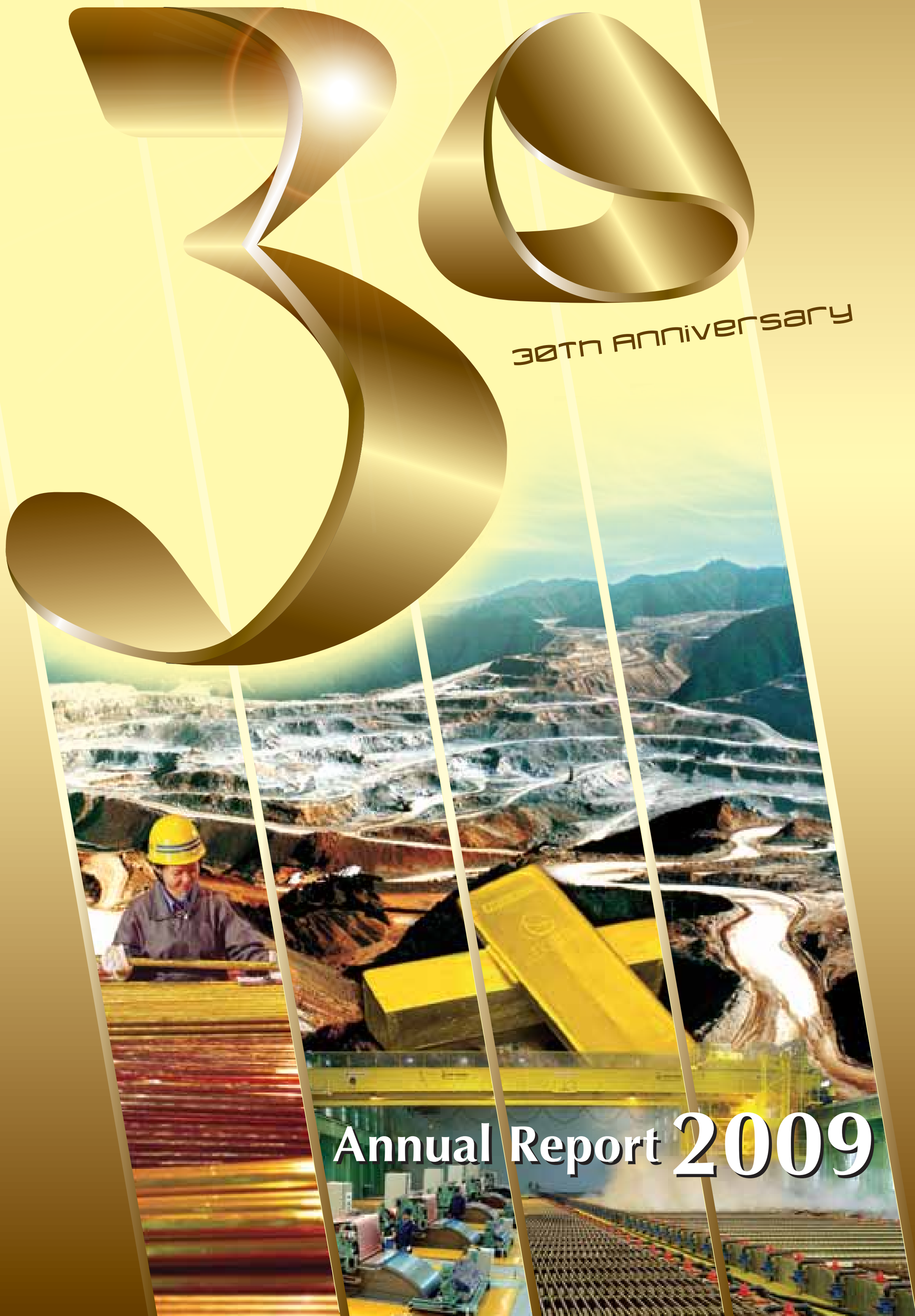
Jiangxi Copper Company Limited

(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 2009

Important Notice

(1) The board of directors (the "Board") and the supervisory committee (the "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 jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information herein contained

(2) Wu Jianchang, the independent non-executive Director, and Shi Jialiang, the executive Director, were unable to attend the Board meeting approving, inter alia, the final results in 2009, but have appointed the Directors, Li Yihuang and Li Baomin respectively, to attend the Board meeting and to vote on their behalf. Save as disclosed, all other Directors attended and voted at the Board Meeting in person.

(3) The consolidated financial statements of the Company and its subsidiaries (the" Group") for the year ended 31 December 2009 prepared in accordance with PRC Accounting Standards for Business Enterprises ("PRC GAAP") and International Financial Reporting Standards ("IFRSs") have been audited by Ernst & Young Hua Ming (domestic auditor) and Ernst & Young Certified Public Accountants (overseas auditor) respectively with standard unqualified audit opinions.

(4)

Chairman of the Company	Li Yihuang
Chief Financial Officer	Gan Chengjiu
Manager of the Finance Department	Qiu Ling

The Company's Chairman, Mr. Li Yihuang, Chief Financial Officer, Mr. Gan Chengjiu, and Manager of the Finance Department, Ms. Qiu Ling, hereby warrant the truthfulness and completeness of the financial report as set out in this annual report.

(5) Is there any misappropriation of funds by the controlling shareholders and their connected parties for non-operation purpose?

No

(6) Is there any external guarantee made in violation of the required decision-making procedures?

No

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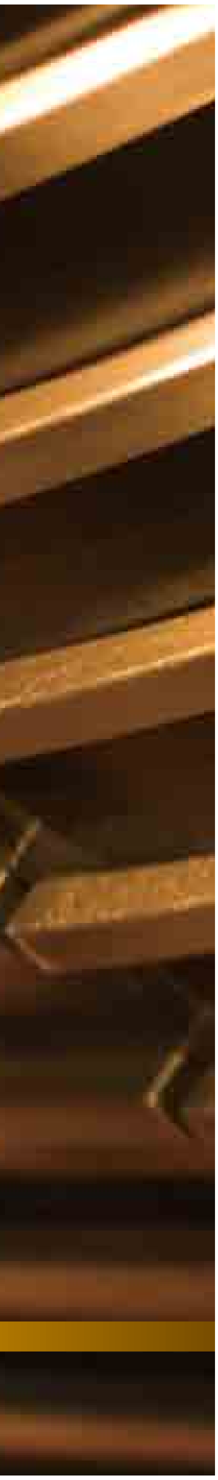


(I) CORPORATE INFORMATION

Legal name of the Company in Chinese	江西銅業股份有限公司
Chinese abbreviation	Jiangxi Copper
Legal name of the Company in English	Jiangxi Copper Company Limited
English abbreviation	JCCL
Legal representative	Li Yihuang

(II) CONTACT PERSON AND CONTACT METHOD

	Company Secretary to the Board	Securities Affairs Representative
Name	Pan Qifang	Kang Shuigen
Address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Telephone	(86) 0701-3777736	(86) 0701-3777733
Facsimile	(86) 0701-3777013	(86) 0701-3777013
E-mail	jccl@jxcc.com	jccl@jxcc.com

(III) BASIC INFORMATION

Registered address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the registered address	335424
Office address	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the office address	335424
Website	http://www.jxcc.com
E-mail	jccl@jxcc.com

(IV) INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	Shanghai Securities News
Websites designated by China Securities Regulatory Commission ("CSRC") for publishing the annual report	http://www.sse.com.cn
Place of inspection of Annual Report	Secretarial Office of the Board 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China

Corporate Profile

(V) INFORMATION ON THE COMPANY'S STOCK

Information on the Company's securities

Class of shares	Stock Exchange of listing shares	Stock information Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited	Jiangxi Copper	0358
Warrants	Shanghai Stock Exchange	JCC CWB1	580026
Corporate Bonds	Shanghai Stock Exchange	08 JCC Bonds	126018

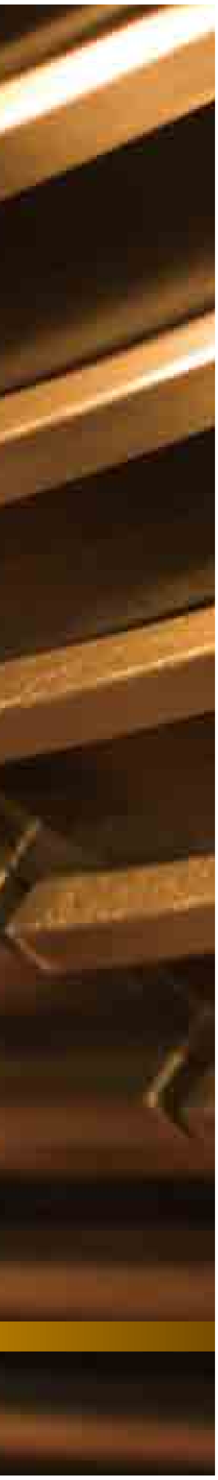
(VI) OTHER RELEVANT INFORMATION

First registration date	24 January 1997
Institution for first registration	State Administration for Industry and Commerce of the People's Republic of China

The latest change	Date of change of registration	5 June 2009
	Institution for change of registration	Administration for Industry and Commerce of Jiangxi Province
	Business licence registration number	360000521000033
	Taxation registration number	360681625912173
	Organization code	62591217-3

Auditors appointed by the Company	Ernst & Young Hua Ming (Domestic)/Ernst & Young (Overseas)
Address of auditors appointed by the Company	Level 16, Ernst & Young Tower, Oriental Plaza, No.1 East Chang An Ave., Dong Cheng District, Beijing, China (Domestic)/ 18/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong (Overseas)
Other corporate information	The Company is a Sino-foreign joint stock limited company incorporated in the People's Republic of China ("PRC") on 24 January 1997. The Company's main scope of operations includes: mining, milling, smelting, processing of non-ferrous metal and rare metals and relevant technology ; smelting, rolling processing and further processing of non-ferrous ores, rare metal, non-metallic ores, non-ferrous metal and related by-products; overseas futures business and related enquiry services and businesses.

Corporate Profile



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

— Six mines: Dexing Copper Mine (including copper factory mining area, Fujiawu mining area and Zhushahong mining area), Yongping Copper Mine, Chengmenshan Copper Mine (including Jinjiwo Silver-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 2009, the Company had 100% ownership in the proven reserve of approximately 11,310,000 tonnes of copper metal, 362 tonnes of gold, 9,689 tonnes of silver, 275,000 tonnes of molybdenum, 108,990,000 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 2009, 167,000 tonnes of copper were produced from the mines of the Group.

Corporate Profile

2) Currently, the Group's production capacity of copper cathode reached 900,000 tonnes per year, which enables the Group to become a global leading large-scale copper manufacturer. In 2009, the Company produced 802,000 tonnes of copper cathode.

3) The Group is one of the largest gold and silver manufacturers in the PRC. In 2009, the Company produced 20 tonnes of gold and 430 tonnes of silver.

4) The Group's current processing capacity of copper products is 450,000 tonnes. In 2009, the Company produced 484,000 tonnes of copper products.

5) The Group is one of the largest sulphur chemical industry bases in the PRC. In 2009, the Company produced 2.25 million tonnes of sulphuric acid and 1.63 million tonnes of sulphuric concentrate.

6) The Group is one of the largest rare metal manufacturers in the PRC. In 2009, the Group produced 4,166 tonnes of standard molybdenum concentrates (average grade: 45%), approximately 329 tonnes of selenium products, 2,786 kg of ammonium rhenate, 50 tonnes of tellurium concentrate and 800 tonnes of bismuth concentrate.

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

Summary of Accounting and Business Data

(I) MAJOR ACCOUNTING DATA

Unit:'000 Currency: RMB

Item	**Amount**
Operating profit	3,108,914
Total profit	3,176,149
Net profit attributable to holders of ordinary shares of the Company	2,349,254
Net profit after non-recurring profit and loss items attributable to holders of ordinary shares of the Company	2,223,630
Net cash flow from operating activities	1,722,486

(II) DISCREPANCIES BETWEEN IFRSs AND PRC GAAP

1. Reconciliation of net profit attributable to holders of the ordinary shares of the Company and net assets attributable to holders of the ordinary shares of the Company in the financial statements prepared under PRC GAAP to those under IFRSs

Unit:'000 Currency: RMB

	Net profit attributable to holders of the ordinary shares of the Company		**Net assets attributable to holders of the ordinary shares of the Company**	
	2009	2008	**As at 31 December 2009**	As at 31 December 2008
Under PRC GAAP	**2,349,254**	2,285,101	**22,813,886**	20,752,344
IFRSs adjustments:				
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the year	**33,973**	—	**—**	—
Under IFRSs	**2,383,227**	2,285,101	**22,813,886**	20,752,344

Summary of Accounting and Business Data

(III) NON-RECURRING PROFIT AND LOSS ITEMS (Loss is stated as negative and gain is stated as positive)

Unit:'000 Currency: RMB

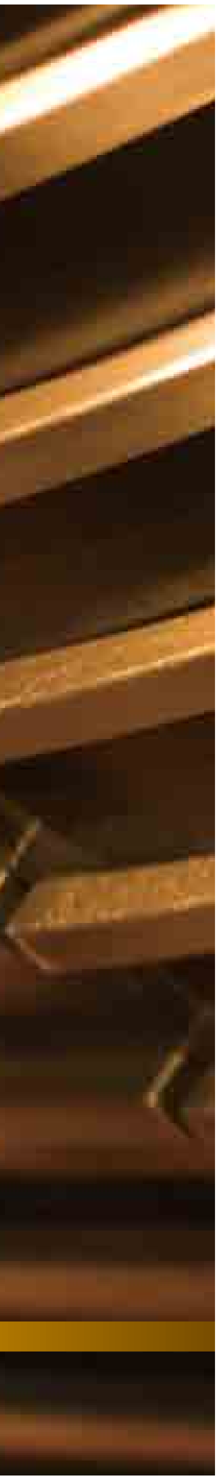
Non-recurring profit and loss items	Amount
Gain or loss from disposal of non-current assets	-4,401
Non-recurring government subsidy	87,839
Other non-recurring items included in non-operating income and expenses (excluding gain or loss from disposal of non-current assets and non-recurring government subsidy)	-16,203
Gain or loss from disposal and liquidation of subsidiaries	29,241
Gain or loss from equity investments at fair value through profit or loss	4,095
Gain or loss from bank financial products	11,164
Fair value change gain or loss from ineffectiveness of cash flow hedges	-1,296
Fair value change gain or loss from ineffectiveness of fair value hedges	-2,251
Fair value change gain or loss from commodity derivative contracts-transactions not qualifying as hedges	270,254
Realised gain or loss from ineffectiveness of cash flow hedges	-451
Realised gain or loss from ineffectiveness of fair value hedges	-7,257
Realised gain or loss from commodity derivative contracts -transactions not qualifying as hedges	-219,467
Impact on income tax	-26,144
Impact on minority interests	502
Total	125,625

(IV) MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE LAST 3 YEARS

Unit:'000 Currency: RMB

Major accounting data	2009	2008	Increase/ (decrease) (%)	2007
Operating revenue	**51,714,648**	53,972,433	-4.18	43,337,085
Total profit	**3,176,149**	2,998,050	5.94	5,509,273
Net profit attributable to holders of ordinary shares of the Company	**2,349,254**	2,285,101	2.81	4,533,754
Net profit after non-recurring profit and loss items attributable to holders of ordinary shares of the Company	**2,223,630**	2,920,955	-23.87	3,980,560
Net cash flow from operating activities	**1,722,486**	6,249,417	-72.44	1,603,536

Summary of Accounting and Business Data



	As at 31 December 2009	As at 31 December 2008	Increase/ (decrease) from last year (%)	As at 31 December 2007
Total assets	**38,034,215**	34,150,637	11.37	34,942,192
Equity attributable to holders of ordinary shares of the Company	**22,813,886**	20,752,344	9.93	19,544,424

Major financial indicators	**2009**	2008	Increase/ (decrease) from last year *(%)*	2007
Basic earnings per share *(RMB)*	**0.78**	0.76	2.63	1.53
Diluted earnings per share *(RMB)*	**0.72**	0.76	-5.26	1.53
Basic earnings per share after non-recurring profit and loss items *(RMB)*	**0.74**	0.97	-23.71	1.36*
Return on net assets (weighted average) *(%)*	**10.78**	11.33	Decreased by 0.55 percentage points	27.92
Return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**10.21**	15.02*	Decreased by 4.81 percentage points	27.51*
Net cash flow from operating activities per share *(RMB)*	**0.57**	2.07	-72.46	0.54

Summary of Accounting and Business Data

	As at 31 December 2009	As at 31 December 2008	Increase/ (decrease) from last year *(%)*	As at 31 December 2007
Equity per share attributable to holders of ordinary shares of the Company (RMB)	**7.55**	6.87	9.90	6.47

* The above data was restated according to CSRC [2010] No. 2 Information Disclosure and Preparation Rule No. 9 of Those Companies to Issue Securities in Public-calculation and Disclosure of Return on Net Assets and Earning Per Share (2010) Revised issued by CSRC on 11 January 2010.

(V) ITEMS MEASURED AT FAIR VALUE

Unit: '000 Currency: RMB

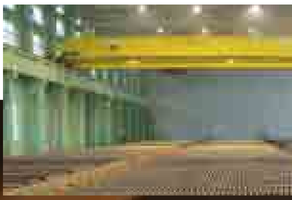
Item	**Opening balance**	**Closing balance**	**Change during the period**	**Impact on profit of the current period**
Commodity derivative contracts	-359,210	-201,427	157,783	266,707
— Cash flow hedges	—	-45,027	-45,027	-1,296
— Fair value hedges	—	-67,444	-67,444	-2,251
— not under hedge accounting	-359,210	-88,956	270,254	270,254
Provisional price terms	312,356	-232,431	-544,787	-16,867
— Fair value hedges	—	-219,828	-219,828	-4,264
— not under hedge accounting	312,356	-12,603	-324,959	-12,603
Total	-46,854	-433,858	-387,004	249,840

Chairman's Statement

To shareholders,

Thank you for your trust in and support to the Group. I am pleased to report that the Group, through strengthened internal management and strict cost control, not only successfully withstood the severe financial crisis, but also hit a new record in production volume and operating results exceeded the expectation at the beginning of the year. Based on the audited consolidated financial statements for the year of 2009 prepared under PRC GAAP, the consolidated operating revenue of the Group amounted to RMB51,714.65 million (2008: RMB53,972.43 million), representing a decrease of RMB2,257.78 million or 4.18% from last year. Net profit attributable to owners of the Company amounted to RMB2,349.25 million (2008: RMB2,285.10 million), representing an increase of RMB64.15 million or 2.81% from last year. Basic earnings per share was RMB0.78 (2008: RMB0.76), representing an increase of RMB0.02 or 2.63% from last year.

Chairman's Statement



Industry Development and Market Review

In 2009, among non-ferrous metals, the price of copper first bottomed out and climbed all the way for the rest of the year. The price of three-month copper futures on London Metal Exchange ("LME") jumped from the opening price of US$3,077.5/tonne at the beginning of the year to close at annual record of US$7,503.8/tonne at the end of the year, representing an increase of 143.8%, which already returned to the level prior to the financial crisis. Nevertheless, the average copper price for the whole year stayed far below that of last year. The average closing price of three-month copper futures and the average closing price of copper spot on LME were US$5,171/tonne and US$5,149/tonne respectively, representing a respective decrease of 24.93% and 25.97% from last year; the monthly weighted average price of three-month copper futures (inclusive of tax) and the monthly weighted average price of current-month copper futures (inclusive of tax) on the Shanghai Futures Exchange were RMB39,156/tonne and RMB40,186/tonne respectively, representing a decrease of 29.57% and 29.01% respectively from last year.

According to statistics of International Copper Study Group (ICSG), in 2009, the global copper output was 18.35 million tonnes and copper consumption was 17.99 million tonnes. The output of refined copper in China amounted to 4.12 million tonnes, representing an increase of 6.2% over last year. Apparent consumption volume reached 7.23 million tonnes, representing an increase of 38.5% over last year. Imported refined copper reached 3.185 million tonnes, representing an increase of 118.7% from last year.

Chairman's Statement

Business Review

During the reporting period, the Group continued to implement our development strategy "to develop mines, consolidate smelting, improve refining and diversify into related sectors" and achieved internal consolidation as well as steadfast expansion:

(1) Deepened reform and tamped foundation to improve operating efficiency.

i The organizational adjustment at the headquarter of the Group was completed smoothly. In July 2009, the Group successfully completed organizational adjustment at the headquarter of the Group, which streamlined certain functional departments and reduced nearly 50% of its employees at the headquarter. A position-value oriented human resources structure was established with clearly-defined responsibility, power and right, and an employment mechanism which facilitates the recruitment and dismissal of the employees has basically been formed.

ii The process of internal enterprises reorganization is undergoing smoothly. The Company acquired a portion of assets from Jiangxi Copper Corporation ("JCC") in 2008. Such business, despite staying in line with our principal business, have included many legal entities and more complicated business models. During the reporting period, the Group had streamlined same or similar business and liquidated certain legal entities closely related to our principal business, in order to simplify operations, enhance overall operating efficiency of the Company, reduce administrative expenses and tax expenses.

iii Employment was standardized and temporary employment was reduced gradually. Deployment of internal human resources by the headquarter was centralized. As such, the Company could expand its business while maintaining the total number of employees basically unchanged through the cross-region and cross-unit internal transfer of the staff, so as to utilise its existing human resources more effectively. Meanwhile, the Company optimized its remuneration allocation system. On the basis of overall salary increase for all employees, the Company broke the traditional "same rank, same salary" practice. Instead, it allocated more remuneration to positions of higher value and heavier duty as well as to individuals with more contribution, in an effort to establish a position-value oriented remuneration system.

iv The experimental quota-based assessment was successfully completed. During the reporting period, the Group conducted assessment at Dexing Copper Mine and Guixi Smelter based on quota assigned to nine major aspects including production volume, quality, cost, equipment and energy consumption. This experiment accumulated experience for the Group to promote quota management and laid down a foundation for implementation of overall budget management.

