	21,813,301	—	39,693,209	64%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	37,423,112	12,999,960	—	50,423,072	93%	Self-funding
Concentrating mill formed by Reworking Process	24,270,600	324,000	2,866,400	—	3,190,400	13%	Self-funding
Heat Re-Cycling Project from Smoke Sulphic acid Series I, II	18,500,000	17,842,620	—	(339,516)	17,503,104	96%	Self-funding
Wushiyuan Mine Expansion	16,070,600	5,607,447	6,761,851	—	12,369,298	77%	Self-funding
Others		566,710,911	268,941,509	(682,949,594)	152,702,826		
Total		2,699,451,990	2,438,033,811	(3,784,972,670)	1,352,513,131		

No capitalization of interest in 2008 (2007: Nil)

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(12) Intangible assets

2008

	Trademarks	Mining rights	Land use rights	Others	Total
Cost					
1 January 2008	52,586,056	460,357,151	208,789,947	12,654,800	734,387,954
Purchase from JCC	—	521,309,300	—	—	521,309,300
Additions	—	—	6,958,488	6,406,949	13,365,437
CIP transfer	—	—	903,076	1,204,100	2,107,176
31 December 2008	52,586,056	981,666,451	216,651,511	20,265,849	1,271,169,867
Accumulated amortization					
1 January 2008	(19,847,641)	(38,294,288)	(3,277,651)	(4,041,581)	(65,461,161)
Charge for the year	(1,740,365)	(18,706,766)	(7,779,937)	(865,931)	(29,092,999)
31 December 2008	(21,588,006)	(57,001,054)	(11,057,588)	(4,907,512)	(94,554,160)
Impairment provision					
1 January 2008	—	—	—	—	—
Charge for the year	—	(25,079,833)	—	—	(25,079,833)
31 December 2008	—	(25,079,833)	—	—	(25,079,833)
Net book value					
31 December 2008	30,998,050	899,585,564	205,593,923	15,358,337	1,151,535,874
1 January 2008	32,738,415	422,062,863	205,512,296	8,613,219	668,926,793

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(12) Intangible assets *(Continued)*

2007 Restated *(Note 11)*

	Trademarks	Mining rights	Land use rights	Others	Total
Cost					
1 January 2007	52,375,156	298,065,070	139,023,715	10,896,602	500,360,543
Additions	210,900	162,292,081	69,766,232	1,758,198	234,027,411
31 December 2007	52,586,056	460,357,151	208,789,947	12,654,800	734,387,954
Accumulated amortization					
1 January 2007	(17,698,204)	(25,199,767)	(866,453)	(2,957,562)	(46,721,986)
Charge for the year	(2,149,437)	(13,094,521)	(2,411,198)	(1,084,019)	(18,739,175)
31 December 2007	(19,847,641)	(38,294,288)	(3,277,651)	(4,041,581)	(65,461,161)
Net book value					
31 December 2007	32,738,415	422,062,863	205,512,296	8,613,219	668,926,793
1 January 2007	34,676,952	272,865,303	138,157,262	7,939,040	453,638,557

As at 31 December 2008, land use rights with net book value of RMB2,815,380 (31 December 2007: Nil) is restricted for use. More details are given at Notes 6 (17).

As at 31 December 2008, the Group is in the process of obtaining the property certificates for certain land use rights with a net book value of RMB11,806,666 (31 December 2007 : RMB45,332,231).

(13) Exploration costs

This represents the exploration costs for the Cinnabar and Jinjiwo mines.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Deferred tax assets/liabilities

Deferred tax assets affirmed as at 31 December 2008:

2008:

	Impairment provision	Unrealized profits arising from inter-company	Deductible loss	Payroll accrued but not paid	Fair value loss arising from commodity derivative contracts	Others	Total
At beginning of the year	27,199,929	7,518,938	3,311,108	50,786,407	—	3,390,202	92,206,584
Charge to income statement	137,430,391	(7,518,938)	(3,247,685)	(12,329,053)	81,949,781	1,773,263	198,057,759
At end of the year	164,630,320	—	63,423	38,457,354	81,949,781	5,163,465	290,264,343

2007 Restated *(Note 11)*:

	Impairment provision	Unrealized profits arising from inter-company	Deductible loss	Payroll accrued but not paid	Others	Total
At beginning of the year	8,977,222	—	—	3,086,352	39,195	12,102,769
Charge to income statements	18,222,707	7,518,938	3,311,108	47,700,055	3,351,007	80,103,815
At end of the year	27,199,929	7,518,938	3,311,108	50,786,407	3,390,202	92,206,584

At 31 December 2008, the Group has RMB277,759,774 of unused tax losses available for offset against future profits in respect of certain subsidiaries and the available period is from year 2009 to year 2013.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14) Deferred tax assets/liabilities *(Continued)*

Deferred tax liabilities affirmed as at 31 December 2008

2008:

	Fair value gain arising from commodity derivative contracts	Fair value gain arising from Embedded Derivatives	Total
At the beginning of the year	5,779,260	—	5,779,260
Charge to income statement	(5,759,460)	78,089,074	72,329,614
At the end of the year	19,800	78,089,074	78,108,874

2007 Restated *(Note 11):*

	Fair value gain arising from commodity derivative contracts	Sales cut off adjustment	Total
At the beginning of the year	—	2,212,517	2,212,517
Charge to income statement	5,779,260	(2,212,517)	3,566,743
At the end of the year	5,779,260	—	5,779,260

(15) Other non-current assets

	31 December 2008	31 December 2007 Restated *(Note11)*
Long-term loans to related parties	**4,000,000**	4,000,000
Less: Non-current assets due within one year	**3,000,000**	—
	1,000,000	4,000,000

As at 31 December 2008, the long-term loans to related parties are provided by a subsidiary of the Company, Finance Company. The loans' interest rate is 6.3% per annum (2007: 6.3%) and will be repaid from 2 February 2009 to 5 January 2010. More details are given in note 8 (5) "Relationships and transactions of related parties".

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(16) Provision for impairment of assets

2008:

	Beginning balance	Addition	Reductions: Reversal	Reductions: Written off	Closing balance
Accounts receivable bad debt provision	137,496,130	43,072,313	(365,526)	(3,403,965)	176,798,952
Other receivables bad debt provision	30,666,684	921,300	(2,412,560)	(3,019,380)	26,156,044
Inentory provision	48,881,405	580,295,953	(664,559)	—	628,512,799
Impairment of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairment of fixed assets	12,183,298	92,461,775	—	(3,575,582)	101,069,491
Impairment of intangible assets	—	25,079,833	—	—	25,079,833
	234,837,517	741,831,174	(3,442,645)	(9,998,927)	963,227,119

2007 Restated *(Note 11)*

	Beginning balance	Addition	Reductions: Reversal	Reductions: Written off	Closing balance
Accounts receivable bad debt provision	145,876,707	12,485,302	(15,543,134)	(5,322,745)	137,496,130
Other receivables bad debt provision	41,335,354	1,982,346	(9,892,565)	(2,758,451)	30,666,684
Inentory provision	56,433,632	664,558	(6,721,735)	(1,495,050)	48,881,405
Impairment of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairment of fixed assets	12,430,839	—	—	(247,541)	12,183,298
	261,686,532	15,132,206	(32,157,434)	(9,823,787)	234,837,517

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(17) Assets with restriction for use

2008

	Beginning	Additions	Reductions	Ending
Assets used for guarantees				
Cash *(Notes 1)*	125,959,592	69,598,791	—	195,558,383
Notes receivable *(Notes 2)*	2,039,779,053	6,036,039,573	(6,254,187,853)	1,821,630,773
Inventories *(Notes 3)*	120,903,462	131,184,744	(120,903,462)	131,184,744
Fixed assets *(Notes 4)*	52,332,749	72,551,784	—	124,884,533
Intangible assets *(Notes 4)*	—	2,815,380	—	2,815,380
	2,338,974,856	6,312,190,272	(6,375,091,315)	2,276,073,813

2007

	Beginning	Additions	Reductions	Ending
Assets used for guarantees				
Cash	—	125,959,592	—	125,959,592
Notes receivable	2,004,206,841	6,650,742,443	(6,615,170,231)	2,039,779,053
Inventories	174,499,555	120,903,462	(174,499,555)	120,903,462
Fixed assets	96,260,486	52,332,749	(96,260,486)	52,332,749
Intangible assets	25,905,543	—	(25,905,543)	—
	2,300,872,425	6,949,938,246	(6,911,835,815)	2,338,974,856

Notes 1: As at 31 December 2008, the pledged deposits represent the required mandatory reserve deposits and other restricted deposits placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC") amounting to RMB195,558,383.

Notes 2: As at 31 December 2008, mortgaged loans were secured by the discounted unmatured commercial and bank notes with a carrying value of RMB1,821,630,773, the term is within one year.

Notes 3: As at 31 December 2008, pledged loans amounting to RMB58,000,000 was secured by inventories with a carrying value of RMB131,184,744.

Notes 4: As at 31 December 2008, pledged loans amounting to RMB48,500,000 was secured by machinery with a carrying value of RMB61,027,148. Depreciation charge during the year is RMB8,729,197. Pledged loans amounting to RMB20,000,000 were secured by buildings with a carrying value of RMB63,857,385 and land use rights with a carrying value of RMB2,815,380. Depreciation and amortization charge during the year is RMB3,406,500 and RMB51,542, respectively.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(18) Short-term loans

	31 December 2008	31 December 2007 Restated *(Note11)*
Bank loans Including:		
Credit loans	**1,014,490,400**	5,917,146,136
Pledged loans *(i)*	**126,500,000**	86,500,000
Mortgaged loans *(ii)*	**1,821,630,773**	2,039,779,053
Guaranteed loans	**—**	55,000,000
Short-term debentures *(iii)*	**—**	1,000,000,000
	2,962,621,173	9,098,425,189

The borrowings carry interest at rates ranging from 4.37% to 9.71% per annum (2007: 5.51% to 7.29%).

(i) Pledged loans including

Pledged loans amounting to RMB48,500,000 was secured by machinery with original cost of RMB100,558,962 and a carrying value of RMB61,027,148.

Pledged loans amounting to RMB20,000,000 was secured by buildings with original cost of RMB87,670,804 and a carrying value of RMB63,857,385 and land use rights with original cost of RMB3,431,069 and a carrying value of RMB2,815,380.

Pledged loans amounting to RMB58,000,000 was secured by inventories with carrying value of RMB131,184,744.

(ii) Mortgaged loans were secured by the discounted unmatured commercial and bank notes with a carrying value of RMB1,821,630,773 (31 December 2007: 2,039,779,053).

(iii) 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, which was settled on 11 January 2008.

(19) Notes payable

	31 December 2008	31 December 2007 Restated *(Note11)*
Bank accepted notes payable	**86,217,573**	149,921,676
Commercial accepted notes payable	**—**	100,000,000
	86,217,573	249,921,676

As at 31 December 2008, the Group does not have any balance due to a shareholder who holds more than 5% of the shares of the Company (31 December 2007: Nil).

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(20) Accounts payable

As at 31 December 2008, the Group's balance due to a shareholder who holds more than 5% of the shares of the Company is RMB3,916,005 (31 December 2007: RMB684,157). More details are given in note 8 (5) "Relationships and transactions of related parties".

As at 31 December 2008, the Group does not have a material balance of accounts payable with ageing over one year.

(21) Advance from customers

As at 31 December 2008, the Group does not have any balance due to a shareholder who holds more than 5% of the shares of the Company (31 December 2007: Nil).

As at 31 December 2008, the Group does not have a material balance of advances from customers with ageing over one year.

(22) Employee benefits payable

2008

	Beginning	Additions	Decreases	Ending
Payroll, bonus and allowance	212,478,878	886,522,297	(920,574,085)	178,427,090
Social insurance	29,203,293	195,111,258	(198,787,809)	25,526,742
Labor union fee and personnel education fee	11,964,548	29,172,838	(30,921,371)	10,216,015
Staff welfare	8,443,977	133,071,165	(129,512,757)	12,002,385
Housing fund	2,510,631	35,812,036	(35,840,379)	2,482,288
Others	6,249,113	6,849,471	(5,624,173)	7,474,411
	270,850,440	1,286,539,065	(1,321,260,574)	236,128,931

2007 ***(Restated note 11)***

	Beginning	Additions	Decreases	Ending
Payroll, bonus and allowance	164,174,712	829,585,473	(781,281,307)	212,478,878
Social insurance	3,600,952	152,614,946	(127,012,605)	29,203,293
Labor union fee and personnel education fee	7,687,270	25,969,566	(21,692,288)	11,964,548
Staff welfare	21,516,689	91,547,132	(104,619,844)	8,443,977
Housing fund	1,597,029	35,729,965	(34,816,363)	2,510,631
Others	6,090,339	6,985,597	(6,826,823)	6,249,113
	204,666,991	1,142,432,679	(1,076,249,230)	270,850,440

Notes to the Financial Statements

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(23) Taxes payable

	31 December 2008	31 December 2007 *Restated (Note11)*
Corporate income tax	**276,184,022**	578,268,913
Value-added tax	**(266,185,295)**	(65,838,588)
Mineral resource compensation fees	**47,817,967**	43,446,921
Resource tax	**44,641,133**	31,331,125
Business tax	**5,544,451**	4,846,263
Withholding of individual income tax	**9,848,512**	10,370,580
Others	**22,810,135**	38,089,791
	140,660,925	640,515,005

(24) Dividends payable

	31 December 2008	31 December 2007 *Restated (Note11)*
JCC	—	3,227,511
Loyal Sky	—	393,495
Guixi Binjiang Corporation Company	—	211
	—	3,621,217

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(25) Other payables

	31 December 2008	31 December 2007 *Restated (Note11)*
Acquisition amount paid on behalf of the company by JCC	**521,309,300**	—
Others fund paid on behalf of the company by JCC	**20,111,752**	—
Paid on behalf of the company by subsidiaries under the control of JCC	**64,378,783**	34,663,513
Miscellaneous construction fees	**146,006,495**	137,409,919
Retention for contract	**160,755,387**	99,420,496
Construction materials and spare parts	**64,249,138**	63,756,523
Miscellaneous maintaince fees	**11,856,719**	1,430,768
Service fee	**4,849,748**	9,104,392
Others	**58,308,358**	60,997,370
	1,051,825,680	406,782,981

As at 31 December 2008, the Group's balance of other payables due to a shareholder who holds more than 5% of the shareholders of the Company is RMB541,421,052 (31 December 2007: Nil). More details are given in note 8 (5) "Relationships and transactions of related parties".

As at 31 December 2008, the Group does not have material balance of other payables with ageing over one year.

(26) Non-current liabilities due within one year

	31 December 2008	31 December 2007 *Restated (Note11)*
Long term borrowings (note 6 (28))	**354,058,920**	504,046,000
Long term payables (note 6 (30))	**31,167,136**	20,387,261
	385,226,056	524,433,261

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(27) Other current liabilities

	31 December 2008	31 December 2007 *Restated (Note11)*
Liabilities due from financial assets sold for repurchase	—	280,000,000
Short term deposit of related parties (i) *(note 8 (5))*	**970,337,336**	194,387,896
Commodity derivative contracts		
— copper cathode (ii)		
— Not under hedge accounting	**359,309,133**	—
Other accrued expense	—	2,413,871
	1,329,646,469	476,801,767

(i) Deposits from customers represent deposits placed by related parties in a subsidiary of the Group, Finance Company. The deposits from customers carry interest at rates ranging from 0.36% to 1.17% (2007: 0.72% to 1.53%) per annum and will be repaid upon demand of the customers.

(ii) Commodity derivative contracts represent the gains/(losses) arising from changes in fair value for those undelivered commodity derivative contracts. More details are given in note 6 (7).

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28) Long-term borrowings

		31 December 2008	
		Original amount	**Equivalent RMB**
Guaranteed loans *(i)*	RMB	344,000,000	344,000,000
Guaranteed loans *(i)*	USD	10,200,000	69,712,920
Credit loans	RMB	19,250,000	19,250,000
Credit loans	USD	10,000,000	68,346,000
Less: Amount due within one year			354,058,920
			147,250,000

		31 December 2007 *(Restated note 11)*	
		Original amount	**Equivalent RMB**
Guaranteed loans *(i)*	RMB	665,000,000	665,000,000
Guaranteed loans *(i)*	USD	10,200,000	74,506,920
Credit loans	RMB	429,250,000	429,250,000
Credit loans	USD	20,000,000	146,092,000
Less: Amount due within one year			504,046,000
			810,802,920

The borrowings carry interest at rate is ranging from 4.17%to 7.74% per annum (2007: 4.17% to 6.56%).

(i) As at 31 December 2008, the guarantee loans are guaranteed by JCC, the Company's holding company. The interest is paid per quarter and the principal will be repaid on 26 January 2011, 8 August 2011 and 28 June 2012 when matured.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(29) Bonds payable

	1 January 2008	Additions	Reductions	31 December 2008
08JCC Bond(126018)	—	4,747,884,213	—	4,747,884,213

As at 31 December 2008, the balance of bonds payable is as follows:

	Period	Issuance date	Nominal value of bonds with warrants issued during the year	Liability component at the issuance date	Interest expense	Liability component as at 31 December 2008
08JCC Bond (126018)	8 years	22 September 2008	6,800,000,000	4,677,412,723	70,471,490	4,747,884,213
Less: Bonds payable due in one year						—
						4,747,884,213

Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight-years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year, and with principal repaid at exporting date. The subscribers of each bond have been entitled to receive 25.9 warrants at nil consideration and in aggregate, 1,761,200,000 warrants have been issued. The warrants have a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. The holders of the warrants are entitled to exercise the warrants five trading days prior to the maturity date, that is, from 4 October 2010 to 9 October 2010. The initial exercise price for the warrants representing conversion rights to one A Share of the Company is RMB15.44, and the proportion of exercise rights for the warrants is 4:1, i.e. four warrants represent the conversion rights to one A Share of the Company. The exercise price and conversion ratio are subject to change according to the regulations of the Shanghai Stock Exchange which primarily require a change if dividends are declared). During the term of the warrants, in the event that the trading of A Shares of the Company is on an ex-rights or ex-dividend basis, the exercise price and the proportion of exercise rights for the warrants shall be adjusted accordingly. Pursuant to the regulations of the China Securities Regulatory Commission, if the application of the proceeds from the issuance of bonds with warrants is different from the application of proceeds disclosed in the Offering Memorandum, then the holders of the bonds are entitled to demand redemption of the bonds by the Company at the nominal value together with the interest accrued for the period concerned once.The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount is assigned as the equity component and is included in shareholders' equity.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(30) Long-term payables

	Term	**31 December 2008**	31 December 2007 *Restated (Note11)*
Mining rights payable			
— Dexing &Yongping Mining *(i)*	30 years	**17,979,052**	20,019,770
— Fujiawu Minging *(ii)*	6 years	**29,297,136**	28,461,702
Less: Amount due within one year		**(31,167,136)**	(20,387,261)
		16,109,052	28,094,211

(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 installments starting from 1 January 1998. The interest paid in year 2008 is RMB99,297 (2007: RMB139,689) and the interest rate announced by the State during the year is 5.31% (2007: 7.47%).

(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 the Fujiawu Copper Mine. The amount is repayable in six annual instalments of RMB10,000,000 each and is interest free.

(31) Provision

	2008	2007 *Restated (Note11)*
At beginning of the period/year	**48,224,000**	—
Additions during the period/year	**55,360,584**	45,650,000
Interest accrued during the year	**3,417,017**	2,574,000
At end of the period/year	**107,001,601**	48,224,000

Provision represents the environment rehabilitation costs, as there is an obligation of the Group in future for the environmental costs, and there is probable outflow of economic benefits as the results of its obligation. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(32) Other non-current liabilities

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

	2008	2007 *Restated (Note11)*
At beginning of the year	**115,536,946**	91,930,000
Additions during the year	**19,945,195**	30,665,000
Recognized as income during the year	**(9,098,429)**	(7,058,054)
At end of the year	**126,383,712**	115,536,946

(33) Share capital

Paid in capital of the Group is RMB3,022,833,727. The face value of the shares is RMB1.00 each. The shares' type and configuration is as follows:

2008

	Beginning		Increase/(Decrease)				Ending	
	No. of shares	%	Issued shares	Donated shares	Others	Subtotal	No. of shares	%
Listed shares with restricted trading condition								
(1) State owned	—	—	—	—	—	—	—	—
(2) State legal person owned	1,282,074,893	42.41%	—	—	—	—	1,282,074,893	42.41%
(3) Domestic other legal owned	70,756,048	2.34%	—	—	(70,756,048)	(70,756,048)	—	—
Including:								
Domestic legal person owned	70,756,048	2.34%	—	—	(70,756,048)	(70,756,048)	—	—
Domestic person owned	—	—	—	—	—	—	—	—
Listed shares with restricted trading conditions	1,352,830,941	44.75%	—	—	(70,756,048)	(70,756,048)	1,282,074,893	42.41%
Listed shares without restricted trading conditions								
(1) A shares	282,520,786	9.35%	—	—	70,756,048	70,756,048	353,276,834	11.69%
(2) Domestic foreign shares	—	—	—	—	—	—	—	—
(3) H shares	1,387,482,000	45.90%	—	—	—	—	1,387,482,000	45.90%
(4) Others	—	—	—	—	—	—	—	—
Listed shares without restricted trading conditions	1,670,002,786	55.25%	—	—	70,756,048	70,756,048	1,740,758,834	57.59%
Total of share capital	3,022,833,727	100.00%	—	—	—	—	3,022,833,727	100%

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(33) Share capital *(Continued)*

2007

	Beginning		Increase/(Decrease)				Ending	
	No. of shares	%	Issued shares	Donated shares	Others	Subtotal	No. of shares	%
Listed shares with restricted trading condition								
(1) State owned	—	—	—	—	—	—	—	—
(2) State legal person owned	1,225,035,414	42.31%	57,039,479	—	—	57,039,479	1,282,074,893	42.41%
(3) Domestic other legal owned	1,920,786	0.07%	70,756,048	—	(1,920,786)	68,835,262	70,756,048	2.34%
Including:	—	—						
Domestic legal person owned	1,920,786	0.07%	70,756,048	—	(1,920,786)	68,835,262	70,756,048	2.34%
Domestic person owned	—	—	—	—	—	—	—	—
Listed shares with restricted trading conditions	1,226,956,200	42.38%	127,795,527	—	(1,920,786)	125,874,741	1,352,830,941	44.75%
Listed shares without restricted trading conditions								
(1) A shares	280,600,000	9.69%	—	—	1,920,786	1,920,786	282,520,786	9.35%
(2) Domestic foreign shares	—	—	—	—	—	—	—	—
(3) H shares	1,387,482,000	47.93%	—	—	—	—	1,387,482,000	45.90%
(4) Others	—	—	—	—	—	—	—	—
Listed shares without restricted trading conditions	1,668,082,000	57.62%	—	—	1,920,786	1,920,786	1,670,002,786	55.25%
Total of share capital	2,895,038,200	100.00%	127,795,527	—	—	127,795,527	3,022,833,727	100.00%

Pursuant to the sanction document of ZhengJianFaXingZi [2007] 278 issued by the CSRC, the Company issued 127,795,527 A shares of RMB1 per share in September 2007.

JCC and the eight financial institutions undertake that new shares received by them in this issue will be subject to trading moratorium periods of 36 months, respectively, from the date of completion of the new share placement. The shares of JCC with trading moratorium are expected to be listed on 27 September 2010 (defer to the next trading day in the case of a non-trading date) and the shares of the eight financial institutions with trading moratorium are expected to be listed on 27 September 2008 (defer to the next trading day in the case of a non-trading date). The eight financial institutions were Guotai Junan Investment Management Co., Ltd, Suzhou Industrial Park Assets Management Co., Ltd, Minmetals Investment & Development Co., Ltd, Wuxi Guolian Development (Group) Co., Ltd, Sanjiang Aerospace Group Financial Company Limited, Shanghai Rongchang Assets Management Co., Ltd, Shanghai Yuanhai Industrial Co., Ltd, Zhongrong International Trust & Investment Co., Ltd.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(34) Capital reserve

The change of capital reserve for the year 2008 ended is as below:

	1 January 2008	Additions/ (Deductions)	Reclassifications	31 December 2008
Share premium	4,585,639,436	(245,022,177)	—	4,340,617,259
Equity component of bonds with warrants	—	2,008,917,277	—	2,008,917,277
Change in fair value of commodity forward contracts	22,596,559	(22,596,559)	—	—
Distributions of acquires of business combination under common control before the acquisition date	755,360,119	(1,749,752,244)	—	(994,392,125)
Other reserves	113,063	—	—	113,063
	5,363,709,177	(8,453,703)	—	5,355,255,474

The change of capital reserve for the year 2007 ended is as below:
(Restated note 11)

	1 January 2008	Additions/ (Deductions)	Reclassifications	31 December 2008
Share premium	1,956,488,732	2,634,521,552	(5,370,848)	4,585,639,436
Change in fair value of commodity forward contracts	38,747,100	(16,150,541)	—	22,596,559
Distributions of acquires of business combination under common control before the acquisition date	976,598,658	(226,609,387)	5,370,848	755,360,119
Other reserves	113,063	—	—	113,063
	2,971,947,553	2,391,761,624	—	5,363,709,177

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(35) Surplus reserve

The movement of surplus reserve for year ended 31.12.2008 is as below:

	Statutory surplus reserve	Discretionary surplus reserve	Special surplus reserve	Total
1 January 2008	1,794,801,304	3,473,189,883	28,421,362	5,296,412,549
Additions	196,099,227	588,297,681	159,055,810	943,452,718
Deductions	—	—	(62,728,232)	(62,728,232)
31 December 2008	1,990,900,531	4,061,487,564	124,748,940	6,177,137,035

The movement of surplus reserve for year ended 31.12.2008 is as below: (Restated note 11):

	Statutory surplus reserve	Discretionary surplus reserve	Special surplus reserve	Total
1 January 2008	1,378,560,268	2,315,517,645	—	3,694,077,913
Additions	416,241,036	1,157,672,238	164,230,479	1,738,143,753
Deductions	—	—	(135,809,117)	(135,809,117)
31 December 2008	1,794,801,304	3,473,189,883	28,421,362	5,296,412,549

Pursuant to company law and the Company's Article of Association, the Company is required to appropriate 10% of its profit after tax as statutory surplus reserve. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

According to the Company Law of the PRC and other regulations, the Company is no longer required to make any transfer of profit after tax to the statutory public welfare fund. The remaining balance of the statutory public welfare fund as at 31 December 2005 has been transferred to statutory surplus reserve.

After statutory surplus reserve are accrued, discretionary surplus reserve can be accrued. Discretionary surplus reserve can offset accumulated losses, or increase share capital after approval.

According to CaiQi [2006] No 478 "Tentative Measures for the Financial Management of the Production Safety Fund for the High Risk Enterprises", issued by the MOF and the Safety Production General Bureau. The Group is required to accrue a "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from year 2007. The accrual standard is RMB4/ton for the mine above the ground, RMB8/ton for the mine under the ground. As for the the high risk enterprises, the fund is accrued according to the sales and accrual in a regressive way monthly.

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(35) Surplus reserves *(Continued)*

According to the "Circular on Compilation of 2008 Annual Reports Prepared under Accounting Standards for Business Enterprises" issued by the MOF, the Safety Fund and and other similar funds should be presented as special reserves, separate account under surplus reserve in equity. The Group applied the change in accounting policy retrospectively (note 3 (24)).

(36) Retained earnings

	Year 2008	Year2007 *Restated* *(Note11)*
At 1 January 2008 after retrospective adjustment	**5,865,559,622**	4,326,350,508
Add: Net profit	**2,285,100,597**	4,533,754,499
Profits available for appropriation	**8,150,660,219**	8,860,105,007
Less: Appropriations to statutory surplus reserve	**196,099,227**	416,241,036
Appropriations to discretionary surplus reserve	**588,297,681**	1,157,672,238
Appropriations to special surplus reserve	**159,055,810**	164,230,479
Appropriations to employees bonus and welfare fund	**1,249,180**	—
Add: Use of special surplus reserve	**62,728,232**	135,809,117
Profits available for appropriation to shareholders	**7,268,686,553**	7,257,770,371
Less: Cash dividend approved by the general meeting of last year	**906,850,118**	1,158,015,280
Dividends paid by acquirees of business combination under common control before the acquisition date	**118,963,502**	234,195,469
Retained earnings at the end of the year	**6,242,872,933**	5,865,559,622
Including: Cash dividends proposed after the balance sheet date	**241,826,698**	906,850,118

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(36) Retained earnings *(Continued)*

On 11 July 2008, a dividend of RMB0.30 per share (tax inclusive for A shares) on 3,022,833,727 shares, in aggregate approximately RMB906,850,000 was declared to the shareholders as the final dividend for year 2007.

The Board suggests a final dividend of RMB0.08 per share (tax inclusive for A shares) on 3,022,833,727 shares, in aggregate approximately RMB241,826,698 for year 2008. The dividend must be approved at the annual shareholder meeting of year 2008.

(37) Minority interests

The minority interests of the significant subsidiaries of the Group are stated as below:

	31 December 2008	31 December 2007 *Restated (Note11)*
Kangtong	**81,738,158**	111,555,938
Xiaoshan Tongda	**826,507**	747,198
Diaoquan	**—**	55,542,166
Sure Spread	**28,152,602**	28,822,421
Wengfu	**57,938,211**	47,485,075
Mechanical Manufacturing	**8,438,397**	8,032,766
Taiyi	**37,004,675**	47,892,350
Leongchang Copper Pipe	**50,217,054**	62,094,045
Yates	**28,094,606**	40,648,802
Finance Company	**68,725,074**	69,403,236
Copper Products	**2,317,326**	1,827,802
Fengye	**2,188,295**	3,479,181
Guixi Material	**990,746**	—
	366,631,651	477,530,980

(38) Revenue and costs of sales

	31 December 2008	31 December 2007 *Restated (Note11)*
Revenue from principal operations	**53,594,476,347**	42,917,097,100
Other operating income	**377,956,525**	419,987,571
	53,972,432,872	43,337,084,671

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(38) Revenue and costs of sales *(Continued)*

Revenue from principal operations by products:

Products categories	**31 December 2008**	31 December 2007 *Restated (Note11)*
Copper cathodes	**23,602,216,757**	15,810,039,464
Copper rods and wires	**17,448,299,325**	17,673,317,753
Copper processing products	**3,953,692,082**	3,714,698,015
Gold	**3,238,631,500**	2,258,805,954
Silver	**1,296,471,357**	1,153,919,605
Sulphuric and sulpharic concentrate	**2,602,402,476**	816,893,825
Rare metal	**1,058,964,589**	1,190,377,282
Others	**393,798,261**	299,045,202
	53,594,476,347	42,917,097,100

Revenue from principal operations by location:

Geographical segments:	**31 December 2008**	31 December 2007 *Restated (Note11)*
Mainland China	**52,345,901,333**	41,786,691,255
Hong Kong	**879,913,578**	856,226,612
Taiwan	**247,387,955**	192,190,596
Australia	**68,842,960**	21,349,144
Thailand	**15,793,391**	17,246,913
Others	**36,637,130**	43,392,580
	53,594,476,347	42,917,097,100

Cost of sales:

	Year 2008	Year2007 *Restated (Note11)*
Cost of domestic sales	**46,066,171,354**	35,281,460,616
Cost of export sales	**1,099,855,027**	966,167,397
	47,166,026,381	36,247,628,013
Total revenue of the five largest customers	**7,682,352,166**	4,948,630,031
Percentage in the total revenue	**14.33%**	11.53%

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(39) Taxes and surcharges

	Year 2008	Year2007 *Restated (Note11)*
Resources tax	**238,158,334**	126,215,794
Business tax	**22,765,844**	18,704,416
Cities construction tax and education supplementary Tax	**16,557,112**	22,278,214
Others	**1,515,176**	1,003,538
	278,996,466	168,201,962

(40) Financial expenses

	Year 2008	Year2007 *Restated (Note11)*
Interest expense	**404,905,800**	390,371,720
Interest on bonds with warrants *(note 6 (29))*	**70,471,490**	—
Interest on discounted notes	**67,492,975**	33,996,184
Add: Interest income	**(52,418,269)**	(28,960,248)
Foreign exchange gains	**(125,281,477)**	(12,684,369)
Interest increment for provissing *(note 6 (31))*	**3,417,017**	2,574,000
Others	**18,239,848**	15,688,887
	386,827,384	400,986,174

(41) Provision/(reversal) for impairment of assets

	Year 2008	Year2007 *Restated (Note11)*
Bad debt provision/(reversal)	**41,215,526**	(10,968,051)
Inventory provision/(reversal)	**579,631,394**	(6,057,177)
Impairment of fixed assets	**92,461,775**	—
Impairment of intangible assets	**25,079,833**	—
	738,388,528	(17,025,228)

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(42) Gain/(loss) from changes in fair value

	Year 2008	Year2007 *Restated (Note11)*
Embedded derivative financial instruments	**312,356,294**	—
Commodity derivative contracts	**(391,317,133)**	32,107,000
	(78,960,839)	32,107,000

(43) Investment (loss)/income

	Year 2008	Year2007 *Restated (Note11)*
Gain from commodity derivative contracts not qualified for hedge accounting	**(972,176,624)**	52,278,823
Share of (loss)/profit of a jointly-controlled entity and associates	**(22,144,859)**	12,174,942
Dividends declared from invested entities under the cost method	**5,259,417**	—
Gain from disposal of a subsidiary	**84,448**	(1,619,216)
	(988,977,618)	62,834,549

(44) Non-operating income

	Year 2008	Year2007 *Restated (Note11)*
Gains on disposal of fixed assets	**2,419,751**	880,393
Tax return	**13,152,971**	39,305,008
Government subsidies	**10,248,230**	15,167,870
Others	**4,882,714**	10,494,562
	30,703,666	65,847,833

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(45) Non-operating expenses

	Year 2008	Year2007 *Restated (Note11)*
Donations	**12,053,848**	2,103,278
Losses on disposal of fixed assets	**13,123,129**	13,822,939
Fines	**1,396,672**	2,757,328
Others	**9,523,703**	14,299,144
	36,097,352	32,982,689

(46) Income tax

	Year 2008	Year2007 *Restated (Note11)*
Current income tax	**926,262,915**	931,350,202
Deferred income tax	**(125,728,145)**	(76,537,072)
	800,534,770	854,813,130

Reconciliation of the tax expense applicable to profit before tax is as follows:

	Year 2008	Year2007 *Restated (Note11)*
Profit before tax	**2,998,050,326**	5,509,273,222
Tax at the statutory income tax rate (25%) (2007: 33%)	**7 49,512,582**	1,818,060,163
Lower tax rates for the Company	**—**	(742,554,707)
Influence on different tax rates for the subsidiaries	**(10,745,041)**	(174,312,674)
Reduction of income tax in respect of purchases of state-produced fixed assets	**(10,187,265)**	(26,669,661)
Profits and losses attributable to a jointly - controlled entity and associates	**5,536,215**	(2,011,318)
Impact of tax ratio change	**—**	2,754,529
Unrecognised taxables loss	**38,283,872**	28,079,915
Non-deductible expenses	**29,119,630**	17,907,650
Previously unrecognized deferred tax assets	**(985,223)**	(66,440,767)
Income tax expense at the Group's effective rate	**800,534,770**	854,813,130

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(47) Earnings per share

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the year. The number of newly issued ordinary shares, according to the detailed articles of the issuance contract, is settled from the due day, normally the share issuance date.

The calculation of basic earnings per share is based on:

	Year 2008	Year2007 *Restated (Note11)*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**2,285,100,597**	4,533,754,499
Shares:		
Weighted average number of ordinary shares adjusted	**3,022,833,727**	2,970,678,489

No diluted impact on earning per share has been taken into consideration, since during the period from issuance of the bonds with warrants (note 6 (29)) to the balance sheet date, the average quoted market price of ordinary shares is lower than the exercise price of the warrants.

No diluted earnings per share amount are presented for the period as no other dilutive events occurred during the period.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(48) Cash received or paid relating to other operating activities

Cash received or paid relating to other operating activities is stated as below:

	Year 2008	Year2007 *Restated (Note11)*
Cash received relating to other operating activities:		
Net gains from the settlement of commodity derivative contracts	**—**	226,490,006
Interest income	**52,318,931**	27,673,408
Non-operating income	**6,032,514**	18,604,378
Other	**84,448**	9,691,043
	58,435,893	282,458,835

	Year 2008	Year2007 *Restated (Note11)*
Cash paid relating to other operating activities:		
Distribution and selling costs and general and administrative expenses	**891,359,914**	950,863,768
Net losses from the settlement of commodity derivative contracts	**972,176,624**	—
Deposits for commodity derivative contracts	**148,909,064**	122,865,277
Non-operating expenses	**22,974,223**	19,159,750
Others	**18,239,848**	18,812,076
	2,053,659,673	1,111,700,871

(49) Cash and cash equivalents

	Year 2008	Year2007 *Restated (Note11)*
Cash and cash equivalents		
Including: Cash on hand	**250,605**	278,612
Cash in bank	**3,944,514,773**	3,068,018,447
Other cash equivalents	**—**	—
Cash and Cash Equivalents at end of the year	**3,944,765,378**	3,068,297,059

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(50) Significant non-cash investment and financing activities

	Year 2008	Year2007 *Restated* *(Note11)*
Non-cash assets recorded in non-public A-share offering	—	1,785,335,693

(51) Cash flows from operating activities

	Year 2008	Year2007 *Restated* *(Note11)*
Reconciliation of net profit to cash flow from operating activities		
Net profit	**2,197,515,556**	4,654,460,092
Reconciliation of net profit		
Add: Provision for impairment of assets	**738,388,528**	(17,025,228)
Depreciation of fixed assets	**813,928,671**	720,080,993
Amortization of intangible assets	**29,092,999**	18,739,175
Amortization of long-term prepaid expense	—	13,751,089
Loss on disposal of fixed assets, intangible assets, and other long term assets	**10,703,377**	12,942,546
Financial expenses	**353,512,830**	419,226,084
Investment losses/(income)	**16,885,442**	(12,174,942)
Loss/(gain) from changes in fair value changes	**78,960,839**	(32,107,000)
Increase in deferred tax assets	**(198,057,759)**	(80,103,815)
Increase in deferred tax liabilities	**72,329,614**	3,566,743
Deferred revenue released to income statement	**(9,098,429)**	(7,058,054)
Decrease/(increase) in inventories	**2,235,644,773**	(2,937,947,573)
Decrease/(increase) in operating receivables	**959,315,299**	(2,182,833,440)
(Decrease)/increase in operating payables	**(1,049,704,623)**	1,030,019,331
Net cash inflow from operating activities	**6,249,417,117**	1,603,536,001

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(52) Business combinations

Business combination under common control

The Company utilized RMB1.585 billion proceeds from the issuing of bonds with warrants to acquire relevant copper, gold and molybdenum businesses, as well as the financial operation of the Financial Company, accessorial production business, copper processing and selling business. Since the Company and the Targets were all ultimately controlled by JCC both before and after the business combination, and that control is not transitory, the acquisition is dealt with as a business combination under common control. The detailed list for the combined business can be found in note 5. The Company and JCC jointly agreed to treat 1 October 2008 as the date of transactions for assets and business ("The Transaction Date").

The carrying amount of assets and liabilities of the acquired companies at the combination date and 31 December 2007 are stated as below:

Assets:	**30 September 2008**	31 December 2007
Current assets:		
Cash	**378,366,492**	440,378,307
Notes receivable	**730,668,302**	632,068,810
Accounts receivable	**669,406,986**	624,053,640
Advances to suppliers	**179,035,025**	95,695,046
Other receivables	**285,147,217**	707,697,557
Inventories	**927,087,088**	760,963,305
Other current assets	**266,223,921**	223,854,624
Total current assets	**3,435,935,031**	3,484,711,289
Non-current assets:		
Long-term equity investments	**1,563,067**	2,485,130
Fixed assets	**1,937,776,138**	1,979,413,434
Construction in progress	**208,909,690**	112,230,941
Intangible assets	**14,490,877**	14,662,804
Deferred tax assets	**39,560,062**	18,837,969
Other non-current assets	**1,000,000**	4,000,000
Total non-current assets	**2,203,299,834**	2,131,630,278
TOTAL ASSETS	**5,639,234,865**	5,616,341,567

(Expressed in Renminbi Yuan)

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(52) Business combinations *(Continued)*

LIABILITIES AND OWNERS' EQUITY	30 September 2008	31 December 2007
Current liabilities:		
Short-term loans	**1,827,812,783**	2,158,068,779
Notes payable	**49,769,380**	50,000,000
Account payables	**839,176,767**	536,445,494
Advances from customers	**235,853,379**	84,798,487
Employee benefits payable	**34,769,058**	64,527,392
Taxes payable	**53,943,532**	65,399,325
Interest payable	**3,254,719**	2,520,210
Dividends payable	**19,839,015**	638,651
Other payables	**152,765,949**	128,909,902
Non-current liabilities due within one year	**185,910,060**	—
Other current liabilities	**368,919,875**	476,801,767
Total current liabilities	**3,772,014,517**	3,568,110,007
Non-current liabilities:		
Long-term borrowings	**187,886,600**	408,756,920
Long-term payables	**23,871,258**	12,330,819
Total non-current liabilities	**211,757,858**	421,087,739
Total liabilities	**3,983,772,375**	3,989,197,746
Equity attributable to shareholders of the Company	**1,340,467,895**	1,393,765,639
Minority interests	**314,994,595**	233,378,182
Total owners' equity	**1,655,462,490**	1,627,143,821
TOTAL LIABILITIES AND OWNERS' EQUITY	**5,639,234,865**	5,616,341,567

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(52) Business combinations *(Continued)*

Share premium for business combinations under common control

Proceeds for business combination under common control	1,585,490,072
Carrying amount of acquired business attributable to shareholders of the Company at 30 September 2008	(1,340,467,895)
Share premium for business combination under common control	245,022,177

The operating results and cash flows of the acquired businessed from 1 January 2008 to the Transaction Date are as follows:

Revenue	6,551,652,011
Net profit	424,227,847
Net cash flow	(62,011,815)

(53) H Share share appreciation rights scheme

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's Special General Meeting in year 2008 held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme as appropriate incentive policy to its directors and senior management. Under this scheme, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. On 22 February 2008, 509,000 units of the Rights were granted to seven directors and senior management members by the offer price HKD 18.9 dollor. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantees will receive a cash payment in RMB, subject to any applicable withholding tax, translated from the Hong Kong dollars ("HKD") amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Share above the exercise price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise. Not less than 20% of such cash payments so deposited shall remain in the account until the end of the term of service of the relevant grantee. In addition, such cash payments shall only be payable if the grantee has passed the final performance assessment.

6. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(53) H Share share appreciation rights scheme *(Continued)*

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 40%, 70% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their Rights remained to be exercisable as at the end of their respective terms of service subject to their final performance assessment results at the end of the term of service. The remaining Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised after the expiration of the term of the scheme shall lapse.

During the period ended 31 December 2008, no Rights granted was exercised or expired (2007: nil). As at 31 December 2008, the expiry dates of the outstanding Rights were between 9 and 10 years.

For the period ended 31 December 2008 and as of 31 December 2008, the Group did not recognize share compensation cost and the liability related to the Rights as the directors believe the related compensation cost is not material to the consolidated financial statement for the period ended 31 December 2008.

(54) Segment information

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

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

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY

(1) Accounts receivable

The ageing analysis of account receivables is as follows:

	30 December 2008	31 December 2007
Within 1year	**962,499,118**	1,213,401,511
1-2 years	**3,232,173**	576,770
2-3 years	**150,311**	112,664
Over 3 years	**127,218,536**	127,249,227
Less: Bad debt provision	**(145,964,202)**	(127,420,913)
	947,135,936	1,213,919,259

	31 December 2008			
	Balance	**(%)**	**Bad debt provision**	**(%)**
Individually significant	872,583,020	79.83%	83,454,112	9.56%
Others	220,517,118	20.17%	62,510,090	28.35%
	1,093,100,138	100.00%	145,964,202	13.35%

	31 December 2007			
	Balance	**(%)**	**Bad debt provision**	**(%)**
Individually significant	731,885,308	54.56%	71,211,359	9.73%
Others	609,454,864	45.44%	56,209,554	9.22%
	1,341,340,172	100.00%	127,420,913	9.50%

(Expressed in Renminbi Yuan)

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(1) Accounts receivable *(Continued)*

	30 December 2008	31 December 2007
Total amount of five largest debtors	**319,951,179**	676,108,503
Percentage in total accounts receivable	**29.27%**	50.41%

On 31 December 2008, the Company's balance due from a shareholder who holds more than 5% of the shares of the Company is Nil (31 December 2007: RMB57,856).

(2) Other receivables

The ageing analysis of other receivables is as follows:

	30 December 2008	31 December 2007
Within 1year	**1,161,946,711**	420,235,151
1-2 years	**9,852,888**	22,945,799
2-3 years	**582,797**	918,042
Over 3 years	**16,065,747**	15,534,616
Less: Bad debt provision	**(22,414,752)**	(16,092,573)
	1,166,033,391	443,541,035

	31 December 2008			
	Balance	**(%)**	**Bad debt provision**	**(%)**
Individually significant	1,060,040,001	89.20%	—	—
Others	128,408,142	10.80%	22,414,752	17.46%
	1,188,448,143	100.00%	22,414,752	1.89%

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(2) Other receivables *(Continued)*

	31 December 2007			
	Balance	**(%)**	**Bad debt provision**	**(%)**
Individually significant	298,611,221	64.97%	—	—
Others	161,022,387	35.03%	16,092,573	9.99%
	459,633,608	100.00%	16,092,573	3.50%

	30 December 2008	31 December 2007
Total amount of five largest debtors	**1,118,541,426**	168,610,391
Percentage in total other receivables	**94.12%**	36.68%

At 31 December 2008, the Company's balance of deposit for commodity derivative contracts is RMB266,468,818 (31 December 2007: RMB173,179,471).

Purstant to pricing mechanism used in the copper concentrate contracts between the Group and its suppliers, the Group pays provisional price at the time of shipment, while the final invoiced purchase price for metals in concentrate is subject to price adjustment feature which is based on the monthly-average quoted market prices of a specified month subsequent to the date of shipment or delivery. The redundancy of provisional payment over the final invoice will be returned back by suppliers. As at 31 December 2008, the redundancy amounted to RMB840,055,845 is recorded in other receivables (31 December 2007: RMB 130,000,830).

As at 31 December 2008, the Company's balance due from a shareholder who holds more than 5% of the shares of the Company is Nil (31 December 2007: RMB823,196).