(2) Expanded strategically in line with our strategy to enhance profitability.

i Steady implementation of the resources development strategy and continuous increase in resources control. In addition to the acquisition of exploration rights of Jinjiwo silver mines which added 310,000 tonnes to our copper metal reserves, 510,000 tonnes to our lead and zinc metal reserves, 3.27 tonnes to our gold metal reserves and 952 tonnes to our silver metal reserves, the Group's effort in in-depth exploration of existing mines and the vicinity in recent years also started to pay off. Possible additional resources may exist at the in-depth of Dongxiang Copper Mine and Yinshan Lead-Zinc Mine; and possibility of molybdenum mine were also seen in the vicinity of Yongping Copper Mine.

Mine construction advanced steadily and the amount of the self-produced copper raw materials increased. The technological reform project at Wushan Copper Mine has been completed, expanding its processing capacity to 5,000 tonnes per day; the 130,000 tonnes per day expansion project at Dexing Copper Mine, the Phase II expansion project at Chengmenshan Copper Mine, conversion of the open-pitting to underground mining project at Yongping Copper Mine and No.5 orebody exploitation project at Dongxiang Copper Mine has been advanced smoothly; and the preliminary preparation for the 5,000 tonnes per day capacity expansion project at Yinshan Mine has been completed. The Group is actively carrying the Aynak Copper Mine project in Afghanistan（阿富汗艾娜克銅礦項目）forward, with the formulation of early operation plan and the purchase of major equipments through tendering. For the Northern Peru Project, we were optimizing the feasibility study and have commenced the land acquisitions. The construction of aforesaid mines led to an increase in self-produced copper concentrate ore of the Group. During the reporting period, the Group produced a total of 167,000 tonnes copper metal contained in copper concentrate, representing an increase of 5% over last year.

ii Consolidated industry leading position by exploring internal growth and improving smelting. Through sophisticated management, optimized smelting technology and strict standardized operation, Guixi Smelter possessed an annual smelting capacity of 900,000 tonnes of copper cathode after the completion of eastward-expansion project for the tankhouse（電解東擴工程）which reduced unit smelting cost as a result of economies of scale.

iii Based the production on sales and market demand, and profits increased significantly from refined and sophisticated processing. During the reporting period, the Company has changed its production-based approach which has previously been applied in the sales of copper processing products to the strategy of securing major clients, thereby, deciding the volume and specifications of its products with reference to the market demand. With a clear picture of clients' demand, the Group managed to rationalise its production workflow, improved its product quality and enhanced the overall level of operation management.

Chairman's Statement

Prospect and Strategy

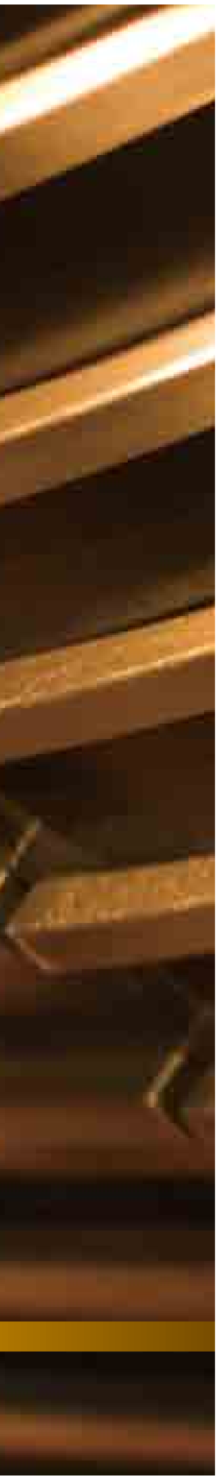
Copper consumption will depend on the recovery progress in global economy. The economic recovery after the financial crisis could be a long-term and lengthy process. Other than Asia, no noticeable recovery in copper consumption has been found in any other regions. Such uncertainties that looms over copper consumption at the downstream industry resulted in a high copper inventory level, thereby have posed pressure on the rise of copper price. Nevertheless, the copper market in 2010 is healthier compared with last year as various economic indicators have shown that the global macro-economy has bottomed out. On the other hand, a decline in copper smelting expenditures in 2010 from the same period of last year shows that tight supply in copper concentrates is still worsening. In addition, copper price would be bolstered by the rising production cost of copper concentrate due to downgrading copper ore at mines and increasing difficulties in exploitation. As such, copper price is expected to hover at high levels in 2010.

In the year of 2010, the production and operation plan of the Group is to produce 900,000 tonnes of copper cathode; 22 tonnes of gold; 460 tonnes of silver; 2,310,000 tonnes of sulphuric acid; 172,000 tonnes of copper contained in copper concentrate; and 483,000 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 identical, but the sales income can differ significantly), the Group may, when and as appropriate, adjust such plan in response to changes in market conditions.

To ensure the fulfilment of the plan, the Group will spare no efforts in the following works:

(1) Strengthen production organization to make full use of production capacity. In 2010, all of the planned productions in mining, milling, smelting and copper processing exceed those in 2009: i) as for mines, as production expansion and reform projects has started to progress, production potential will be further exploited so as to realize the benefits from such projects. Among them, the production capacity of the phased expansion project at Dexing Copper Mine (with an expanded daily production capacity of 7,500 tonnes) is to be fully utilized; the 5,000 tonnes per day expansion project at Wushan Copper Mine is to be accomplished as early as possible; the conversion of the open-pitting to underground mining project at Yongping Copper Mine is to be put into production in March with a production capacity of 5,000 tonnes achieved by the end of the year; No.5 orebody exploitation project at Dongtong Mining is to commence production in November; and the Phase II expansion project at Chengmenshan Copper Mine is to be completed within the year. Every efforts will be made to ensure a production of 172,000 tonnes of copper contained in copper concentrate in the year; ii) as for smelting, as it was based on the maximum production capacity that the plan is formulated, materials sourced from outside will increase. As such, raw material procurement is to be well planned and conducted to ensure sufficient supply of raw material. Furthermore, we will strengthen inventory and equipment management, enhance our ability to process various complex raw materials, so as to accomplish the copper smelting target of 900,000 tonnes. iii) as for copper processing, the copper foil expansion project phase II is to be productive in the first quarter. Other copper processing units will mainly endeavour to stabilize and improve product quality and reduce production cost to increase market competitiveness and market share.

Chairman's Statement



(2) Continue to promote resources development strategy to guarantee resources supply. Apart from the aforesaid construction at internal mines, the Group also strives to accelerate the development of the Aynak Copper Mine project in Afghanistan and copper mine project at Northern Peru, and apply the Group's mining technology and management practice in such projects. In addition, the Group is also making preliminary preparation for Jinjiwo Silver and Copper Mine and other prospective projects, so that it can implement development at appropriate timing. The Group will continue to invest in the exploration in circumjacent areas of its existing mines and deeper exploration at these mines, and participate in risk-taking explorations in an appropriate manner. The best opportunity for merger and acquisition in resources field will remain open only for a short period as the resources industry was the first to recover from the financial crisis, however mergers and acquisitions in mining industry are in full swing worldwide. The Group will still continue to actively seek various opportunities to guarantee its resources supply.

(3) Address properly the relationship between capital operation and real economy, and strive for the exercise of rights attached to our warrants. Real economy forms the foundation of our development while capital operation allows us to take a leap forward. Since the listing of the Company, the Group has, through capital operation, substantially increased its resources reserves and self-sufficiency ratio in raw materials by way of acquisition and expansion of Wushan Copper Mine, Chengmenshan Copper Mine, Dongxiang Copper Mine and Yinshan Lead-Zinc Mine. Furthermore, the Group constructed Guixi Smelter Phase II, III & IV through raised funds, making our smelting capacity always remain top-ranking in China. Meanwhile, the operating results of the Group has also been enhanced remarkably. In 2010, the Group will strive for the exercise of its warrants, so as to provide funds to finance its overseas mining projects. We will ensure the development of such overseas mines to commence as soon as possible, to bring better returns to our investors.

(4) Strengthen internal management to be the foundation for development. In 2010, we will promote quota-based management within the Group and establish a rated consumption database, so as to lay down a solid foundation for the implementation of comprehensive budget management. The information construction is to satisfy the needs to share information of various parties in production and management. We will strengthen risk control, straighten out internal risk management system throughout the company, strengthen legal supervision and prior supervision and intensify monitoring in all aspects of production and operation.

(5) Increase efforts in innovation to improve independent innovation capability. The Group aims to raise its technological and economic indicators through continuing to leverage its existing technology platform to actively tackle key technical problems and continuously improve its technology process. With strengthened cooperation with renowned academies and research and engineering institutes, we strive to gradually develop our proprietary core technologies through technological breakthroughs and research and development in new technology, new process and new products.

(6) Continue to reform and establish an operation mechanism adaptive to the corporate development. It means that we are to further streamline management process and improve management efficiency based on achievement of consolidation of our organizational reform at the headquarter of the Group. Members of the Group are to complete the organizational adjustments, staff deployment and position arrangement in the year, in order to optimize organizational structure, straighten out business and management process, scientifically designate and reasonably form a position, and finally realize position assessment and classification. The Group's headquarter will implement the position-value oriented distribution mode, while the members of the Group will speed up the construction of remuneration distribution system, with an aim to set up, at a preliminary stage, a distribution system that is internally-fair and externally-competitive and reflects position value and individual performance. In addition, internal human resources is to be fully utilized, and internal staff recruitment and transfer within the Group for Chengmenshan Copper Mine will be completed. Moreover, the Group will further explore equity incentives scheme for medium-senior management and key technical staff.

GRATITUDE

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

Li Yihuang
Chairman

Jiangxi, PRC
30 March 2010

Management Discussion and Analysis

Management Discussion and Analysis

The management of the Group is pleased to present the following discussion and analysis of the Group's 2009 business results for better understanding of investors in reading the annual report. The financial data mentioned in this section is mainly extracted from the consolidated financial statements prepared under the PRC GAAP.

1. Working Capital and Cash Flow

During the reporting period, the Group's net cash inflow generated from operating activities decreased by RMB4,526.93 million or 72.44% from same period last year to RMB1,722.49 million, mainly attributable to the increase in appropriation of the working capital given the increase in inventory balance at year end as a result of the increase of copper price and expansion of production capacity.

During the reporting period, the Group's net cash inflow generated from operating activities was RMB624.15 million less than the net profit, mainly attributable to RMB109.19 million of provision for impairment of assets, RMB891.90 million of depreciation of fixed assets, RMB50.65 million of provision for amortisation of intangible assets, RMB342.47 million of financial costs incurred, a decrease of RMB117.43 million in deferred tax assets, an increase of RMB4,613.74 million in inventory, a decrease of RMB1,040.63 million in trade receivables and an increase of RMB1,430.62 million in trade payables.

During the reporting period, net cash outflow from investing activities was RMB3,142.59 million, mainly comprising cash payment of RMB2,335.97 million for acquisition and construction of long-term assets, payment of outstanding balance of RMB521.31 million for acquisition of the mining rights of Dongtong Mining Company Limited and Yinshan Mining Company Limited from JCC in 2008, and net cash outflows of RMB300.00 million for purchase of PRC financial institution's financial products by Jiangxi Copper Corporation Finance Company Limited ("Finance Company"), a subsidiary of the Company. The Group's net cash outflow from investing activities decreased by RMB928.73 million or 22.81% from same period last year, mainly due to the payment of RMB1,585.49 million for acquisition of copper related business from JCC in the same period of last year.

During the reporting period, the Group's net cash outflow from financing activities was RMB821.90 million, mainly comprising RMB4,178.03 million of cash for loan from banks, RMB3,195.47 million of cash for repayment of debt to bank, RMB356.82 million of cash for distribution of dividends and payment of interests as well as an increase of time deposit of RMB1,448.40 million pledged to secure bank borrowings denominated in US dollar. The net cash outflow from financing activities decreased by RMB475.92 million or 36.67% from same period last year, mainly due to a decrease of payment of cash dividend this year as compared with the same period of the last year.

As at the end of the reporting period, the Group's balance of cash and cash equivalents amounted to RMB1,702.63 million, representing a decrease of RMB2,242.14 million or 56.84% from same period last year.

Management Discussion and Analysis

2. Financial position and Capital Structure

As at the end of the reporting period, due to an increase in shareholder's equity arising from the Group's net income and an increase in debt of the Group, the Group's total assets and liabilities increased to RMB38.034 billion and RMB14.859 billion respectively from RMB34.151 billion and RMB13.032 billion as at the end of 2008. The asset-liability ratio (liabilities divided by total assets) was 39.07%, representing an increase of approximately 0.91 percentage points. Capital-liabilities ratio (liabilities divided by shareholder's equity) was 64.12%.

3. Analysis on changes in items of Financial Statements

1) As at the end of the reporting period, analysis on major items in the Group's assets (items in the consolidated balance sheets) composition with significant changes or significant variation from the same period of the last year is as follows:

Bills and trade receivables: As at the end of the reporting period, the Group's total balance of bill and trade receivables was RMB2,465.13 million, representing a decrease of RMB1,511.28 million or 38.01% from the end of last year, mainly due to the Group, in view of the stabilized market as a result of economic recovery after the financial crisis, shortened the collection period of sales payment with an aim to improve cashflow.

Prepayments: As at the end of the reporting period, the Group's balance of prepayments was RMB1,356.05 million, representing an increase of RMB594.11 million or 77.97% from the end of last year, mainly due to higher prices of the raw materials.

Other receivables: As at the end of the reporting period, the Group's balance of other receivables was RMB826.75 million, representing a decrease of RMB559.50 million or 40.36% from the end of last year. As a result of the substantial drop in the copper price in the fourth quarter of last year, the outstanding amount to be finally settled with the suppliers regarding to the raw materials received by the Group was lower than the prepayment balance to the suppliers. Meanwhile, while approximately RMB836.15 million, being the prepayment in excess of the final settlement amount and required to be recovered from suppliers by the Group, was accounted for as other receivables at the end of last year, such difference did not occur as the copper price gradually increased at the end of the reporting period.

Inventory: As at the end of the reporting period, the inventory balance of the Group was RMB11,489.97 million, representing an increase of RMB4,603.92 million or 66.86% from the end of last year; the ratio of inventory to total assets increased from 20.16% at the end of last year to 30.21%. The increase was mainly due to the increase of the unit cost of inventory products as a result of rise of raw material price and the increase of inventory quantity as a result of expansion of the production capacity.

Management Discussion and Analysis

Certain current assets among available-for-sale financial assets:	As at the end of the reporting period, the Group's balance of available-for-sale financial assets was RMB300.00 million, representing an increase of RMB300.00 million or 100% from the end of last year, mainly due to the PRC financial institution's financial products of RMB300.00 million held by Finance Company during the end of the reporting period. These financial products will respectively expire in January and November 2010, with a target annual yield rate of 3% and 6% respectively.
Exploration cost:	As at the end of the reporting period, the Group's balance of exploration cost was RMB187.19 million, representing an increase of RMB115.31 million or 160.42% from the end of last year, mainly attributable to the increase of the relevant exploration cost of approximately RMB115.31 million by the Group for Jinjiwo Silver Copper Mine and Zhu Sha Hong Copper Mine during the reporting period.
Deferred tax assets:	As at the end of the reporting period, the Group's balance of deferred tax assets was RMB172.83 million, representing a decrease of RMB117.43 million or 40.46% from the end of last year, due to the reversal of RMB116.35 million of deferred tax assets as a result of the realization of inventory impairment provision (being the major temporary difference to recognize deferred tax assets) as the relevant inventory which was impaired at the end of last year was produced or sold during the reporting period.
Bills payable:	As at the end of the reporting period, the balance of bills payable of the Group increased by RMB1,860.43 million or 2,157.83% from the end of last year, it accounted for an increase to 5.12% of the total assets from 0.25% of the same period last year. The increase was mainly due to the increase in purchase price for raw materials and the increase of settlement by bills with the suppliers during the year.
Trade payables:	As at the end of the reporting period, balance of trade payables of the Group was RMB2,140.05 million, representing an increase of RMB811.62 million or 61.10% over the end of last year, mainly due to an increase in the price for raw materials.
Employee remuneration payable:	As at the end of the reporting period, balance of employee remuneration payable of the Group was RMB362.74 million, representing an increase of RMB126.61 million or 53.62% from the end of last year. The main reason is because the Group did not fully settle the provisions for employee remuneration during the reporting period and the remuneration was subsequently settled in February 2010.
Non-current liabilities due within one year:	At the end of the reporting period, balance of the Group's non-current liabilities due within one year was RMB3.01 million, representing a decrease of RMB382.22 million or 99.22% compared with the end of last year, mainly due to the timely repayment of long-term bank borrowings and no additional long-term bank borrowings due within a year as a result of a better cashflow position this year.

Management Discussion and Analysis

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

Assets impairment loss: Assets impairment loss of the Group decreased by RMB629.20 million or 85.21% from last year. The decrease was mainly because the Group has only made a provision of RMB9.82 million for impairment of inventory as a result of price rise of the major products this year, while the Group made a provision of RMB 579.63 million for impairment of inventory as a result of price drop of the major products last year;

Investment losses: During the reporting period, investment losses decreased by RMB733.76 million (or 74.19%), which was mainly because realised losses from the settled commodity derivative contracts which are not qualifying as hedges decreased by RMB752.71 million or 77.43% from RMB972.18 million for last year to RMB219.47 million for the current reporting period.

a) Realised losses from the settlement of commodity derivative contracts of RMB972.18 million for the year 2008 are mainly attributed to follows:

(i) During the last year, the Group signed agreements with certain creditworthy customers to sell specified quantity of copper products in a specified future period at a specified price by reference to the prevailing price in the futures exchange market for copper cathode. In order to minimize its exposure against risks associated with price fluctuation of copper cathode, the Group opened buying position of commodity derivative contracts in futures exchange market accordingly. Because of the significant decline in the copper price from the end of September of 2008, the Group incurred significant investment loss as a result of the settlement of these commodity derivative contracts. In order to minimize the risk from non-fulfillment of agreements to sell copper products, the Group curtailed the scale of this kind of business module significantly.

(ii) During the last year, the quotation period requested by local suppliers of copper concentrate was relatively long. In order to minimize risks associated with price fluctuation of copper cathode, the Group opened buying position of commodity derivative contracts in futures exchange market accordingly. Because of the significant decline in copper price from the end of September of 2008, the Group incurred significant investment loss as a result of the settlement of these commodity derivative contracts. In order to minimize the risk from non-fulfillment of these purchase agreements in line with significant price fluctuation during the long quotation period, the Group shortened the quotation period upon negotiation with those local raw material suppliers, and curtailed buying positions during the current reporting period accordingly.

For the year of 2008, the aforesaid transactions to open buying positions of commodity derivative contracts did not quality for hedge accounting, and relevant realised losses from settlement of copper cathode commodity derivative contracts are directly recorded as investment losses.

b) Realised losses from the settlement of commodity derivative contracts for the year 2009:

(i) Realised losses in 2009 from the settlement of commodity derivate contracts are mainly attributed to settlement of copper cathode commodity derivate contracts during the year of 2009 which were opened in 2008.

(ii) The Group utilizes copper cathode derivative contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with certain inventories and unrecognized firm commitments to sell copper rods. Since 1 July 2009, at the inception of above hedging relationships, the Group formally designates this hedge relationship and has formally prepared written documents in relation to the hedging relationships, the risk management objective and strategy for undertaking the hedge. According to result of effectiveness assessment of the Group, relevant commodity derivative contracts were assessed to be highly effective hedging instruments. Accordingly, during the current reporting period, realised losses from the settlement of relevant commodity derivative contracts was assessed to be effective portion of above hedging relationships, which were offset by fair-value gains from the above hedged items of approximately RMB196.22 million.

Non-operating income: Non-operating income of the Group increased by RMB65.94 million or 214.78%, mainly due to an increase of RMB35.92 million in value added tax ("VAT") refund from same period last year as a result of the receipt of RMB49.07 million of VAT refund by the Group this year, and increase of RMB28.22 million from same period of last year as a result of the receipt of RMB28.22 million subsidy for imported copper concentrate by the Group this year.

Non-operating expenses: Non-operating expenses of the Group decreased by RMB6.68 million or 18.52% from same period of the last year, mainly due to (i) a decrease of RMB11.54 million in the donation regarding to the Sichuan earthquake last year, while no such situation occurred in 2009; and (ii) provisions for compensations of RMB9.98 million was accrued as a result of tailings leakage accident occurred at the Group's subsidiary Yinshan Mining in the year.

Minority interests: Loss of minority interests of the Group decreased by RMB84.96 million or 97.01%, mainly due to the disposal of 26.94% of equity interests in Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan"), a subsidiary of the Group to a third party. Accordingly, Diaoguan, which incurred loss in the last year, was no longer consolidated into the financial statements of the Group.

4. Technological innovations

During the reporting period, the Company was approved by the Ministry of Science and Technology of the PRC, State-owned Assets Supervision and Administration Commission of the State Council and All China Federation of Trade Unions as National Innovative Enterprise（國家創新型企業）. As of the end of the reporting period, 376 technological outcomes of the Goup were granted patents.