Notes to the Financial Statements

For the Year Ended 31 December 2008
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(3) Long-term equity investments

		Investment cost				Share of net profit		Other equity movement from associates		Impairment	
	Investment cost	Opening balance (Restated note 11)	Additions	Accumulated additions	Liquidations	Opening balance	Increases/ (decreases)	Opening balance	Increases	Increases/ (decreases)	Ending balance
Cost method:											
Kangtong	80,000,000	80,000,000	–	80,000,000	–	–	–	–	–	–	80,000,000
Xiaoshan Tongda	600,000	600,000	–	600,000	–	–	–	–	–	–	600,000
JCPC	135,000,000	246,879,928	–	246,879,928	–	–	–	–	–	–	246,879,928
Diaoquan	35,000,000	35,000,000	–	35,000,000	–	–	–	–	–	(35,000,000)	–
Sure Spread	29,227,000	29,227,000	–	29,227,000	–	–	–	–	–	–	29,227,000
JCAC	119,700,000	229,509,299	–	229,509,299	–	–	–	–	–	–	229,509,299
Wengfu	127,050,000	127,050,000	–	127,050,000	–	–	–	–	–	–	127,050,000
SZJX	30,000,000	30,000,000	300,000,000	330,000,000	–	–	–	–	–	–	330,000,000
SHJX	20,000,000	20,000,000	–	20,000,000	–	–	–	–	–	–	20,000,000
BJJX	10,000,000	10,000,000	–	10,000,000	–	–	–	–	–	–	10,000,000
Jiangtong Chemical	47,484,598	47,484,598	–	47,484,598	–	–	–	–	–	–	47,484,598
Jiangtong Transportation	18,371,521	18,371,521	–	18,371,521	(18,371,521)	–	–	–	–	–	–
Finance company	100,000,000	100,000,000	141,556,270	241,556,270	–	–	–	–	–	–	241,556,270
Dexing Construction	45,750,547	–	45,750,547	45,750,547	–	–	–	–	–	–	45,750,547
Dexing Material Recycling	17,396,482	–	17,396,482	17,396,482	–	–	–	–	–	–	17,396,482
Geology Exploration	18,144,614	–	18,144,614	18,144,614	–	–	–	–	–	–	18,144,614
Yinshan Mining	354,488,447	–	354,488,447	354,488,447	–	–	–	–	–	–	354,488,447
Drilling Project	31,789,846	–	31,789,846	31,789,846	–	–	–	–	–	–	31,789,846
Ruichang Transportation	3,589,877	–	3,589,877	3,589,877	–	–	–	–	–	–	3,589,877
Qianshan Trading	20,141,795	–	20,141,795	20,141,795	–	–	–	–	–	–	20,141,795
Qianshan Mining Project	13,199,716	–	13,199,716	13,199,716	–	–	–	–	–	–	13,199,716
Guixi Smelting Industry	27,558,990	–	27,558,990	27,558,990	–	–	–	–	–	–	27,558,990
Guixi Smelter	20,894,421	–	20,894,421	20,894,421	–	–	–	–	–	–	20,894,421
Mechanical Manufacturing	117,023,358	–	117,023,358	117,023,358	–	–	–	–	–	–	117,023,358
Dexing Mining	156,171,856	–	156,171,856	156,171,856	–	–	–	–	–	–	156,171,856
Dexing Recycling	19,000,296	–	19,000,296	19,000,296	–	–	–	–	–	–	19,000,296
Dongtong Mining	125,025,474	–	125,025,474	125,025,474	–	–	–	–	–	–	125,025,474

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(3) Long-term equity investments *(Continued)*

		Investment cost				Share of net profit		Other equity movement from associates		Impairment	
	Investment cost	Opening balance (Restated note 11)	Additions	Accumulated additions	Liquidations	Opening balance	Increases/ (decreases)	Opening balance	Increases	Increases/ (decreases)	Ending balance
Cost method: *(continued)*											
Guixi Material	276,683,694	—	276,683,694	276,683,694	—	—	—	—	—	—	276,683,694
Guixi Logistics	72,870,695	—	72,870,695	72,870,695	—	—	—	—	—	—	72,870,695
Shanghai Agency	14,896,275	—	14,896,275	14,896,275	—	—	—	—	—	—	14,896,275
Taiyi	64,705,427	—	64,705,427	64,705,427	—	—	—	—	—	—	64,705,427
Leongchang Copper Pipe	174,957,359	—	174,957,359	174,957,359	—	—	—	—	—	—	174,957,359
Yates*(note 1)*	392,766,945	—	392,766,945	392,766,945	—	—	—	—	—	—	392,766,945
Xiamen trading	3,126,998	—	3,126,998	3,126,998	—	—	—	—	—	—	3,126,998
Hangzhou Trading	25,453,395	—	25,453,395	25,453,395	—	—	—	—	—	—	25,453,395
Copper Products	217,712,269	—	217,712,269	217,712,269	—	—	—	—	—	—	217,712,269
Equity method:											
Jiangxi Copper Minerals	460,000,000	460,000,000	—	460,000,000	—	(130,825)	(4,948,897)	—	(39,761,078)	—	415,159,200
MCC-JCL	58,134,560	—	58,134,560	58,134,560	—	—	(1,272,703)	—	191,556	—	57,053,413
Qing Yuan	36,000,000	36,000,000	—	36,000,000	—	12,520,573	(19,116,150)	—	—	—	29,404,423
Jiangtong Bioteq	14,100,000	14,100,000	—	14,100,000	—	(314,252)	3,000,489	—	—	—	16,786,237
Jiangxi Fortune	701,989	—	701,989	701,989	—	—	192,402	—	—	—	894,391
Total	3,534,718,444	1,484,222,346	2,713,741, 595	4,197,963,941	(18,371,521)	12,075,496	(22,144,859)	—	(39,569,522)	(35,000,000)	4,094,953,535

Note 1: *I*n December 2008, the Company contributed RMB300,000,000 capital Shenzhen Trading.

In December 2008, the Company contributed RMB268,000,000 capital to Yates by RMB268,000,000.

Note 2: Other subsidiaries' capital addition came from the businesses combination under common comtrol. More details are given in note 6 (52) for details.

(Expressed in Renminbi Yuan)

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(4) Revenue and cost of sales

	Year 2008	Year2007
Revenue from principal operations	**46,550,843,533**	37,917,215,890
Other operating income	**197,695,699**	148,345,843
	46,748,539,232	38,065,561,733

Revenue from principal operations by products:

	Year 2008	Year2007
Product category		
Copper cathodes	**21,295,904,311**	16,098,883,718
Copper rods and wires	**17,291,427,521**	16,872,891,561
Gold	**3,238,631,500**	2,249,433,547
Silver	**1,280,334,024**	1,118,956,879
Sulphuric and sulphuric concentrate	**2,750,387,310**	815,027,910
Others	**694,158,867**	762,022,275
	46,550,843,533	37,917,215,890
Geographical segments		
Mainland China	**45,719,640,360**	36,786,810,045
Hong Kong	**825,925,927**	856,226,612
New Zealand	**3,712,297**	—
Taiwan	—	192,190,596
Australia	—	21,349,144
Thailand	—	17,246,913
Others	**1,564,949**	43,392,580
	46,550,843,533	37,917,215,890

7. NOTES TO FINANCIAL STATEMENTS OF THE COMPANY *(Continued)*

(4) Revenue and cost of sales *(Continued)*

Cost of Sales:

	Year 2008	Year2007
Cost of domestic sales	**40,945,060,224**	31,734,546,597
Cost of export sales	**747,619,514**	966,167,397
	41,692,679,738	32,700,713,994
Total revenue of five largest customers	**6,265,095,725**	12,720,404,325
Percentage in total revenue	**13.46%**	33.55%

(5) Investment (loss)/income

	Year 2008	Year2007
Gain from commodity derivative contracts not qualified for hedge accounting	**(681,602,758)**	21,009,850
Share of (loss)/profit of a jointly-controlled entity and associates	**(22,144,860)**	12,075,496
Dividends declared from invested entities under cost method	**33,714,800**	36,076,646
Gains from disposal of a subsidiary	**84,448**	—
	(669,948,370)	69,161,992

8. RELATED PARTY RELATIONSHIP AND TRANSACTION

(1) Definition of a related party

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, jointly control or significant influence from the same party.

Here below are the related parties of the Group:

1) The parents of the Company;

2) The subsidiaries of the Company;

3) Other enterprises which are controlled by the Company's parents;

4) An investor who has joint control over the Company;

5) An investor who can exercise significant influence over the Company;

6) A joint venture in which the Group is an investor;

7) The associates of the Group;

8) Principal individual investors of the Company, and close family members of such individuals;

9) Key management personnel of the Company or its parent, and close family members of such individuals; and

10) Other enterprises that are controlled jointly controlled or significantly influenced by the Company's principal individual investors, key management personnel or close family members of such individuals.

Enterprises are not regarded as related parties if they are under common control from the state.

(2) Parent company and subsidiaries

Parent company	Registration place	Principal business	Direct interest	Voting power	Registered capital
JCC	Jiangxi Guixi	Non-ferrous metal mines, non-metal mining, smelting and mangle rolling processing of non-ferrous metals	42.41%	42.41%	RMB2,656,150,000

Subsidiaries of the Group are given in note 5 "Scope of consolidation".

8. RELATED PARTY RELATIONSHIP AND TRANSACTION *(Continued)*

(3) Other related parties

Name	Relationship
JCC's Affiliates	Controlled by parent company
JC Qing Yuan	Associate

(4) Significant transactions with related parties

The Group had the following significant transactions with related parties, except for the acquisition of assets and businesses from JCC and guarantee for loans obtained from JCC mentioned above.

Main transaction between JCC and JCC's affiliates:

	Year 2008	Year2007 *Restated* *(note 11)*
Sale of goods and byproduct		
Sale of brass wires	**494,017,669**	483,959,154
Sale of copper rods and wire and semifinished products	**133,792,706**	153,949,214
Sales of byproducts	**13,869,250**	1,458,863
Sale of auxiliary industrial products	**7,352,250**	5,595,325
Sale of sulphuric acid	**5,207,892**	—
Others	**—**	1,695,798
Purchase of materials and byproduct		
Purchase of copper waste	**424,955,219**	80,232,790
Purchase of auxiliary industrial products	**126,935,834**	116,864,999
Purchase of copper cathode	**31,659,569**	37,561,523
Purchase of brass wires	**6,484,891**	5,458,072
Purchase of semi-finished products	**1,777,213**	2,836,856
Purchase of blue stone	**—**	2,776,284

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

(Expressed in Renminbi Yuan)

8. RELATED PARTY RELATIONSHIP AND TRANSACTION *(Continued)*

(4) Significant transactions with related parties *(Continued)*

Other transactions between JCC and JCC's affiliates:

	Year 2008	Year2007 *Restated* *(note 11)*
Services provided by the Group:		
Loans provided	**643,988,074**	227,854,624
Interest charge for financing service	**33,721,757**	10,951,541
Processing service	**29,140,703**	37,443,638
Repair and maintenance service	**9,777,075**	10,476,019
Supply of electricity	**5,048,012**	3,115,509
Vehicle transportation service	**3,307,302**	5,836,431
Supply of water	**234,572**	189,440
Supply of gas	**19,252**	21,000
Freight agency services	**5,163**	376,922
Service provided to the Group:		
Pension contributions	**131,198,769**	82,199,465
Construction services	**34,568,823**	9,236,664
Repair and maintenance services	**24,320,110**	7,809,510
Brokerage agency services for commodity derivative contracts	**22,915,239**	18,805,411
Rental for land use rights	**15,762,714**	15,000,000
Compensation of key management personnel	**6,906,500**	8,811,000
Rentals for public facilities	**1,660,327**	1,762,809
Interest charges for deposits from customers	**5,117,711**	1,791,597
Vehicle transportation services	**903,246**	108,915
Supply of power	**279,033**	282,809
Processing charges	**—**	54,264
Other supporting services	**—**	62,898
Other management fee	**4,455,067**	6,107,514
Social welfare and support services		
Including:		
— welfare and medical services	**72,597,973**	58,556,501
— use of representation offices	**3,000,000**	3,714,380
— technical education services	**2,400,000**	3,329,340
— primary and secondary education service	**—**	2,547,030

Significant transaction with Qin Yuan

	Year 2008	Year2007 *Restated* *(note 11)*
Purchases of goods:		
Purchase of copper wastes	**1,623,445,131**	1,383,243,103

The amount of sales and services provided to JCC is 1.36% (2007: 1.65%) of the total revenue of the Group. The amount of purchases and services provided from JCC is 5.39% (2007: 5.10%) of the total purchase amount of the Group.

8. RELATED PARTY RELATIONSHIP AND TRANSACTION *(Continued)*

(5) Amounts due from/to related parties

		Year 2008	Year2007 *Restated* *(note 11)*
Accounts receivable	JCC	**1,345,359**	1,838,637
	JCC's affiliates	**62,020,052**	98,840,643
		63,365,411	100,679,280
Notes receivable	JCC's affiliates	**—**	1,590,000
Other receivables	JCC	**—**	571,643,977
	JCC's affiliates		
	— deposit of futures	**439,090,081**	268,950,017
	— others	**1,203,060**	23,293,240
		440,293,141	863,887,234
Interest receivable	JCC	**6,848**	—
	JCC's affiliates	**542,230**	449,740
		549,078	449,740
Advance to supplier	JCC	**615,712**	716,652
	JCC's affiliates	**2,625,053**	9,979,883
	Qin Yuan JXCC	**9,500,000**	—
		12,740,765	10,696,535
Other current assets	JCC's affiliates	**262,557,135**	223,854,624
Non-current assets due within one year	JCC's affiliates	**3,000,000**	—
Other non-current assets	JCC's affiliates	**1,000,000**	4,000,000

(Expressed in Renminbi Yuan)

8. RELATED PARTY RELATIONSHIP AND TRANSACTION *(Continued)*

(5) Amounts due from/to related parties *(Continued)*

		Year 2008	Year2007 *Restated* *(note 11)*
Accounts payable	JCC	**3,916,005**	684,157
	JCC's affiliates	**35,246,019**	25,135,730
	Qing Yuan	**—**	27,222,396
		39,162,024	53,042,283
Advances from customers	JCC's affiliates	**3,652,264**	9,740,148
Other payables	JCC *(a)*	**541,421,052**	—
	JCC's affiliates	**64,378,783**	34,663,513
		605,799,835	34,663,513
Interest payable	JCC	**643,004**	—
	JCC's affiliates	**93,454**	—
		736,458	—
Other current libilities -short-term loan	JCC	**842,621,458**	86,382,834
	JCC's affiliates	**127,715,878**	108,005,062
		970,337,336	194,387,896
Non-current liabilities due within one year	JCC	**1,870,000**	1,870,000
Long-term payables	JCC	**16,109,052**	18,149,770

8. RELATED PARTY RELATIONSHIP AND TRANSACTION *(Continued)*

(5) Amounts due from/to related parties *(Continued)*

The amounts due from/to related parties are all arising from the transaction mentioned above, except for 1) other current liabilities caused by the Finance Company's loan to relatived parties, non-current liabilities due within one year and beyond one year (note 6 (7), (15)); 2) other current liabilities caused by the Fianance Company drawing deposits from related parties (note 6 (27)); 3) Long-term payables of JCC (note 6 (30)), these balances were unsecured, interest-free and have no fixed repayment terms.

(a) The amount is mainly to purchase mining rights from JCC and the purchase price is RMB521,309,300. On 31 December 2008, the amount hadn't been paid. The purchase price is the same as the mining rights leasing fee which JCC paid to the government.

9. COMMITMENTS

(a) Operating commitments

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

	31 December 2008	31 December 2007 *Restated (Note11)*
Within 1 year, inclusive	**22,909,793**	16,781,156
1-2 years, inclusive	**18,529,043**	16,884,158
2-3 years, inclusive	**18,199,266**	16,780,820
Above 3 years	**315,798,084**	349,490,880
	375,436,186	399,937,014

(Expressed in Renminbi Yuan)

9. COMMITMENTS *(Continued)*

(b) Capital commitments

	31 December 2008	31 December 2007 *Restated (Note11)*
Authorized but not contracted for	**—**	11,432,511
Contracted for but not provided		
Acquisition of property, plant and equipment and exploration rights	**178,594,962**	483,260,313
Investment in associates*(i)*	**2,192,677,226**	—
Investment in available for sale investment *(ii)*	**82,600,000**	—
	2,453,872,188	494,692,824

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL, an associate of the Group, on September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in MCC-JCL shall be 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD 4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportion of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

(ii) The Group has committed to contribute RMB118 million as its portion of the increased registered capital of Bank of Nanchang. As at 31 December 2008, the Company has made an advance payment of RMB35.4 million and the remaining contribution will be paid in year 2009 with the completion of registration procedures for the share transfer.

10. FINANCIAL INSTRUMENTS AND RISK

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, bonds with warrants and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables, and other payable, which arise directly from its operations.

The Group also enters into derivative transactions, principally commodity derivative contracts. The purpose is to manage the Group's exposure in relation to commodity price risk.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk.

(1) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

	31 December 2008			
	Financial assets at fair value through profit or loss-held for trading	**Loans and accounts receivable**	**Available-for-sale financial assets**	**Total**
Cash	—	4,140,323,761	—	4,140,323,761
Notes receivable	—	2,620,065,831	—	2,620,065,831
Accounts receivable	—	1,356,339,486	—	1,356,339,486
Interest receivable	—	1,386,178	—	1,386,178
Other receivables	—	1,386,254,229	—	1,386,254,229
Other current assets	312,455,294	262,557,135	—	575,012,429
Available-for-sale financial assets	—	—	327,400,000	327,400,000
Non-current assets due within one year	—	3,000,000	—	3,000,000
Other current assets	—	1,000,000	—	1,000,000
	312,455,294	9,770,926,620	327,400,000	10,410,781,914

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(1) Financial instruments by category *(Continued)*

Financial liabilitie

	31 December 2008		
	Financial liabilities at fair value through profit or loss-held for trading	**Other financial liabilities**	**Total**
Notes payable	—	86,217,573	86,217,573
Accounts payable	—	1,328,422,011	1,328,422,011
Short-term loans	—	2,962,621,173	2,962,621,173
Interest payable	—	8,058,286	8,058,286
Employee benefits payable	—	236,128,931	236,128,931
Other payables	—	1,051,825,680	1,051,825,680
Non-current liabilities due within one year	—	385,226,056	385,226,056
Other current liabilities	359,309,133	970,337,336	1,329,646,469
Long-term borrowings	—	147,250,000	147,250,000
Bonds payable	—	4,747,884,213	4,747,884,213
Long-term payables	—	16,109,052	16,109,052
	359,309,133	11,940,080,311	12,299,389,444

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(1) Finance instruments by category *(Continued)*

Financial assets

	31 December 2007			
	Financial assets at fair value through profit or loss-held for trading	Loans and accounts receivable	Available — for-sale financial assets	Total
Cash	—	3,194,256,651	—	3,194,256,651
Notes receivable	—	3,406,362,690	—	3,406,362,690
Accounts receivable	—	1,952,252,000	—	1,952,252,000
Interest receivable	—	1,286,840	—	1,286,840
Other receivables	—	1,074,077,680	—	1,074,077,680
Other current assets	54,703,559	223,854,624	—	278,558,183
Available-for-sale financial assets	—	—	290,000,000	290,000,000
Other non-current assets	—	4,000,000	—	4,000,000
	54,703,559	9,856,090,485	290,000,000	10,200,794,044

Financial liabilitie

	31 December 2007		
	Financial liabilities at fair value through profit or loss-held for trading	Other financial liabilities	Total
Notes payable	—	249,921,676	249,921,676
Accounts payable	—	1,931,135,580	1,931,135,580
Short-term loans	—	9,098,425,189	9,098,425,189
Employee benefit payable	—	270,850,440	270,850,440
Interest payable	—	49,364,379	49,364,379
Other payables	—	406,782,981	406,782,981
Non-current liabilities due within one year	—	524,433,261	524,433,261
Other current liabilities	—	476,801,767	476,801,767
Long-term borrowings	—	810,802,920	810,802,920
Long-term payables	—	28,094,211	28,094,211
	—	13,846,612,404	13,846,612,404

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(2) Credit risk

The credit risk is the risk caused by the event that one party cannot complete his obligation and make the other party suffer a loss.

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis, and the Group's exposure to bad debts is not significant.

The Group only makes transactions with third parties who have a good reputation and are recognized by the Group. According to the Group policy, the Group needs to make a credit approval for all clients. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments, other receivables and certain derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Since the Group only has 35.82% of accounts receivable from the five largest customers at 31 December 2008, there is no significant concentration of credit risk with the Group.

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

31 December 2008		**Account receivable**
Neither past due nor impaired		812,321,882
Past due nor impaired	Within 1 year	483,173,463
	1-2 years	36,974,200
	2-3 years	183,318
	Over 3 years	—
Total		1,332,652,863

31 December 2007 *(Restated note 11)*		**Account receivable**
Neither past due nor impaired		1,300,584,812
Past due nor impaired	Within 1 year	646,921,529
	1-2 years	3,598,008
	2-3 years	800,203
	Over 3 years	—
Total		1,951,904,552

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(3) Liquidity risk

The liquidity risk is the risk that the Company faces a lack of capital when fulfilling the obligation of financial liabilities.

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institutions and borrowing loans from banks.

The table below summarises the maturity profile of the Group's financial liabilities at each balance sheet date based on contractual undiscounted payments.

	31 December 2008		
	Within 1 year	**1-5 years**	**Total**
Cash	4,140,323,761	—	4,140,323,761
Notes receivable	2,620,065,831	—	2,620,065,831
Accounts receivable	1,533,138,438	—	1,533,138,438
Other receivables	1,412,410,273	—	1,412,410,273
Interest receivables	1,386,178	—	1,386,178
Other current assets	575,012,429	—	575,012,429
Non-current assets due within one year	3,000,000	—	3,000,000
Available-for-sale financial assets	—	333,010,000	333,010,000
Other non-current financial assets	—	1,000,000	1,000,000
	10,285,336,910	334,010,000	10,619,346,910

	31 December 2007		
	Within 1 year	**1-5 years**	**Total**
Cash	3,194,256,651	—	3,194,256,651
Notes receivable	3,406,362,690	—	3,406,362,690
Accounts receivable	2,089,748,130	—	2,089,748,130
Other receivables	1,104,744,364	—	1,104,744,364
Interest receivables	1,286,840	—	1,286,840
Other current assets	278,558,183	—	278,558,183
Available-for-sale financial assets	—	295,610,000	295,610,000
Other non-current financial assets	—	4,000,000	4,000,000
	10,074,956,858	299,610,000	10,374,566,858

(Expressed in Renminbi Yuan)

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(3) Liquidity risk *(Continued)*

	31 December 2008			
	Within 1 year	**1-5 years**	**Above 5 years**	**Total**
Long-term borrowings	354,058,920	128,000,000	19,250,000	501,308,920
Short term loans	2,962,621,173	—	—	2,962,621,173
Notes payable	86,217,573	—	—	86,217,573
Accounts payable	1,328,422,011	—	—	1,328,422,011
Employee benefits payable	236,128,931	—	—	236,128,931
Interest payable	76,058,286	272,000,000	204,000,000	552,058,286
Other payables	1,051,825,680	—	—	1,051,825,680
Other current liabilities	1,329,646,469	—	—	1,329,646,469
Long-term payables	31,870,000	7,480,000	26,271,000	65,621,000
Bonds payable	—	—	6,800,000,000	6,800,000,000
	7,456,849,043	407,480,000	7,049,521,000	14,913,850,043

	31 December 2007			
	Within 1 year	**1-5 years**	**Above 5 years**	**Total**
Long-term borrowings	504,046,000	791,552,920	19,250,000	1,314,848,920
Short term loans	9,098,425,189	—	—	9,098,425,189
Notes payable	249,921,676	—	—	249,921,676
Accounts payable	1,931,135,580	—	—	1,931,135,580
Employee benefits payable	270,850,440	—	—	270,850,440
Interest payable	49,364,379	—	—	49,364,379
Dividends payable	3,621,217	—	—	3,621,217
Other payables	406,782,981	—	—	406,782,981
Other current liabilities	476,801,767	—	—	476,801,767
Long-term payables	21,870,000	17,480,000	28,141,000	67,491,000
	13,012,819,229	809,032,920	47,391,000	13,869,243,149

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(4) Market risk

The market risk is the risk that the fair value or the future cash flow of a financial instrument fluctuates due to the change of the market price. The market risk mainly includes interest rate risk, exchange rate risk and other price risk, such as commodity price risk.

Interest rate risk

The interest rate risk is the risk of the fair value or cash flow fluctuation due to the change of market interest rates. The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's long term interest-bearing bank loans and other borrowings with floating interest rates. The Group manages the interest cost by keep a proper percentage of fixed interest rate liabilities and floating interest rate liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constanty, of the Group's profit before tax through the impact on floating rate borrowings.

31 December 2008	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in profit before tax** *RMB'000*
RMB	+50	(17,320)
RMB	-200	69,279

31 December 2007	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in profit before tax** *RMB'000*
RMB	+50	(52,066)
RMB	-200	208,265

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(4) Market risk *(Continued)*

Foreign currency risk

The exchange rate risk is the risk of the fair value or cash flow fluctuation due to changes in exchange rates. The Group's exposure to foreign currency risk mainly arises from loans in currencies other than the Group's functional currency.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities.

	Increase / (decrease) of USD exchange rate	**Increase / (decrease) of total profit** *RMB'000*
Year 2008		
If RMB weakens against USD	(5%)	14,137
If RMB strengthens against USD	5%	(14,137)
Year 2007		
If RMB weakens against USD	(5%)	(33,480)
If RMB strengthens against USD	5%	33,480

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(4) Market risk *(Continued)*

Commodity price risk

The Group is exposured to risk arising from to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimize this risk, the Group enters into commodity derivative contracts to manage the Group's exposure in relation to forecasted sales of copper cathodes, forecasted purchase of copper cathodes and firm commitment to sell copper rods and wires.

Fair value of financial assets and liabilities of the Group which change line with the fluctuations in the prevailing market price of copper cathodes mainly comprise by copper cathode derivative contracts and embedded derivatives.

The table below summarizes the impact on profit before tax for changes in commodity prices on the fair value of commodity derivative contracts and embedded derivatives.

	Increase/ (decrease) in copper market points	**Increase/ (decrease) in profit before tax** *RMB'000*
Year 2008		
RMB	30%	(81,911)
RMB	(30%)	81,911

	Increase/ (decrease) in copper market points	**Increase/ (decrease) in profit before tax** *RMB'000*
Year 2007		
RMB	30%	219,977
RMB	(30%)	(219,977)

10. FINANCIAL INSTRUMENTS AND RISK *(Continued)*

(5) Fair values

The fair value of the Group's long term loans and bonds payable are calculated according to similar terms and time frames and prevailing market borrowing interest rates, and there is no material difference between their fair value and carrying amount.

The remaining financial instruments are all short term instruments, and there is no material difference between their fair value and carrying amount due to the short term to maturity.

11. COMPARATIVE FIGURES

Comparative figures have been retrospectively adjusted to apply apply change in accounting policy for safety Fund (note 3(24)) and apply merger accounting for business combination under common control (note 6 (52)), and certain comparatives have been reclassified to conform to the current period's presentation.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 31 March 2009.

(Expressed in Renminbi Yuan)

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

The consolidated financial report comparing International Financial Reporting Standards ("IFRSs") and New Chinese Accounting Standards and Regulations ("PRC GAAP") shows no differences.

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

	2008			
	Return on net assets (%)		Earnings per share (RMB)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Net profit attributable to equity holders of the parent	11.01%	11.33%	0.7559	0.7559
Net profit attributable to equity holders of the parent excluding extraordinary gain/loss	14.08%	14.48%	0.9663	0.9663

	2007 (Restated)			
	Return on net assets (%)		Earnings per share (RMB)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Net profit attributable to equity holders of the parent	23.20%	27.92%	1.5262	1.5262
Net profit attributable to equity holders of the parent excluding extraordinary gain/loss	20.37%	24.52%	1.3399	1.3399

The Group issued warrants in 2008 (note 6 (29)). From the issue date to 31 December 2008, the average market price of shares was lower than the warrant excutive price, so no dilutive impact will be taken into consideration.

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

(Expressed in Renminbi Yuan)

2. WEIGHTED AVERAGE AND FULLY DILUTED RETURN ON NET ASSETS AND EARNINGS PER SHARE *(Continued)*

After non-recurring profit and loss items:

	31 December 2008	31 December 2007 Restated *(Note11)*
Net profit attributable to equity holders of the parent	**2,285,100,597**	4,533,754,499
Add: Non-recurring items		
Loss on disposal of non-current assets	**7,809,763**	7,816,714
Loss in non-operating expense other than the disposals loss of non-recurring assests	**(5,357,045)**	(16,951,612)
(Gain)/loss from disposal of a subsidiary	**(84,448)**	1,619,216
Effect of business combination under common control	**(424,227,847)**	(530,963,860)
Loss on changes in fair value from commodity derivative contracts not qualified for hedge accounting	**391,317,133**	32,107,000
Loss/(gain) on invesment from commodity derivative contracts not qualified for hedge accounting	**972,176,624**	(52,278,823)
Impact of income tax on non-recurring items	**(314,684,598)**	5,101,216
Net profit after non-recurring items	**2,912,050,179**	3,980,204,350
Less: Impact of non-recurring items attributable to minority interest	**(8,904,620)**	(355,386)
Net profit attributable to equity holders of the parent after non-recurring item	**2,920,954,799**	3,980,559,736

The Company's recognization of non-recurring items is in accordance with the regulations of "public offering of securities of companies standardize information disclosure quiz" No. 1 issued by the China Securities Regulatory Commission.

INDEPENDENT AUDITORS' REPORT

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安 永

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To the shareholders of Jiangxi Copper Company Limited
(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

We have audited the accompanying financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 212 to 312, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and the Group as of 31 December 2008, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2009

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2008
(Prepared in accordance with IFRSs)

	Notes	**2008** RMB'000	2007 (Restated) RMB'000
REVENUE	6	**53,693,436**	43,168,883
Cost of sales		**47,433,301**	36,241,571
Gross profit		**6,260,135**	6,927,312
Other income and gains	7	**213,747**	191,878
Selling and distribution costs		**268,384**	189,948
Administrative expenses		**1,121,882**	973,174
Other expenses	8	**1,520,550**	34,602
Finance costs	9	**542,870**	424,368
Share of profits and losses of:			
Jointly-controlled entity	22	**3,000**	(314)
Associates	23	**(25,145)**	12,489
PROFIT BEFORE TAX	10	**2,998,051**	5,509,273
Income tax expense	12	**800,535**	854,813
PROFIT FOR THE YEAR		**2,197,516**	4,654,460
Attributable to:			
Equity holders of the company	13	**2,285,101**	4,533,754
Minority interests		**(87,585)**	120,706
		2,197,516	4,654,460
PROPOSED FINAL DIVIDEND	14	**241,827**	906,850
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic and diluted	15	**RMB0.76**	RMB1.53

CONSOLIDATED BALANCE SHEET

As at 31 December 2008
(Prepared in accordance with IFRSs)

	Notes	2008 RMB'000	2007 (Restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**14,053,056**	12,761,573
Prepaid land lease payments	17	**197,814**	200,365
Intangible assets	18	**945,942**	463,414
Exploration and evaluation assets	19	**71,880**	—
Interest in a jointly-controlled entity	22	**16,786**	13,786
Interests in associates	23	**508,338**	515,279
Available-for-sale investments	24	**327,400**	290,000
Deferred tax assets	25	**290,264**	92,207
Loans	26	**1,000**	4,000
Total non-current assets		**16,412,480**	14,340,624
CURRENT ASSETS			
Inventories	27	**6,886,056**	9,701,330
Trade and bills receivables	28	**3,976,405**	5,358,615
Prepayments, deposits and other receivables	29	**2,511,644**	2,257,199
Loans	26	**265,557**	223,855
Derivative financial instruments	30	**312,455**	54,704
Pledged deposits	31	**195,558**	125,960
Cash and cash equivalents	31	**3,944,766**	3,068,297
Total current assets		**18,092,441**	20,789,960
Total assets		**34,504,921**	35,130,584
CURRENT LIABILITIES			
Trade and bills payables	32	**1,414,640**	2,181,057
Other payables and accruals	33	**1,826,057**	1,260,386
Derivative financial instruments	30	**359,309**	—
Interest-bearing bank and other borrowings	34	**3,316,680**	9,602,471
Deposits from customers	35	**970,337**	194,388
Repurchase agreement	36	**—**	280,000
Dividend payable		**—**	3,621
Income tax payable		**276,184**	578,269
Total current liabilities		**8,163,207**	14,100,192
NET CURRENT ASSETS		**9,929,234**	6,689,768
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,341,714**	21,030,392

CONSOLIDATED BALANCE SHEET

As at 31 December 2008
(Prepared in accordance with IFRSs)

	Notes	2008 RMB'000	2007 (Restated) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,341,714**	21,030,392
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	**147,250**	810,803
Bonds payable	37	**4,747,884**	—
Deferred revenue - government grants	38	**126,384**	115,537
Deferred tax liabilities	25	**78,109**	5,779
Provision for rehabilitation	39	**107,002**	48,224
Other long term payables	40	**16,109**	28,094
Total non-current liabilities		**5,222,738**	1,008,437
Net assets		**21,118,976**	20,021,955
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	41	**3,022,834**	3,022,834
Equity component of bonds with warrants	37	**2,008,917**	—
Reserves		**15,478,766**	15,614,740
Proposed final dividend	14	**241,827**	906,850
		20,752,344	19,544,424
Minority interests		**366,632**	477,531
Total equity		**21,118,976**	20,021,955

Approved on behalf of the Board of Directors:

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2008
(Prepared in accordance with IFRSs)

	Attributable to equity holders of the parent														
	Share capital RMB'000 (note 41)	Equity component of bonds with warrants RMB'000 (note 37)	Share premium RMB'000 (note 2)	Capital reserve RMB'000	Other reserves RMB'000	Statutory surplus reserve RMB'000 (note 42)	Discretionary surplus reserve RMB'000 (note 42)	Safety fund surplus reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Hedging earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008															
As previously reported	3,022,834	–	4,585,536	65,175	(92,506)	1,693,056	3,470,497	–	4,480,713	(4,092)	22,596	906,850	18,150,659	244,153	18,394,812
Retrospective adjustment as a result of change in accounting policy in the PRC statutory accounts	–	–	–	–	–	–	–	16,359	(16,359)	–	–	–	–	–	–
Effect of business combinations under common control	–	–	–	749,896	–	101,746	2,693	12,060	527,370	–	–	–	1,393,765	233,378	1,627,143
As restated	3,022,834	–	4,585,536	815,071	(92,506)	1,794,802	3,473,190	28,419	4,991,724	(4,092)	22,596	906,850	19,544,424	477,531	20,021,955
Consideration for business combinations under common control	–	–	(245,022)	(1,340,468)	–	–	–	–	–	–	–	–	(1,585,490)	–	(1,585,490)
Distributions of acquirees of business combinations under common control before the acquisition date	–	–	–	(409,284)	–	–	–	–	(118,964)	–	–	–	(528,248)	–	(528,248)
Profit for the year	–	–	–	–	–	–	–	–	2,285,101	–	–	–	2,285,101	(87,585)	2,197,516
Exchange difference arising on translation of operation in Hong Kong	–	–	–	–	–	–	–	–	–	(1,735)	–	–	(1,735)	(1,714)	(3,449)
Transfer to profit and loss on cash flow hedges	–	–	–	–	–	–	–	–	–	–	(22,596)	–	(22,596)	–	(22,596)
Equity component of bonds with warrants	–	2,008,917	–	–	–	–	–	–	–	–	–	–	2,008,917	–	2,008,917
Capital injection of minority interest	–	–	–	–	–	–	–	–	–	–	–	–	–	1,674	1,674
Distributions to minority shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(23,228)	(23,228)
2007 final dividend declared	–	–	–	–	–	–	–	–	–	–	–	(906,850)	(906,850)	–	(906,850)
Proposed 2008 final dividend	–	–	–	–	–	–	–	–	(241,827)	–	–	241,827	–	–	–
Other equity movements from associates	–	–	–	–	–	–	–	–	–	(39,930)	–	–	(39,930)	–	(39,930)
Transfers	–	–	–	–	–	196,099	588,298	96,328	(880,725)	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	(1,249)	–	–	–	(1,249)	(46)	(1,295)
At 31 December 2008	3,022,834	2,008,917	4,340,514	(934,681)	(92,506)	1,990,901	4,061,488	124,747	6,034,060	(45,757)	–	241,827	20,752,344	366,632	21,118,976

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2008
(Prepared in accordance with IFRSs)

	Attributable to equity holders of the parent													
	Share capital	Share premium	Capital reserve	Other reserves	Statutory surplus reserve	Discretionary surplus reserve	Safety fund surplus reserve	Retained earnings	Exchange fluctuation reserve	Hedging earnings	Proposed final dividend	Total	Minority interests	Total equity
	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*
	(note 41)				*(note 42)*	*(note 42)*								
At 1 January 2007 as previously reported	2,895,038	1,945,551	436,960	(92,506)	1,307,429	2,313,617	–	2,874,086	(1,740)	38,746	1,158,015	12,875,196	415,331	13,290,527
Effect of business combinations under common control	–	–	610,185	–	71,132	1,901	–	327,261	–	–	–	1,010,479	400,641	1,411,120
As restated	2,895,038	1,945,551	1,047,145	(92,506)	1,378,561	2,315,518	–	3,201,347	(1,740)	38,746	1,158,015	13,885,675	815,972	14,701,647
Profit for the year (as restated)	–	–	–	–	–	–	–	4,533,754	–	–	–	4,533,754	120,706	4,654,460
Exchange difference arising on translation of operation in Hong Kong	–	–	–	–	–	–	–	–	(2,352)	–	–	(2,352)	(1,924)	(4,276)
Increase in fair value of cash flow hedges	–	–	–	–	–	–	–	–	–	114,030	–	114,030	–	114,030
Transfer to profit and loss on cash flow hedges	–	–	–	–	–	–	–	–	–	(130,180)	–	(130,180)	–	(130,180)
Issue of new shares	127,796	2,268,200	–	–	–	–	–	–	–	–	–	2,395,996	–	2,395,996
Acquisition of minority interests by acquirees of business combinations under common control before the acquisition date	–	–	(5,464)	–	–	–	–	–	–	–	–	(5,464)	(453,587)	(459,051)
Effect of business combinations under common control	–	371,785	(371,785)	–	–	–	–	–	–	–	–	–	–	–
Distributions by acquirees of business combinations under common control before the acquisition date	–	–	145,175	–	–	–	–	(234,195)	–	–	–	(89,020)	–	(89,020)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(3,636)	(3,636)
2006 final dividend declared	–	–	–	–	–	–	–	–	–	–	(1,158,015)	(1,158,015)	–	(1,158,015)
Proposed 2007 final dividend	–	–	–	–	–	–	–	(906,850)	–	–	906,850	–	–	–
Transfers	–	–	–	–	416,241	1,157,672	28,419	(1,602,332)	–	–	–	–	–	–
At 31 December 2007 (restated)	3,022,834	4,585,536	815,071	(92,506)	1,794,802	3,473,190	28,419	4,991,724	(4,092)	22,596	906,850	19,544,424	477,531	20,021,955

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2008
(Prepared in accordance with IFRSs)

	2008	2007 (Restated)
	RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**2,998,051**	5,509,273
Adjustments for:		
Finance costs	**542,870**	424,368
Foreign exchange gains arising from borrowings	**(125,281)**	(12,684)
Share of profits and losses of a jointly-controlled entity and associates	**22,145**	(12,175)
Dividend income from available-for-sale investments	**(5,259)**	—
Loss on disposal of items of property, plant and equipment	**10,703**	12,943
Fair value losses/(gains), net: derivative instruments - transactions not qualifying as hedges	**391,317**	(32,107)
Fair value gains: embedded derivative financial instruments	**(312,356)**	—
Provision/(reversal) for impairment of trade and other receivables	**41,216**	(10,968)
Provision/(reversal) for write-down of inventories to net realisable value	**579,632**	(6,057)
Provision for impairment of items of property, plant and equipment	**92,462**	—
Provision for impairment of intangible assets	**25,080**	—
Depreciation of items of property, plant and equipment	**813,928**	720,081
Amortisation of prepaid land lease payments	**7,780**	2,411
Amortisation of intangible assets	**21,313**	16,328
Amortisation of long term deferred expenses	**—**	13,751
Rehabilitation cost	**3,417**	2,574
Deferred revenue released to income statement	**(9,098)**	(7,058)
	5,097,920	6,620,680
Decrease/(increase) in inventory	**2,235,642**	(2,939,443)
Decrease/(increase) in trade and other receivables	**832,623**	(1,904,233)
Increase in loans	**(38,702)**	(227,855)
Increase in pledged cash	**(69,598)**	(125,960)
(Decrease)/increase in trade and other payables	**(1,076,070)**	856,274
Increase in deposits from customers	**775,949**	118,612
(Decrease)/increase in repurchase agreements	**(280,000)**	280,000
Cash generated from operations	**7,477,764**	2,678,075
Income tax paid	**(1,228,347)**	(1,074,538)
Net cash inflow from operating activities	**6,249,417**	1,603,537

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2008
(Prepared in accordance with IFRSs)

	2008	2007
		(Restated)
	RMB'000	*RMB'000*
Net cash inflow from operating activities	**6,249,417**	1,603,537
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(2,383,798)**	(2,395,049)
Acquisition of subsidiaries and operating assets, liabilities and the related business from JCC	**(1,585,490)**	—
Additions to exploration and evaluation assets	**(71,880)**	—
Additions to prepaid land lease payments	**(7,862)**	(70,192)
Additions to intangible assets	**(5,505)**	(164,261)
Proceeds from disposal of items of property, plant and equipment	**53,549**	44,571
Dividend income received from available-for-sale investments	**5,259**	—
Receipt of government grants	**19,945**	30,665
Purchases of available-for-sale investments	**(37,400)**	(280,000)
Purchases of shareholding in associates	**(58,135)**	(502,187)
Purchases of shareholding in a jointly-controlled entity	**—**	(14,100)
Net cash outflow from investing activities	**(4,071,317)**	(3,350,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	**—**	2,164,839
Proceeds from issue of bonds with warrants, net of transaction costs	**6,686,330**	—
Proceeds from capital injection of minority shareholders	**1,674**	—
New debentures	**—**	1,000,000
Repayment of debentures	**(1,000,000)**	(500,000)
New bank loans	**7,247,174**	9,838,278
Repayment of bank loans	**(12,853,089)**	(8,045,202)
Interest paid	**(446,212)**	(393,610)
Dividends paid	**(910,471)**	(1,174,478)
Dividends paid to minority shareholders	**(23,228)**	(3,636)
Net cash (outflow)/inflow from financing activities	**(1,297,822)**	2,886,191
NET INCREASE IN CASH AND CASH EQUIVALENTS	**880,278**	1,139,175
Cash and cash equivalents at beginning of year	**3,068,297**	1,933,397
Effect of foreign exchange rate changes, net	**(3,809)**	(4,275)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**3,944,766**	3,068,297
Non-cash transactions		
Acquisition of subsidiaries and minority interests by issue of new shares	**—**	1,785,336

BALANCE SHEET OF THE COMPANY

As at 31 December 2008
(Prepared in accordance with IFRSs)

	Notes	2008 RMB'000	2007 (Restated) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**11,562,424**	9,759,305
Prepaid land lease payments	17	**179,829**	188,421
Intangible assets	18	**933,660**	427,758
Exploration and evaluation assets	19	**71,880**	—
Investments in subsidiaries	21	**3,820,678**	874,122
Interest in a jointly-controlled entity	22	**14,100**	14,100
Interests in associates	23	**554,615**	596,000
Available-for-sale investments	24	**315,400**	280,000
Deferred tax assets	25	**223,394**	66,669
Total non-current assets		**17,675,980**	12,206,375
CURRENT ASSETS			
Inventories	27	**5,944,723**	8,780,301
Trade and bills receivables	28	**2,879,865**	3,999,772
Prepayments, deposits and other receivables	29	**2,326,493**	1,439,128
Derivative financial instruments	30	**312,356**	22,597
Cash and cash equivalents	31	**2,518,273**	2,186,548
Total current assets		**13,981,710**	16,428,346
Total assets		**31,657,690**	28,634,721
CURRENT LIABILITIES			
Trade and bills payables	32	**1,314,338**	1,455,075
Other payables and accruals	33	**1,492,992**	1,052,988
Derivative financial instruments	30	**201,759**	—
Interest-bearing bank and other borrowings	34	**2,374,607**	7,230,558
Income tax payable		**258,849**	513,100
Total current liabilities		**5,642,545**	10,251,721
NET CURRENT ASSETS		**8,339,165**	6,176,625
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,015,145**	18,383,000

BALANCE SHEET OF THE COMPANY

As at 31 December 2008
(Prepared in accordance with IFRSs)

	Notes	2008 RMB'000	2007 (Restated) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,015,145**	18,383,000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	**—**	303,046
Bonds payable	37	**4,747,884**	—
Deferred revenue-government grants	38	**107,103**	94,637
Provision for rehabilitation	39	**94,576**	48,224
Deferred tax liabilities	25	**78,089**	—
Other long term payables	40	**16,109**	28,094
Total non-current liabilities		**5,043,761**	474,001
Net assets		**20,971,384**	17,908,999
EQUITY			
Share capital	41	**3,022,834**	3,022,834
Equity component of bonds with warrants	37	**2,008,917**	—
Reserves	42	**15,697,806**	13,979,315
Proposed final dividend	14	**241,827**	906,850
Total equity		**20,971,384**	17,908,999

Approved on behalf of the Board of Directors:

Director *Director*

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited (the "Company") was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He Kan Zhong Zi 003556. 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, and approved by Jiangxi Province's Administrative Bureau for Industry and Commerce. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Company is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid, and electrolytic gold and silver, and rare metals such as molybdenum, etc. It also provides smelting and refining services pursuant to tolling arrangements for customers. Details of the principal activities of the Company's subsidiaries are set out in note 21 to the consolidated financial statements.

2. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL AND BASIS OF PRESENTATION

Pursuant to an acquisition agreement with JCC dated 16 January 2008, the Company acquired from JCC its copper related business (the "Targets") at a consideration of RMB1.59 billion (the "Acquisitions"). Details of the Targets are given in note 21(c).

Since the Company and the Targets were all ultimately controlled by JCC both before and after the business combination, and control is not transitory, the Acquisition is dealt with as business combinations under common control. The financial statements of the Group have been prepared based on the principles of merger accounting as if the business combinations under common control had occurred from the date when the Targets first came under the control of JCC.

2. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL AND BASIS OF PRESENTATION *(Continued)*

The operating results previously reported by the Group for the year ended 31 December 2007 have been restated to include the operating results of the acquired companies and businesses as set out below:

	The Group (as previously reported) *RMB'000*	Acquired companies and businesses under common control *RMB'000*	Total *RMB'000*	Consolidation adjustment *RMB'000*	The Group (as restated) *RMB'000*
Operating profit:					
Revenue	41,280,618	7,920,368	49,200,986	(6,032,103)	43,168,883
Profit before tax	4,940,805	574,929	5,515,734	(6,461)	5,509,273
Profit for the year	4,218,274	437,657	4,655,931	(1,471)	4,654,460

The financial position previously reported by the Group at 31 December 2007 has been restated to include the assets and liabilities of the acquired companies and businesses as set out below:

	The Group (as previously reported) *RMB'000*	Acquired companies and businesses under common control *RMB'000*	Total *RMB'000*	Consolidation adjustment *RMB'000*	The Group (as restated) *RMB'000*
Financial position:					
Non-current assets	12,326,676	2,131,520	14,458,196	(117,572)	14,340,624
Current assets	17,893,507	3,613,941	21,507,448	(717,488)	20,789,960
Current liabilities	11,240,590	3,587,002	14,827,592	(727,400)	14,100,192
Non-current liabilities	584,781	421,088	1,005,869	2,568	1,008,437
Equity	18,394,812	1,737,371	20,132,183	(110,228)	20,021,955

3.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, which have been measured at fair value, as explained in the accounting policies set out below. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008. The results of subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries and are presented separately in the income statement and within equity in the consolidated balance sheet, from parent shareholders' equity. Acquisition of minority interests shall be accounted for as transactions between equity holders in their capacity as equity holders. No gain or loss shall be recognised in profit or loss on such changes. The carrying amount of the minority interest shall be adjusted to reflect the change in the parent's interest in the subsidiary's net assets. Any difference between the amount by which the minority interest is so adjusted and the fair value of the consideration paid or received, if any, shall be recognised directly in equity and attributed to equity holders of the parent.

For the business combinations under common control, the financial information of the Group and the acquired businesses have been combined, as if the Group acquired these businesses from the beginning of the earliest financial period presented. The net assets of the Group and the acquired business are combined using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of the Group's interest in the net fair value of the acquired business' identifiable assets, liabilities and contingent liabilities over cost of acquisition at the time of common control combination. The difference between the consideration and book value of the acquired business at the time of common control combination is deducted into the reserve of the Group.

3.2 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

The Group has adopted the following new interpretations and amendments to IFRSs for the first time for the current year's financial statements.