The Company's research project named "Research and Application of Process Technology for Pressing and Oxidizing Leaching Sulfide Arsenic Cake（加壓氧化浸出硫化砷濾餅工藝的研究與應用）" passed the expert's assessment of Technology Bureau of Jiangxi Province. This project was the first research and successful application of the process for leaching arsenic sulfide cake with pressure and oxidation, and has generally attained a world leading technological level.

"Research and Development of Key Technologies for Copper Industrialization（銅工業產業化重大關鍵技術攻關研究）", a project supported by the Ministry of Science and Technology of the PRC, has proceeded as scheduled. In September 2009, the project passed interim evaluation by the Ministry of Science and Technology. "Bio-heap Leaching Process for Primary Copper Sulfide Ore（原生硫化銅礦表外礦生物堆浸工程技術）", a State 863 program, has proceeded as planned. Preliminary work for conducting 10,000 tonnes on-site heap experiment has been completed.

"Integrated Innovation of Key Technologies for 6,000 tonnes/year of Top Grade Electrolyzed Copper Foil and its Industrialization（6,000噸／年高檔電解銅箔關鍵技術集成創新及產業化）", a project undertaken by the Group independently, and "Key Technologies for Stress Measuring and Acoustic Detection at Metallic Mines and its Engineering Application（金屬礦山應力測量與聲波探測關鍵技術及其工程應用）", a project jointly undertaken by the Group (as the leading party) and Jiangxi University of Science and Technology, were awarded the Second Prize for Technology Advancement of Jiangxi Province in 2008. "Technology for Production of Ultra Fine Globular ß Bismuth Oxide by Oxidation and Volatilization under Reduced Pressure（減壓揮發氧化法製備超細球狀β型氧化鉍）", a project jointly completed by the Group and the Central South University was awarded the Third Prize for Technology Advancement of Jiangxi Province.

"High efficiency Agent and Research and Development of New Process for Separating Copper and Sulphur and its Industrial Application（高效銅硫分離新藥劑、新工藝研發及工業應用）", "Key Technology for Trace Analysis of High Purity Copper Cathode and its Standardization（高純陰極銅痕量分析關鍵技術與標準化）" and "Research and Application of Process Technology for Pressing and Oxidizing Leaching Sulfide Arsenic Cake（硫化砷濾餅加壓氧化浸出工藝研究與應用）", being three projects jointly completed by the Group as the first leading party, have passed the general evaluation for Prize for Technology Advancement of Jiangxi Province in 2009.

During the reporting period, the Group invested a total of RMB13.80 million in research and development.

5. Energy saving and emission reduction

As approved by the Ministry of Environmental Protection of the PRC, the Company was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation.

The Group has always been making comprehensive planning for waste water treatment and ecological recovery. The Group is conducting research for enhancement of rate of recycled water, and applying biological method to experiment for treatment of refinery waste water. More investment has been made in pollution prevention facilities. Meanwhile, the Group effectively reduced pollution discharge through enhancing on-site management and promoting "clean production". During the reporting period, the Group's total discharge of sulphur dioxide and dust basically maintained while production grew at large margin. The Group had basically increased production without increasing pollution, and realised control over total volume of discharge. The discharge of various pollutants was in compliance with relevant standards of the State, thus effectively protect the ecological environment.

During the reporting period, the Group recovered 11,100 tonnes of copper metal and produced 1,950 tonnes of Arsenic Trioxide through comprehensive utilization of waste water, waste gas and solid waste.

6. MAJOR SUPPLIERS AND CUSTOMERS:

The purchase attributable to the Group's largest supplier accounted for 5.05% of total purchases for the year.

The Group's largest customer accounted for 8.3% of the total turnover for the year.

All transactions between the Group and the customers concerned were carried out on normal commercial terms.

During the reporting period, the purchase attributable to the Group's top five suppliers amounted RMB5,632.45 million, accounting for 17% of the total purchases for the year.

During the reporting period, the Group's top five customers contributed RMB9,828.67 million in total for the turnover of the Group, accounting for 19% of the total turnover for the year.

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.

7. Has the Company disclosed profit forecast or operation plan? No

8. 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 cathodes	27,050,162	24,977,055	7.66	14.61	12.11	Increased by 2.06 percentage points
Copper rods and wires	13,993,474	12,628,305	9.76	-19.80	-22.99	Increased by 3.74 percentage points
Other copper processing products (excluding copper rods and wires)	3,093,414	2,968,169	4.05	-21.76	-21.68	Decreased by 0.09 percentage points
Precious metals (gold and silver)	5,601,627	4,206,054	24.91	23.52	28.89	Decreased by 3.13 percentage points
Chemical products (sulphuric and sulphuric concentrate)	779,622	622,093	20.21	-70.04	3.17	Decreased by 56.62 percentage points
Rare metals	644,558	279,568	56.63	-39.13	-8.92	Decreased by 14.39 percentage points
Other products	157,523	148,450	5.76	-60.00	-11.73	Decreased by 51.53 percentage points
Total	51,320,380	45,829,694	10.70	-4.24	-2.09	Decreased by 1.96 percentage points
Other operating income	394,268	318,667	19.18	4.32	-10.45	Increased by 13.33 percentage points
Total	51,714,648	46,148,361	10.76	-4.18	-2.16	Decreased by 1.85 percentage points

1) Copper cathodes

During the reporting period, despite the decline in the average market price as compared with last year, operating revenue from copper cathode increased by RMB3,447.95 million or 14.61% compared with last year resulting from the significant increase in sales volume of copper cathodes, driven by the growth of industrial demand for copper cathode favoured from the recovery of macro economy and operating cost of copper cathodes increased by RMB2,697.30 million or 12.11% as compared with last year. With the slump of the market price of copper cathode in the fourth quarter of the previous year and the influence of inventory turnover of the Group, the cost of copper cathodes produced with raw materials purchased in the previous periods was relatively higher than the selling price of copper cathode in the fourth quarter in 2009. As a result of the continuous growth of the copper cathodes price during the year, the inventory stated at lower cost at the beginning of the year was sold at higher market price during the reporting period, which resulting in a higher growth of operating revenue than that of operating cost. Accordingly, operating profit of copper cathode increased by RMB750.65 million or 56.76% in the year compared with last year while operating profit margin increased from 5.60% last year to 7.66%.

2) Copper rods and wires

During the reporting period, the stable market demand and the decrease in the selling price of the Group's copper rods and wires resulted in a decrease of RMB3,454.83 million or 19.80% in operating revenue of copper rods and wires. The price drop of copper cathode, the raw material of copper rods and wires, resulted in a decrease of RMB3,770.82 million or 22.99% in operating cost of copper rods and wires. With the slump of the market price of copper cathode in the fourth quarter of previous year, copper rods and wires produced using the copper cathode purchased in previous periods by the Group were sold at the price lower than the cost. As a result of the continuous growth of copper cathodes price during the year, the inventory stated at lower cost at the beginning of the year was sold out at higher market price during the reporting period, which resulted in the increase in the operating profit of copper rods and wires by RMB316.00 million or 30.12%. Accordingly, operating profit margin increased from 6.01% last year to 9.76%.

3) Other copper processing products (excluding copper rods and wires)

During the reporting period, the operating revenue of other copper processing products (excluding copper rods and wires) decreased by RMB860.28 million or 21.76% as a result of lower selling prices. The price drop of copper cathode, the raw material of other copper processing products (excluding copper rods and wires), resulted in a decrease of RMB821.71 million or 21.68% in operating cost of copper rods and wires. The operating profit of other copper processing products (excluding copper rods and wires) decreased by RMB38.57 million or 23.54% while the operating profit margin decreased to 4.05% from 4.14% last year.

4) Precious metals (gold and silver)

During the reporting period, operating revenue of precious metals increased by RMB1,066.52 million or 23.52% due to the increase in sales volume and selling price. Operating cost of precious metals increased by RMB942.75 million or 28.89%, attributable to the increases in quantity and purchase price of outsourced raw materials. Although the operating profit of precious metals increased by RMB123.78 million or 9.73% compared with last year as a result of increase in the price of precious metals, operating profit margin declined to 24.91% from 28.04% last year as a result of the substantial increase of operating cost driven by the higher proportion of outsourced raw materials.

5) Chemical products (sulphuric acid and sulphuric concentrate)

During the reporting period, despite the increase in sales volume as compared to the previous year, the operating revenue of chemical products significantly decreased by RMB1,822.78 million or 70.04% as a result of significant decline of unit selling price of chemical products. With the growth of sales volume, operating cost increased by RMB19.11 million or 3.17% from last year. Operating profit of chemical products decreased by RMB1,841.89 million or 92.12% from last year while the operating profit margin decreased to 20.21% from 76.83% last year.

6) Rare metals

During the reporting period, the operating revenue of rare metals decreased by RMB414.41 million or 39.13% from same period of the last year as a result of lower selling price of rare metals. Operating cost of rare metals decreased by RMB27.37 million or 8.92%. Operating profit of rare metals decreased by RMB387.03 million or 51.47% compared with last year while operating profit margin decreased from 71.01% last year to 56.63%.

7) Other products

During the reporting period, the Group's operating revenue from other products decreased by RMB236.28 million or 60.00% and operating cost decreased by RMB19.73 million or 11.73% as compared with last year. Operating profit decreased by RMB216.54 million or 95.98% while operating profit margin decreased from 57.29% last year to 5.76%. The revenue from other products accounted for only 0.30% of the total revenue.

(2) Principal operation by geographical areas

Unit: '000 Currency: RMB

Geographical areas	Operating revenue	Increase/ (decrease) in operating revenue from last year (%)
Mainland China	47,167,898	-9.89
Hong Kong	3,990,796	353.54
Taiwan	155,219	-37.26
Others	6,468	-82.35
Total	51,320,380	-4.24

9. Operating results of the Company's subsidiaries and associated companies

1) Operating Results of the Company's Subsidiaries as at 31 December 2009

Unit: '000 Currency: RMB

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Sichuan Kang Xi Copper Company Limited (Limited liability company)	Sales of copper materials, precious metal materials and sulphuric acid	140,000	57.14	568,959	188,525	1,147,447	-10,883
JCC Finance Company Limited (Sino-Foreign equity joint venture enterprise)	Provision of guarantee, deposit and loan to members of JCC	300,000	80	2,729,188	381,684	93,121	54,583
Jiangxi Copper Products Company Limited (Limited liability company)	Processing and sales of copper products	225,000	100	328,607	310,145	178,191	58,431
Jiangxi Copper Alloy Materials Company Limited (Limited liability company)	Production and sales of copper and copper alloy rods and wires	199,500	100	366,369	341,104	245,487	116,285
JCC Copper Products Company Limited (Limited liability company)	Processing and sales of hardware products	186,391	98.89	412,196	212,966	1,227,895	85,735
JCC Recycling Company Limited (Limited liability company)	Purchase and sales of scrap metals	4,000	99.17	4,944	-66	471,376	-4,099

Management Discussion and Analysis

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Jiangxi Copper Shenzhen Trading Company Limited (Limited liability company)	Sale of copper products	330,000	100	3,496,284	196,218	10,651,320	125,282
Loyal Sky Industrial Company Limited (Limited liability company)	Non-ferrous metal trading	US$2,001.3	100	551,818	38,124	1,419,999	24,462
Jiangxi Copper Shanghai Trading Company Limited (Limited liability company)	Sale of copper products	200,000	100	914,957	241,227	10,921,316	18,328
Jiangxi Copper Beijing Trading Company Limited (Limited liability company)	Sale of copper products	10,000	100	38,932	12,313	2,149,436	1,933
Sure Spread Company Limited (Limited liability company)	Import and export trading and related technological service	HK$50,000	55	254,459	65,671	1,942,179	7,618
JCC Yinshan Mining Company Limited (Limited liability company)	Production and sales of non-ferrous metals, precious metal and non-metals	30,000	100	439,140	356,967	251,476	19,261
JCC Dongtong Mining Company Limited (Limited liability company)	Production and sales of non-ferrous metals, precious metal and non-metals	9,000	100	181,848	155,890	73,868	-1,926
JCC (Dongxiang) Alloy Materials Manufacturing Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sales of cast steel products, machine work and reclaiming waste steels	29,000	74.97	77,363	35,139	90,090	1,586
JCC (Dongxiang) Recycling Company Limited (Limited liability company)	Recovery and sales of disused metal	500	89.99	1,917	-134	15,686	-652

Management Discussion and Analysis

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Jiangxi Copper Yates Copper Foil Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sales of copper foil products	453,600	89.77	988,693	352,859	404,548	-27,520
Jiangxi Copper (Leongchang) Precise Pipe Company Limited (Sino-Foreign equity joint venture enterprise)	Production and sale of screwed conduit, externally finned copper pipe and other copper pipes	300,000	75	1,153,423	245,733	1,308,165	44,864
Jiangxi Copper Taiyi Special Electrical Materials Company Limited (Limited liability company)	Design, production and sales of all kinds of copper wires and enamelled wires, provision of after sale maintenance and consultancy service	US$16,800	70	346,386	65,259	325,782	3,736
Thermoelectric Electronic (Jiangxi) Company Limited (Joint stock limited company)	Development and production of electronic semiconductors and appliances and provision of related services	100,000	94.12	69,092	42,921	8,140	615
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited (Limited liability company)	Metallurgy and chemical, manufacture and maintenance of equipments	20,300	100	80,858	31,707	212,312	4,454
JCC (Guixi) New Metallurgical and Chemical Company Limited (Limited liability company)	Steel smelting, new chemical technology and new products development	2,000	100	44,328	32,584	42,274	9,344
JCC (Guixi) Logistics Company Limited (Limited liability company)	Provision of transportation services	40,000	100	117,571	88,642	204,667	15,810

Management Discussion and Analysis

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC Dexing Alloy Materials Manufacturing Company Limited (Limited liability company)	Production and sales of casting products, maintenance of mechanical and electrical equipment, installation and debugging of equipments	34,100	100	143,882	81,074	214,971	3,415
JCC (Dexing) Construction Company Limited (Limited liability company)	Development and sales of building materials for various projects including mine projects	20,000	100	93,831	51,109	147,073	4,155
JCC (Dexing) Explosion Company Limited (Limited liability company)	Production and sales of materials for various projects including blasting projects	1,000	100	13,945	9,235	19,267	1,377
JCC Exploration Company Limited (Limited liability company)	Geographical investigation and survey and construction, engineering measurement	15,000	100	25,735	19,604	24,776	1,341
Jiangxi Copper Corporation Chemical Company Limited (Limited liability company)	Sulphuric acid and related by-products	42,630	100	78,175	71,050	38,121	-3,479
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited (Limited liability company)	Sulphuric acid and related by-products	181,500	70	289,457	145,554	121,161	-49,885

Management Discussion and Analysis

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC Jing Hang Engineering Company Limited (Limited liability company)	Contract for mining project	20,296	100	59,139	32,417	47,285	393
JCC (Ruichang) Alloy Materials Manufacturing Company Limited (Limited liability company)	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear resistant materials and products	2,602	100	13,608	3,597	34,589	-69
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited (Limited liability company)	Sales of beneficiation pharmacy and fine chemical products and other industrial and civilian products	10,200	100	16,821	15,791	27,846	656
JCC Xiamen Trading Company Limited (Limited liability company)	Wholesale and retail of products	1,080	100	4,897	3,900	30,472	569
Hangzhou Tongxin Company Limited (Limited liability company)	Wholesale and retail of metal materials, mining products and chemical products	2,000	100	10,023	3,522	19,110	-7,909
Shanghai Jiangxi Copper International Shipping Agency Limited Company (Limited liability company)	freight forwarding, sales of non-ferrous metals and metal materials	6,000	100	18,038	17,693	6,102	2,391

2) Operating Results of the Associates and Jointly Controlled Entities as at 31 December 2009

Unit: '000 Currency: RMB

Company name	Business	Registered capital	Shareholding Percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Minmetals-JCC Mining Investment Company Limited	Investment company	1,150,000	40%	3,717,192	800,921	0	-147,153
MCC-JCC Aynak Minerals Company Limited	Exploration of copper ores, and sale of copper products	2,800	25%	1,044,137	228,000	0	0
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited	Manufacturing and sales of copper products	90,000	40%	282,465	-50,829	326,448	-124,340
Asia Development Sure Spread Company Limited	Import and export of copper products	200,000	49%	14,756	14,756	0	0
Zhaojue Fenye Smelting Company Limited	Production and sale of electro deposited copper	10,000	47.86%	12,374	6,253	0	0
Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd.	Recovery of copper metals and by-products from industrial waste water	282,000	50%	43,602	37,523	22,299	6,302

Management Discussion and Analysis

10. Outlook for the Company's Future Development

(1) Whether the Company has prepared and disclosed profit forecast for next year: No

11. Investment of the Company

Unit: 0'000 Currency: RMB

Investment during reporting period	509,008
Increase/decrease in investment	94,001
Investment during same period last year	415,007
Increase/decrease in investment during reporting period (%)	22.65

1. Use of raised proceeds

Unit: 0'000 Currency: RMB

Year	Method	Total proceeds	Utilised Proceeds in the year (Cash portion)	Accumulative utilised proceeds (Cash portion)	Unutilised proceeds (Cash portion)	Use of unutilised proceeds
2007	Non-public issuance of A Shares	395,017	32,572	155,796	62,144	Allocate to projects undertaken by the Company during the fund raising
2008	Bonds with Warrants	668,633	53,680	669,648	0	Allocate to projects undertaken by the Company during the fund raising
Total	/	1,063,650	86,252	825,444	62,144	/

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
1) Projects financed by proceeds from non-public issue of A Shares								
Expansion project of Phase II Chengmenshan Copper Mine	No	49,800	18,669	Yes	31.12%	Upon completion of the expansion, Chengmenshan Copper Mine could increase its mining and milling capacity to 7,000 tonnes of ores per year, and can produce copper concentrates containing 14,816.93 tonnes of copper, 25,814.42 tonnes of sulfur, 232kg of gold and 15,142kg of silver and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,541.55 tonnes) per annum.	Under construction, no earnings realised yet	
Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine	No	37,852	28,703	Yes	82.56%	As Yongping Copper Mine has proven reserve of 65.80 million tonnes of ores, average copper grade of 0.59%, and copper metal of 390,000 tonnes, the implementation of the project could fully recycle and utilize such resources.	Under construction, no earnings realised yet	

Management Discussion and Analysis

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
Fujiawu Mine Development and Construction Project	No	30,056	20,802	Yes	82.54%	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	25,133	Yes	100%	Steam load in engineering boiler utilization plant will be decreased and off-gas, dust and sulfur dioxide will also be decreased	Achieved expected results	Yes
Anode mud comprehensive utilization	No	19,427	10,009	Yes	48.70%	Increase the production of gold and silver	Under construction, no earnings realised yet	
Stove Mining Project Expansion	No	18,953	18,685	Yes	89.95%	Increase the rate of copper recovery smelting process by nearly 1% and another approximately 2,000 tonnes of copper can be recovered from slag per annum	Under construction, no earnings realised yet	
Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day	No	12,024	11,228	Yes	95.42%	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

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
2) Projects financed by proceeds from the issuance of Bonds with Warrants								
Acquisition of assets related to copper, gold and molybdenum from JCC	No	210,680	210,680	Yes	100%	Reduce connected transactions with JCC, expand resource reserves; increase rare metal business; extend the industry chain.	Increase copper resource reserves of approximately 980,000 tonnes of copper metal, 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 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	458,968	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	/	1,065,107	1,003,978	/	/	/	/	/

Management Discussion and Analysis

1) Expansion project of Phase II of Chengmenshan Copper Mine

The Company intended to invest RMB498.00 million in the project, all of which will be raised through proceeds from non-public issue of A Shares. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB112.80 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB186.69 million, representing 37.49% of the planned investment amount in the project.

2) Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine

The Company intended to invest a total of RMB387.54 million in the project, of which RMB378.52 million would be financed through proceeds from 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 RMB139.25 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB287.03 million, completed total investment of RMB319.96 million, representing 82.56% 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 proceeds from non-public issue of A shares and RMB751.98 million would be invested by internal resources. During the reporting period, RMB14.93 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 RMB208.02 million, the accumulated investment amount was RMB868.79 million, representing 82.54% of the planned investment amount in the project.

4) Project for remaining heat re-cycling and comprehensive utilization

The Company intended to invest RMB272.61 million in the project, of which RMB251.33 million from proceeds from non-public issue of A Shares has been used. The project was completed in 2008.

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 RMB8.34 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB100.09 million, completed accumulated investment of RMB101.56 million, representing 51.89% 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 RMB41.89 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB186.85 million, completed accumulated investment of RMB190.83 million, representing 89.95% of the planned investment amount in the project.

7) Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day

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 RMB8.51 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB112.28 million, completed accumulated investment of RMB245.54 million, representing 95.42% 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 Copper Mine	253,787	Approximately 258,000	85,550	33.71%	Under construction, no earnings realised yet
Tender and development of the exploration 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	—	—	—
Total	—	680,000	137,364	—	—

Details for projects financed by proceeds from the issuance of Bonds with Warrants:

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 technical renovation engineering of enlarging production scale of Dexing 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., were 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 sources 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. If the Warrants cannot be exercised, the Company will use other fund to invest in the project.

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 Copper Mine

The Company intended to invest a total of approximately RMB2,537.87 million in the project. During the reporting period, the actual amount invested in the project was RMB649.56 million. As at the end of the reporting period, the accumulated amount invested in the project was RMB855.50 million, representing 33.71% 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 130,000 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 Group which raises investment efficiencies.

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

The Company had joined with China Metallurgical Group Corporation 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 of the copper mine is in progress.

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

The Company had joined with China Minmetals Non-ferrous Metals Company Limited and invested RMB460.00 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	81.58%	Under construction, no earnings realised yet
Expansion Project for Electrolyze	29,479	86.67%	Under construction, no earnings realised yet
No.5 Mine Exploitation Project	13,000	37.95%	Under construction, no earnings realised yet
38,000 Tonnes Copper Pipe Project	50,448	64.60%	Under construction, no earnings realised yet
Electric Shovel Update 2300XP	21,000	93.62%	Under construction, no earnings realised yet
Electromotor Update	35,520	102.06%	Under construction, no earnings realised yet
300,000 Tonnes Copper Smelting Project	309,953	84.33%	Under construction, no earnings realised yet
4,000 Tonnes Copper Foil Technical Renovation Project	26,800	80.76%	Under construction, no earnings realised yet
5,000 Tonnes per Day Milling Technical Renovation at Jiuqu Copper-gold Mine	49,960	16.35%	Under construction, no earnings realised yet
Total	547,460	/	/

Management Discussion and Analysis

1) Arsenious Acid Project Expansion

The Company intended to invest a total of RMB113.00 million in the project. During the reporting period, the actual amount invested in the project was RMB5.10 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB92.19 million, representing 81.58% 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 investment in the project amounted to RMB43.91 million. As at the end of the reporting period, the accumulated amount invested in the project was RMB255.50 million, representing 86.67% of the planned investment amount. 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 RMB130.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB29.24 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB49.33 million, representing 37.95% of the planned investment amount in 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 investment in the project amounted to RMB510,000. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB325.90 million, representing 64.60% of the planned investment amount in the project.

5) Electric Shovel Update 2300XP

The Company intended to invest a total of RMB210.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB55.38 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB196.61 million, representing 93.62% 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 investment in the project amounted to RMB8.80 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB362.52 million, representing 102.06% of the planned investment amount in the project. Total amount of the investment for the project is being updated.

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 investment in the project amounted to RMB133.65 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB2,613.84 million, representing 84.33% of the planned investment amount in the project.

8) 4,000 Tonnes Copper Foil Technical Renovation Project

The Company intended to invest a total of RMB268.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB175.73 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB216.44 million, representing 80.76% of the planned investment amount in the project. Upon completion, production of copper foil could be increased by 4,000 tonnes per year.

9) 5,000 Tonnes per Day Milling Technical Renovation at Jiuqu Copper-gold Mine

The Company intended to invest a total of RMB499.60 million in the project. During the reporting period, the actual investment in the project amounted to RMB81.67 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB81.67 million, representing 16.35% of the planned investment amount in the project. The project belongs to JCC Yinshan Mining Company Limited. Upon completion, the project could produce copper concentrates containing 6,821 tonnes of copper, 359 kg of gold and 5,999 kg of silver per year.

(IV) RESULTS OF THE BOARD'S DISCUSSION ON REASONS FOR AND EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, CORRECTION OF MATERIAL ACCOUNTING ERRORS, SUPPLEMENTAL INFORMATION TO MATERIAL OMISSIONS AND REVISIONS TO THE ESTIMATED RESULTS AND THE ACCOUNTABILITY MEASURES BEING TAKEN AND THE OUTCOME THEREOF

Pursuant to the Notice on Preparation of 2008 Annual Report in accordance with Accounting Standards for Business Enterprises (CaikuaiHan [2008] No. 60), the provision and use of production safety fund are both reflected in the shareholders' equity. The accounting policies for 2009 are changed in accordance with Accounting Standards for Business Enterprises Interpretation No 3: the provision was included into cost or the current profit and loss. And the funds are treated separately when use: funds related to expenditure is offset against shareholders' equity while those forming fixed assets are offset against special reserves with accumulated depreciation being recognized when such assets are ready for their intended use. Due to the aforesaid changes in accounting policies, the balances of production safety funds of RMB124,748,940 and RMB28,421,362 as at 31 December 2008 and 31 December 2007 respectively are reclassified into special reserves and presented separately. In addition, such changes in accounting policies has following impact on the comparative figures of items in the consolidated income statement for 2009: the profit before tax is decreased by RMB96,327,578 and the special reserves is increased by RMB96,327,578. As the management of the Group believes that such amount is not of significance to 2008 operating results, hence no retrospective adjustments have been made to the specific comparative figures in the consolidated income statement.

Report of the Board

(I) CHANGE IN SHARE CAPITAL

1. Statement of changes in share capital

During the reporting period, there were no changes in total shares and shareholding structure.

2. Changes in shares subject to trading moratorium

During the reporting period, there were no changes in the Company's shares subject to trading moratorium.

(II) ISSUE AND LISTING OF SHARES

1. Issue of shares during the last 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
Stocks						
Non-public issue of A Shares	17 September 2007	31.30	127,795,527	27 September 2007	127,795,527	—
Convertible bonds, bonds with warrants and corporate bonds						
Bonds with Warrants	22 September 2008	100.00	68,000,000 certificates	10 October 2008	68,000,000 certificates	22 September 2016
Warrants						
Warrants	22 September 2008	—	1,761,200,000 warrants	10 October 2008	1,761,200,000 warrants	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 and Depository and Clearing Corporation Limited, Shanghai Branch.

2) As 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 Detachable 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. Changes in total shares and share capital structure during the reporting period

No change in total shares and the share capital structure has been caused by bonus issue and share placement during the reporting period.

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	133,507 shareholders in total, of which 132,374 are holders of A shares and 1,127 are holders of H shares

Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Change during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
HKSCC Nominees Limited	Unknown	45.59	1,378,050,521	4,153,621		Unknown
JCC	State-owned legal person	42.41	1,282,074,893	0	1,282,074,893	No
GF Sound Growth Securities Investment Fund (廣發穩健增長證券投資基金)	Unknown	0.20	6,000,000	6,000,000		Unknown
SSE 50 Trading Index Securities Investment Open-ended Fund (上證50交易型開放式指數證券投資基金)	Unknown	0.17	5,106,221	950,162		Unknown
Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務有限責任公司)	Unknown	0.14	4,160,000	-4,840,000		Unknown
Changsheng Tongqing Securities Investment Fund for Detachable Shares (長盛同慶可分離交易股票型證券投資基金)	Unknown	0.13	4,009,964	4,009,964		Unknown
Harvest CSI 300 Index Securities Investment Fund (嘉實滬深300指數證券投資基金)	Unknown	0.11	3,192,639	3,192,639		Unknown
Invesco Great Wall Selected Blue Chip Fund (景順長城精選藍籌股票型證券投資基金)	Unknown	0.09	2,708,277	2,708,277		Unknown

Name of shareholder	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Change during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
The Dai-Ichi Mutual Life Insurance Company(第一生命保險相互會社)	Unknown	0.08	2,499,947	2,499,947		Unknown
China CSI 300 Index Securities Investment Fund(華夏滬深300指數證券投資基金)	Unknown	0.07	2,127,743	2,127,743		Unknown

Shareholdings of the top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium	Class and number of shares
HKSCC Nominees Limited	1,378,050,521	Overseas listed foreign shares (H Shares)
GF Sound Growth Securities Investment Fund (廣發穩健增長證券投資基金)	6,000,000	Ordinary shares denominated in RMB (A Shares)
SSE 50 Trading Index Securities Investment Open-ended Fund(上證50交易型開放式指數證券投資基金)	5,106,221	Ordinary shares denominated in RMB (A Shares)
Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務有限責任公司)	4,160,000	Ordinary shares denominated in RMB (A Shares)
Changsheng Tongqing Securities Investment Fund for Detachable Shares(長盛同慶可分離交易股票型證券投資基金)	4,009,964	Ordinary shares denominated in RMB (A Shares)
Harvest CSI 300 Index Securities Investment Fund (嘉實滬深300指數證券投資基金)	3,192,639	Ordinary shares denominated in RMB (A Shares)
Invesco Great Wall Selected Blue Chip Fund(景順長城精選藍籌股票型證券投資基金)	2,708,277	Ordinary shares denominated in RMB (A Shares)
The Dai-Ichi Mutual Life Insurance Company(第一生命保險相互會社)	2,499,947	Ordinary shares denominated in RMB (A Shares)
China CSI 300 Index Securities Investment Fund (華夏滬深300指數證券投資基金)	2,127,743	Ordinary shares denominated in RMB (A Shares)
PICC Life Insurance Company Limited(中國人民人壽保險股份有限公司)	2,100,000	Ordinary shares denominated in RMB (A Shares)

The explanation of the connected relationship and parties 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.

(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 1,378,050,521 H Shares of the Company in capacity of nominee on behalf of a number of customers, representing approximately 45.59% 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 holders of shares subject to trading moratorium and the conditions of trading moratorium

Unit: Share

			Particulars of shares subject to trading moratorium to be listed		
No.	Name of holder of shares subject to trading moratorium	Number of shares subject to trading moratorium	Date of commencement of trading	Number of newly added shares to be listed	Conditions of trading moratorium
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 31 December 2009, the interests and short positions of the shareholders, other than Directors, Supervisors and 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 1)*	Approximate percentage of total number of the relevant class of share *(%)*	Approximate 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)
JPMorgan Chase & Co.	H shares	*(Note 2)*	151,628,192(L) 9,799,873(S) 32,407,000(P)	10.93%(L) 0.71%(S) 2.34% (P)	5.02%(L) 0.32%(S) 1.07%(P)

Note 1: "L" means long positions in the shares; "S" means short positions in the shares; "P" means lending pool in the shares.

Note 2: According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 21 December 2009, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	10,788,192 (L) 9,799,873 (S)
Investment manager	108,433,000 (L)
Custodian — corporation/approved lending agent	32,407,000 (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 and short positions in the shares or underlying shares of the Company as at 31 December 2009.

2. Particulars of Controlling Shareholder and Ultimate Controller

(1) Information on controlling shareholder and ultimate controller

JCC, the Company's controlling shareholder, is the largest and most modern copper production and processing base in China, integrating businesses of mining, milling, smelting, processing and trading. It is also an important production base of rare metals (such as gold, silver, rhenium, selenium, tellurium) and sulfur chemicals.

The Company's ultimate controller is State-owned Assets Supervision and Administration Commission of Jiangxi Province.

(2) Particulars of Controlling Shareholder

Legal person

Name	**JCC**
Person in charge or legal representative	Li Yihuang
Establishment date	1 July 1979
Registered capital	2,656,150
Principal operations or management activities	Non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing

(3) Particulars of the ultimate controller

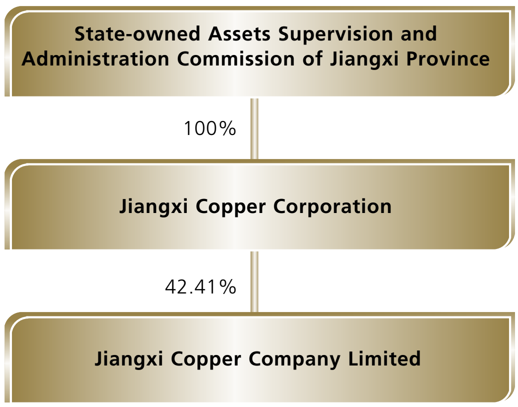
Legal person

Name	**State-owned Assets Supervision and Administration Commission of Jiangxi Province**
Person in charge or legal representative	Li Tian'ou

(4) Changes in Controlling Shareholder and the Ultimate Controller

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

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 "Hong Kong 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

(I) CHANGES IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND THEIR REMUNERATIONS

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Expiring date of term of office	Number of shares held as at 1 January 2009	Number of shares held as at 31 December 2009	Reasons for the changes	Total remunerations received from the Company during the reporting period *(RMB0'000) (before tax)*	Whether received remuneration or allowance from shareholder or other related entities
Li Yihuang	Chairman	Male	47	24 January 2007		0	0		83.509	No
Li Baomin	Executive Director/ Vice Chairman	Male	52	3 April 2007		0	0		83.509	No
Long Ziping	Executive Director	Male	49	3 April 2007	26 June 2009	0	0	Retired on change of Board session	73.74025	No
	Deputy General Manager			31 March 2009		0	0	Appointed		No
Wang Chiwei	Executive Director	Male	56	24 January 1997	26 June 2009	0	0	Retired on change of Board session	72.26875	No
	Deputy General Manager			24 May 2001		0	0			No
Wu Jinxing	Executive Director	Male	47	1 November 2005	26 June 2009	0	0	Retired on change of Board session	71.24025	No
	Financial controller			19 May 2005	31 March 2009	0	0	Terminated		No
	Supervisor			26 June 2009		0	0	Appointed on change of Board session		No
Gan Chengjiu	Executive Director	Male	47	26 June 2009		0	0	Appointed on change of Board session	71.24025	No
	Financial controller			31 March 2009		0	0	Appointed		No
	Supervisor			11 June 2003	26 June 2009	0	0	Retired on change of Board session		No

Report of the Board

Name	Position	Sex	Age	Commencement date of term of office	Expiring date of term of office	Number of shares held as at 1 January 2009	Number of shares held as at 31 December 2009	Reasons for the changes	Total remunerations received from the Company during the reporting period *(RMB'000)* *(before tax)*	Whether received remuneration or allowance from shareholder or other related entities
Hu Qingwen	Executive Director	Male	46	26 June 2009		0	0	Appointed on change of Board session	42.49025	No
Shi Jialiang	Executive Director	Male	63	26 June 2009		0	0	Appointed on change of Board session	2.6625	No
Gao Jianmin	Executive Director	Male	50	24 January 1997		0	0		18	No
Liang Qing	Executive Director	Male	56	12 June 2002		0	0		18	No
Gao Dezhu	Independent Non-executive Director	Male	69	26 June 2009		0	0	Appointed on change of Board session	2.5	No
Wu Jianchang	Independent Non-executive Director	Male	71	6 June 2008		0	0		5	No
Zhang Rui	Independent Non-executive Director	Female	47	15 June 2006		0	0		5	No
Tu Shutian	Independent Non-executive Director	Male	46	15 June 2006		0	0		5	No
Yin Hongshan	Independent Non-executive Director	Male	64	11 June 2003	26 June 2009	0	0	Retired on change of Board session	2.5	No
Hu Faliang	Chairman of the Supervisory Committee	Male	50	6 June 2008		0	0		58.9715	No
Wu Jimeng	Supervisor	Male	51	6 June 2008	26 June 2009	0	0	Retired on change of Board session	61.4715	No
	Deputy General Manager			31 March 2009		0	0	Appointed		No
Li Ping	Supervisor	Male	51	11 June 2003	26 June 2009	0	0	Retired on change of Board session	28.75	No

Name	Position	Sex	Age	Commencement date of term of office	Expiring date of term of office	Number of shares held as at 1 January 2009	Number of shares held as at 31 December 2009	Reasons for the changes	Total remunerations received from the Company during the reporting period *(RMB'000)* *(before tax)*	Whether received remuneration or allowance from shareholder or other related entities
Lin Jinliang	Supervisor	Male	45	26 June 2009		0	0	Appointed on change of Board session	30.2215	No
Xie Ming	Supervisor	Male	53	26 June 2009		0	0	Appointed on change of Board session	30.2215	No
Wan Sujuan	Supervisor	Female	56	26 June 2009		0	0	Appointed on change of Board session	2.6625	No
Dong Jiahui	Deputy General Manager	Male	47	31 March 2009		0	0	Appointed	63.9715	No
Liu Jianghao	Chief Engineer	Male	48	21 November 2001		0	0		63.9715	No
Pan Qifang	Secretary to the Board (Domestic)	Male	45	19 April 2006		0	0		23.4715	No
Tung Tat Chiu, Michael	Secretary to the Board (Overseas)	Male	48	24 January 1997		0	0		5	No
Liu Qianming	Supervisor	Male	47	6 June 2008	26 June 2009	0	0	Retired on change of Board session	30.2215	No
Total	/	/	/	/	/	0	0	/	955.5948	/

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 is currently the Chairman and General Manager of the Company. Mr. Li graduated from Northeast Industrial Institute as a bachelor with major in heavy smelting and from Central South University of Technology as a postgraduate. He had worked in Guixi Smelter of the Company, where he held the positions such as deputy director and director. Mr. Li had held the position of Deputy Manager of JCC. Mr. Li is experienced in smelting business and management.

Report of the Board

Li Baomin, a senior economist, is the Secretary to the Party Committee, Vice Chairman and executive Director of the Company. He had held various management positions in 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 has extensive management experience. He graduated from the Faculty of History of Jiangxi Normal University, the Corporate Management College of Fudan University and postgraduate programme of economics of Jiangxi Provincial Party Committee College.

Long Ziping, a senior engineer, is currently the Deputy Manager of the Company. Mr. Long graduated from Jiangxi Institute of Metallurgy majoring in smelting, and from Central South University of Technology as a postgraduate majoring in metallurgy engineering. Mr. Long had served at various operation and management positions including the Deputy Chief Engineer and the Factory Head of Guixi Smelter, the Deputy Manager of JCC and executive Director of the Company. He has extensive experience in operational management.

Wang Chiwei, a senior economist, is currently the Deputy General Manager of the Company. He is an arbitrator of Shanghai Arbitration Commission and Vice President of China Huaxue Mine Association. Mr. Wang graduated from Central South University of Technology majoring in engineering management. He had successively served as Director of the Shanghai Smelter, Deputy Manager of JCC and executive Director of the Company. Mr. Wang has experience in business operation and sales.

Wu Jinxing, a senior accountant with a master degree, is currently the Assistant to General Manager of JCC and Supervisor of the Company. He had been the deputy head of the production and finance division and the General Division of the Financial Department of JCC, the deputy head and head of the Financial Department of JCC Import and Export Company, deputy chief accountant and chief accountant of JCC Materials Equipment Company, the general manager of the Financial Department of the Company, the Chief Accountant of Dexing Mine of the Company, and the Chief Financial Officer of the Company. Mr. Wu had served as executive Director and Chief Financial Officer of the Company.

Gan Chengjiu, a senior accountant, is currently an executive Director and Chief Financial Officer of the Company. Mr. Gan graduated from Zhejiang Metallurgic and Economics Technical School majoring in accounting and graduated from Jiangxi University of Finance and Economics. He had been the Head of Financial Department of the Company and the Chief Accountant of JCC. Mr. Gan has extensive experience in finance, accounting and assets management.

Hu Qingwen, a university postgraduate, is currently the Chairman of the Labour Union and executive Director of the Company. Mr. Hu has served as chief of departments of the Company including General Planning, Human Resources, Organization and Management Departments, as well as the Secretary to the Party Committee of Guixi Smelter. He has abundant experience in general management.

Report of the Board

Shi Jialiang, a professor-grade senior engineer, is currently an executive Director of the Company. He is a university graduate and graduated from Beijing Iron and Steel Institute with a major in industrial automation. He has served as the vice chairman, general manager, chairman and secretary to the Party Committee of Xinyu Iron & Steel Co., Ltd.

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

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.

Gao Dezhu, a senior economist, was appointed as an independent non-executive Director of the Company in June 2009. He had served as the deputy general manager of Bank of China and the vice minister of the State Nonferrous Metals Industry Administration (國家有色金屬工業局). He is currently the executive vice chairman of the China Non-ferrous Metals Industry Association and a part-time professor of China Renmin University, the Graduate School of the People's Bank of China, Liaoning University, Central South University and Kunming University of Science and Technology. Mr. Gao has extensive experience in finance and management in non-ferrous metals industry.

Wu Jianchang, a professor-grade senior engineer, was appointed as an independent non-executive Director of the Company in June 2008. He 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), Deputy 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 nonferrous technology intelligence and has issued a number of intelligence journals and papers. He has extensive experience in industrial management.

Zhang Rui, appointed as an independent non-executive Director of the Company in August 2006, currently serves as a chair professor, Dean of School of Accountancy, a 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 analysis.

Report of the Board

Tu Shutian, appointed as an independent non-executive Director of the Company in August 2006, 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. 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.

Yin Hongshan, a senior economist graduated from Tianjin University majoring in metal physics chemistry. 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 was appointed as the independent non-executive Director of the Company in June 2003 and ceased to be an independent non-executive Director due to expiry of term of office.

Hu Faliang, a senior economist, graduated from Zhejiang Metallurgy Economy Tertiary School with a major in planning and statistics. He is currently the Chairman of the Labour Union of the Company. Mr. Hu was appointed as the Supervisor of the Company in June 2003 and Chairman of Supervisory Committee of the Company in June 2008. Mr. Hu had been the Deputy Head of Yongping Mine, and he has extensive experience in management.

Wu Jimeng, a senior engineer with a master degree in engineering, is currently a Deputy General Manager of the Company. He had served as the Factory Director of Guixi Smelter, assistant to the General Manager of JCC and Supervisor of the Company. He has extensive experience in smelting and management.

Li Ping, a senior engineer, was appointed as a Supervisor of the Company in June 2003. Mr. Li has been working for JCC for over 20 years. He had been a Director of Dexing Copper Mine. He 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 had resigned from its position as a Supervisor of the Company due to job allocation.

Lin Jinliang, a senor economist, graduated from Central South University of Technology. He is currently in charge of the Corporate Management and Legal Affairs of the Company. Mr. Lin served as the Head of the Youth League, Labor and Payroll division, Diversified Business and Administration Section (多元化經營管理處) and Corporate Management Division of JCC respectively and also served as the Deputy General Legal Counsel of JCC. Mr. Lin has extensive experience in corporate management and legal practice.

Xie Ming, a senior economist, currently acts as the Deputy Secretary to the Discipline Committee and the Director of the Supervisory Office of the Company. Mr. Xie has served the Company for over 20 years, where he held the positions such as Deputy Director and Secretary to the Party Committee of Sizhou Mine Selection Plant of Dexing Copper Mine; Secretary to the Discipline Committee and Deputy Director of Dexing Copper Mine and Secretary to the Party Committee of Yinshan Mining Co., Ltd. He has extensive experience in mining organization management and efficacy supervision.