IAS 39 and IFRS 7 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure - Reclassification of Financial Assets
IFRIC 11	IFRS 2 — Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

3.3 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 the financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary,Jointly Controlled Entity or Associate [1]
IFRS 2 Amendments	Amendments to IFRS 2 Share-based Payment — Vesting Conditions and Cancellations [1]
IFRS 3 (Revised)	Business Combinations [2]
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments [1]
IFRS 8	Operating Segments [1]
IAS 1 (Revised)	Presentation of Financial Statements [1]
IAS 23 (Revised)	Borrowing Costs [1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation [1]
IAS 39 Amendment	Amendment to IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items [2]
IFRIC 13	Customer Loyalty Programmes [3]
IFRIC 15	Agreements for the Construction of Real Estate [1]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation [4]
IFRIC 17	Distribution of Non-cash Assets to Owners [2]
IFRIC 18	Transfers of Assets from Customers [2]

Apart from the above, the International Accounting Standards Board (the "Board") has also issued Improvements to IFRSs* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to IFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning or after 1 January 2009 although there are separate transitional provisions for each standard.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS *(Continued)*

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 October 2008

* Improvements to IFRSs contain amendments to IFRS 5, IFRS 7, IAS1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41

Further information about those changes that are expected to significantly affect the Group is as follows:

The IFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group expects to adopt IFRS 2 Amendment from 1 January 2009.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rate, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures.

The Group expects to adopt IFRS 3 (Revised) and IAS 27 (Revised) from 1 January 2010. The changes introduced by these revised standards must be applied prospectively and will affect future acquisitions, loss of control and transactions with minority interests.

IFRS 8, which will replace IAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt IFRS 8 from 1 January 2009.

3.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSS *(Continued)*

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group expects to adopt IAS 1 (Revised) from 1 January 2009.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Group controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of jointly-controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in jointly-controlled entities are treated as non-current assets are stated at cost less any impairment losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Excess over the cost of business combinations, not under common control

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, associates, and jointly-controlled entities, after reassessment, is recognised immediately in the consolidated income statement.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets,), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets other than goodwill *(Continued)*

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over the estimated useful life. The principal annual rates used for this purpose are as follows:

	Useful life	**Depreciation rate**
Buildings and mining infrastructure	12 - 45 years	2.00 - 8.08%
Machinery	8 - 27 years	3.33 - 12.13%
Motor vehicles	9 - 13 years	6.92 - 10.78%
Office equipment	5 - 10 years	9.00 - 19.40%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful lives mainly represent mining rights and trademarks acquired from third parties and JCC. Intangible assets with finite lives are amortised over the shorter of their useful economic lives and the license's period and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are stated at cost less impairment losses. Exploration and evaluation assets are mainly comprised by cost to acquire exploration rights, expenditures incurred during topographical exploration process, including topographical and geological surveys, exploratory drilling, sampling and trenching and activities in relation to commercial and technical feasibility studies. If any project is abandoned, the total expenditure thereon will be written off to the income statement.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a nonfinancial item in accordance with the Group's expected purchase, sale or usage requirements fall within the exemption from IAS 32 and IAS 39, which is known as the 'normal purchase or sale exemption' (with the exception of those with quotation period clauses, which result in the recognition of an embedded derivative).

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. The Group recognises such contracts in its balance sheet only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. These techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and a discounted cash flow analysis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other 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 and significant changes in the technological, market economic or legal environment that have an adverse effect on 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.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or ''prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Bonds with detachable warrants ("Bonds with warrants")

The component of bonds with warrants that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of bonds with warrants, the fair value of the liability component is determined using a market rate for an equivalent bond without the detachable share purchase warrants; and this amount is carried as a long term liability on an amortised cost basis until redemption.

The remainder of the proceeds is allocated to the detachable share purchase warrants that are recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the detachable share purchase warrants is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the bonds with warrants based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Derivative financial instruments and hedging

The Group uses derivative financial instruments (primarily commodity derivative contracts) to manage its exposure against commodity price fluctuations relating to certain forecasted transactions and its exposure against fair value change of firm commitments associated with commodity price fluctuations. Such derivative financial instruments are initially recognised 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.

The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy.

While the Group does not use derivative financial instruments for speculative purposes, certain derivative instruments are not designated as hedging instruments and/or qualified for hedge accounting. 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.

For derivative financial instruments that do qualify for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

The terms of metal in concentrate purchase contracts with third parties contain provisional pricing arrangements whereby the purchase price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment by suppliers (the "quotation period"). Adjustments to the purchase price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and four months.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedging *(Continued)*

The provisionally priced purchase of metal in concentrate contains an embedded derivative, which is required to be separated from the host contract for accounting purposes. The host contract is the purchase of metals in concentrate and the embedded derivative is the forward contract for which the provisional price is subsequently adjusted. Accordingly the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, once the significant risks and rewards of ownership have been transferred to the Group, with subsequent changes in the fair value recognised in the income statement each period until final settlement, and presented as "Cost of Sales". Changes in fair value over the quotation period and up until final settlement are estimated by reference to the quoted market prices of copper forward contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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

The costs of removing waste materials or "stripping costs" incurred during the production phase of a mine are included in the cost of inventory extracted during the period in which the stripping costs are incurred.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for the Group's obligations for environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statements or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that are not business combinations and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred revenue — government grants

Deferred revenue are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred revenue account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- service income, including sub-contracting service, is recognised when services are provided;
- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- dividend income, when the shareholders' right to receive payment has been established.

Share-based payment transactions

The Company operates H Share Appreciation Rights Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for cash repayment ("cash-settled transactions").

The cost of cash-settled transactions is measured initially at fair value at the grant date using appropriate pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the income statement.

Other employee benefits

In accordance with the rules and regulations in the PRC, the employees of the Group are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Borrowing costs, which are not directly attributable to the acquisition or construction of qualifying assets, are charged to the consolidated income statement in the period in which they are incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of certain overseas subsidiaries and associates of the Group are currencies other than the RMB. As at the balance sheet date, the assets and liabilities of these entities are translated at the exchange rates ruling at the balance sheet date and its income statement is translated 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 recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, the cash flows of the subsidiary incorporated in Hong Kong are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of this subsidiary throughout the year are translated into RMB at the weighted average exchange rates for the year.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects 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. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2008 was RMB107,002,000 (2007: RMB48,224,000). More details are given in note 39.

Depreciation

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Useful lives are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related property, plant and equipment, estimated mine lives. If the estimated useful lives changed significantly adjustment of depreciation will be provided in the future period. The carrying amount of property, plant and equipment at 31 December 2008 was RMB14,053,056,000 (2007: RMB12,761,573,000). More details are given in note 16.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and have taken into account recent production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in determining depreciation and amortisation rates for mine related assets and are used in assessing impairment losses. The carrying amount of mining rights at 31 December 2008 was RMB899,584,000 (2007: RMB422,062,000). More details are given in note 18.

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the income statement in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at 31 December 2008 was RMB71,880,000 (2007: nil). More details are given in note 19.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts of the future taxable profit and tax planning strategies. The carrying amount of deferred tax assets at 31 December 2008 of the Group was RMB290,264,000 (2007: 92,207,000) More details are given in note 25.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty *(Continued)*

Impairment of non-current assets

Where an indication of impairment exists, or when annual impairment testing for a non-current asset is required (other than non-current assets classified as held for sale), the non-current asset's recoverable amount is estimated. A non-current asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. When the Group cannot obtain the market price of the assets or groups of assets, it undertakes value in use calculations, which require estimation of the present value of future cash flows. These assessments require the use of estimates and assumptions such as long-term commodity price, discount rates, future capital requirement, exploration potential and operating performance. The carrying amount of non-current assets (other than deferred tax assets and (available-for-sale investment) of the Group at 31 December 2008 was RMB15,794,816,000 (2007: RMB13,958,417,000).

Impairment of loans, trade and other receivables

Provision for impairment of loans, trade and other receivables is made based on an assessment of the recoverability of loans, trade receivables and other receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, these differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which the estimate has been changed. The carrying amount of loans, trade and other receivables of the Group at 31 December 2008 was RMB3,009,150,000 (2007: RMB3,254,184,000). More details are given in notes 26, 28 and 29.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The carrying amount of available-for-sale assets of the Group as at 31 December 2008 was RMB327,400,000 (2007: RMB290,000,000). More details are given in note 24.

6. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered, less sales tax, for the year. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue, by goods and services categories, is as follows:

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**23,441,806**	15,730,618
— copper rods	**17,329,712**	17,584,537
— copper processing products	**3,953,692**	3,714,698
— gold	**3,238,632**	2,258,806
— silver	**1,296,471**	1,153,920
— sulphuric and sulphuric concentrate	**2,602,402**	816,894
— rare metals	**1,058,965**	1,190,377
— other joint products and by-products	**771,756**	719,033
	53,693,436	43,168,883

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

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

7. OTHER INCOME AND GAINS

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Foreign exchange gain, net	**125,281**	12,684
Interest income	**52,418**	28,960
VAT return	**13,153**	39,305
Deferred revenue released to income statement *(note 38)*	**9,098**	7,058
Gain on disposal of items of property, plant and equipment	**2,420**	880
Net gains of derivative financial instruments — commodity derivative contracts *	**—**	84,386
Dividend income from available-for-sale investments	**5,259**	—
Others	**6,118**	18,605
	213,747	191,878

* This item relates to fair value changes of commodity derivative contracts which are not designated as hedging instruments and/or not qualified for hedge accounting.

8. OTHER EXPENSES

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Net losses of derivative financial Instruments — commodity forward contracts *	**1,363,494**	—
Provision for impairment of items of property, plant and equipment	**92,462**	—
Provision for impairment of intangible assets	**25,080**	—
Loss on disposal of items of property, plant and equipment	**13,123**	13,823
Donations	**12,054**	2,103
Others	**14,337**	18,676
	1,520,550	34,602

* This item relates to fair value changes of commodity derivative contracts which are not designated as hedging instruments and/or not qualified for hedge accounting. (Note 30(ii)). It includes unrealized losses amounting to RMB391,317,000 from changes of fair value of the outstanding commodity derivative contracts and the realized losses amounting to RMB972,177,000 from the settlement of commodity derivative contracts.

9. FINANCE COSTS

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Interest on borrowings	**404,906**	390,372
Interest on bonds with warrants *(note 37)*	**70,471**	—
Interest on discounted notes	**67,493**	33,996
	542,870	424,368

10. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging / (crediting):

	Note	2008	2007 (Restated)
		RMB'000	*RMB'000*
Cost of inventories sold *		**45,003,638**	34,057,580
Depreciation	16	**813,928**	720,081
Amortisation of prepaid land lease payments	17	**7,780**	2,411
Amortisation of intangible assets	18	**21,313**	16,328
Minimum lease payments under operating leases of land use rights	47(a)	**15,763**	15,000
Auditor's remuneration		**8,400**	6,100
Employee benefits expense (including directors' remuneration *(note 11)*):			
— Wages and salaries		**886,522**	829,585
— Pension scheme contributions		**162,593**	127,179
— Housing fund costs		**35,812**	35,730
— Other staff costs		**201,612**	149,939
Foreign exchange gains, net	7	**(125,281)**	(12,684)
Provision/(reversal) for impairment of trade and other receivables		**41,216**	(10,968)
Provision of impairment of property, plant and equipment	8	**92,462**	—
Provision of impairment of intangible assets	8	**25,080**	—
Dividend income from available-for-sale investments	7	**(5,259)**	—
Provision/(reversal) for write-down of inventories to net realisable value	27	**579,632**	(6,057)
Net losses /(gains) for derivative financial instruments — commodity derivative contracts	7,8	**1,363,494**	(84,386)
Loss on disposal of items of property, plant and equipment	8	**13,123**	13,823

* Unrealised gains on embedded derivatives of RMB312,356,000 have been included in cost of inventories sold.

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	RMB'000	*RMB'000*
Fees	**200**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**6,083**	8,008
Performance related bonuses	**350**	350
Pension scheme contributions	**276**	253
	6,709	8,611
Total remuneration	**6,709**	8,811

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emoluments paid or payable to each of the 12 (2007: 13) directors and 5 (2007: 4) supervisors were as follows:

		Other emoluments			
2008	Fees	Salaries and other benefits	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Li Yihuang	—	723	70	23	816
Wang Chiwei	—	723	70	23	816
Wu Jinxing	—	723	70	23	816
Li Baoming	—	723	70	23	816
Long Ziping	—	723	70	23	816
Gao Jianmin	—	180	—	23	203
Liang Qing	—	180	—	23	203
	—	3,975	350	161	4,486
Non-executive directors:					
Yin Hongshan	50	—	—	—	50
Zhang Rui	50	—	—	—	50
Tu Shutian	50	—	—	—	50
Wu Jianchang	25	—	—	—	25
Kang Yi	25	—	—	—	25
	200	—	—	—	200
	200	3,975	350	161	4,686
Supervisors:					
Liu Qianming	—	108	—	23	131
Li Ping	—	500	—	23	523
Gan Chengjiu	—	500	—	23	523
Hu Failiang	—	500	—	23	523
Wu Jimeng	—	500	—	23	523
	—	2,108	—	115	2,223
Total emoluments for 2008	200	6,083	350	276	6,909

11. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

		Other emoluments			
2007	**Fees**	**Salaries and other benefits**	**Performance related bonuses**	**Pension scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
He Changming	—	278	18	6	302
Qi Huaying	—	278	18	6	302
Li Yihuang	—	1,114	70	23	1,207
Wang Chiwei	—	1,114	70	23	1,207
Wu Jinxing	—	1,114	70	23	1,207
Li Baoming	—	835	52	17	904
Long Ziping	—	835	52	17	904
Gao Jianmin	—	180	—	23	203
Liang Qing	—	180	—	23	203
	—	5,928	350	161	6,439
Non-executive directors:					
Kang Yi	50	—	—	—	50
Yin Hongshan	50	—	—	—	50
Zhang Rui	50	—	—	—	50
Tu Shutian	50	—	—	—	50
	200	—	—	—	200
	200	5,928	350	161	6,639
Supervisors:					
Wang Maoxian	—	520	—	23	543
Gan Chengjiu	—	520	—	23	543
Hu Failiang	—	520	—	23	543
Li Ping	—	520	—	23	543
	—	2,080	—	92	2,172
Total emoluments for 2007	200	8,008	350	253	8,811

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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

12. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2008 and 2007 are:

The Group	2008	2007 (Restated)
	RMB'000	*RMB'000*
Current income tax payable:		
PRC income tax	**925,026**	928,407
HK income tax	**1,236**	2,943
	926,262	931,350
Deferred income tax *(note 25)*	**(125,727)**	(76,537)
Income tax charge for the year	**800,535**	854,813

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC current income tax is based on a statutory rate of 25% (2007:33%) of the assessable profit of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, which come into effect on 1 January 2008, except for certain companies in Mainland China, which enjoy preferential tax rates during a transition period from 2008 to 2012.

12. INCOME TAX EXPENSE *(Continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for each of the years 2008 and 2007, are as follows:

	2008		2007 (Restated)	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**2,998,051**	**100.00**	5,509,273	100.00
Tax at the statutory income tax rate	**749,513**	**25.00**	1,818,060	33.00
Lower tax rates for the Company and the subsidiaries	**(10,745)**	**(0.36)**	(916,867)	(16.64)
Reduction of income tax in respect of the Tax Benefit *	**(10,425)**	**(0.35)**	(26,670)	(0.48)
Profits and losses attributable to a jointly-controlled entity and associates	**5,536**	**0.18**	(2,011)	(0.04)
Impact of tax ratio change	**—**	**—**	2,755	0.05
Unrecognised taxable loss	**38,284**	**1.28**	28,080	0.51
Non-deductible expenses	**29,357**	**0.98**	17,907	0.33
Previously unrecognised deferred tax assets	**(985)**	**(0.03)**	(66,441)	(1.21)
Income tax expense at the Group's effective rate	**800,535**	**26.70**	854,813	15.52

* Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company, is entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's additions of PRC manufactured plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the amount of the preceding year.

At 31 December 2008, the Group has RMB277,760,000 (2007: RMB63,440,000) of unused tax losses available for offset against future profits in respect of certain subsidiaries. No deferred tax asset has been recognised due to the unpredictability of the subsidiaries' future profit streams.

13. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2008 includes a profit of RMB1,982,914,000 (2007: RMB3,847,864,000) which has been dealt with in the financial statements of the Company (note 42).

14. DIVIDENDS

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2007: RMB0.3 per share (2006: RMB0.4 per share)	**906,850**	1,158,015
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2008: RMB0.08 per share (2007: RMB0.3 per share)	**241,827**	906,850

On 6 June 2008, a dividend of RMB0.30 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB906,850,000 was declared to the shareholders as the final dividend for year 2007. On 27 June 2008 and 1 July 2008, the dividend was paid to the shareholders of H shares and A shares respectively.

The directors propose to distribute a final dividend of RMB0.08 per share (tax inclusive) for the year ended 31 December 2008 (2007: RMB0.3). Total estimated dividends to be paid are approximately RMB241,827,000 (based on the existing issued 3,022,833,727 shares).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

15. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the year. Ordinary shares issued as part of the cost of business combinations involving entities under common control are included in the weighted average number of shares from the beginning of year 2007, since the Group incorporates into its income statement the acquiree's profits and losses for the year ended 31 December 2007.

The calculation of basic earnings per share is based on:

	2008	2007 (Restated)
Profit attributable to ordinary equity holders of the company (RMB'000)	**2,285,101**	4,533,754
Weighted average number of ordinary shares in issue during the year	**3,022,833,727**	2,970,687,489
	RMB0.76	RMB1.53

No diluted impact on earning per share has been taken into consideration, since during the period from issuance of the bonds with warrants to the balance sheet date, the average quoted market price of ordinary shares is lower than the exercise price of the warrants.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Buildings and mining infrastructure	Machinery	Motor Vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As at 1 January 2007 (Restated)	4,707,218	9,179,301	1,051,502	110,363	2,699,452	17,747,836
Additions	106,094	32,679	834	3,484	2,438,034	2,581,125
Transfers	1,088,867	2,628,720	63,997	3,389	(3,784,973)	—
Disposals	(71,664)	(85,234)	(26,623)	(311)	—	(183,832)
As at 31 December 2007 (Restated)	5,830,515	11,755,466	1,089,710	116,925	1,352,513	20,145,129
Additions	59,186	49,328	34,638	4,104	2,114,869	2,262,125
Transfers	268,532	768,049	168,854	2,814	(1,208,249)	—
Disposals	(58,385)	(38,733)	(13,924)	(825)	—	(111,867)
As at 31 December 2008	6,099,848	12,534,110	1,279,278	123,018	2,259,133	22,295,387
Accumulated depreciation						
As at 1 January 2007 (Restated)	(1,807,871)	(4,267,641)	(653,862)	(47,988)	—	(6,777,362)
Charge for the year	(228,004)	(441,813)	(42,913)	(7,351)	—	(720,081)
Disposals	68,348	34,493	22,958	271	—	126,070
As at 31 December 2007 (Restated)	(1,967,527)	(4,674,961)	(673,817)	(55,068)	—	(7,371,373)
Charge for the year	(204,378)	(539,671)	(60,054)	(9,825)	—	(813,928)
Disposals	12,889	21,587	8,828	736	—	44,040
As at 31 December 2008	(2,159,016)	(5,193,045)	(725,043)	(64,157)	—	(8,141,261)

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE GROUP *(Continued)*

	Buildings and mining infrastructure	Machinery	Motor Vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment loss						
As at 1 January 2007 (Restated)	(5,465)	(6,966)	—	—	—	(12,431)
Reversal upon disposal during the year	—	248	—	—	—	248
As at 31 December 2007 (Restated)	(5,465)	(6,718)	—	—	—	(12,183)
Provided for the year	(77,439)	(11,967)	(3,056)	—	—	(92,462)
Reversal upon disposal during the year	499	3,076	—	—	—	3,575
As at 31 December 2008	(82,405)	(15,609)	(3,056)	—	—	(101,070)
Net carrying amount						
As at 31 December 2008	3,858,427	7,325,456	551,179	58,861	2,259,133	14,053,056
As at 31 December 2007 (Restated)	3,857,523	7,073,787	415,893	61,857	1,352,513	12,761,573

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY

	Buildings and mining infrastructure *RMB'000*	Machinery *RMB'000*	Motor Vehicles *RMB'000*	Office equipment *RMB'000*	Construction in process *RMB'000*	Total *RMB'000*
Cost						
As at 1 January 2007	3,555,147	7,646,017	850,686	79,874	1,939,806	14,071,530
Additions	—	6,368	4,772	411	2,276,937	2,288,488
Transfers	902,750	2,039,011	42,175	1,017	(2,984,953)	—
Disposals	(8,180)	(34,755)	(9,708)	(262)	—	(52,905)
As at 31 December 2007	4,449,717	9,656,641	887,925	81,040	1,231,790	16,307,113
Acquisition from JCC	470,754	173,800	43,652	164	34,193	722,563
Additions	48,691	3,273	22,663	2,971	1,907,652	1,985,250
Transfers	200,813	688,284	165,204	1,718	(1,056,019)	—
Disposals	(17,107)	(23,328)	(9,632)	(566)	—	(50,633)
As at 31 December 2008	5,152,868	10,498,670	1,109,812	85,327	2,117,616	18,964,293
Accumulated depreciation						
As at 1 January 2007	(1,460,982)	(3,981,454)	(578,319)	(42,170)	—	(6,062,925)
Charge for the year	(159,723)	(308,353)	(42,135)	(4,514)	—	(514,725)
Disposals	3,476	23,075	7,869	251	—	34,671
As at 31 December 2007	(1,617,229)	(4,266,732)	(612,585)	(46,433)	—	(6,542,979)
Acquisition from JCC	(188,347)	(59,273)	(23,157)	(54)	—	(270,831)
Charge for the year	(177,148)	(392,059)	(42,466)	(6,346)	—	(618,019)
Disposals	12,256	18,467	5,854	492	—	37,069
As at 31 December 2008	(1,970,468)	(4,699,597)	(672,354)	(52,341)	—	(7,394,760)

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY *(Continued)*

	Buildings and mining infrastructure *RMB'000*	Machinery *RMB'000*	Motor Vehicles *RMB'000*	Office equipment *RMB'000*	Construction in process *RMB'000*	Total *RMB'000*
Impairment loss						
As at 1 January 2007	(70)	(4,759)	—	—	—	(4,829)
Reversal upon disposal during the year	—	—	—	—	—	—
As at 31 December 2007	(70)	(4,759)	—	—	—	(4,829)
Provided for the year	(1,707)	(1,072)	—	—	—	(2,779)
Reversal upon disposal during the year	499	—	—	—	—	499
As at 31 December 2008	(1,278)	(5,831)	—	—	—	(7,109)
Net carrying amount						
As at 31 December 2008	3,181,122	5,793,242	437,458	32,986	2,117,616	11,562,424
As at 31 December 2007	2,832,418	5,385,150	275,340	34,607	1,231,790	9,759,305

At 31 December 2008, certain of the Group's machinery with a net book value of approximately RMB61,027,000 (2007: RMB52,333,000) and certain of the Group's buildings and mining infrastructure with a net book value of approximately RMB63,857,000 (2007: nil.) were pledged to secure short term bank borrowings (note 34).

At 31 December 2008, the Group has not obtained property ownership certificates for certain of the Group's buildings subject to final settlement procedure with net book values of approximately RMB14,747,000.

At 31 December 2008, the Group is in the process of transferring the ownership of the property ownership certificates for certain buildings acquired from JCC with net book values of approximately RMB55,054,000.

17. PREPAID LAND LEASE PAYMENTS

The prepaid land lease payments of the Group and the Company represent leasehold interests in state-owned land in the PRC with rights to use the land under leases ranging from 25 to 50 years.

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**205,512**	138,157	**193,308**	132,889
Additions during the year	**7,862**	69,766	**1,409**	62,594
Amortised during the year	**(7,780)**	(2,411)	**(7,444)**	(2,176)
Carrying amount at 31 December	**205,594**	205,512	**187,273**	193,307
Current portion included in prepayments, deposits and other receivables	**(7,780)**	(5,147)	**(7,444)**	(4,886)
Non-current portion	**197,814**	200,365	**179,829**	188,421

At 31 December 2008, the Group was in the process of obtaining the certificates of the land use rights for certain of the Group's prepaid land lease payments with a net book value of approximately RMB11,807,000 (2007: RMB45,332,000).

At 31 December 2008, certain of the Group's land use rights with a net book value of approximately RMB2,815,000 (2007: nil) were pledged to secure short term bank borrowings (note 34).

18. INTANGIBLE ASSETS

THE GROUP

	Mining rights RMB'000	Trademarks RMB'000	Others RMB'000	Total RMB'000
Cost				
As at 1 January 2007 (Restated)	298,065	52,375	10,897	361,337
Additions	162,292	211	1,758	164,261
As at 31 December 2007 (Restated)	460,357	52,586	12,655	525,598
Additions	521,309	—	7,612	528,921
As at 31 December 2008	981,666	52,586	20,267	1,054,519
Amortisation				
As at 1 January 2007 (Restated)	(25,200)	(17,698)	(2,958)	(45,856)
Provided for the year	(13,095)	(2,149)	(1,084)	(16,328)
As at 31 December 2007 (Restated)	(38,295)	(19,847)	(4,042)	(62,184)
Provided for the year	(18,707)	(1,740)	(866)	(21,313)
As at 31 December 2008	(57,002)	(21,587)	(4,908)	(83,497)
Impairment				
As at 1 January 2007 (Restated)	—	—	—	—
Provided for the year	—	—	—	—
As at 31 December 2007 (Restated)	—	—	—	—
Provided for the year	(25,080)	—	—	(25,080)
As at 31 December 2008	(25,080)	—	—	(25,080)
Net carrying amount				
As at 31 December 2008	899,584	30,999	15,359	945,942
As at 31 December 2007 (Restated)	422,062	32,739	8,613	463,414

18. INTANGIBLE ASSETS *(Continued)*

THE COMPANY

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As at 1 January 2007	261,730	52,225	—	313,955
Additions	162,292	—	—	162,292
As at 31 December 2007	424,022	52,225	—	476,247
Acquisition from JCC	521,309	361	5,226	526,896
Other additions	—	—	1,273	1,273
As at 31 December 2008	945,331	52,586	6,499	1,004,416
Amortization				
As at 1 January 2007	(19,050)	(17,686)	—	(36,736)
Provided for the year	(9,923)	(1,830)	—	(11,753)
As at 31 December 2007	(28,973)	(19,516)	—	(48,489)
Acquisition from JCC	—	(331)	(3,093)	(3,424)
Provided for the year	(16,774)	(1,740)	(329)	(18,843)
As at 31 December 2008	(45,747)	(21,587)	(3,422)	(70,756)
Net carrying amount				
As at 31 December 2008	899,584	30,999	3,077	933,660
As at 31 December 2007	395,049	32,709	—	427,758

19. EXPLORATION AND EVALUATION ASSETS

	THE GROUP/THE COMPANY	
	2008	2007
	RMB'000	*RMB'000*
Carrying amount at 1 January	**—**	—
Addition	**71,880**	—
Carrying amount at 31 December	**71,880**	—

The exploration and evaluation assets represent the exploration costs for the Cinnabar and Jinjiwo mines.

20. IMPAIRMENT OF NON-CURRENT ASSETS

	THE GROUP	
	2008	2007
	RMB'000	*RMB'000*
Impairment losses		
— Property, plant and equipment	**92,462**	—
— Intangible asset (mining rights)	**25,080**	—
Total	**117,542**	—

During the year ended 31 December 2008, total impairment charges of RMB118 million were recognised in respect of mining properties of Shanxi Diaoquan Silver and Copper Mining Company Limited (" Diaoquan"), a subsidiary of the Company engaged in extracting copper ores. The triggers for the impairment tests were primarily the effect of the significant decrease in the price of copper.

21. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	RMB'000	*RMB'000*
Unlisted investments, at cost	**3,820,678**	874,122

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB977,541,000 (2007: RMB1,435,860,000) and RMB648,558,000 (2007: RMB 1,028,295,000), respectively, are unsecured, interest-free and are repayable on demand or within one year. The carrying amounts due from/to subsidiaries approximate to their fair values.

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
蕭山銅達化工有限公司 Xiaoshan Copper Chemical Co,. Ltd. ("Xiaoshan Tongda")	Mainland China	RMB1,000,000	60%	—	Trading of sulphuric acid
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	Mainland China	RMB225,000,000	100%	—	Manufacturing and processing of copper rods and wires
四川康西銅業有限責任公司 Sichuan Kangtong Copper Company Limited ("Kangtong")	Mainland China	RMB140,000,000	57.14%	—	Sale of copper materials, precious metal materials and sulphuric acid
山西省刁泉銀銅礦業有限公司 ("Diaoquan") (a)	Mainland China	RMB76,157,900	45.96%	—	Sale of copper materials, precious metal materials and sulphuric concentrate powder
保弘有限公司 Sure Spread Company Limited ("Sure spread")	Hong Kong	HKD50,000,000	55%	—	International trading providing related technique service
江西銅業銅合金材料有限公司 Jiangxi Copper Alloy Materials Company Limited ("JCAC")	Mainland China	RMB199,500,000	100%	—	Manufacturing and processing of copper rods and wires
江西省江銅－甕福化工有限公司 Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu")	Mainland China	RMB181,500,000	70%	—	Manufacturing and sale of sulphuric acid
深圳江銅營銷有限公司 Jiangxi Copper Shenzhen Trading Company Limited ("SZJX") (b)	Mainland China	RMB330,000,000	100%	—	Sale of copper products

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
			Directly	Indirectly	
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("SHJX")	Mainland China	RMB20,000,000	100%	—	Sale of copper products
北京江銅營銷有限公司 Jiangxi Copper Beijing Trading Company Limited ("BJJX")	Mainland China	RMB10,000,000	100%	—	Sale of copper products
江西銅業集團化工有限公司 Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	Mainland China	RMB42,630,000	100%	—	Manufacturing and sale of sulphuric acid
江西銅業集團銀山礦業有限責任公司 JCC Yinshan Mining Company Limited ("Yinshan Mining") (c)	Mainland China	RMB30,000,000	100%	—	Development of resources of copper, gold, silver, lead zinc and sulphur
江西銅業集團(德興)建設有限公司 JCC (Dexing) Construction Company Limited ("Dexing Construction") (c)	Mainland China	RMB20,000,000	100%	—	Provision of construction and installation services; development and sale of construction materials
江西銅業集團(德興)爆破有限公司 JCC Dexing Explosion Company Limited. ("Dexing Explosion") (c)	Mainland China	RMB1,000,000	—	100%	Blasting engineering, etc; production and sale of pressure bearable gas locks
江西銅業集團東同礦業有限公司 JCC Dongtong Mining Company Limited ("Dongtong Mining") (c)	Mainland China	RMB9,000,000	100%	—	Development of resources of copper, silver, tungsten and sulphur
江西銅業集團(貴溪)物流有限公司 JCC Guixi Logistics Company Limited ("Guixi Logistics") (c)	Mainland China	RMB40,000,000	100%	—	Provision of transportation services

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團(貴溪)汽車修理有限公司 JCC Guixi Automobile Maintenance Company Limited ("Guixi Automobile") (c)	Mainland China	RMB1,000,000	—	100%	Maintenance of carriages, trucks, cars and construction machinery; sale of spare parts and complete construction machines
江西銅業集團(貴溪)新材料有限公司 JCC Guixi New Materials Company Limited ("Guixi Material") (c)	Mainland China	RMB60,000,000	100%	—	Processing and extraction of rare metals from the residue and waste
江西銅業集團(瑞昌)運輸有限公司 JCC Ruichang Transportation Company Limited ("Ruichang Transportation") (c)	Mainland China	RMB1,800,000	100%	—	Provision of transportation
江西銅業集團(鉛山)工貿有限公司 JCC (Qianshan) Industrial Trade Company Limited ("Qianshan Trading") (c)	Mainland China	RMB15,000,000	100%	—	Provision of repair and maintenance services for mining equipment
江西銅業集團(鉛山)選礦藥劑有限公司 JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration") (c)	Mainland China	RMB10,200,000	—	100%	Manufacture of beneficiation drugs, fine chemicals, and other products
江西銅業集團(鉛山)礦山工程有限公司 JCC (Qingshan) Mine Engineering Company Limited ("Qianshan Mining Project") (c)	Mainland China	RMB8,000,000	100%	—	Providing mining project and construction service sale of rock and stones
江西銅業集團(德興)礦山新技術開發有限公司 JCC (Dexing) New Mining Technology Development Company Limited ("Dexing Mining") (c)	Mainland China	RMB44,996,300	100%	—	Production and sale of copper concentrate, molybdenum concentrate, sulphur concentrate and related products such as beneficiations drugs and lubes
江西銅業集團(德興)三廢回收有限公司 JCC (Dexing) Waste Metal Recycle Company Limited ("Dexing Recycling") (c)	Mainland China	RMB3,836,000	100%	—	Collection of copper concentrate and other mining products from the residue and waste

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團機械鑄造有限公司 JCC Machinery Foundry Company Limited ("Mechanical Manufacturing") (c)	Mainland China	RMB110,528,000	100%	—	Production of special equipment processing of spare parts and provision of repair, production and installation services for electrical and hydraulic pressure equipment
江西銅業集團(德興)設備有限公司 JCC Dexing Equipment Manufacturing Company Limited ("Dexing Equipment") (c)	Mainland China	RMB1,430,000	—	100%	Processing, manufacture and sale of brake valves, cyclone and spare parts of mining equipment
江西銅業集團(東鄉)鑄造有限公司 JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy") (c)	Mainland China	RMB29,000,000	—	74.97%	Production and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel
江西銅業集團(德興)鑄造有限公司 JCC Dexing Alloy Materials Manufacturing Company Limited ("Dexing Alloy") (c)	Mainland China	RMB34,100,000	—	100%	Production of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment
江西銅業集團(瑞昌)鑄造有限公司 JCC Ruichang Manufacturing Company Limited ("Ruichang Manufacturing") (c)	Mainland China	RMB2,602,000	—	100%	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團(東鄉)廢舊金屬有限公司 JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling") (c)	Mainland China	RMB500,000	—	100%	Recovery and sale of disused metal
江西銅業集團地勘工程有限公司 JCC Exploration Company Limited ("Geology Exploration") (c)	Mainland China	RMB15,000,000	100%	—	Provision of services relating to searching, exploration of mine and examination of mine reserve, engineering work on geological investigation on site; engineering work for foundation for site; prevention of geological issues and site surveying
江西銅業集團井巷工程有限公司 JCC Jing Hang Engineering Company Limited ("Drilling Project") (c)	Mainland China	RMB20,296,000	100%	—	Providing mining services
江西銅業集團廈門營銷有限公司 Xiamen Trading Company ("Xiamen Trading") (c)	Mainland China	RMB1,080,000	100%	—	Sale of products
杭州銅鑫物資有限公司 Hangzhou Tongxin Company Limited ("Hangzhou Trading") (c)	Mainland China	RMB2,000,000	100%	—	Sale of metal ore and chemical products
江西銅業集團(貴溪)冶化新技術有限公司 JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelter") (c)	Mainland China	RMB2,000,000	100%	—	Development of new chemical technologies and new products

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團(德興)尾礦回收有限公司 JCC (Dexing) Gangue Recycle Company Limited ("Dexing Metal Recycling") (c)	Mainland China	RMB4,921,000	100%	—	Collection and sale of copper products
江西銅業集團銅材有限公司 JCC Copper Products Company Limited ("Copper Products") (c)	Mainland China	RMB186,391,000	98.89%	—	Processing of metal products
江西銅業集團(貴溪)廣信電工器材有限公司 JCC Guangxin Electric Device Manufacturing Company Limited ("Guangxin Electric Device") (c)	Mainland China	RMB120,477,043	—	100%	Production and sale of copper rods, and wires
江西銅業集團再生資源有限公司 JCC Recycling Company Limited ("Copper Recycling") (c)	Mainland China	RMB3,000,000	—	100%	Collection and sale of metal scrap
江西銅業集團(貴溪)冶金化工工程公司 JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry") (c)	Mainland China	RMB20,300,000	100%	—	Provision of repair and maintenance services for production facilities and machinery equipment
江西銅業集團財務有限公司 JCC Finance Company Limited ("Finance Company") (c)	Mainland China	RMB300,000,000	78.33%	1.67%	Provision of deposit, loan, guarantee and financing consultation services to related parties
上海江銅國際貨運代理有限公司 Shanghai Jiangxi Copper International Shipping Agency Limited Company ("Shanghai Agency") (c)	Mainland China	RMB6,000,000	100%	—	Provision of clearance services with customs in the PRC for import products and sale of metal products
江西省江銅-耶茲銅箔有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Yates") (c) (d)	Mainland China	RMB453,600,000	89.77%	—	Production and sale of copper foil

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid up/ registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西江銅龍昌精密銅管有限公司 Jiangxi Copper (Leongchang) Precise Pipe Company Limited ("Leongchang Copper Pipe") (c)	Mainland China	RMB300,000,000	75%	—	Production and sale of copper pipe and other copper pipe products
江西省江銅-台意特種電工材料有限公司 Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi") (c)	Mainland China	USD16,800,000	70%	—	Production and sale of enameled wires and provision of repair and consulting services
江西納米克熱電電子股份有限公司 Thermonamic Electronics(Jiangxi) Company Limited ("Redian") (c)	Mainland China	RMB100,000,000	—	95.24%	Development and production of electronic semiconductors and provision of related services
昭覺縣逢燁濕法冶煉有限公司 Zhaojue Fenye Smelting Company Limited ("Fengye")	Mainland China	RMB10,000,000	—	65%	Production and sale of electro deposited cpper and related products, developing the technogies and providing services
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky") (e)	Hong Kong China	HKD10,000	—	100%	Trading of copper products

(a) The Company made an agreement with a third party who holds a 20.8% equity interest in this entity whereby the Company is entrusted with the third party's voting rights, and hence the Company has the power to govern the financial and operating policies of Shanxi Diaoquan Silver and Copper Mining Company Limited. Therefore, this entity is consolidated by the Group.

(b) In December 2008, the Company injected RMB300 million into a subsidiary, SZJX. As at 31 December 2008, the registered capital increased from RMB30 million to RMB330 million.

(c) During the year, the Company acquired these entities through business combinations involving entities under common control. Further details of these acquisitions are included in note 2 to the financial statements.

(d) In December 2008, the Company injected RMB268 million into Yates in the form of cash. After this capital injection, the Company's proportion of the share capital increased from 75% to 89.77%

(e) In September 2008, a subsidiary of the Company, SZJX acquired 100% equity interest in Loyal Sky from an entity controlled by JCC, Jiangxi Copper Southern (Hong Kong) Co., Ltd.

22. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**14,100**	14,100
Share of net assets	**16,786**	13,786	**—**	—
	16,786	13,786	**14,100**	14,100

Particulars of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of incorporation and operations	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
江西省江銅百泰環保科技有限公司 Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. ("Jiang Tong Bioteq")	Registered capital of RMB1 each	Mainland China	50%	50%	50%	Recovery of copper metals and by-products from acid industrial waste water

22. INTEREST IN A JOINTLY-CONTROLLED ENTITY *(Continued)*

The above interest in a jointly-controlled entity is directly held by the Company. The following table sets out the summarised financial information of the Group's jointly-controlled entity:

	2008	2007
	RMB'000	*RMB'000*
Share of the jointly-controlled entity's assets and liabilities		
Current assets	**10,960**	7,601
Non-current assets	**7,470**	6,602
Current liabilities	**(1,598)**	(417)
Non-current liabilities	**(46)**	—
Net assets	**16,786**	13,786
Share of the jointly-controlled entity's results		
Revenue	**9,239**	—
Other income	**163**	—
Total expense	**(5,710)**	(314)
Tax	**(692)**	—
Net profit/ (loss)	**3,000**	(314)

23. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**554,615**	596,000
Share of net assets	**508,338**	515,279	**—**	—
	508,338	515,279	**554,615**	596,000

The Group's trade receivable and payable balances with the associates are disclosed in note 47 to the financial statements.

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	Principal activities
江銅長盈清遠銅業有限公司 Jiangxi Copper Everprofit Qing Yuan Copper Company Limited ("Qing Yuan")	Registered capital of RMB1 each	Mainland China	40%	Manufacturing and sale of copper products
五礦江銅礦業投資有限公司 Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals ")	Registered capital of RMB1 each	Mainland China	40%	Investment company
江西福運實業有限公司 Jiangxi Fortune Transportation Industry Company Limited ("Jiangxi Fortune")	Registered capital of RMB1 each	Mainland China	40%	Provision of transportation services
興業保弘株式會社 Asia Development Sure Spread Company Limited ("Asia Sure Spread")	Registered capital of JPY1 each	Japan	49%	Import and export of copper products
中冶江銅艾娜克礦業有限公司 MCC-JCL Aynak Minerals Company Limited ("MCC- JCL ")	Registered capital of USD1 each	Afghanistan	25%	Exploration of copper ores, processing and sale of copper products

The above associates were not audited by Ernst & Young Hong Kong or any other member firms of the Ernst & Young global network.

23. INTERESTS IN ASSOCIATES *(Continued)*

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

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Current assets	**679,230**	1,670,508
Non-current assets	**4,209,822**	80,631
Current liabilities	**(730,522)**	(465,784)
Non-current liabilities	**(2,801,541)**	—
Net assets	**1,356,989**	1,285,355
Share of the associates' net assets	**508,338**	515,279
Revenue	**1,564,575**	1,419,635
(Loss)/Profit for the year	**(64,772)**	31,223
Share of the associates' (loss)/profit	**(25,145)**	12,489

24. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
Balance at 1 January	**295,610**	15,610	**285,610**	5,610
Additions during the year (a)	**37,400**	280,000	**35,400**	280,000
Balance at 31 December	**333,010**	295,610	**321,010**	285,610
Accumulated impairment loss	**—**	—	**—**	—
At 1 January and 31 December	**(5,610)**	(5,610)	**(5,610)**	(5,610)
Carrying value				
At 31 December	**327,400**	290,000	**315,400**	280,000

As at 31 December 2008, the Group's unlisted equity investments represent the Group's 4.20% equity interest in Bank of Nanchang at a total cost of RMB280 million, 6.67% equity interest in Liangshan Mining Co., Ltd. at a total cost of RMB10 million, and 0.4% equity interest in Kebang Electric Co., Ltd., at a total cost of RMB5.61 million and 11.13% equity interest in Gantian Bay Mining Co., Ltd. at a total cost of RMB2 million, all of which were unlisted companies established in the PRC with limited liability. These unlisted equity investments were stated at cost and subject to an annual impairment assessment because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(a) As approved by the Company's shareholders, the Company entered into a share transfer agreement with Jiangxi Kaicheng Investment Co., Ltd. on 24 September 2008 to acquire 40 million shares and the related equity interest of Bank of Nanchang at a price of RMB2.95 per share with total consideration of RMB118 million. As at 31 December 2008, the Company has made an advance payment amounting of 30% of the total consideration, amounting to RMB35,400,000. As at 27 March 2009, the above share transfer has been approval by the Shareholders meeting of Bank of Nanchang and submitted the application to the China Banking Regulatory Commission for approval.

25. DEFFERED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets:

THE GROUP

	Impairment of assets RMB'000	Accrued expenses RMB'000	Unrealised profits RMB'000	Deductible taxable loss RMB'000	Fair value loss from derivative financial instruments - transactions not qualifying as hedges RMB'000	Others RMB'000	Total RMB'000
At 31 December 2006 (Restated)	8,977	3,086	—	—	—	41	12,104
Deferred tax credited to the income statement during the period *(note 12)*	18,223	47,700	7,519	3,311	—	3,350	80,103
At 31 December 2007 (Restated)	27,200	50,786	7,519	3,311	—	3,391	92,207
Deferred tax credited to the income statement during the period (note 12)	137,430	(12,329)	(7,519)	(3,248)	81,950	1,773	198,057
At 31 December 2008	164,630	38,457	—	63	81,950	5,164	290,264

25. DEFFERED TAX *(Continued)*

Deferred tax assets *(Continued)*:

THE COMPANY

	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Fair value loss from derivative financial instruments-transactions not qualifying as hedges *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 31 December 2006	—	—	—	—	—
Deferred tax credited to the income statement during the period	19,974	46,695	—	—	66,669
At 31 December 2007	19,974	46,695	—	—	66,669
Deferred tax credited to the income statement during the period	118,400	(16,865)	50,440	4,750	156,725
At 31 December 2008	138,374	29,830	50,440	4,750	223,394

25. DEFFERED TAX *(Continued)*

Deferred tax liabilities:

THE GROUP

	Sales cut-off adjustment *RMB'000*	Fair value gain from derivative financial instruments-transactions not qualifying as hedges *RMB'000*	Fair value gain from embedded derivative financial instruments *RMB'000*	Total *RMB'000*
At 31 December 2006 (Restated)	2,213	—	—	2,213
Deferred tax charged to the income statement during the year *(note 12)*	(2,213)	5,779	—	3,566
At 31 December 2007 (Restated)	—	5,779	—	5,779
Deferred tax (credited)/charged to the income statement during the year *(note 12)*	—	(5,759)	78,089	72,330
At 31 December 2008	—	20	78,089	78,109

25. DEFFERED TAX *(Continued)*

Deferred tax liabilities *(Continued)*:

THE COMPANY

	Fair value gain from embedded derivative financial instruments *RMB'000*
At 31 December 2006	—
Deferred tax charged to the income statement during the year	—
At 31 December 2007	—
Deferred tax charged to the income statement during the year	78,089
At 31 December 2008	78,089

At 31 December 2008, there was no significant unrecognised deferred tax liability (2007: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. LOANS

	THE GROUP	
	2008	2007 (Restated)
	RMB'000	*RMB'000*
Current:		
Loans to related parties	**262,557**	223,855
Current portion of long term loans to related parties	**3,000**	—
	265,557	223,855
Non-current:		
Long term loans to related parties	**4,000**	4,000
Less: Current portion of long term loans to related parties	**(3,000)**	—
	1,000	4,000
Total	**266,557**	227,855

At 31 December 2008, loans to related parties are provided by a subsidiary of the Company, Finance Company. The short term loans' interest rates range from 4.37% to 7.84% per annum (2007: 5.43% to 7.34%) and will be repaid from 4 January 2009 to 30 December 2009. The current portion of long term loans bore interest at a rate of 6.30% per annum and will be repaid on 2 February 2009. The long term loans bore interest at a rate of 6.30% per annum and will be repaid on 5 January 2010. Further details are disclosed in note 47 to the financial statements.

The directors estimate that the carrying amounts of the Group's loans approximate to their fair values, as loans bear interest at variable rates.

27. INVENTORIES

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Raw materials	**3,005,932**	2,199,261	**2,548,305**	1,958,764
Work in progress	**3,823,889**	6,768,223	**3,623,323**	6,521,951
Finished goods	**684,748**	782,727	**267,767**	300,248
	7,514,569	9,750,211	**6,439,395**	8,780,963
Less: Provision for impairment of inventories	**(628,513)**	(48,881)	**(494,672)**	(662)
	6,886,056	9,701,330	**5,944,723**	8,780,301

As at 31 December 2008, certain of the Group's inventory with a net book value of approximately RMB131,185,000 (2007: RMB120,903,000) was pledged to secure short term bank borrowings (note 34).

28. TRADE AND BILLS RECEIVABLES

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**1,533,138**	2,089,748	**1,093,099**	1,341,340
Bills receivable	**2,620,066**	3,406,363	**1,932,730**	2,785,853
Less: Provision for impairment of trade receivables	**(176,799)**	(137,496)	**(145,964)**	(127,421)
	3,976,405	5,358,615	**2,879,865**	3,999,772

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three month, extending up to one year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

28. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,391,589**	1,947,512	**962,498**	1,213,401
1 to 2 years	**3,702**	3,956	**3,232**	577
2 to 3 years	**581**	4,006	**150**	113
Over 3 years	**137,266**	134,274	**127,219**	127,249
	1,533,138	2,089,748	**1,093,099**	1,341,340

The terms of bills receivable are all within six months.

As at 31 December 2008, the balance of bills receivable include bank-accepted notes with a net book value of RMB1,821,631,000 (2007: RMB2,039,779,000) discounted to secure short term bank borrowings (note 34) and bank-accepted notes with a net book value of RMB101,747,000 (2007: RMB75,200,000) endorsed to third parties.