Wan Sujuan, a senior accountant, is currently a Supervisor of the Company. Ms. Wan served as chief accountant of Jiangxi Jiangzhong Pharmaceutical Factory (江中製藥廠), deputy general manager and chief accountant of Jiangxi Jiangzhong Pharmaceutical (Group) Co, Ltd. (江西江中製藥(集團)有限責任公司), and director of Jiangxi Zhongjiang Real Estate Co., Ltd. and Jiangzhong Pharmaceutical Co., Ltd..

Dong Jiahui, a professor-grade senior engineer, is currently a Deputy General Manager of the Company. He graduated from Central South University of Technology. Mr. Dong had served as Deputy Head of Dexing Copper Mine and Head of Yongping Copper Mine of the Company. He has abundant experience in production and management.

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 has extensive experience 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.

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 H shares and A 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.

Tung Tat Chiu Michael, is the Hong Kong legal adviser of the Company and the principal of Tung & Co.. He holds a B.A. degree in law and accounting from the University of Manchester, the United Kingdom. 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.

Liu Qianming, a senior economist, graduated from the Changsha Metallurgy Industry College (長沙冶金工業學校) in 1982. He had successively served as Deputy Section Chief and Section Chief of Employment Section of Guixi Smelter, Manager of Guixi Smelter Sales Office, Deputy Director (in charge of the operation) of Human Resources Department of JCC and the Deputy Manager of Human Resources Department of the Company. He has extensive experience in sales and human resources management.

(II) 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	1 January 2007	29 December 2009	No
Li Baomin	JCC	Secretary to the Party Committee	29 September 2006	Present	No
Wu Jinxing	JCC	Assistant to General Manager	3 February 2009	Present	No

Positions held in other entities

None of the Directors, Supervisors or senior management of the Company held a position in other entity as at the end of the reporting period.

(III) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 to the general meeting for approval.
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 with performance of the Company. Remuneration of the managers 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 contracts and the annual results growth of the Company.
Actual payment of the remunerations of Directors, Supervisors and Senior Management	Payment upon assessment

(IV) CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position held	Change	Reasons for the changes
Long Ziping	Director	Resignation	Re-election of the Board
Wang Chiwei	Director	Resignation	Re-election of the Board
Wu Jinxing	Director	Resignation	Re-election of the Board
Li Ping	Supervisor	Resignation	Re-election of the Supervisory Committee
Gan Chengjiu	Supervisor	Resignation	Re-election of the Supervisory Committee
Wu Jimeng	Supervisor	Resignation	Re-election of the Supervisory Committee
Yin Hongshan	Independent Director	Resignation	Re-election of the Board
Wu Jinxing	Chief Financial Officer	Resignation	Job allocation
Gan Chengjiu	Director	Appointment	Re-election of the Board
Hu Qingwen	Director	Appointment	Re-election of the Board
Shi Jialiang	Director	Appointment	Re-election of the Board
Wan Sujuan	Supervisor	Appointment	Re-election of the Supervisory Committee
Lin Jinliang	Supervisor	Appointment	Re-election of the Supervisory Committee
Xie Ming	Supervisor	Appointment	Re-election of the Supervisory Committee
Gao Dezhu	Independent Director	Appointment	Re-election of the Board
Long Ziping	Deputy General Manager	Appointment	
Wu Jimeng	Deputy General Manager	Appointment	
Dong Jiahui	Deputy General Manager	Appointment	
Gan Chengjiu	Chief Financial Officer	Appointment	
Liu Qianming	Supervisor	Resignation	Re-election of the Supervisory Committee

Report of the Board

(V) Service Contracts of Directors and Supervisors and Interests in Contracts

All Directors and Supervisors have entered into service contracts with the Company up to the date of the 2011 annual general meeting of the Company to be held in the year 2012.

Pursuant to relevant provisions 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 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.

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.

(VI) Interests of Directors, Supervisors and Chief Executive in Shares

As at 31 December 2009, none of the Directors, 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed issuers (the "Model Code") set out in Appendix 10 of the Listing Rules.

(VII) 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 2009 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.

(VIII) PARTICULARS OF EMPLOYEES

Total in-service employees	22,917
Number of retired employees for whom the Company has to pay retirement benefits	0

Composition by expertise

Types of expertise	Number
Production personnel	16,986
Technicians	1,264
Management personnel and salesmen	3,217
Others	1,450

Education

Education level	Number
Post-secondary or above	5,613
Technical secondary or senior secondary	10,211
Junior secondary or below	7,093

1. Arrangement for employees' retirement insurance:

   The Company, through JCC, has provided retirement insurance for its employees in compliance with the relevant requirements of Jiangxi Provincial Government. According to a consolidated services agreement entered into between the Company and JCC, the Company shall pay basic retirement insurance in the amount of 20% of the total wages of its staff to JCC. JCC shall be responsible for managing the issues in relation to the Company's retired employees and paying the actual retirement benefits to retired employees. During the reporting period, the Company paid RMB161.03 million in respect of such basic retirement insurance.

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 RMB158.00 million welfare fee.

(V) 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
29th meeting of the fourth Board	14 January 2009	Amendments to the connected transactions and amendments to the Article of Association	Shanghai Securities News, Cover 16	15 January 2009
30th meeting of the fourth Board	31 March 2009	To consider and approve the 2008 annual report and remuneration and bonus of the Directors, Supervisors and senior management of the Company	Shanghai Securities News C26	1 April 2009
31st meeting of the fourth Board	22 April 2009	To consider and approve 2009 first quarterly report	Shanghai Securities News C14	23 April 2009
32nd meeting of the fourth Board	24 April 2009	To consider and approve the change of session of the Board and the Supervisory Committee and the Financial Service Agreement with JCC	Shanghai Securities News 141	25 April 2009
1st meeting of the fifth Board	10 August 2009	To elect Chairman of the Board, establish the fifth independent audit committee, the fifth remuneration committee and approve the futures management system of the Company	Shanghai Securities News C35	11 August 2009

Session of the meeting	Date of meeting	Resolutions	Information disclosure newspapers for publishing resolutions	Publication date of resolutions
2nd meeting of the fifth Board	24 August 2009	To consider and approve the 2009 interim report	Shanghai Securities News C167	25 August 2009
3rd meeting of the Fifth Board	21 October 2009	To consider and approve 2009 third quarterly report	Shanghai Securities News B19	22 October 2009
4th meeting of the fifth Board	29 October 2009	To consider and approve the cancellation of the secondary listing of the H shares of the Company in London and the Registration and Filing System of Insider Information of Jiangxi Copper Company Limited	Shanghai Securities News B55	30 October 2009

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

1) On 26 June 2009, the Company's profit distribution plan for 2008 was considered and approved at the 2008 annual general meeting, pursuant to which RMB0.8 (tax inclusive) for every ten shares was paid to holders of A shares and holders of H shares on 17 July 2009 and 20 July 2009, respectively.

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

The Board has recommended distributing to all shareholders a final dividend of RMB0.1 per share (inclusive of tax) for the financial year ended 31 December 2009 (2008: RMB0.08 per 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 enterprise 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 Thursday, 17 June 2010. The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any uncertainties in the identity of the shareholders.

As at 31 December 2009, the aggregate amount of reserves which is available for distribution to shareholders of the Company was RMB7,448.68 million.

(VII) 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 in the consolidated financial statements for the year	As a percentage of net profit attributable to shareholders of the Company in the consolidated financial statements *(%)*
2006	1,158,015	4,623,520	25.05
2007	906,850	4,533,754	20.00
2008	241,827	2,285,101	10.58

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

(VIII) EFFECTIVENESS OF THE ESTABLISHMENT OF THE MANAGEMENT SYSTEM CONCERNING THE USERS OF EXTERNAL INFORMATION OF THE COMPANY

In order to strengthen the Company's management of insiders information, the Company formulated the Registration and Filing System of Insider Information to outset specific requirements on the management of users of external information, which was approved by the Board and announced to the public. The Board of the Company also passed the Management System of Users of External Information on 30 March 2010 to further improve the internal control and governance structure of the Company.

Report of the Supervisory Committee

(I) WORK OF THE SUPERVISORY COMMITTEE

Meetings held: 3

Meeting of the Supervisory Committee	Topic for discussion
8th meeting of the fourth Supervisory Committee	To consider and approve 2008 work report of the Supervisory Committee, 2008 annual financial report and profit distribution proposal
1st meeting of the fifth Supervisory Committee	To elect Mr. Hu Faliang as Chairman of the new Supervisory Committee
2nd meeting of the fifth Supervisory Committee	To review the financial report for the first half of 2009 issued by the auditors and the profit distribution proposal for the first half of 2009.

(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 Board meetings, 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 no acts were in violation of laws, administrative 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 has reviewed and examined the financial status and financial structure of the Company and is of the opinion that the Company's financial status is sound without any significant risks. The Supervisory Committee considers that the 2009 financial reports prepared under PRC GAAP and IFRSs, 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 and the unused balance was deposited in the designated bank account as disclosed.

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

During the reporting period, there was no significant acquisition or disposal of assets by the Company and no indication of any damage to minority shareholders' interests or dissipation of the Company's 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

1. Special Activities on Corporate Governance

During the reporting period, the Company further improved its corporate governance, solved the issue of Mr. Li Yihuang's dual administrative positions in both JCC and the Company and perfected the information disclosure system by formulating Registration and Filing System for Insider Information of Jiangxi Copper Company Limited, in strict compliance with the domestic and overseas laws, regulations and provisions including the Company Law, 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 Modal Code for Securities Transactions by Directors of Listed Issuers (the "Modal Code") as set out in Appendix 10 to the Listing Rules.

2. Corporate Governance Practices

Save as disclosed, the Company complied with the Code set out in Appendix 14 to the Listing Rules in 2009. 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 they could effectively and fully exercise their rights and relative obligations, 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, resolutions 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 strict accordance with market and commercial principles 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 the operating activities of the Company. The Company is independent from 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 and reviewing the financial performance of the Company. 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. Under the leadership of 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 5 executive Directors appointed by the ultimate controller. Members of the Board have different industrial background and professional knowledge in corporate management, financial 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.

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 PRC Company Law, the term of office of Supervisors is also three years and they are eligible for re-election and re-appointment. During the reporting period, the Company, according to the Articles of Association and relevant regulatory regulations, appointed new Directors and Supervisors to form the fifth Board and Supervisory Committee. The term of office of the Directors and Supervisors will commence from 26 June 2009 and expire upon the convening of the 2011 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.

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

(a) 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. Gao Dezhu, with Ms. Zhang Rui as chairman of the Audit committee. The Secretary to the Board is also the secretary to the independent Audit Committee.

    The Establishment, Improvement and Main Contents of the Work Rules of the Audit Committee and the Summary Report on Fulfilment of Duties of the Audit Committee of the Board:

    1) The Company had formulated the work rules of the Independent Audit Committee. The Independent Audit Committee is responsible to the Board and assumes the duties to review the Company's financial reporting, financial control, internal control and risk management system and oversee the preparation procedures of the Company's financial statements and the completeness of their contents as well as the appointment and removal of the auditors.

2) Summary report on fulfilment of duties of the Audit Committee is as follows:

(i) We convened two meetings in 2009, each of which was attended by all members of the Audit Committee, at one meeting we reviewed and confirmed the 2008 audited annual report, issued written opinions on the connected transactions, fund appropriation and external guarantees of the Company and made recommendations for the appointment of auditors; at the other meeting we reviewed and confirmed the 2009 interim report prepared in accordance with the International Financial Reporting Standards which was reviewed by the accountants and listened to the report on 2009 annual audit work arrangements by the accountants.

(ii) Before the auditors conducted auditing, we have reviewed the annual financial statements for 2009 prepared by the Company, and 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;

(iii) 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;

(iv) Upon issue of initial auditing opinions by the auditor, we reviewed again such financial statements prepared by the Company and considered that they were appropriately prepared in accordance with requirements of the PRC GAAP, and truly and completely reflected the Company's financial position as at 31 December 2009, operating results and cash flow for 2009 in significant events;

(v) We submitted to the Board the summary report on auditing work for the previous year made by the auditors, 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 audit report issued by the auditors fully reflected the financial position of the Company as at 31 December 2009 and operating results for 2009. The audit conclusions were in line with actual situation of the Company;

(vi) 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, Gao Dezhu, Tu Shutian**
Independent Audit Committee of Jiangxi Copper Company Limited

25 March 2010

(b) The responsibilities of the Remuneration Committee mainly include: to provide advices to the Board in respect of the remuneration system and policies of the Company's Directors and senior management ; to provide advices to the Board in respect of the remuneration of non-executive Directors; to determine special remuneration of all executive Directors and senior management which includes non-monetary benefits, pension rights and compensation; to ensure that no director or any of his/her associates determines his/her own remuneration; and other duties specified in the Code. The current Remuneration Committee comprises 4 independent non-executive Directors of the Company, namely, Mr. Tu Shutian, Mr. Wu Jianchang, Mr. Gao Dezhu and Ms. Zhang Rui, with Mr. Tu Shutian as chairman of the Remuneration Committee. The Secretary to the Board is also the secretary to the Remuneration Committee.

The Company held a meeting of the Remuneration Committee on 25 March 2009 to consider the remuneration proposal for Directors (including independent non-executive Directors), Supervisors and senior management for the year of 2008 and to propose to the Board in this regard. All members of the Remuneration Committee attended the meeting.

Summary report on fulfilment of duties of the Remuneration Committee:

On 25 March 2010, the Company held the first meeting of the Fifth 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 2009 was approved, and recommendations were made to the Board.

Signature: **Tu Shutian, Wu Jianchang, Gao Dezhu, Zhang Rui**
Remuneration Committee of Jiangxi Copper Company Limited

25 March 2010

(4) Supervisory Committee

The Supervisory Committee of the Company consists of 5 supervisors, including 2 employees' representatives supervisors. The current Supervisory Committee is the fifth Supervisory Committee since the incorporation of the Company. Supervisors' term of office commenced from 26 June 2009 and expire upon the convening of the 2011 annual general meeting.

During the reporting period, the Supervisory Committee of the Company exercised its supervising power in accordance with laws, 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) Directors' responsibilities on the financial report:

With the assistance of the accounting department, the Directors are 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 GAAP and IFRSs are observed, to give a true and impartial view of the financial position and operating results of the Company.

(6) 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.

(II) FULFILMENT OF DUTIES BY DIRECTORS

1. Attendance of Directors at the Board meetings

In 2009, the Board convened 8 meetings. As the Directors of the Company were often on business trips, 6 Board meetings of the Company were held by way of written resolutions during the reporting period. The Company has ensured that each Director, before making decisions, was fairly informed of the content of the resolutions and all relevant documents, and was reminded to give their opinion. Although the Company failed to fully comply with provision A.1.1 of the Code during the reporting period, it will arrange the Directors to participate the Board meeting in person or by telephone conferences in the coming year.

Name of Director	Whether an independent Director	Required attendance in the year	Attendance in person	Attendance by telecom-munication	Attendance by proxy	Absence	Whether attend by proxy for two consecutive times
Li Yihuang	No	8	8	6	0	0	No
Li Baomin	No	8	8	6	0	0	No
Wang Chiwei	No	4	4	3	0	0	No
Long Ziping	No	4	4	3	0	0	No
Gao Jianmin	No	8	8	7	0	0	No
Liang Qing	No	8	8	6	0	0	No
Wu Jinxing	No	4	4	3	0	0	No
Wu Jianchang	Yes	8	8	7	0	0	No
Gao Dezhu	Yes	4	4	4	0	0	No
Shi Jialiang	No	4	4	3	0	0	No
Gan Chengjiu	No	4	4	3	0	0	No
Hu Qingwen	No	4	4	3	0	0	No
Yin Hongshan	Yes	4	4	4	0	0	No
Zhang Rui	Yes	8	8	8	0	0	No
Tu Shutian	Yes	8	8	7	0	0	No

Board meetings convened during the year	8
Including: By physical meeting	0
By telecommunication	6
Combination of physical and telecommunication	2

2. Objection of Independent Directors on the Company's Events

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

3. The establishment and improvement, major content of the working system of independent Directors and performance of duties by the independent Directors

The Company has established Working System for Annual Report of the Independent Directors. Work Rules of the Independent Audit Committee also require that all members of Audit Committee shall be independent directors. During the reporting period, independent Directors of the Company duly performed their duties, carefully reviewed the connected transactions, appropriation of fund by substantial shareholders and preparation of annual report and issued independent opinions.

4. 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.

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

	Whether independent and complete	Explanation
Independence of Business	Yes	The Company is able to operate mining, milling, smelting and processing businesses independently with independent operation systems of supply and purchase, sale, financial management and auditing.

Corporate Governance Report

	Whether independent and complete	Explanation
Independence of personnel	Yes	All senior management of the Company received remuneration from the Company. Other than some senior management members hold positions in certain units of the controlling shareholder, the labour, personnel and remuneration management of the Company are fully independent.
Independence of assets	Yes	The Company owns principal assets such as 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 and to processing, which enable the Company to operate mining, milling, smelting and processing of copper, gold and silver and processing of rare metals including molybdenum concentrates, selenium, tellurium, rhenium independently. The Company has an independent and complete production process. The assets of the Company are completely independent.
Independence of organizations	Yes	The Company has an independent and well-built organization structure and corporate governance structure. All departments carry out their operations independently.
Independence of finance	Yes	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 in 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

General proposal for internal control	According to Basic Rules of Enterprise Internal Control, Guidance on Internal Control of Listed Companies and other regulations, the Company established and perfect internal control system to meet the need of actual operation, fully considering goal setting, internal environment, risk assessment, control activity, information and communication and internal supervision, and based on establishment and improvement of fundamental management system.
Work plan for establishment of comprehensive internal control system and its implementation	During the reporting period, the Company formulated Trail Implementation Plan for Comprehensive Risk Management, Notice on Rules for Authorization of Risk Control Management for Certain Business of Trading Department, Notice of the Publication on Implementation Rules for Contractual Management of Trading Department of Jiangxi Copper Company Limited, Notice of the Publication on Measures for External Raw Material Procurement Management (Provisional) and Measures for External Raw Material Supplier Management (Provisional), Notice of the Publication on Measures for Product Sales Management of Jiangxi Copper Company Limited (Provisional) and Customer Management (Provisional), Notice of the Publication on Detailed Rules on Materials Procurement Management of Materials, Equipment and the Company's Resources, Notice of the Method for Accounts Receivable Management (Provisional). Accordingly, the internal control system of the Company was improved. The Company issued Notice of the Publication on Pilot Risk Management at Trading Department, focusing on supervision on the trading business of the Company. The Company established audit committees in respect of raw material procurement, product sales, trading and price of service and contract as well as decision making committee on futures hedging, allowing for effective segregation of duties and the establishment of a checks and balance mechanism regarding committee composition and rules of procedures. Based on the actual condition, the Company identified the Trading Department as the key department for risk management in the year, and focused on the supervision on raw material procurement, product sales and futures hedging business.

Departments for inspection and supervision of internal control	The Board established Audit Committee to supervise the effectiveness of internal control implementation and self-evaluation, and coordinate internal control auditing and relevant matters. Internal Review Department for Risk Control was established to organize establishment and supervision of internal control and daily operation. In accordance with the duty division and development needs, the Company has established Plan Development Department, Production Operation Department, Finance Management Department, Human Resources Department, Construction Management Department, Investment Management Department, Corporate Management Department, Law Department, Trading Department, Material and Equipment Department, Construction Supervision Department and Technological Research and Development Department. Each department has clearly defined responsibilities, subject to mutual influence of each other and conducted supervision and control on related businesses. 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.
Self-evaluation on internal supervision and internal control	The Board is responsible for the establishment, improvement and effective implementation of internal control. The management is responsible for daily operation of the internal control. The Board established Audit Committee to supervise the internal control and its implementation effectiveness and self-evaluation, and coordinate internal control auditing and relevant matters. The Board has been conducting self-evaluation on internal control for two years consecutively, and disclosed Self-Evaluation Report on the Internal Control System of Company.
Arrangements for internal control by the Board	The Board reviews and supervises internal control every year on a regular basis, and prepare self evaluation report on the basis of actual findings. Meanwhile, the Audit Committee receive work report from the management and auditing department, to fully comprehend the establishment, improvement and implementation of the Company's internal control system and to provide timely recommendation and advices.

Improvement of internal control system relating to financial accounting	According to guidance on internal control system issued by relevant authorities such as Ministry of Finance as well as other policies and regulations on tax, the Company formulated financial and accounting rules based on its business characteristics and management requirements, which mainly comprised of: Accounting rules, Financial Management Regulations, Internal Control System, Financial Budget Management System, Capital Management System, Accounts Receivable Regulations, Financial Staff Management System, Computerized Accounting System Regulations, and Accounting Document Management Method. The regulations and rules set out standards for accounting, enhanced supervision over accounting, and ensured accuracy of accounting information and prevented errors and omissions.
Defects of internal control and rectification	No major defect was detected in the internal control system of the Company. However, due to rapid business expansion in recent years, the Company has been improving its internal control system in a continuous manner.

(V) DISCLOSURE OF SELF-EVALUATION REPORT ON THE INTERNAL CONTROL SYSTEM OF THE COMPANY AND THE REPORT ON FULFILMENT OF SOCIAL RESPONSIBILITY

Social Responsibility Report of Jiangxi Copper for 2009 , Self-Evaluation Report on the Internal Control System by the Board of Jiangxi Copper Company Limited

Disclosed at: www.sse.com.cn

1. Has the Company disclosed the Self-Evaluation Report on the Internal Control System? Yes

   Disclosed at: www.sse.com.cn

2. Has the Company disclosed the auditor's opinion on internal control report? No

(VI) ESTABLISHMENT OF ACCOUNTABILITY SYSTEM FOR MAJOR ERROR IN INFORMATION DISCLOSURE IN ANNUAL REPORT BY THE COMPANY

The Company has formulated Information Disclosure Management System and Major Information Internal Reporting System, pursuant to which, person in charge of disclosure or informed person who committed mistake or causes loss on the Company as a result of such mistakes or breached the requirements of such systems is accountable after such facts are clarified. The Board approved the Accountability System for Major Error in Information Disclosure in Annual Report on 30 March 2010. During the reporting period, the Company found no major error in annual report disclosure.

General Meetings

(I) ANNUAL GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure Newspapers for publishing resolutions	Publication date of resolutions
2008 Annual General Meeting	26 June 2009	Shanghai Securities News 18	27 June 2009

(II) EXTRAORDINARY GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure Newspapers for publishing resolutions	Publication date of resolutions
2009 First Extraordinary General Meeting	12 March 2009	Shanghai Securities News C8	13 March 2009

(I) MATERIAL LITIGATIONS AND ARBITRATIONS

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

(II) MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING

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

(III) EQUITY INTERESTS IN OTHER LISTED COMPANIES AND FINANCIAL ENTERPRISES HELD BY THE COMPANY

1. Investment in Securities

No.	Securities type	Securities code	Securities abbreviation	Initial investment cost *(RMB)*	Number of securities held *(shares)*	Carrying amount as at the end of the period *(RMB)*	As a percentage of the total investment in securities as at the end of the period *(%)*	Profit and loss occurred in the reporting period *(RMB)*
1	Stock	780117	China National Chemical (中化申購)	76,020	14,000	76,020	63.26	0
2	Stock	300039	Shanghai Kaibao	19,000	500	19,000	15.81	0
3	Stock	002333	Lopsking	11,000	500	11,000	9.15	0
4	Stock	002329	Royal Dairy	10,050	500	10,050	8.36	0
5	Stock	002332	Xianju Pharmacitical	4,100	500	4,100	3.41	0
Total				120,170	/	120,170	100	0

During the reporting period, all securities held by the Group are stocks which were subscribed by Finance Company, a subsidiary of the Company, according to its business scope and were not listed as at the balance sheet date.

Significant Events

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

Name of companies	Initial investment cost (RMB)	Number of shares held (share)	As a 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	398,080,000	140,000,000	5.88	398,080,000	Not Applicable	Not Applicable	Financial assets available-for-sale	Acquired from third party

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 were transferred to the Company at a price of RMB2.95 each, with transfer consideration totaling RMB118.00 million. The aforesaid equity transfer had been approved by Jiangxi Office of China Banking Regulatory Commission on 23 December 2008. As at the end of 31 December 2008, the Company had made an advance payment of 30% of the total consideration, amounting to RMB35.40 million. As at 27 March 2009, the aforesaid share transfer agreement was approved by the general meeting of Bank of Nanchang. On 5 June 2009, the Company paid 70% of the total consideration to Jiangxi Chengkai Investment Company Limited, amounting to RMB82.68 million. As at 31 December 2009, the Company's shareholding in Bank of Nanchang was 5.88%.

3. Trading of shares in other listed companies

During the reporting period, the investment income from disposals of the new shares subscribed by Finance Company amounted to RMB4,094,572.

Significant Events

(IV) ASSETS TRANSACTIONS

1. Acquisition of Assets

During the reporting period, the Company did not make any material acquisition of assets.

2. Disposal of Assets

During the reporting period, the Company did not make any material disposal of assets.

(V) IMPLEMENTATION OF EQUITY INCENTIVES AND ITS IMPACT

The Share Appreciation Rights Scheme for the Senior Management of Jiangxi Copper was considered and approved at the extraordinary general meeting convened on 19 February 2008, pursuant to which Mr. Li Yihuang, the Chairman of the Company, and Mr. Li Baomin, an executive Director, were granted 92,700 H shares Appreciation Rights respectively, while the then 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.

Significant Events

(VI) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

1. Connected transactions relating to day-to-day operation

Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected Transactions
JCC	Controlling shareholder	Purchase of goods	Contained copper in blister and scrap copper (tonne)	Market price	34,169	1,590,526	10.99	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Contained gold in blister and scrap copper (kg)	Market price	184,992	29,700	16.23	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Contained silver in blister and scrap copper (kg)	Market price	3,645	84,951	32.53	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Ancillary industrial products	Market price or cost plus tax		128,345	10.95	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Staff welfare and medical costs	based on 18% of staff salaries		63,597	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Pension contributions	based on 20% of staff salaries		143,190	100	Monthly settlement

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected Transactions
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Rentals for public facilities	Shared on the cost basis according to the proportion of staff member		4,858	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Construction service	Construction fixed rates of Jiangxi Province		28,625	10.56	Monthly settlement
JCC	Controlling shareholder	Acceptance of use rights of patent and trademark	Land use rental	Valuation price		44,330	100	Payable at year-end
JCC	Controlling shareholder	Acceptance of services	Futures agency fee	Market price		25,561	86.21	Payment upon conclusion of trading
JCC	Controlling shareholder	Loans	Interest charges for deposits from customers	Based on the benchmark lending rate promulgated by the People's Bank of China or credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		12,196	100	Monthly or quarterly payment

Significant Events

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected Transactions
JCC	Controlling shareholder	Acceptance of services	Other management fee	Shared according to the proportion of assets		2,895	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Technical education services	Shared according to the proportion of staff number		4,778	100	Monthly payment
JCC	Controlling shareholder	Acceptance of services	Repair and maintenance services	Industry standards		30,180	10.07	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Processing service	Market price		633	100	Payment upon acceptance
JCC	Controlling shareholder	Acceptance of services	Transportation services	Passenger and cargo rates of Jiangxi Province		419	0.23	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Environmental sanitation and greenery services	Shared according to the proportion of staff number		13,930	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	labor services	Market price or cost plus tax		2,489	0.18	Monthly settlement
JCC	Controlling shareholder	Sales of goods	blister and scrap copper *(tonne)*	Market price	47,773	648	2.36	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	Copper rods and wires *(tonne)*	Market price	32,667	472,590	3.37	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	copper cathode *(tonne)*	Market price	35,826	822	0.003	Payment upon acceptance
JCC	Controlling shareholder	Sales of goods	By-products	Market price		28,044	100	Monthly payment
JCC	Controlling shareholder	Sales of goods	Ancillary industrial products	Market price		16,829	7.8	Monthly payment

Significant Events

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected Transactions
JCC	Controlling shareholder	Loans	Provision of loans	Determined by Finance Company according to the benchmark lending rate promulgated by the People's Bank of China or the credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		596,136	71.3	Monthly or quarterly payment
JCC	Controlling shareholder	Loans	Interest for financing services	Determined by Finance Company according to the benchmark lending rate promulgated by the People's Bank of China or the credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		12,886	56.35	Monthly or quarterly payment

Significant Events

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions *(RMB)*	Amount of connected transactions *(RMB'000)*	As a percentage of similar types of transactions *(%)*	Settlement method of connected Transactions
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity supply	Cost plus tax		12,751	6.34	Monthly settlement
JCC	Controlling shareholder	Provision of services	Repair and maintenance services	Industry standards		9,247	100	Monthly settlement
JCC	Controlling shareholder	Provision of services	Transportation services	Passenger and cargo rates of Jiangxi Province		2,789	4.84	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Water supply	Cost plus tax		534	7.73	Monthly settlement
JCC	Controlling shareholder	Provision of services	Processing services	Market price		260	0.07	Payment upon acceptance
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Rentals for public facilities	Shared on the cost basis according to the proportion of staff member		56	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Gas supply	Contract price		20	1.97	Monthly settlement
Total				/	/	3,364,815	6.51	/

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.

Significant Events

The Company believes that by sharing respective production facilities and technologies 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 production and operation needs. 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.

In addition, the Company conducted transactions with its associates, Jiangxi Copper EPI (Qingyuan) Limited, Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司) and its joint venture Jiangxi JCC-BioteQ Environmental Technologies Company Limited, which amounted to RMB243,736,000, RMB249,983,000 and RMB852,000, respectively.

(VII) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Custody, Contracts and Leases Contributing more than 10% (including 10%) to the Current Total Profit of the Company

(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 given by the Company or shareholders with 5% or more interests in the Company during or subsisted to the reporting period

Undertakings	Content of Undertaking	Performance
Undertakings made in issuance	1) On 22 May 1997, JCC undertook to the Company as follows: So far as JCC holds 30% or more 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 Hong Kong 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) To the best of the belief of the Board, 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) Mr. Li Yihuang ceased to be the general manager of JCC and took up the position of the Chairman of JCC during the reporting period.

Significant Events

(IX) APPOINTMENT AND REMOVAL OF THE AUDITORS

Unit: 0'000 Currency: RMB

Whether changed the auditors:	No
Current auditors	
Name of the domestic auditors	Ernst & Young Hua Ming
Remuneration for domestic auditors	237
Years of audit services provided by the domestic auditors	3
Name of overseas auditors	Ernst & Young Certified Public Accountants
Remuneration for overseas auditors	553
Years of audit services provided by the overseas auditors	3

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

Neither the Company nor its Directors, Supervisors, senior management, shareholders and ultimate controller was a subject of any investigation, administrative punishment or criticism by CSRC or any condemnation by any stock exchange during the year.

(XI) EXPLANATION ON OTHER SIGNIFICANT EVENTS

The Company had no other significant events during the year.

(XII) INFORMATION DISCLOSURE INDEX

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Announcements of resolutions passed at the 28th meeting of the fourth Board, announcement on continuing connected transactions and announcement on amendments to the Article of Association of the Company	Shanghai Securities News, Cover 16	15 January 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Correction announcement on connected transactions	Shanghai Securities News C16	16 January 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn

Significant Events

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Notice of the First Extraordinary General Meeting	Shanghai Securities News C61	23 January 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on unusual movement in Jiangxi Copper's share price	Shanghai Securities News C12	11 February 2009	http://www.jxcc.com; http://www.sse.com.cn
Announcement on connected transactions and the general meeting (the 2009 first EGM)	Shanghai Securities News C8	13 March 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
2008 Annual Report	Shanghai Securities News C26*27	1 April 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
2009 first quarterly report	Shanghai Securities News C14	23 April 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on resolutions passed at the 32nd meeting of the fourth Board and continuing connected transactions	Shanghai Securities News 141	25 April 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Notice of Annual General Meeting	Shanghai Securities News B4	7 May 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on repair of No. 5 oxygen generator	Shanghai Securities News C3	18 June 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement of results of 2008 annual general meeting and dividend payment of H shares	Shanghai Securities News 18	27 June 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement of 2008 dividend distribution implementation	Shanghai Securities News C9	7 July 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Indicative Announcement on adjustment to exercise price of JCC warrants	Shanghai Securities News C17	9 July 2009	http://www.sse.com.cn
Announcement on adjustment to exercise price of JCC warrants	Shanghai Securities News A6	13 July 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement in respect of the estimated results of the first half of 2009	Shanghai Securities News C26	29 July 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn

Significant Events

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Announcement on resolutions passed at the 1st meeting of the fifth Board	Shanghai Securities News C35	11 August 2009	http://www.hkex.com.hk; http://www.sse.com.cn
2009 interim results report	Shanghai Securities News C167	25 August 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement of 2009 on payment of interest of 08 JCC Bonds	Shanghai Securities News 32	14 September 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Correction announcement on payment of interest of JCC Bonds of Jiangxi Copper	Shanghai Securities News B16	15 September 2009	http://www.jxcc.com; http://www.sse.com.cn
Announcement on tax on QFIIs' interest income from JCC Bonds	Shanghai Securities News B13	16 September 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
2009 third quarterly report	Shanghai Securities News B19	22 October 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Cancellation of the secondary listing in London and insider information registration system	Shanghai Securities News B55	30 October 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on suspension of production at Yinshan lead-zinc mine due to an incident	Shanghai Securities News B32	27 November 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on resumption of production at Yinshan lead-zinc Mine	Shanghai Securities News B38	29 December 2009	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn

Auditor's Report

ERNST & YOUNG
Quality In Everything We Do

ERNST & YOUNG HUA MING (2010) 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 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements.

I. 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.

II. 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.

Auditor's Report

III. 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 Jiangxi Copper Company Limited and its subsidiaries as of 31 December 2009 and the results of its operations and its cash flows for the year then ended.

Mao Anning
Certified Public Accountant

Hou Jie
Certified Public Accountant

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

30 March 2010

Consolidated Balance Sheet

31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 5*	**31 December 2009**	31 December 2008
Current assets:			
Cash and bank	1	**3,600,018,776**	4,140,323,761
Equity investments at fair value through profit or loss		**120,170**	—
Notes receivable	2	**735,904,382**	2,620,065,831
Accounts receivable	3	**1,729,221,939**	1,356,339,486
Advances to suppliers	4	**1,356,047,228**	761,940,509
Dividends receivable		**1,412,755**	1,386,178
Other receivables	5	**826,751,179**	1,386,254,229
Inventories	6	**11,489,972,610**	6,886,053,350
Non-current assets due within one year	15	**1,000,000**	3,000,000
Available-for-sale financial assets	8	**300,000,000**	—
Other current assets	7	**546,136,140**	575,012,429
Total current assets		**20,586,585,179**	17,730,375,773
Non-current assets:			
Available-for-sale financial assets	8	**410,080,000**	327,400,000
Long-term equity investments	9	**406,187,028**	525,124,450
Fixed assets	10	**12,405,467,573**	11,793,923,906
Construction in progress	11	**2,762,109,750**	2,259,132,431
Intangible assets	12	**1,103,767,374**	1,151,535,874
Exploration cost	13	**187,187,500**	71,880,000
Deferred tax assets	14	**172,831,062**	290,264,343
Other non-current assets	15	**—**	1,000,000
Total non-current assets		**17,447,630,287**	16,420,261,004
TOTAL ASSETS		**38,034,215,466**	34,150,636,777

Consolidated Balance Sheet

31 December 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**31 December 2009**	31 December 2008
Current liabilities:			
Short-term borrowings	17	**2,530,942,549**	2,962,621,173
Notes payable	18	**1,946,646,670**	86,217,573
Accounts payable	19	**2,140,047,001**	1,328,422,011
Advances from customers	20	**294,885,501**	280,116,664
Employee benefits payable	21	**362,735,806**	236,128,931
Taxes payable	22	**238,554,259**	140,660,925
Interest payable		**25,281,022**	8,058,286
Other payables	23	**780,013,226**	1,051,825,680
Non-current liabilities due within one year	24	**3,009,689**	385,226,056
Other current liabilities	25	**1,182,959,474**	1,329,646,469
Total current liabilities		**9,505,075,197**	7,808,923,768
Non-current liabilities:			
Long-term borrowings	26	**111,922,258**	147,250,000
Bonds payable	27	**4,947,992,653**	4,747,884,213
Long-term payables	28	**15,487,131**	16,109,052
Provisions	29	**113,044,508**	107,001,601
Deferred tax liabilities	14	**408,895**	78,108,874
Other non-current liabilities	30	**165,180,616**	126,383,712
Total non-current liabilities		**5,354,036,061**	5,222,737,452
Total liabilities		**14,859,111,258**	13,031,661,220
Owners' equity:			
Share capital	31	**3,022,833,727**	3,022,833,727
Capital reserve	32	**5,318,587,641**	5,355,255,474
Special reserve	33	**158,720,937**	124,748,940
Surplus reserve	34	**6,953,442,907**	6,052,388,095
Retained earnings	35	**7,448,675,621**	6,242,872,933
Exchange fluctuation reserve		**(88,375,266)**	(45,755,263)
Equity attributable to owners of the Company		**22,813,885,567**	20,752,343,906
Minority interests	36	**361,218,641**	366,631,651
Total owners' equity		**23,175,104,208**	21,118,975,557
TOTAL LIABILITIES AND OWNERS' EQUITY		**38,034,215,466**	34,150,636,777

The financial statements have been signed by:

Legal representative:	*Financial controller:*	*Head of accounting department:*
Li Yihuang	**Gan Chengjiu**	**Qiu Ling**

Consolidated Income Statement

For the Year Ended 31 December 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	2009	2008
1. Revenue	37	**51,714,647,770**	53,972,432,872
Less: Cost of sales	37	**46,148,361,160**	47,166,026,381
Taxes and surcharges	38	**284,024,530**	278,996,466
Distribution and selling costs		**295,943,484**	268,384,326
General and administrative expenses		**1,083,271,968**	1,062,427,318
Financial expenses	39	**367,214,679**	386,827,384
Provision for impairment of assets	40	**109,185,580**	738,388,528
Add: Loss from changes in fair value	41	**(62,516,990)**	(78,960,839)
Investment loss	42	**(255,215,749)**	(988,977,618)
Include: Share of loss of the associates and a jointly controlled entity		**(78,579,419)**	(22,144,859)
2. Operating profit		**3,108,913,630**	3,003,444,012
Add: Non-operating income	43	**96,647,519**	30,703,666
Less: Non-operating expenses	44	**29,412,625**	36,097,352
Include: Loss on disposal of non-current assets		**6,209,173**	13,123,129
3. Total profit		**3,176,148,524**	2,998,050,326
Less: Income tax	45	**829,517,170**	800,534,770
4. Net profit		**2,346,631,354**	2,197,515,556
Attributable to owners of the Company		**2,349,254,043**	2,285,100,597
Minority interests		**(2,622,689)**	(87,585,041)
5. Earnings per share attributable to owners of the Company			
— Basic	46	**0.78**	0.76
— Diluted	46	**0.72**	0.76
6. Other comprehensive loss	47	**(79,333,890)**	(65,975,429)
7. Total comprehensive income		**2,267,297,464**	2,131,540,127
Attributable to owners of the Company		**2,269,966,207**	2,220,839,375
Attributable to minority interests		**(2,668,743)**	(89,299,248)

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Attributable to owners of the Company								
	Share capital	**Capital reserve**	**Special reserve**	**Surplus reserve**	**Retained earnings**	**Exchange fluctuation reserve**	**Subtotal**	**Minority interests**	**Total equity**
1. Balance at 1 January 2009	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
Add: Change in accounting policies *(Note 2 (30))*	—	—	124,748,940	(124,748,940)	—	—	—	—	—
2. Balance at 1 January 2009 (Restated)	3,022,833,727	5,355,255,474	124,748,940	6,052,388,095	6,242,872,933	(45,755,263)	20,752,343,906	366,631,651	21,118,975,557
3. Changes during the year									
(1) Net profit	—	—	—	—	2,349,254,043	—	2,349,254,043	(2,622,689)	2,346,631,354
(2) Other comprehensive loss	—	(36,667,833)	—	—	—	(42,620,003)	(79,287,836)	(46,054)	(79,333,890)
Total comprehensive (loss) / income	—	(36,667,833)	—	—	2,349,254,043	(42,620,003)	2,269,966,207	(2,668,743)	2,267,297,464
(3) Owners capital contribution and reduction									
1. Capital contribution	—	—	—	—	—	—	—	1,500,000	1,500,000
2. Capital reduction	—	—	—	—	—	—	—	(2,922,942)	(2,922,942)
(4) Profit appropriation									
1. Appropriation to surplus reserve	—	—	—	901,054,812	(901,054,812)	—	—	—	—
2. Appropriation to employee bonus and welfare fund	—	—	—	—	(569,845)	—	(569,845)	(39,957)	(609,802)
3. Distribution to owners	—	—	—	—	(241,826,698)	—	(241,826,698)	(1,982,666)	(243,809,364)
(5) Special reserve									
1. Accrued during the year	—	—	159,570,063	—	—	—	159,570,063	1,023,632	160,593,695
2. Used during the year	—	—	(125,598,066)	—	—	—	(125,598,066)	(322,334)	(125,920,400)
Changes during the year	—	(36,667,833)	33,971,997	901,054,812	1,205,802,688	(42,620,003)	2,061,541,661	(5,413,010)	2,056,128,651
4. Balance at 31 December 2009	3,022,833,727	5,318,587,641	158,720,937	6,953,442,907	7,448,675,621	(88,375,266)	22,813,885,567	361,218,641	23,175,104,208

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 owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Subtotal	Minority interests	Total equity
1. Balance at 1 January 2008	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
Add: Change in accounting policies *(Note 2 (30))*	—	—	28,421,362	(28,421,362)	—	—	—	—	—
2. Balance at 1 January 2008 (Restated)	3,022,833,727	5,363,709,177	28,421,362	5,267,991,187	5,865,559,622	(4,090,600)	19,544,424,475	477,530,980	20,021,955,455
3. Changes during the year									
(1) Net profit	—	—	—	—	2,285,100,597	—	2,285,100,597	(87,585,041)	2,197,515,556
(2) Other comprehensive loss	—	(22,596,559)	—	—	—	(41,664,663)	(64,261,222)	(1,714,207)	(65,975,429)
Total comprehensive (loss) / income	—	(22,596,559)	—	—	2,285,100,597	(41,664,663)	2,220,839,375	(89,299,248)	2,131,540,127
(3) Owners 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 to 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 employee bonus and welfare fund	—	—	—	—	(1,249,180)	—	(1,249,180)	(45,121)	(1,294,301)
3. Distribution to owners	—	—	—	—	(906,850,118)	—	(906,850,118)	(23,228,460)	(930,078,578)
(5) Special reserves									
1. Accrued during the year	—	—	159,055,810	—	(159,055,810)	—	—	—	—
2. Used during the year	—	—	(62,728,232)	—	62,728,232	—	—	—	—
Changes during the year	—	(8,453,703)	96,327,578	784,396,908	377,313,311	(41,664,663)	1,207,919,431	(110,899,329)	1,097,020,102
4. Balance at 31 December 2008	3,022,833,727	5,355,255,474	124,748,940	6,052,388,095	6,242,872,933	(45,755,263)	20,752,343,906	366,631,651	21,118,975,557