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**137,496**	145,877	**127,421**	133,196
Impairment losses recognised	**43,072**	12,485	**21,886**	9,544
Impairment losses reversed	**(366)**	(15,543)	**(17)**	(15,105)
Amount written off as uncollectible	**(3,403)**	(5,323)	**(3,326)**	(214)
At 31 December	**176,799**	137,496	**145,964**	127,421

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB63,617,000 (2007: RMB63,617,000). The individually impaired trade receivables are due from customers that are in financial difficulties and from whom none of the receivables are expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

28. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**812,322**	1,300,585	**500,960**	830,664
Past due but not impaired				
Within 1 year	**483,173**	646,922	**483,173**	382,738
1 to 2 years	**36,974**	3,598	**—**	—
2 to 3 years	**183**	800	**—**	—
Over 3 years	**—**	—	**—**	—
	1,332,652	1,951,905	**984,133**	1,213,402

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**769,721**	993,444	**786,427**	829,880
Deposits and other receivables	**1,386,254**	1,074,077	**1,166,033**	443,541
Prepaid value-added tax	**354,283**	188,391	**321,509**	165,707
Dividend receivables	**—**	—	**52,524**	—
Interest receivables	**1,386**	1,287	**—**	—
	2,511,644	2,257,199	**2,326,493**	1,439,128

There are no significant balances that are past due or impaired.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Embedded derivative financial instruments (i)	**312,356**	—	**312,356**	—
Commodity derivative contracts - copper cathodes (ii)				
under hedge accounting	**—**	22,597	**—**	22,597
not under hedge accounting	**(359,210)**	32,107	**(201,759)**	—
	(46,854)	54,704	**110,597**	22,597

(i) Embedded derivative financial instruments

The Group enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost. However, the pricing mechanism used in the copper concentrate contracts between the Group and its suppliers include a component that is subject to the variability of copper cathode prices. This has been identified as an embedded derivative and the derivative component has been separated from its host agreement for accounting purposes. The embedded derivative is revalued at each balance sheet date with its fair value gain or loss recognised in the consolidated income statement.

(ii) Commodity derivative contracts — copper cathodes

Cash flow hedge

As at 31 December 2007, commodity derivative contracts designated as cash flow hedges to forecasted copper cathode sales were assessed to be highly effective and the unrealised gains of RMB22,597,000 arising from the change in fair value of these derivative instruments are included in equity. These unrealised gains are released to the income statement when the designated sales of copper cathode occur.

As at 31 December 2008, there are no commodity derivative contracts designated as cash flow hedges to forecasted copper cathode sales.

Not under hedge accounting

The Group utilises commodity derivative contracts (standard copper cathode forward contracts in Shanghai Future Exchange ("SHFE") and London Metal Exchange ("LME")) to manage its exposure to forecasted purchases of copper concentrate and copper cathode and firm commitments of sales of copper rods and wires. These arrangements are designated to address significant fluctuations in the price of copper concentrate and copper related products which move in line with the price of copper cathode. However, this arrangement is not considered as an effective hedge and is not accounted for under hege accounting according to the Group's accounting policies. The unrealised gains or losses arising from the change in fair value of the outstanding derivative instruments at the balance sheet date are recognised in the consolidated income statement (Note 8). As at the balance sheet date, the expected arrival period of the forecasted purchases of copper concentrate and copper cathode is from January 2009 to April 2009 and the expected delivery period of the firm commitments of sales of copper rods and wires is from January 2009 to July 2009.

31. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**4,140,324**	3,145,175	**2,518,273**	2,186,548
Time deposits	**—**	49,082	**—**	—
	4,140,324	3,194,257	**2,518,273**	2,186,548
Less: Pledged deposits (a)	**(195,558)**	(125,960)	**—**	—
Cash and cash equivalents	**3,944,766**	3,068,297	**2,518,273**	2,186,548

(a) The pledged deposits represent the required mandatory reserve deposits and other restricted deposits placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC"). Mandatory reserve deposits with the central bank and other restricted deposits are not available for use in the Group's daily operations.

At the balance sheet date, the cash and bank balances of the Group denominated in foreign currencies amounted to RMB54,509,000 (2007: RMB163,363,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The carrying amount of these assets approximate to their fair values.

32. TRADE AND BILLS PAYABLES

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**1,328,422**	1,931,135	**1,228,120**	1,205,153
Bills payable	**86,218**	249,922	**86,218**	249,922
	1,414,640	2,181,057	**1,314,338**	1,455,075

32. TRADE AND BILLS PAYABLES *(Continued)*

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,267,645**	1,912,192	**1,176,746**	1,192,354
1 to 2 years	**47,978**	10,789	**40,753**	8,897
2 to 3 years	**7,307**	3,108	**7,145**	1,320
Over 3 years	**5,492**	5,046	**3,476**	2,582
	1,328,422	1,931,135	**1,228,120**	1,205,153

The trade payables are non-interest-bearing and are normally settled on 60 to 90 day terms.

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

Trade payables due to related parties included in the trade and bills payables are disclosed in note 47 to the financial statements.

33. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payroll and welfare	**236,129**	270,850	**171,364**	186,780
Interest payable	**8,058**	49,364	**7,322**	46,844
Other tax payables	**218,760**	250,641	**144,865**	182,660
Other payables	**1,051,826**	409,197	**1,021,370**	449,233
Advance from customers	**280,117**	259,947	**116,904**	167,084
Other long term payables due within one year *(note 40)*	**31,167**	20,387	**31,167**	20,387
	1,826,057	1,260,386	**1,492,992**	1,052,988

Other payables are non-interest-bearing and have no significant balance with aging above one year.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Bank loans — secured	**1,948,131**	2,181,279	**1,408,771**	3,803,747
Bank loans — unsecured	**1,014,490**	5,917,146	**897,490**	1,953,764
Short term debentures	**—**	1,000,000	**—**	1,000,000
Current portion of long term bank loans — secured	**285,713**	504,046	**—**	250,000
Current portion of long term bank loans — unsecured	**68,346**	—	**68,346**	223,047
	3,316,680	9,602,471	**2,374,607**	7,230,558
Non-current:				
Bank loans — secured	**413,713**	739,507	**—**	250,000
Bank loans — unsecured	**87,596**	575,342	**68,346**	526,092
	501,309	1,314,849	**68,346**	776,092
Less: Current portion due within one year	**(354,059)**	(504,046)	**(68,346)**	(473,046)
	147,250	810,803	**—**	303,046
Total	**3,463,930**	10,413,274	**2,374,607**	7,533,604

34. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

On 11 January 2007, the Company completed the issuance of short term debentures with a fair value of RMB1,000,000,000 (due in 365 days). The debentures bear a coupon rate of 3.8% per annum. The Company repaid the debentures on 11 January 2008.

The bank borrowings carry interest at rates ranging from 4.17% to 9.71% (2007: 4.17% to 7.29%) per annum.

An analysis of the bank borrowings' repayment schedule is as follows:

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year or on demand	**3,316,680**	9,602,471	**2,374,607**	7,230,558
In the second year	**122,000**	562,553	**—**	303,046
In the third to fifth years, inclusive	**6,000**	229,000	**—**	—
After five years	**19,250**	19,250	**—**	—
	3,463,930	10,413,274	**2,374,607**	7,533,604

Certain of the Group's bank loans are secured by:

(i) mortgages over the Group's bank-accepted notes, which had an aggregate carrying value at the balance sheet date of approximately RMB1,821,631,000 (2007: RMB2,039,779,000);

(ii) pledges over the Group's machinery, which had an aggregate carrying value at the balance sheet date of approximately RMB61,027,000 (2007: RMB52,333,000);

(iii) guarantee from the Group's ultimate holding company, JCC, for certain of the Group's bank loans up to RMB413,713,000 (2007: RMB794,507,000) as at the balance sheet date.

(iv) pledges over the Group's inventories, which had an aggregate carrying value at the balance sheet date of approximately RMB131,185,000 (2007: RMB120,903,000);

(v) pledges over the Group's buildings and mining infrastructure, which had an aggregated carrying value at the balance sheet date of approximately RMB63,857,000 (2007:nil);

(vi) pledges over the Group's prepaid land lease payments, which had an aggregate carrying value at balance sheet date of approximately RMB2,815,000 (2007:nil.)

The directors estimate that the carrying amounts of the Group's and the Company's current and non-current borrowings approximate to their fair values, as borrowings bear interest at variable rates.

35. DEPOSITS FROM CUSTOMERS

	THE GROUP	
	2008	2007 (Restated)
	RMB'000	*RMB'000*
Demand deposits and current accounts	**955,098**	181,652
Saving deposits	**15,239**	12,736
	970,337	194,388

As of 31 December 2008 and 2007, deposits from customers represent deposits placed by related parties in a subsidiary of the Group, Finance Company. The deposits from customers carry interest at rates ranging from 0.36% to 1.17% (2007: 0.72% to 1.53%) per annum and will be repaid upon demand of the customers.

36. REPURCHASE AGREEMENTS

During 2007, a subsidiary of the Company, Finance Company entered into agreements with certain financial institutions to sell short-term loans of RMB280 million due from related parties to the banks, and undertook to repurchase all the loans unconditionally from 12 March 2008 to 7 June 2008. The repurchase interest rates ranged from 4.10% to 5.50%.

As the transfer of the above mentioned assets does not comply with the conditions for derecognition of assets, the Group recorded the proceeds from the transfer in current liabilities. As at 31 December 2008, there are no repurchase agreement related liabilities.

37. BONDS PAYABLE

	1 January 2008	**Addition**	**Deduction**	**31 December 2008**
Bonds with warrants	—	4,747,884	—	4,747,884

37. BONDS PAYABLE *(Continued)*

The carrying amount of the liability component of the bonds with warrants as at 31 December 2008 is arrived at as follows:

	RMB'000
Nominal value of bonds with warrants issued	6,800,000
Equity component	(2,008,917)
Direct transaction costs	(113,670)
Liability component at the issue date	4,677,413
For the period from the issue date to 31 December 2008	
Interest expense	70,471
The carrying amount at 31 December 2008	4,747,884

Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight-years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year, and with principal repaid at expiring date. The subscribers of each bond have been entitled to receive 25.9 warrants at nil consideration and in aggregate, 1,761,200,000 warrants have been issued. The warrants have a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. The holders of the warrants are entitled to exercise the warrants five trading days prior to the maturity date, that is, from 4 October 2010 to 9 October 2010. The initial exercise price for the warrants representing conversion rights to one A Share of the Company is RMB15.44, and the proportion of exercise rights for the warrants is 4:1, i.e. four warrants represent the conversion rights to one A Share of the Company. The exercise price and conversion ratio are subject to change according to the regulations of the Shanghai Stock Exchange which primarily require a change if dividends are declared). During the term of the warrants, in the event that the trading of A Shares of the Company is on an ex-rights or ex-dividend basis, the exercise price and the proportion of exercise rights for the warrants shall be adjusted accordingly. Pursuant to the regulations of the China Securities Regulatory Commission, if the application of the proceeds from the issuance of bonds with warrants is different from the application of proceeds disclosed in the Offering Memorandum, then the holders of the bonds are entitled to demand redemption of the bonds by the Company at the nominal value together with the interest accrued for the period concerned once.

The fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount is assigned as the equity component and is included in shareholders' equity.

The carrying amount of the Group's and the Company's bonds payable approximate to their fair value which has been calculated by discounting the expected cash flow at the prevailing interest rate.

38. DEFERRED REVENUE - GOVERNMENT GRANTS

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Balance at 1 January	**115,537**	91,930	**94,637**	72,680
Received during the year	**19,945**	30,665	**19,000**	28,665
Released to the income statement *(note 7)*	**(9,098)**	(7,058)	**(6,534)**	(6,708)
Balance at 31 December	**126,384**	115,537	**107,103**	94,637

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the income statement over the expected useful life of the facility by equal annual instalments.

39. PROVISION FOR REHABILITATION

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**48,224**	—	**48,224**	—
Additional provision	**54,162**	45,650	**42,433**	45,650
Change in discount rate	**1,199**	—	**1,199**	—
Interest increment	**3,417**	2,574	**2,720**	2,574
At 31 December	**107,002**	48,224	**94,576**	48,224

The Group makes provision for rehabilitation costs expected to arise on closure of the mines. The provision is based on assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure, and vegetation zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

40. OTHER LONG TERM PAYABLES

	THE GROUP/ THE COMPANY	
	2008	2007 (Restated)
	RMB'000	*RMB'000*
Payable to JCC (i)	**17,979**	20,020
Payable to the Ministry of Land and Resources (ii)	**29,297**	28,461
	47,276	48,481
Less:		
Payable to JCC due within one year	**(1,870)**	(1,870)
Payable to the Ministry of Land and Resources due within one year	**(29,297)**	(18,517)
	16,109	28,094
The amount is repayable as follows:		
Within one year	**31,167**	20,387
Between one and two years	**1,080**	7,519
Between three and five years	**2,712**	5,610
After five years	**12,317**	14,965
	47,276	48,481

(i) The amount represents the balance due to JCC as the consideration for the transfer of the mining rights from JCC to the Company. The amount is repayable in 30 annual instalments of RMB1,870,000 each and subject to payment of interest at a rate equal to the State lending rate for a one-year fixed term loan up to a maximum of 15% on each annual instalment starting from 1 January 1998. The interest paid during the year amounted to approximately RMB99,000 (2007: RMB140,000). The effective interest rate for the year ended 31 December 2008 was 5.31% (2007: 7.47%).

(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 the Fujiawu Copper Mine. The amount is repayable in six annual instalments of RMB10,000,000 each and is interest free.

The directors have estimated that there is no significant difference between the carrying amount of other long term payables and their fair value, as the directors discounted the amount due after one year with the market average yield.

41. SHARE CAPITAL

	Number of shares Ordinary Shares of RMB1 each	Share capital *RMB'000*
Balance at 1 January 2007		
— Listed shares subject to trading restrictions	1,226,956,200	1,226,956
— H shares	1,387,482,000	1,387,482
— A shares	280,600,000	280,600
	2,895,038,200	2,895,038
Transfer during the year		
— Listed shares subject to trading restrictions	(1,920,786)	(1,921)
— A shares	1,920,786	1,921
	—	—
Changes during the year due to new placement		
— Listed shares subject to trading restrictions	127,795,527	127,796
Balance at 31 December 2007		
— Listed shares subject to trading restrictions	1,352,830,941	1,352,831
— H shares	1,387,482,000	1,387,482
— A shares	282,520,786	282,521
	3,022,833,727	3,022,834
Transfer during the year		
— Listed shares subject to trading restrictions	(70,756,048)	(70,756)
— A shares	70,756,048	70,756
	—	—
Balance at 31 December 2008		
— Listed shares subject to trading restrictions	1,282,074,893	1,282,075
— H shares	1,387,482,000	1,387,482
— A shares	353,276,834	353,277
	3,022,833,727	3,022,834

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

42. RESERVES

THE COMPANY	Share premium RMB'000	Capital reserves RMB'000	Other reserves RMB'000	Statutory surplus reserves RMB'000	Discretionary surplus reserve RMB'000	Safety fund surplus reserve RMB'000	Hedging reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2007	1,945,551	70,546	(92,506)	1,289,002	2,313,617	—	38,747	2,849,510	8,414,467
Profit for the year	—	—	—	—	—	—	—	3,847,864	3,847,864
Increase in fair value of cash flow hedges	—	—	—	—	—	—	114,030	—	114,030
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	(130,181)	—	(130,181)
Issue of new shares	2,639,985	—	—	—	—	—	—	—	2,639,985
Proposed 2007 final dividend	—	—	—	—	—	—	—	(906,850)	(906,850)
Transfer	—	—	—	385,627	1,156,880	15,774	—	(1,542,507)	—
At 31 December 2007 as previous reported	4,585,536	70,546	(92,506)	1,674,629	3,470,497	15,774	22,596	4,248,017	13,979,315
Retrospective adjustment as a result of change in accounting policy in the PRC statutory accounts	—	—	—	—	—	15,774	—	(15,774)	—
At 31 December 2007 (restated)	4,585,536	70,546	(92,506)	1,674,629	3,470,497	15,774	22,596	4,232,243	13,979,315
Balance at 1 January 2008	4,585,536	70,546	(92,506)	1,674,629	3,470,497	15,774	22,596	4,232,243	13,979,315
Profit for the year	—	—	—	—	—	—	—	1,982,914	1,982,914
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	(22,596)	—	(22,596)
Proposed 2008 final dividend	—	—	—	—	—	—	—	(241,827)	(241,827)
Transfers	—	—	—	196,099	588,298	98,588	—	(882,985)	—
At 31 December 2008	4,585,536	70,546	(92,506)	1,870,728	4,058,795	114,362	—	5,090,345	15,697,806

42. RESERVES *(Continued)*

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

43. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 34 to the financial statements.

44. OPERATING LEASE COMMITMENTS

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**22,910**	16,781	**15,806**	16,781
In the second to fifth years, inclusive	**73,127**	66,889	**63,225**	66,889
After five years	**279,400**	316,266	**269,827**	316,266
Balance at 31 December	**375,437**	399,936	**348,858**	399,936

45. CAPITAL COMMITMENTS

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

	THE GROUP		THE COMPANY	
	2008	2007 (Restated)	**2008**	2007 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Commitments for the acquisition of property, plant and equipment and exploration rights:				
— contracted for, but not provided in the financial statements	**178,595**	483,261	**102,720**	441,164
— authorised, but not contracted for	**—**	11,433	**—**	4,174
Investment in an associate — contracted for, but not provided in the financial statements (i)	**2,192,677**	—	**2,192,677**	—
Investment in available for sale investment — contracted for, but not provided in the financial statements (ii)	**82,600**	—	**82,600**	—
	2,453,872	494,694	**2,377,997**	445,338

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL, an associate of the Group, on September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in the MCC-JCL shall be 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

(ii) The Group has committed to contribute RMB118 million as its portion of the increased registered capital of Bank of Nanchang. As at 31 December 2008, the Company has made an advance payment of RMB35.4 million and the remaining contribution will be paid in year 2009 with the completion of registration procedures for the share transfer. Further details are included in note 24(a).

46. H SHARE APPRECIATION RIGHTS SCHEME

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's Special General Meeting held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme as an appropriate incentive policy for its directors and senior management. Under this scheme, the H Share share appreciation rights (the "Rights") are granted in units with each unit representing one H Share. On 22 February 2008, 509,000 units of the Rights were granted to seven directors and senior management members at the offer price of HKD18.9. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantees will receive a cash payment in RMB, subject to any applicable withholding tax, translated from the Hong Kong dollar ("HKD") amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company's H Share above the offer price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise. Not less than 20% of the cash payments so deposited shall remain in the account until the end of the term of service of the relevant grantee. In addition, the cash payments shall only be payable if the grantee has passed a final performance assessment.

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 40%, 70% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their exercisable Rights as at the end of their respective terms of service subject to their final performance assessment results at the end of the term of service. The remaining Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised by then shall lapse.

During the period ended 31 December 2008, no Rights granted were exercised or expired. As at 31 December 2008, the expiry dates of the outstanding Rights were between 9 and 10 years.

For the period ended 31 December 2008 and as at 31 December 2008, the Group did not recognise share compensation cost and the liability related to the Rights as the directors believe the related compensation cost is not material to the consolidated financial statements for the period ended 31 December 2008.

47. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in these financial statements, the Group had transactions with (i) JCC and its affiliates, (ii) Qing Yuan, which is the Company's associate, and (iii) other state-controlled entities in China, and paid compensation to management personnel as summarised below:

(a) Related party transactions with JCC and its affiliates:

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Sales to related parties:		
Sales of brass wires	**494,018**	483,959
Sales of copper rods and wire and semi-finished products	**133,793**	153,949
Sales of by-products	**13,869**	1,459
Sales of auxiliary industrial products	**7,352**	5,595
Sales of sulphuric acid	**5,208**	—
Other sales	**—**	1,696
Purchases of goods from related parties:		
Purchases of copper waste	**424,955**	80,233
Purchases of auxiliary industrial products	**126,936**	116,865
Purchases of copper cathode	**31,660**	37,562
Purchases of brass wires	**6,485**	5,458
Purchases of semi-finished products	**1,777**	2,837
Purchases of blue stone	**—**	2,776
Services provided by the Group:		
Loans provided	**643,988**	227,855
Interest charge for financing services	**33,722**	10,952
Processing services	**29,141**	37,444
Repair and maintenance services	**9,777**	10,476
Supply of electricity	**5,048**	3,116
Vehicle transportation services	**3,307**	5,836
Supply of water	**235**	189
Supply of gas	**19**	21
Freight agency services	**5**	377

47. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates *(Continued)*:

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Services provided to the Group:		
Pension contributions	**131,199**	82,199
Construction services	**34,569**	9,237
Repair and maintenance services	**24,320**	7,810
Brokerage agency services for commodity derivative contracts	**22,915**	18,805
Rental for land use rights	**15,763**	15,000
Rentals for public facilities	**1,660**	1,763
Interest charges for deposits from customers	**5,118**	1,792
Vehicle transportation services	**903**	109
Supply of power	**279**	283
Processing charges	**—**	54
Other supporting services	**—**	63
Other management fees	**4,455**	6,108
Social welfare and support services provided to the Group:		
— welfare and medical services	**72,598**	58,557
— use of representative offices	**3,000**	3,714
— technical education services	**2,400**	3,329
— primary and secondary education services	**—**	2,547

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

(b) Transactions with Qing Yuan, which is the Company's associate:

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Purchases of goods from related parties:		
Purchases of copper waste	**1,623,445**	1,383,243

47. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) 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 year, the Group had transactions with State-owned Enterprises including, but not limited to, the sales of goods, purchases of goods, and purchases of items 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.

(d) Compensation of key management personnel of the Group

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

	2008	2007 (Restated)
	RMB'000	*RMB'000*
Short term employee benefits	**6,283**	8,208
Post-employment benefits	**276**	253
Performance related bonuses	**350**	350
Total compensation paid to key management personnel	**6,909**	8,811

Further details of directors' emoluments are included in note 11 to the financial statements.

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

48. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) Outstanding balances with related parties

The Group had the following significant balances with related parties at the balance sheet date:

	31 December 2008	31 December 2007 (Restated)
	RMB'000	*RMB'000*
Amounts due from related parties:		
Trade and bills receivable:		
JCC	**1,345**	1,839
JCC's affiliates	**62,020**	100,431
	63,365	102,270
Prepayments and other receivables:		
JCC	**623**	572,361
JCC's affiliates	**444,460**	302,673
Qing Yuan	**9,500**	—
	453,583	875,034
Loans-short term loan *(note 26)*		
JCC's affiliates	**262,557**	223,855
Loans-current portion of long term loan *(note 26)*		
JCC's affiliates	**3,000**	—
Loans- long term loan *(note 26)*		
JCC's affiliates	**1,000**	4,000

48. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) Outstanding balances with related parties *(Continued)*

	31 December 2008	31 December 2007 (Restated)
	RMB'000	*RMB'000*
Amounts due to related parties		
Trade and bills payables:		
JCC	**3,916**	684
JCC's affiliates	**35,246**	25,136
Qing Yuan	**—**	27,222
	39,162	53,042
Other payables and accruals:		
JCC *(note a)*	**543,934**	1,870
JCC's affiliates	**68,124**	44,404
	612,058	46,274
Deposit from customer *(note 35)*		
JCC	**842,621**	86,383
JCC's affiliates	**127,716**	108,005
	970,337	194,388
Other long term payable *(note 40)*		
JCC	**16,109**	18,150

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances was unsecured, interest-free and have no fixed repayment terms except for loans, deposits from customers and other long term payable to JCC as mentioned in notes 26, 35 and 40.

Note a: This balance includes an amount of RMB521 million arising from the purchase of mining rights from JCC. The purchase consideration was based on the amount paid by JCC to the government to acquire the mining rights.

49. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

2008	THE GROUP			
Financial assets	**Financial assets at fair value through profit or loss - held for trading**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	327,400	327,400
Trade and bills receivables	—	3,976,405	—	3,976,405
Financial assets included in prepayments, deposits and other receivables	—	1,387,640	—	1,387,640
Loans	—	266,557	—	266,557
Derivative financial instruments	312,455	—	—	312,455
Pledged deposits	—	195,558	—	195,558
Cash and Cash equivalents	—	3,944,766	—	3,944,766
	312,455	9,770,926	327,400	10,410,781

Financial liabilities	**Financial liabilities at fair value through profit or loss-held for trading**	**Financial liabilities at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	—	1,414,640	1,414,640
Financial liabilities included in other payables and accruals	—	1,327,180	1,327,180
Interest-bearing bank and other borrowings	—	3,463,930	3,463,930
Derivative financial instruments	359,309	—	359,309
Bonds payable	—	4,747,884	4,747,884
Deposits from customers	—	970,337	970,337
Other long term payables	—	16,109	16,109
	359,309	11,940,080	12,299,389

49. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2007 (restated)

	THE GROUP			
Financial assets	**Financial assets at fair value through profit or loss - held for trading**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	290,000	290,000
Trade and bill receivables	—	5,358,615	—	5,358,615
Financial assets included in prepayments, deposits and other receivables	—	1,075,364	—	1,075,364
Loans	—	227,855	—	227,855
Derivative financial instruments	54,704	—	—	54,704
Pledge deposits	—	125,960	—	125,960
Cash and Cash equivalents	—	3,068,297	—	3,068,297
	54,704	9,856,091	290,000	10,200,795

Financial liabilities	**Financial liabilities at amortised cost**
	RMB'000
Trade and bills payables	2,181,057
Financial liabilities included in other payables and accruals	747,384
Interest-bearing bank and other borrowings	10,413,274
Deposits from customers	194,388
Repurchase agreements	280,000
Dividend payables	3,621
Other long term payables	28,094
	13,847,818

49. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008

	THE COMPANY			
Financial assets	**Financial assets at fair value through profit or loss - held for trading and derivative financial instruments qualified for hedging** *RMB'000*	**Loans and receivables** *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	—	315,400	315,400
Trade and bills receivables	—	2,879,865	—	2,879,865
Financial assets included in prepayments, deposits and other receivables	—	1,218,557	—	1,218,557
Derivative financial instruments	312,356	—	—	312,356
Cash and Cash equivalents	—	2,518,273	—	2,518,273
	312,356	6,616,695	315,400	7,244,451

Financial liabilities	**Financial liabilities at fair value through profit or loss-held for trading** *RMB'000*	**Financial liabilities at amortised cost** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	—	1,314,338	1,314,338
Financial liabilities included in other payables and accruals	—	1,231,223	1,231,223
Interest-bearing bank and other borrowings	—	2,374,607	2,374,607
Derivative financial instruments	201,759	—	201,759
Bonds payable	—	4,747,884	4,747,884
Other long term payables	—	16,109	16,109
	201,759	9,684,161	9,885,920

49. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2007

	THE COMPANY			
Financial assets	**Financial assets at fair value through profit or loss - held for trading and derivative financial instruments qualified for hedging**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	280,000	280,000
Trade and bills receivables	—	3,999,772	—	3,999,772
Financial assets included in prepayments, deposits and other receivables	—	318,427	—	318,427
Derivative financial instruments	22,597	—	—	22,597
Cash and Cash equivalents	—	2,186,548	—	2,186,548
	22,597	6,504,747	280,000	6,807,344

Financial liabilities	**Financial liabilities at amortised cost**
	RMB'000
Trade and bills payables	1,455,075
Financial liabilities included in other payables and accruals	703,244
Interest-bearing bank and other borrowings	7,533,604
Other long term payables	28,094
	9,720,017

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, bonds with warrants and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, liquidity risk, interest rate risk and foreign currency risk. Management reviews and agrees policies for managing each of these risks which are summarised below. The Group's accounting policies in relation to financial instruments are set out in note 4 to the financial statements.

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts to manage the Group's exposure in relation to forecasted sales of copper cathodes, forecasted purchases of copper cathodes and firm commitments to sell copper rods and wires.

The table below summarises the impact on profit before tax of changes in commodity prices on the fair value of derivative financial instruments. The changes in commodity prices do not directly affect equity through retained earnings as the impact on income as these derivative financial instruments have not been designated as hedges and are classified as held-for-trading.

The analysis is based on the assumption that the copper cathode price moves 30% resulting in a change with all other variables held constant.

THE GROUP	**Increase/ (decrease) in profit before tax 2008** *RMB'000*	**Increase/ (decrease) in profit before tax** 2007 *RMB'000*
If market price increases 30% in copper	**(81,911)**	219,977
If market price decreases 30% in copper	**81,911**	(219,977)

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. Receivable balances are monitored on an ongoing basis. There are no significant concentrations of credit risk within the Group.

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 December 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. There is no significant concentration of credit risk.

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, obtaining debentures from specific financial institutions and borrowing loans from banks.

The table below summarises the maturity profile of the Group's financial liabilities at each balance sheet date based on contractual undiscounted payments.

THE GROUP	**31 December 2008**			
	Less than 12 months	**1 to 5 years**	**Longer than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing loans and borrowings	3,316,680	128,000	19,250	3,463,930
Trade and bills payables	1,414,640	—	—	1,414,640
Financial liabilities in other payables and accruals	1,364,013	272,000	204,000	1,840,013
Deposits from customers	970,337	—	—	970,337
Derivative financial instruments	359,309	—	—	359,309
Other long term payables	31,870	7,480	26,271	65,621
	7,456,849	407,480	7,049,521	14,913,850

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

THE GROUP

	31 December 2007			
	Less than 12 months	**1 to 5 years**	**Longer than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing loans and borrowings	9,602,471	791,553	19,250	10,413,274
Trade and bills payables	2,181,057	—	—	2,181,057
Financial liabilities included in other payables and accruals	729,411	—	—	729,411
Dividend payables	3,621	—	—	3,621
Other long term payables	21,870	17,480	28,141	67,491
Repurchase agreements	280,000	—	—	280,000
Deposits from customers	194,388	—	—	194,388
	13,012,818	809,033	47,391	13,869,242

THE COMPANY

	31 December 2008			
	Less than 12 months	**1 to 5 years**	**Longer than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing loans and borrowings	2,374,607	—	—	2,374,607
Trade and bills payables	1,314,338	—	—	1,314,338
Derivative financial instruments	201,759	—	—	201,759
Financial liabilities included in other payables and accruals	1,268,056	272,000	204,000	1,744,056
Other long term payables	31,870	7,480	26,271	65,621
	5,190,630	279,480	7,030,271	12,500,381

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Liquidity risk *(Continued)*

THE COMPANY

	31 December 2007			
	Less than 12 months	**1 to 5 years**	**Longer than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing loans and borrowings	7,230,558	303,046	—	7,533,604
Trade and bills payables	1,455,075	—	—	1,455,075
Financial liabilities included in other payables and accruals	682,857	—	—	682,857
Other long term payables	21,870	17,480	28,141	67,491
	9,390,360	320,526	28,141	9,739,027

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's short term and long term interest-bearing bank loans and other borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

THE GROUP	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in profit before tax**
		RMB'000
2008		
If interest rate increases	50	(17,320)
If interest rate decreases	(200)	69,279
2007		
If interest rate increases	50	(52,066)
If interest rate decreases	(200)	208,265

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from loans in currencies other than the Group's functional currency.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax due to changes in the carrying value of monetary assets and liabilities.

THE GROUP	**Increase/ (decrease) in foreign exchange rate** %	**Increase/ (decrease) in profit before tax** *RMB'000*
2008		
If RMB weakens against USD	5	(14,137)
If RMB strengthens against USD	(5)	14,137
2007		
If RMB weakens against USD	5	(33,480)
If RMB strengthens against USD	(5)	33,480

Capital management

The primary objective of the Group's capital management is to ensure that it has sufficient capital in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or obtain additional capital from shareholders. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2008 and 31 December 2007.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Capital management *(Continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain the gearing ratio between 10% and 50%. Net debt includes interest-bearing bank and other borrowings, trade and bills payables, other payables and accruals, deposits from customers less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent less the hedging reverses. The gearing ratios as at the balance sheet dates were as follows:

THE GROUP

	2008 *RMB'000*	2007 *RMB'000*
Interest-bearing bank and other borrowings	**3,463,930**	10,413,274
Trade and bills payables	**1,414,640**	2,181,057
Other payables and accruals *(note 33)*	**1,327,180**	749,798
Deposits from customers	**970,337**	194,388
Less: Cash and cash equivalents	**(3,944,766)**	(3,068,297)
Net debt	**3,231,321**	10,470,220
Equity attributable to equity holders	**20,752,344**	19,544,424
Hedging reverses	**—**	(22,596)
Adjusted capital	**20,752,344**	19,521,828
Capital and net debt	**23,983,665**	29,992,048
Gearing ratio	**13%**	35%

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

Fair values

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

The fair value of the Group's long term loans and bonds payable are calculated according to similar terms and time frames and prevailing market borrowing interest rates. Further details of the fair values of the Group's long term loans and bonds payable are included in notes 34 and 37 to the financial statements.

The remaining financial instruments are all short term instruments, and there is no material difference between their fair value and carrying amount due to the short term to maturity.

51. COMPARATIVE FIGURES

Comparative figures have been adjusted to apply merger accounting for the businesses combination under common control, as explained in note 2, and certain comparatives have been reclassified to conform with the current year's presentation.

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2009.

FINANCIAL SUMMARY

(Prepared in accordance with IFRSs)

	2008	2007 (Restated)	2006 (Restated)	2005 (Restated)	2004 (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Results					
Revenue	**53,693,436**	43,168,883	26,939,091	15,216,728	11,867,114
Cost of sales	**(47,433,301)**	(36,241,571)	(18,700,354)	(11,225,276)	(9,493,121)
Gross profit	**6,260,135**	6,927,312	8,238,737	3,991,452	2,373,993
Other income and gains	**213,747**	191,878	90,667	174,528	126,530
Selling and distribution costs	**(268,384)**	(189,948)	(133,408)	(118,325)	(107,153)
Administrative expenses	**(1,121,882)**	(973,174)	(887,607)	(630,027)	(558,061)
Other expenses	**(1,520,550)**	(34,602)	(549,959)	(460,953)	(202,364)
Finance costs	**(542,870)**	(424,368)	(305,514)	(276,877)	(279,065)
Share of profit and loss of a associates	**(25,145)**	12,489	65	—	—
Share of profits and loss of jointly-controlled entities	**3,000**	(314)	—	—	—
Profit before tax	**2,998,051**	5,509,273	6,452,980	2,679,798	1,353,880
Taxation	**(800,535)**	(854,813)	(1,119,053)	(406,868)	(126,153)
Profit for the year	**2,197,516**	4,654,460	5,333,927	2,272,930	1,227,727
Attributable to:					
Equity holders of the company	**2,285,101**	4,533,754	5,224,555	2,174,483	1,166,492
Minority interests	**(87,585)**	120,706	109,372	98,447	61,235
	2,197,516	4,654,460	5,333,927	2,272,930	1,227,727

	As at 31 December				
	2008	2007 (Restated)	2006 (Restated)	2005 (Restated)	2004 (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**34,504,921**	35,130,584	25,762,955	16,701,546	14,167,519
Total liabilities	**(13,385,945)**	(15,108,629)	(11,061,310)	(7,021,875)	(7,662,910)
	21,118,976	20,021,955	14,701,645	9,679,671	6,504,609
TOTAL EQUITY					
Attributable to:					
Equity holders of the company	**20,752,344**	19,544,424	13,885,674	8,874,184	6,060,131
Minority interests	**366,632**	477,531	815,971	805,487	444,478
	21,118,976	20,021,955	14,701,645	9,679,671	6,504,609

The financial information previously reported by the Group in 2004, 2005, 2006 and 2007 has been restated as a result of the retrospective adjustment to apply the principles of merger accounting for business combination under common control.

Appendix 1
Self-Evaluation Report on the Internal Control System of the Company

SELF-EVALUATION REPORT ON THE INTERNAL CONTROL SYSTEM OF COMPANY BY THE BOARD OF JIANGXI COPPER COMPANY LIMITED

The Board of the Company and all Directors warrant that there is no misrepresentation or misleading statements contained in or material omissions from this report, and collectively and individually accept full responsibility for the truthfulness, accuracy and completeness of the contents herein contained.

It is the responsibility of the Board and management level of the Company to establish and effectively execute a sound internal control. The goals of the Company's internal control include: to reasonably ensure the legality and compliance of corporate operation, safe asset, truthfulness and completeness of financial statements and its related information, improve operation efficiency and impacts, and procure the Company to realise its expansion strategies.

Only reasonable assurance can be given for the above goals due to the inherent limitations of the internal control; moreover, the effectiveness of the internal control may vary with changes in the internal and external environment and operation of the Company. A surveillance and supervising mechanism has been established in the internal control of the Company. Thus, the Company will take measures immediately to rectify once it identifies internal defects.

Five basic elements were considered by the Company for establishing and executing internal control, including internal environment, risk assessment, control activities, information and communication and internal supervision.

As to internal control environment, the Company has legally established a modern corporate governance system and related rules of procedures with general meeting, the Board and supervisory committee, clearly defining duties and authorities in decision, execution and supervision. As required by the Listing Rules, the Independent Audit Committee comprising four members of the Board of the Company is responsible for reviewing the internal control of the Company, supervising the effective execution of the internal control and self-evaluation of the internal control, and coordinating the audit of the internal control and other relevant matters; it has established the Risk Control and Internal Review Department which is in charge of organising and coordinating the establishment, execution, supervision and daily operation of the internal control.

The Company has, according to the division of duties and the needs under the Company's expansion, set up functional departments including Human Resources Department, Trading Department, Material and Equipment Department, Finance Department, Resource Department, Planning Department, Risk Control and Internal Review Department, Production and Technology Department, and Technology Center, each of which is responsible for its distinctive duty and provides cross-supervision for the others in view of their duties and the Company's development.

The Company adopts a vertical management to its subsidiaries, implementing centralised management for business planning, fund transferring, personnel allocating, results appraisal and financial policies of subsidiaries.

The Company has set up labour and personnel management systems for employment, training, appraisal, incentives, promotion, and elimination of employees and regular shift of key positions. In particular, it formulated rules on employee contracts, attendance management and employee benefits package.

As to risk assessment, the Company established a leading team on risk control to take charge of risk assessment and analysis during the process of production and operation. It has adopted different risk management methods and formulated corresponding risk management systems to circumvent or reduce risks in light of key risk points in the process of the corporate production and operation, possibility of risk occurrence and extents of impacts on the Company.

Accordingly, the Company is able to opportunely improve the awareness of risk control, enhance and improve the internal control systems and procedures according to external information and development and changes of the external environment.

As to control activities, relevant control measures has been taken in accordance with results of risks evaluation, mainly including:

Duties of all departments were clearly defined, and relevant positions were set based on separation of incompatible posts, thus, making respective duties and authority clear and forming the mechanism of cross-supervision.

The authorization and approval scope, authority, procedures and responsibilities of relevant work were clearly defined.

In strict accordance with unified accounting standards and regulations of the State, the Company formulated financial and accounting rules based on its business characteristics and management requirements, solidified accounting foundation work, standardized the Company's accounting practice and strengthened the supervision function of accounting so as to ensure the accuracy of financial data, prevent it from error and fraud and stop the potential defects.

Chief Controller, as the head of accounting, shall be professionals who possesses professional qualification in accounting and has rich experience in financial management. The Company has built up an internal accounting management system and set up a specialized accounting department. The Company effectively divided various accounting work within the Company, defining the duties and authority of all levels of departments and employees to enable them to exert respective abilities and perform respective duties. The Company's accounting personnel shall have professional titles and practising qualification recognized by the State and be familiar with accounting system and comply with their professional ethics.

The Company restricts unauthorized personnel's direct access to property and take measures of random check, periodic inventory, property records, accounts checking, property insurance to secure the safety and intactness of the properties. The Company established a series of systems on assets custody and accounting files keeping, with necessary equipment and responsible persons being provided.

The Company carried forward comprehensive budget management focused on financial budget, and formulated financial budget management system, thus establishing six systems for financial budget, namely organization, target, preparation, feedback, supervision, appraisal. The Company prepares financial budget plan every year. The Company carried out budget management on major operating targets and events such as financial status, operating results, cash flow, and established budget standards for revenue, cost and expense. The Company divided the indicators of the financial budget level by level, and ensure that they can be fully carried into effect by all departments, all units, at all links and at all posts, thus establishing an all-round responsibility implementation system for financial budget. The Company carried out analysis for financial budget on a monthly and quarterly basis, in order to find out problem by regular assessment.

With the operation analysis meeting on a quarterly basis, departments including finance, marketing, planning and production analyse their respective operation, and make timely improvement upon any problem discovered.

Economic responsibility system was established, and all specific assessment indexes were set for regularly checking the organisations and personnel in charge, with check results as the basis of determining remuneration and promotion.

The Company establish an emergency management team and set up a treatment mechanism for emergencies to assure the timely and proper treatment of emergencies.

As to information communication, the timely report system of significant matters and the internal management report system were established to fully reflect the Company's economic activities and timely provide important information on operating activities. The Company's internal management report system mainly covers production, operation, finance, project implementation. Accordingly, the Company has set up independent information systems with electronic information technology in respect of finance and production commanding communication.

Based on the interconnection network, the Company established a safe and reliable management information system, mainly including cooperation office automation (OA), e-mail systems, enabling the production and operation activities of the Company to operate stably and effectively.

To speed up the integration of corporate information and communication, the Company established management team for information integration promotion so as to further combine the information system and internal control.

As to internal supervision, the Independent Audit Committee was set up. Further, the Internal Review Department of Risk Control was established as the daily audit supervision department of internal control to audit and supervise the Company and its subsidiaries in respect of the business operation status, economic results, due diligence of managements, internal control systems, expenses and assets safety, and offer advices on the improvement the operation management and give their opinion on correction and punishment to the violation of regulations.

The Board of the Company made the self-evaluation over the internal control of all respects above. As discovered in the evaluation, no material defects in the design and execution of the internal control was discovered from 1 January 2008 to the end of the reporting period.

The Board of the Company is of the view that from 1 January 2008 to the end of 2008, the Company's current internal control system is relatively complete, reasonable and effective, which can generally meet the management requirement and development needs of the Company. It can provide guarantees for the truthfulness, validity and completeness of the Company's accounting information; ensure the safety and intactness of the Company's assets; and can truly, accurately, completely and timely submit and disclose information with content and format in strict compliance with the requirement of laws, regulations and Articles and Associations. Since the formulation of the internal control systems, such systems have been effectively implemented.

This report was considered and approved at the 30th meeting of the fourth Board of the Company on 31 March 2009. The Board and its all members jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of its contents.

The Company did not engage certified public accountants to verify and appraise the internal control of the Company for the year.

The Board of Jiangxi Copper Company Limited
31 March 2009

Appendix 2
Disclosure of Report on Social Responsibility Performance of the Company

REPORT ON SOCIAL RESPONSIBILITY PERFORMANCE BY JIANGXI COPPER COMPANY LIMITED

In accordance with Social Responsibility Guidance for Listed Companies on Shanghai Stock Exchange, Jiangxi Copper Company Limited ("Jiangxi Copper" or the "Company") publish this report to summarize its work in complying with the Company Law, other laws and regulations, business ethics, social morality, and honesty. As a large state controlled company, Jiangxi Copper always prioritizes social responsibility and its commitment to shareholders as the foundation of its existence, operates under laws and regulations, value talents and aims at harmonious development.

I. Commitment to Social Responsibility Widely Recognized

Jiangxi Copper values social responsibility while creating fortunes for the society. It proactively takes part in charitable social activities, donates to Hope Primary Schools, helps and fosters poor townships and participates in disaster relief campaigns.

The Company attaches great importance on the environment protection and invested more than RMB200 million in the operation of environment-friendly facilities every year. For slag containing arsenic generated in acid-making, Jiangxi Copper introduced technology and key equipments from abroad at high consideration to refine such slag. Jiangxi Copper abstracts 1,800 tonnes of arsenic trioxide from the slag each year, for which it costs additional tens of millions ever year. In order to reduce heavy metal waste water generated by waste ore containing copper, the Company developed large scale mining and milling comprehensive tech for low grade copper ore deposit, improving the grade of such ores from designed 0.3% to 0.25%. Though higher production cost incurred, less waste water was discharged and recycle of resources was maximized. As a result, Dexing Copper Mine service span extended by 4.5 years while additional 383,000 tonnes of copper and 28 tonnes of gold were recovered.

The processing of acid waste water generated from copper ore milling was difficult to handle. Since 2001, Dexing Copper Mine use one third of waste water in copper lixiviating; one third is discharged into final trailing tank and recycled to milling process; the other one third is discharged under standards after processed by JCC BioteQ Environmental Technologies Co., Ltd who recycles 700 tonnes of copper each year. Presently, Jiangxi Copper recycles 85% of its industrial water, saving water resources 300 million tonnes a year.

Jiangxi Copper is committed to social welfare, with 22 "Jiangxi Copper Hope Elementary Schools" donated and constructed in the past ten years. It strictly complies with tax laws each year, paying RMB3,186 million taxes in 2008. Its social contribution amounted to RMB7,235 million while social contribution per share reached RMB2.39.

With outstanding achievements, its commitment to social responsibility is recognized by society. In February 2006, as approved by the State Environmental Protection Administration of China, the Company was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation; It was honoured as "the most dedicated enterprise in social responsibility in Jiangxi Province" for its efforts paid to environment protection, local economy development, local social welfare and social charity, especially the outstanding donations made for earthquake stricken areas in 2008.

II. Cherish shareholder's interest, market value fluctuates up

Except two most difficult years, Jiangxi Copper distributes dividends to shareholders every year since its listing 12 years ago, accumulatively distributed cash dividends of RMB1.322 per share (tax inclusive, including 2008 distribution plan). Aside from dividends, Jiangxi Copper regards the sustainable development, risk resistance and profitability as the best commitment to shareholders. Guided by the strategy of "to develop mines, consolidate smelting, improve refining and diversify into relevant sectors" the Company increased its copper reserves and expanded copper cathode market share by equity investment, equity control and acquisition. As quality has respect to interests of customers and ensures sustainable development of the Company, the Company attaches great importance on it. The Company's main products, copper cathode, gold and silver, are registered with London Metal Exchange and Shanghai Metal Exchange while its sulphuric acid was granted National Gold Award.

The market recognized its commitments to shareholders as well. The successive issue of A shares and bonds with warrants accomplished on stock exchange raising RMB10.8 billion is a direct result.

As the enterprise grows, share price and market value fluctuates up. With multiple awards along all these years, Jiangxi Copper was listed as No.8 in the Gold Ox Award for all Chinese listed companies by China Securities Journal.

III. Employee rights care, Harmonious and Dynamic Jiangxi Copper

By the end of 2008, the Company had a staff of 30,000, paying salary of RMB1.287 billion for 2008. The Company is always people-oriented, deeming employees as the treasure for enterprise survival and growth. It protects employee rights, increases their income, and improves living quality and individual improvement. With rather emphasis on supporting employees' family members in straits, the Company allocates special funds to such low-income families for daily sympathy and aids for serious illness, and "College Tuition Assistance in Autumn" for the children of needy employees every year, constructing a "Harmonious Jiangxi Copper".

The Company puts more efforts in increasing income of its employees. In the past six years, the overall income growth rate of employees reached 12.5%.

Since its mines and factories are afar from cities, the Company built 101,800 square meters of entertainment facilities to vitalize leisure time of its employees. In relation to production and operation, it organized production competitions, internal training programs, entertainments and debate contests to create a platform for "Dynamic Jiangxi Copper".

Employee training is the Company's primary concern, outstanding employees are sponsored to take training course in US, Tsinghua University and Shanghai International Studies University, stocking talents for "International Jiangxi Copper".

For the compliance of laws and regulations, and people-oriented, it is jointly honoured as "National Harmonious Exemplary Employer" for 2007 by institutions including State Labour and Social Security Department and all China Federation of Trade Unions.

Epilogue

In 2008, much had been done by the Company in respect of social responsibility such as listed company governance, rights protection for shareholder, creditor, supplier, consumer, employee, environment protection, social welfare and charity. The Company is to take the report as an opportunity to further improve and promote its social responsibility management system, enhance friendly communication with concerned parties, harmonize internal relations and coordinate with the society. We work diligently for a "Harmonious, Dynamic, and International Jiangxi Copper".