Consolidated Cash Flow Statement

For the Year Ended 31 December 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2009**	2008
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**59,237,031,575**	72,017,140,844
Cash received from refunds of taxes		**49,068,042**	10,629,528
Cash received relating to other operating activities	48	**73,630,484**	58,435,893
Sub total of cash inflows		**59,359,730,101**	72,086,206,265
Cash paid for goods and services		**52,706,918,284**	58,821,558,196
Cash paid to and on behalf of employees		**1,299,583,165**	1,321,260,573
Cash paid for all types of taxes		**2,255,933,391**	3,640,310,706
Cash paid relating to other operating activities	48	**1,374,809,012**	2,053,659,673
Sub total of cash outflows		**57,637,243,852**	65,836,789,148
Cash inflows from operating activities	49(1)	**1,722,486,249**	6,249,417,117
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from retrieval of investments		**1,872,796,767**	—
Cash received from investment income		**11,134,572**	5,259,417
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**14,213,967**	53,547,032
Cash received relating to other investing activities		**49,348,584**	19,945,195
Sub total of cash inflows		**1,947,493,890**	78,751,644

Consolidated Cash Flow Statement

For the Year Ended 31 December 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2009**	2008
Cash paid for acquisition of fixed assets intangible assets and other long-term assets		**2,857,281,142**	2,469,043,976
Cash paid for acquisition of investments		**2,232,680,000**	1,681,024,672
Cash paid relating to other investing activities		**120,170**	—
Sub total of cash outflows		**5,090,081,312**	4,150,068,648
Cash outflows from investing activities		**(3,142,587,422)**	(4,071,317,004)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**1,500,000**	1,673,500
Cash received from issuing bonds		**—**	6,686,330,000
Cash received from borrowings		**4,178,029,917**	7,247,174,832
Sub total of cash inflows		**4,179,529,917**	13,935,178,332
Cash repayment of bonds		**—**	1,000,000,000
Cash repayment of borrowings		**3,195,469,062**	12,853,089,090
Cash paid for distribution of dividends or profits and for payment of interest expenses		**356,823,617**	1,379,911,688
Including: Cash paid for dividends to minority interests for distribution of dividends or profits by subsidiaries		**1,982,666**	23,228,460
Cash paid relating to other financing activities	48	**1,449,136,748**	—
Sub total of cash outflows		**5,001,429,427**	15,233,000,778
Cash outflows from financing activities		**(821,899,510)**	(1,297,822,446)
4. EFFECT OF EXCHANGES RATE CHANGES		**(138,468)**	(3,809,348)
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,242,139,151)**	876,468,319
Add: Cash and cash equivalents balance at beginning of year		**3,944,765,378**	3,068,297,059
6. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	49(2)	**1,702,626,227**	3,944,765,378

Balance Sheet

31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 6*	**31 December 2009**	31 December 2008
Current assets:			
Cash and bank		**1,487,675,350**	2,518,273,220
Notes receivable		**420,047,537**	1,932,729,512
Accounts receivable	1	**1,150,654,792**	947,135,936
Advances to suppliers		**1,024,832,730**	778,982,354
Dividends receivable		**16,000,000**	52,524,277
Other receivables	2	**517,594,781**	1,166,033,391
Inventories		**9,320,449,586**	5,944,722,775
Other current assets		**—**	312,356,294
Total current assets		**13,937,254,776**	13,652,757,759
Non-current assets:			
Available-for-sale financial assets		**398,080,000**	315,400,000
Long-term equity investments	3	**3,681,820,514**	4,094,953,535
Fixed assets		**10,293,780,017**	9,444,806,917
Construction in progress		**2,375,199,977**	2,117,617,579
Intangible assets		**1,073,471,273**	1,120,932,499
Exploration costs		**187,187,500**	71,880,000
Deferred tax assets		**123,081,795**	223,393,807
Total non-current assets		**18,132,621,076**	17,388,984,337
TOTAL ASSETS		**32,069,875,852**	30,041,742,096

Balance Sheet

31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 6*	**31 December 2009**	31 December 2008
Current liabilities:			
Short-term borrowings		**—**	2,306,261,309
Notes payable		**136,878,122**	86,217,573
Accounts payable		**2,286,478,984**	1,228,120,019
Advances from customers		**99,750,441**	116,904,418
Employee benefits payable		**285,347,173**	171,362,301
Taxes payable		**322,946,852**	82,205,787
Interest payable		**17,000,000**	7,321,828
Other payables		**694,381,800**	1,021,369,535
Non-current liabilities due within one year		**3,009,689**	99,513,136
Other current liabilities		**363,130,441**	201,759,099
Total current liabilities		**4,208,923,502**	5,321,035,005
Non-current liabilities:			
Bonds payable		**4,947,992,653**	4,747,884,213
Long-term payables		**15,487,131**	16,109,052
Provision		**99,919,707**	94,576,154
Deferred tax liabilities		**—**	78,089,074
Other non-current liabilities		**118,884,292**	107,103,222
Total non-current liabilities		**5,182,283,783**	5,043,761,715
Total liabilities		**9,391,207,285**	10,364,796,720
Owners' equity:			
Share capital		**3,022,833,727**	3,022,833,727
Capital reserve		**6,278,394,352**	6,320,912,627
Special reserve		**147,793,254**	114,362,119
Surplus reserve		**6,830,577,490**	5,929,522,678
Retained earnings		**6,399,069,744**	5,289,314,225
Total owners' equity		**22,678,668,567**	20,676,945,376
TOTAL LIABILITIES AND OWNERS' EQUITY		**32,069,875,852**	31,041,742,096

Income Statement of the Company

For the Year Ended 31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2009**	2008
1. Revenue	4	**39,040,706,584**	46,748,539,232
Less: Cost of sales	4	**34,419,157,126**	41,692,679,738
Taxes and surcharges		**247,064,927**	229,884,018
Distribution and selling costs		**167,657,270**	151,529,245
General and administrative expenses		**839,025,293**	777,430,993
Financial expenses		**304,785,307**	197,386,364
Provision for impairment of assets		**73,785,024**	500,184,096
Add: (Loss)/gain from changes in fair value		**(192,971,131)**	110,597,195
Investment income / (loss)	5	**131,297,971**	(669,948,370)
Include: Share of loss of the associates and a jointly controlled entity		**(79,579,419)**	(22,144,860)
2. Operating profit		**2,927,558,477**	2,640,093,603
Add: Non-operating income		**35,474,054**	9,706,587
Less: Non-operating expenses		**10,162,178**	24,000,406
Include: Loss on disposal of non-current assets		**5,763,380**	9,420,270
3. Total profit		**2,952,870,353**	2,625,799,784
Less: Income tax		**700,233,324**	664,807,513
4. Net profit		**2,252,637,029**	1,960,992,271
5. Other comprehensive loss		**(42,518,275)**	(62,166,081)
6. Total comprehensive income		**2,210,118,754**	1,898,826,190

Statement of Changes in Equity

For the Year Ended 31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total
1. Balance at 1 January 2009	3,022,833,727	6,320,912,627	—	6,043,884,797	5,289,314,225	20,676,945,376
Add: Change in accounting policies *(Note 2 (30))*	—	—	114,362,119	(114,362,119)	—	—
2. Balance at 1 January 2009 (Restated)	3,022,833,727	6,320,912,627	114,362,119	5,929,522,678	5,289,314,225	20,676,945,376
3. Changes during the year						
(1) Net profit	—	—	—	—	2,252,637,029	2,252,637,029
(2) Other comprehensive loss	—	(42,518,275)	—	—	—	(42,518,275)
Total comprehensive (loss)/income	—	(42,518,275)	—	—	2,252,637,029	2,210,118,754
(3) Owners capital contribution and reduction	—	—	—	—	—	—
(4) Profit appropriation						
1. Appropriation to surplus reserve	—	—	—	901,054,812	(901,054,812)	—
2. Distribution to owners	—	—	—	—	(241,826,698)	(241,826,698)
(5) Special reserve						
1. Accrued during the year	—	—	147,817,199	—	—	147,817,199
2. Used during the year	—	—	(114,386,064)	—	—	(114,386,064)
Changes during the year	—	(42,518,275)	33,431,135	901,054,812	1,109,755,519	2,001,723,191
4. Balance at 31 December 2009	3,022,833,727	6,278,394,352	147,793,254	6,830,577,490	6,399,069,744	22,678,668,567

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	Special reserve	Surplus reserve	Retained earnings	Total
1. Balance at 1 January 2008	3,022,833,727	4,619,183,609	—	5,160,900,214	5,118,156,655	17,921,074,205
Add: Change in accounting policies *(Note 2 (30))*	—	—	15,774,444	(15,774,444)	—	—
2. Balance at 1 January 2008 (Restated)	3,022,833,727	4,619,183,609	15,774,444	5,145,125,770	5,118,156,655	17,921,074,205
3. Changes during the year						
(1) Net profit	—	—	—	—	1,960,992,271	1,960,992,271
(2) Other comprehensive loss	—	(62,166,081)	—	—	—	(62,166,081)
Total comprehensive (loss)/income	—	(62,166,081)	—	—	1,960,992,271	1,898,826,190
(3) Owners capital contribution and reduction						
1. Equity component of bonds with warrants	—	2,008,917,276	—	—	—	2,008,917,276
2. Effect of business combination under common control	—	(245,022,177)	—	—	—	(245,022,177)
(4) Profit appropriation						
1. Appropriation to surplus reserve	—	—	—	784,396,908	(784,396,908)	—
2. Distribution to owners	—	—	—	—	(906,850,118)	(906,850,118)
(5) Special reserve						
1. Accrued during the year	—	—	138,482,504	—	(138,482,504)	—
2. Used during the year	—	—	(39,894,829)	—	39,894,829	—
Changes during the year	—	1,701,729,018	98,587,675	784,396,908	171,157,570	2,755,871,171
4. Balance at 31 December 2008	3,022,833,727	6,320,912,627	114,362,119	5,929,522,678	5,289,314,225	20,676,945,376

Cash Flow Statement

For the Year Ended 31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2009**	2008
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**44,929,937,703**	59,406,513,101
Cash received from refunds of taxes		**—**	—
Cash received relating to other operating activities		**57,194,112**	43,637,676
Sub total of cash inflows		**44,987,131,815**	59,450,150,777
Cash paid for goods and services		**38,491,872,513**	48,403,111,132
Cash paid to and on behalf of employees		**940,549,863**	634,874,906
Cash paid for all types of taxes		**1,737,574,260**	3,065,737,177
Cash paid relating to other operating activities		**1,071,227,392**	1,748,793,106
Sub total of cash outflows		**42,241,224,028**	53,852,516,321
Cash inflows from operating activities	6	**2,745,907,787**	5,597,634,456
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from retrieve of investments		**138,215,513**	—
Cash received from investment income		**9,301,100**	17,714,800
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**2,803,480**	5,191,378
Cash received relating to other investing activities		**18,617,738**	19,000,000
Sub total of cash inflows		**168,937,831**	41,906,178

Cash Flow Statement

For the Year Ended 31 December 2009

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 6	2009	2008
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets,net		**2,328,730,726**	2,256,974,031
Cash paid relating to acquisition of investments		**274,790,000**	2,247,024,672
Sub total of cash outflows		**2,603,520,726**	4,503,998,703
Cash outflows from investing activities		**(2,434,582,895)**	(4,462,092,525)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from issuing bonds		**—**	6,686,330,000
Cash received from borrowings		**1,181,860,784**	6,673,976,105
Sub total of cash inflows		**1,181,860,784**	13,360,306,105
Cash repayment of borrowings		**2,152,267,489**	12,937,434,904
Cash paid for distribution of dividends or profits and payment of interest expenses		**371,516,057**	1,226,687,532
Sub total of cash outflows		**2,523,783,546**	14,164,122,436
Cash outflows from financing activities		**(1,341,922,762)**	(803,816,331)
4. EFFECT OF EXCHANGES RATE CHANGES		**—**	—
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,030,597,870)**	331,725,600
Add: Cash and cash equivalents balance at beginning of year		**2,518,273,220**	2,186,547,620
6. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**1,487,675,350**	2,518,273,220

Notes to the Financial Statements

For the Year ended 31 December 2009
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. Company information

Jiangxi Copper Company Limited (the "Company") was registered in Jiangxi Province, 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 Zong Zi 003556. On 24 January 1997, the Company was established by Jiangxi Copper Corporation ("JCC"), HongKong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited 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 at 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 RMB 2,664,038,200 after the issue of A shares.

According to the approval obtained 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 at par value of RMB1.00 each on 25 July 2005. After the placing, the share capital of the Company increases to RMB 2,895,038,200.

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 People's Government of Jiangxi Province and the Ministry of Commerce of the PRC, as well as approved by the Company's shareholder at the annual general 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 issues 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 increases to RMB 3,022,833,727.

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 issues 6,800,000,000 detachable convertible bonds of par value of RMB 100 each on 22 September 2008. The bonds and the bonds with warrants were listed on Shanghai Stock Exchange. More details are given in Note 5 (27).

As approved by the board of directors on 29 October 2009, the Company's H share was delisted from the LSE from 27 November 2009.

1. Company Information *(continued)*

The Company mainly engages in smelting, protracting and refining of non-ferrous minerals, precious metal, non-metal minerals, non ferrous minerals and by-products; after-sale 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 generated from smelting protracting and refining.

The financial statements were approved and authorised for issuance by the board of directors on 30 March 2010 and subject to the approval of the Company's shareholders at the annual general meeting.

2. Significant accounting policies and estimates

(1) 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, interpretations and other related regulations (Collectively, the "Accounting Standard for Business Enterprises").

The financial statements are stated on an ongoing 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.

(2) Statement of compliance with the "Accounting Standards for Business Enterprises"

The financial statements for the year end 31 December 2009 present truthfully and completely the financial position of the Group and the Company as at 31 December 2009, and of its financial performance and its cash flows for 2009 in accordance with the Accounting Standards for Business Enterprises.

(3) Accounting year

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

(4) 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.

2. Significant accounting policies and estimates

(5) 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 (parties). The "combination date" refers to the date on which the merging party actually obtains control of the merged party/ 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 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 or loss 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 acquiree(s). The "acquisition date" refers to the date on which the acquirer actually obtains control of the acquiree(s).

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.

2. Significant accounting policies and estimates *(continued)*

(5) 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.

(6) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2009. 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 expense 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 statements.

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 of the accounting year 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 ceases. 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.

2. Significant accounting policies and estimates *(continued)*

(7) Cash and cash equivalents

Cash represents the Group's cash on hand and the deposits which are not restricted as to use. 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.

(8) Foreign currency translations

Transactions dominated 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 differences 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 other comprehensive income 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 other comprehensive income 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 on the transaction dates. Income statement items in the year are translated at the average exchange rates for year. The resulting exchange differences are recognized as other comprehensive income and 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 profit and loss 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 is recognized as an adjusted item and represents as a separate component of the cash flow.

2. Significant accounting policies and estimates *(continued)*

(9) Inventories

Inventories include raw materials, work in progress and finished goods.

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 also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items.

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 net realizable value at the point where those products become physically separated.

The Group adopts perpetual inventory method.

Inventories are measured at the lower of cost and net realizable value at balance sheet date. 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 each other, the provision for loss on decline in value of inventories shall be made on a combination basis.

(10) Long-term investments

Long-term investments include the investments in subsidiaries, joint ventures and associated companies. A Long-term investment also include the investment in the enterprise that does not joint control or have significant influences on the invested enterprise, and the investment where there is no active market and its fair value cannot be reliably measured.

2. Significant accounting policies and estimates *(continued)*

(10) Long-term investments *(continued)*

A long-term investment is initially recorded at its cost on acquisition. For business combinations under common control, long-term investments are initially recognized at the share of carrying amount of the acquiree's equity; and for business combinations not under common control, the investments are recorded at the combination costs. The costs of the investments acquired through ways other than business combinations are recognized as follows: i) if acquired through payment of cash, the cost is the actual consideration paid plus the expenses, taxes and other required expenditures directly attributable to the acquisition; ii) if acquired through issuing of equity securities, the cost is the fair value of issuing equity instruments; and iii) if acquired through investment by investors, the cost is the consideration pertaining to the investment contract or agreement unless the value is unfair.

When the Group does not hold jointly control, or exercises no significant influence over 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 over the invested enterprise, the cost method is applied in individual financial statements.

When the cost method is adopted, the investments are initially recognized at cost, and investment income is recognized in the income statement of the period to the extent that the Group's share of the profit or cash dividend declared to be distributed by the investee. Accordingly the investments are subject to impairment assessment in line with certain accounting policies of non-current asset impairment.

The equity method is adopted when the Group 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 agreement, which does not exist unless the investing parties of the economic activity have given assent to share 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 to jointly control together with other parties over the formulation of these policies.

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.

2. Significant accounting policies and estimates *(continued)*

(10) Long-term investments *(continued)*

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 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 of recognized the investment income or losses. 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, which shall be transferred to the current profits and losses according to a certain proportion at disposal.

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 equity investment measured by employing the equity method, the portion previously included in the owner's equity shall be transferred to the current profit and loss 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 needed of minority interests and the value of the share of the subsidiary's identifiable net assets continuously calculated by new share percentage since the acquisition date or combination date shall adjust the additional capital reserves. If the additional capital reserves are not sufficient to be adjusted, the retained earnings shall be adjusted.

Further details of the methods of impairment tests and provision are given in Note 2 (20). And the methods for other long-term investments which are not quoted in an active market and fair value of which cannot be reliably measured are given in Note 2 (15).

(11) Fixed assets

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

(Expressed in Renminbi Yuan)

2. Significant accounting policies and estimates *(continued)*

(11) Fixed assets *(continued)*

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 capitalized as an additional cost of that asset or as a replacement. Otherwise, such expenditure shall be recognized in income statement when it is incurred.

Fixed assets are initially measured at cost and the expected discarded 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 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	12-45 years	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%

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

The methods of impairment test and impairment provision of fixed assets are given in Note 2 (20).

(12) 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.

The methods of impairment test and provision of construction in progress are given in Note 2 (20).

2. Significant accounting policies and estimates *(continued)*

(13) Intangible assets

Intangible assets are recorded at actual cost on acquisition.

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

The useful lives are as follow:

	Useful life
Trademarks	20 years
Mining right	10-50 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 cannot be measured reliably, it should be recognized as fixed assets.

The amortisation of a finite useful life intangible asset is calculated on the straight-line basis over the estimated useful life. The amortization period and the amortization 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 useful life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible asset has limited useful life, it shall be estimated of its useful life, and be treated according to these standards.

The Group classifies the expenditures of internal research and development projects into expenditures in research phase and those in development phase. All expenditures in research phase are charged to the income statement as incurred. The expenditures incurred in development phase are capitalised if and only if the following criteria are satisfied: (i) the completion of the intangible asset so as to be used or sold is technically feasible; (ii) the completion of the intangible asset to be used or sold is intended; (iii) the intangible asset will generate probable future economic benefits, illustrated by the facts that there are markets for the output of the intangible asset or the asset itself or the usability of the intangible asset if it is used internally; (iv) adequate technical, financial and other resources are available for completing the development, and the use and sale of the intangible asset are feasible; and (v) expenditures attributable to the development phase of the intangible assets can be reliably measured. Development expenditures not meeting the above criteria are charged to the current income statement when incurred.

The methods of impairment test and impairment provision of intangible assets are given in Note 2 (20).

2. Significant accounting policies and estimates *(continued)*

(14) Exploration costs

Exploration costs include the cost of acquiring exploration rights and other costs and expenses incurred 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. Exploration costs are stated at cost less any impairment losses.

(15) 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 recognizes a financial asset or a financial liability on its balance sheet when the Group becomes a party to the contract of such financial instrument.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

(ii) the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group 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 derecognized 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 recognized in the income statement.

All regular way purchases and sales of financial assets are recognized 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.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, borrowings and receivables, and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized 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.

The measurement of financial assets depends on their classifications as follows:

(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 or incurred principally for the purpose of selling it 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.

These financial assets are subsequently measured at fair value with all realized and unrealized changes recognized in the profit or loss for the current period. Dividends or interest earned on financial assets at fair value through profit or loss 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 subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses arising from amortization, impairment or derecognition are recognized in the income statement.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

(c) Borrowings and receivables

Borrowings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. The effective interest rate amortization is included in the income statement. Gains and losses arising from impairment are recognized in the income statement.

(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. Except that gains and losses arising from impairment and foreign exchange of currency financial assets are recognized to the income statement, unrealized gains or losses are recognized as other comprehensive income in the capital reserve until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognized in the income statement. Gains or losses are recognized as a separate component of equity until the investment is derecognized 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 earned on available-for-sale financial assets 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.

Financial liabilities are classified into one of the following categories when they are initially recognized: (i) financial liabilities at fair value through profit or loss; (ii) other financial liabilities; and (iii) derivatives designated as hedging instruments in an effective hedge. The Group determines the classification of its financial liabilities at initial recognition. For financial liabilities at fair value through profit or loss, the transaction expenses thereof are recorded in profit or loss for the current period; for others, the transaction expenses are included in the initial recognition costs.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Classification and measurement of financial assets *(continued)*

The measurement of financial liabilities depends on their classification as follows:

(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 future; (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 realized and unrealized gains and losses are recognized in profit or loss for the current period.

(b) Other financial liabilities

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

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognized less, when appropriate, cumulative amortization according to the revenue recognition.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Derivative financial instruments

The Group uses derivative financial instruments to hedge its commodity price risk. The Group's derivative financial instruments mainly include commodity derivative contracts (standardized copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME") and provisional price arrangement.

Provisional price arrangement is embedded in concentrate purchase contracts with third parties. According to industrial practice, the purchase terms of metal in these contracts contain provisional pricing arrangements where the purchase price for metal in concentrate is based on prevailing spot prices at a specified future period after shipment by suppliers (the "quotation period"). Adjustments to the purchase price occur are 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. Accordingly, for accounting purposes, the provisional price arrangement is required to be separated from the host contract for purchase of metals in concentrate once the significant risks and rewards of ownership has been transferred to the Group. 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.

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 of derivatives are taken directly to the income statement, except for that portion relating to the effective portion of cash flow hedges, which is recognized in other comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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 recognized 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 recognized 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 recognized. The liability component is carried on an amortized cost basis until redemption. The carrying amount of the detachable share purchase warrants is not re-measured in subsequent years.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Fair value of financial instruments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. At the balance sheet date, the fair value of commodity derivative contracts should be its market value; and the calculation of fair value change of the unsettled provisional price arrangement should refer to the market value of commodity derivative contracts with similar due 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.

(1) 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 recognized in the income statement. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (the effective interest rate when initially recognized), and the value of the relevant guaranty should also be taken into account. If a financial asset has a variable interest rate, the discount rate is taken into account the value of the relevant guaranty.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Impairment of financial assets *(continued)*

(1) Financial assets measured at amortized cost *(continued)*

An impairment test is made to financial assets with significant individual amounts. If any objective evidence indicates that a financial asset 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 combined 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, they are 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 costs, is recognized with 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 to be more than the amortized cost of the financial asset on the day of reverse, under the assumption that no provision is made for the impairment.

(2) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease in the fair value which is originally recognized in other comprehensive income are transferred out are the initial acquisition costs, deducting the recovered principle, the current fair value and the impairment losses recognised in profit or loss.

As for the available-for-sale debt instruments whose impairment losses have been recognised, if the fair value rises within consequent accounting periods, which is objectively related to the subsequent events occurring after the recognition of impairment losses, the originally recognised impairment losses will be reversed and recorded in profit or loss for the current period. Impairment losses of available-for-sale equity instruments are not reversed through profit or loss. The increase in fair value after impairment is recognised directly in other comprehensive income.

2. Significant accounting policies and estimates *(continued)*

(15) Financial instruments *(continued)*

Impairment of financial assets *(continued)*

(3) Financial assets measured at cost

If there is 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 principle.

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.

(16) Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

(i) fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or

(ii) cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

2. Significant accounting policies and estimates *(continued)*

(16) Hedge accounting *(continued)*

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognized in the income statement.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

2. Significant accounting policies and estimates *(continued)*

(16) Hedge accounting *(continued)*

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognized immediately in the income statement.

Amounts recognized in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a hedged forecast sale occurs.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognized 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 recognized in other comprehensive income remain in other comprehensive income until the forecast transaction affects profit or loss.

(17) Receivables

The method of provision for impairment of trade receivables which is individually significant is to perform impairment test individually. If objective evidence of impairment exists, the impairment losses are recognised in profit or loss of the current year. And the provisions for impairment of receivables which are individually insignificant but significant after combination based on the characteristics of credit risks and other insignificant receivables as well are accrued at certain fixed ratios of outstanding balances based on the aging characteristics of credit risks. The accrual ratios are as follows:

	Accounts receivable *(%)*	**Other receivables** *(%)*
Less than 1 year	—	—
1 to 2 year	20	20
2 to 3 year	50	50
More than 3 years	100	100

(18) Assets transferred with repurchase conditions

Financial assets transferred with repurchase conditions should be derecognized according to the economic nature of the transaction. If the asset repurchased is the same (or in same nature) as the financial assets transferred, and the repurchasing price is fixed or is the original purchase price plus reasonable return, the financial asset transferred shall not be derecognized. If after the transfer of the financial asset, the seller only kept a priority to repurchase at fair value (when the buyer sells such financial asset), the financial asset shall be derecognized.

2. Significant accounting policies and estimates *(continued)*

(19) Borrowing costs

Borrowing costs refer to interests and other related costs incurred by the Group in connection with the borrowing of funds. Borrowing costs include interests, 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 as a specific-purpose borrowings 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 as general-purpose borrowings 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.

2. Significant accounting policies and estimates *(continued)*

(19) Borrowing costs *(continued)*

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.

(20) Impairment of assets

Impairment of assets other than inventories, deferred income tax assets, financial assets and long-term equity investments measured by using the cost method with no active market and the fair value of which 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. Impairment test of intangible assets should be done every year, even if they were not ready for use.

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 the unit or group unit that is expected to benefit from the synergies of the combination and is not larger than a segment in the Group's report.

2. Significant accounting policies and estimates *(continued)*

(20) Impairment of assets *(continued)*

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.

(21) 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; and

— 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.

(22) Revenue

Revenue is recognized when it is probable that the economic benefits will flow into the group, the amount can be measured reliably and all of the following conditions are satisfied.

2. Significant accounting policies and estimates *(continued)*

(22) Revenue *(continued)*

Revenue from sales of goods

Sales of goods are recognized 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. The amount of sale of goods is determined by the contract or agreed price received or receivable from the buyer, except where the received or receivable contract or agreed price is unfair.

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. The amount of income from rendering of services is determined by the contract or agreed price received or receivable, except where the received or receivable contract or agreed price is unfair.

Interest income

Interest income is recognized on a time proportion basis taking into account the principle outstanding and the effective interest rate applicable.

Rental income

Revenue from operating leases is recognized on a straight-line basis over the lease terms, or charged to the income statement when the actual rental occurred.

2. Significant accounting policies and estimates *(continued)*

(23) Government grants

Government grants 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 government grant may takes the form of a transfer of a monetary asset, it is assessed as the amount received or receivable. When the government grant takes the form of a transfer of a non-monetary asset, it is usual to assess the fair value of the non-monetary asset and to account for both grant and asset at that fair value. An alternative course is to record both asset and grant at a nominal amount, when the fair value cannot be reliably obtained. 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 government grant account and is recognised in profit or loss on a systematic basis over the useful life of the asset. However, the grant assessed as the nominal amount is directly recognized in the income statement.

(24) 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.

As lessee under operating lease

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

(25) Share-based payment

The Group's H Share Appreciation Rights Scheme includes share-based payment transactions and cash settlement. The fair value of the liability is calculated based on the shares or other equity instruments undertaken by the Group. The cost of cash-settled transactions is measured initially at fair value at the grant date using binary model, taking into account the terms and conditions upon which the instruments were granted (Note 5 (50)). The fair value is expensed over the period until vesting with recognition of a corresponding liability provided that it is immediately exercisable; the fair value is expensed over the period with recognition of a corresponding liability based on the best estimation of number of options exercised during vesting waiting period until services of the waiting period have been rendered or final performance assessment is passed. The liability is measured at the end of each reporting period up to and including the settlement date with changes in fair value recognized in the income statement.

2. Significant accounting policies and estimates *(continued)*

(26) Employee benefits

Employee benefits refer to all forms of considerations 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, they are reflected in the present value.

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

(27) Income tax

Income tax includes current and deferred tax. Current and deferred tax of the Group 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 liabilities or assets for the current and prior periods are measured at the amount expected to be paid or recovered 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 of the Group and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized 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.

2. Significant accounting policies and estimates *(continued)*

(27) Income tax *(continued)*

Deferred tax assets are recognized 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 carry forward of unused tax credits and unused tax losses can be utilized 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 recognized 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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized 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. Conversely, previously unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized 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 utilized.

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.

(28) 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 Ministry of Finance("MOF") and Safety Production General Bureau, the Group is required to accrue a "Production Safety Fund" to improve the production safety.

2. Significant accounting policies and estimates *(continued)*

(28) Production Safety Fund ("the Safety Fund") *(continued)*

According to CaiKuai [2009] No. 8 "Accounting Standards for Business Enterprises Interpretation No. 3" ("Interpretation 3") issued by the MOF on 11 June 2009, the Safety Fund and other similar funds accrued by enterprises in accordance with relevant regulations should be charged to the production cost of related products or the income statement and stated as special reserves, a separate account under surplus reserve in owners' equity. For the utilization of the fund to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalized expenditure shall be recognized in construction in progress before the asset has been completed and be transferred to fixed assets when the asset is ready for its intended use. The actual expenditure shall be offset with the balance of special reserves and full depreciation is provided for the asset at the same amount. Hence, the asset is not depreciated in the following periods.

(29) Significant 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 will be made for available-for-sale equity investment 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 of the decline in value to determine whether there is an impairment that should be recognized in the income statement.

Impairment of non-financial assets other than goodwill

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2. Significant accounting policies and estimates *(continued)*

(29) Significant 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 of similar assets and estimated changes in technologies. If the estimated useful lives changed significantly, adjustment of depreciation will be provided in the future period.

Impairment of borrowings, trade and other receivables

Provision for impairment of borrowings, trade and other receivables is made based on an assessment of the recoverability of borrowings, 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 of the receivables 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 determine depreciation and amortisation rates for mine-related assets and are used in assessing impairment loss.

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. Judgement regarding the timing and amount of future taxable profit, and considerations of tax planning strategies, are needed when estimating the amount of deferred tax asset.

2. Significant accounting policies and estimates *(continued)*

(29) Significant 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 cost requires judgment 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 capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the income statement in the period when the new information becomes available.

(30) Changes in accounting policies

According to "Circular on Implementation of 2008 Annual Reports prepared under Accounting Standards for Business Enterprises" (No.60, issued by the MOF [2008]), the accrual and utilization of safety fund shall be stated as owners' equity. Please refer to Note 2(28) for details of the change in the regulations regarding to the accounting treatment of Safety Fund in accordance with Interpretation No. 3. The Group reclassified the safety fund balance of RMB 124,748,940 as at 31 December 2008 and RMB 28,421,362 as at 31 December 2007 from surplus reserves to the special reserve, respectively due to the change in accounting policy. In addition, profit before tax shall be decreased by RMB 96,327,578 and special reserves shall be increased by RMB 96,327,578 as a impact of the change of accounting policy on the comparative figures of the consolidated financial statements for the year ended 31 December 2009. Since the management of the Group is in the opinion of that the above impact is not material regarding to the operating result for the year ended 31 December 2008, comparative figures of the consolidated income statement were not revised retrospectively.

(Expressed in Renminbi Yuan)

3. Taxation

(i) Main tax items and rates are as follows:

Value Added Tax	According to the Provisional Regulations of PRC 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 at 13% on revenue). The input VAT paid when purchasing 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 the operating income.
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 of 25% of the assessable profit of the Company.
Income Tax-subsidiaries	The income tax rate for the company's subsidiaries, except for Jiangxi Copper Shenzhen Trading Company Limited("Shenzhen Trading"), Jiangxi Copper Shanghai Trading Company Limited("Shanghai Trading"), Jiangxi Copper Corporation Xiamen Trading Company ("Xiamen Trading"), JCC Finance Company Limited ("Finance Company"), Sichuan Kangtong Copper Company Limited ("Kangtong"), Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical"), Jiangxi Copper Yates Copper Foil Company Limited ("Yates"), Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe") and Sure Spread Company Limited ("Sure Spread") is 25%. Sure Spread paid profits tax at a rate of 16.5% in Hong Kong (16.5% for 2008).
Resource Tax	Resource tax is calculated and paid according to the quantity of extracted and consumed copper ores. Pursuant to the "Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore and other Mineral ." (Cai Shui [2007] No.100), from 1 August 2007, the range of resource tax rate is RMB 5 to RMB 7 per ton for copper ore, and RMB 10 per ton for lead and zinc ores.

3. Taxation *(continued)*

(i) Main tax items and rates are as follows: *(continued)*

Mineral Resources Compensation Fee	Pursuant to No.150 issued by the State Council, "Provisions on the Administration of Collection of the Mineral Resources Compensation" and No. 35 issued by Jiangxi Government, "Provisions on the Administration of Collection of the Mineral Resources Compensation of Jiangxi", the mineral resources compensation fee shall be calculated as follows: Mineral resources compensation fee = sales income of mineral products ×compensation rate × the mining recovery co-efficiency rate Mining recovery co-efficiency rate = approved mining recovery rate/actual mining recovery rate According to the Table for Rates of Mineral Resources, the rates applicable shall be 2%, 2.8% and 4%.
Cities Construction Tax	The Group paid city construction tax at rates of 1%, 5% and 7% of the turnover tax paid.
Education Supplementary Tax	The Group paid education supplementary tax at rates of 3% or 4% of the turnover tax paid.
Withholding of Individual Income tax	The Group is required to withhold individual income tax on salaries paid to its employees.

3. Taxation *(continued)*

(ii) Tax reduction and related approval

Income Tax -subsidiaries

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 on 26 December 2007.

Based on the New Corporate Income Tax Law and the notification Guo Fa [2007] No.29, for Shenzhen Trading, Shanghai Trading, Xiamen Trading and Finance Company which were entitled to lower corporate income tax rates before, their rates are gradually standardized to the new rate of 25% during a 5-year period. The applicable tax rates are 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012.

In accordance with the New Corporate Income Tax Law in effective from 1 January 2008 and the above notification, Kangtong, JCAC, Wengfu Chemical, Yates, Longchang Copper Pipe and Finance Company can continue to enjoy their tax holiday until the expire dates of their respective holiday. 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 enterprises can only choose either the transitional tax incentive policy or new corporate tax law and regulations for their best interests.

Exemption from income taxation for Special Economic Zones

Shenzhen Trading, Shanghai Trading and Xiamen Trading are registered in Shenzhen Special Economic Zone, Shanghai Pudong Special Zone and Xiamen Special Economic Zone. The applicable income tax rate for them was 20% for 2009 (18% for 2008).

Exemption from income taxation for the first profit-making year and 50% tax reduction for the next two years

The Finance Company is a foreign-funded enterprise with the approval of China Banking Regulatory Commission and Ministry of Commerce of PRC. Pursuant 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 was exempted from income tax in 2007 and allowed a 50% reduction of income tax in 2008 and 2009. The effective rate for 2009 was 10% (2008:9%).

3. Taxation *(continued)*

(ii) Tax reduction and related approval *(continued)*

Income Tax -subsidiaries *(continued)*

Exemption from income taxation for the first two profit-making years and 50% tax reduction for the next three years

Since Kangtong Copper is a set-up productive foreign-funded enterprise, Kangtong Copper shall be exempted from income tax in the first and second profit-making years and granted 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 became 12.5% since 1 July 2008. And the effective income tax rate was 12.5% in 2009.

Since JCAC is a set-up productive foreign-funded enterprise, JCAC shall be exempted from income tax in the first and second profit-making years and granted a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2007. Its first profit-making year was 2007 and JCAC was exempted from income taxation during the years of 2007 and 2008. With a 50% reduction of income tax allowed, its applicable income tax rate was 12.5% for 2009.

Since Wengfu Chemical is a set-up productive foreign-funded enterprise, Wengfu Chemical shall be exempted from income tax in the first and second profit-making years and granted a 50% reduction of income tax in the third, fourth and fifth years from 1 January 2008. Wengfu Chemical was exempted from income taxation in 2008 and 2009.

Yates and Longchang Copper Pipe are foreign-funded enterprises in Jiangxi Nanchang National High and New Technology Industry Development Zones and JXCC Industry Zones. According to the "Law of PRC 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 Longchang Copper Pipe shall be exempted from income tax in the first and second profit-making years and granted a 50% reduction of income tax in the third, fourth and fifth years. Yates and Longchang Copper Pipe have not started making profit as at 31 December 2009.

4. Scope of consolidation and subsidiaries

(1) The Group principal subsidiary companies are as follows:

Name of subsidiary	Place and date of establishment/ incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	Note
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
Kangtong	Sichuan Xichang September1996	Sales of copper materials, precious metal materials and sulphuric acid	RMB	140,000	80,000	57.14%	—	57.14%	57.14%	(a)
Finance Company	Jiangxi Guixi December 2006	Provision of deposit, borrowing, guarantee and financing consultation services to related parties	RMB	300,000	246,556	78.33%	1.67%	80%	80%	(b)
Jiangxi Copper Products Company Limited ("JCPC")	Jiangxi Guixi March 2002	Sale and processing of copper rods and wires	RMB	225,000	246,879	100%	—	100%	100%	(a)
JCAC	Jiangxi Guixi February 2005	Manufacturing and sale of copper rods and wires	RMB	199,500	229,509	100%	—	100%	100%	(a)
JCC Copper Products Company Limited ("Copper Products")	Jiangxi Guixi December 2003	Processing and sales of copper rods	RMB	186,391	217,712	98.89%	—	98.89%	98.89%	(b)
JCC Recycling Company Limited ("Copper Recycling")	Jiangxi Guixi November 2005	Collection and sale of metal scrap	RMB	4,000	4,000	25%	75%	99.17%	99.17%	(b)
Shenzhen Trading	Shenzhen June 2006	Sale of copper products	RMB	330,000	330,000	100%	—	100%	100%	(a)
Loyal Sky Industrial Company Limited ("Loyal Sky")	Hongkong September 2002	Trading of copper products and non-ferrous metals	USD	2,001.3	2,001.3	—	100%	100%	100%	(a)
Shanghai Trading	Shanghai Pudong June 2006	Sale of copper products	RMB	200,000	200,000	100%	—	100%	100%	(a)
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Beijing July 2006	Sale of copper products	RMB	10,000	10,000	100%	—	100%	100%	(a)

4. Scope of consolidation and subsidiaries *(continued)*

(1) The Group principal subsidiary companies are as follows: *(continued)*

Name of subsidiary	Place and date of establishment/ incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
Sure spread	Hongkong January 2005	International trading and provision of related technical service	HKD	50,000	27,500	55%	–	55%	55%	(a)
JCC Yinshan Mining Company Limited ("Yinshan Mining")	Jiangxi Dexing July 2003	Manufacturing and sale of non-ferrous metals and rare materials	RMB	30,000	354,488	100%	–	100%	100%	(b)
JCC Dongtong Mining Company Limited ("Dongtong Mining")	Jiangxi Dexing July 2003	Manufacturing and sales of non-ferrous metals and rare materials	RMB	9,000	159,045	100%	–	100%	100%	(b)
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	Jiangxi Fuzhou August 1998	Production and sale of grinding pebbles, casting of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel	RMB	29,000	25,272	–	74.97%	74.97%	74.97%	(b)
JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	Jiangxi Dongxiang July 2005	Recovery and sales of disused metals	RMB	500	311	–	100%	89.99%	89.99%	(b)
Yates	Jiangxi Nanchang June 2003	Production and sale of copper foil	RMB	453,600	392,767	89.77%	–	89.77%	89.77%	(b)
Longchang 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%	(b)

4. Scope of consolidation and subsidiaries *(continued)*

(1) The Group principal subsidiary companies are as follows: *(continued)*

Name of subsidiary	Place and date of establishment/ incorporation	Principal activities and business scope	Registered capital Currency	Registered capital '000	Group Investment '000	Attributable equity interest Directly	Attributable equity interest Indirectly	Total	Voting right percentage	*Note*
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%	(b)
Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	Jiangxi Nanchang September 2008	Development and production of electronic semiconductors and provision of related services	RMB	100,000	40,000	94.12%	–	94.12%	95%	(a)
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry Engineering")	Jiangxi Guixi March 1993	Provision of repair and maintenance services for production facilities and machinery equipment	RMB	20,300	27,599	100%	–	100%	100%	(b)
JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelting Technology")	Jiangxi Guixi August 1999	Development of new chemical technologies and new products	RMB	2,000	20,894	100%	–	100%	100%	(b)
JCC Guixi Logistics Company Limited ("Guixi Logistics")	Jiangxi Guixi March 2002	Provision of transportation services	RMB	40,000	72,871	100%	–	100%	100%	(b)
JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	Jiangxi Dexing December 1997	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	RMB	34,100	60,404	100%	–	100%	100%	(b)

4. Scope of consolidation and subsidiaries *(continued)*

(1) The Group principal subsidiary companies are as follows: *(continued)*

Name of subsidiary	Place and date of establishment/ incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
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%	(b)
JCC Dexing Explosion Company Limited ("Dexing Explosion")	Jiangxi Dexing February 2003	Production and sale of engineering, blasting engineering, etc	RMB	1,000	3,414	–	100%	100%	100%	(b)
JCC Geology Exploration Company Limited ("Geology Exploration")	Jiangxi Dexing September 2004	Provision of services relating to mine exploration and development	RMB	15,000	18,145	100%	–	100%	100%	(b)
Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	Jiangxi Dexing October 2004	Manufacture sales of sulphuric acid and lay product	RMB	42,630	47,485	100%	–	100%	100%	(b)
Wengfu Chemical	Jiangxi Shangrao May 2005	Manufacturing and sale of sulphuric acid and by-products	RMB	181,500	127,050	70%	–	70%	70%	(a)
Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	Jiangxi Ruichang September 2003	Providing mining services	RMB	20,296	31,790	100%	–	100%	100%	(b)
JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	Jiangxi Ruichang March 2003	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	RMB	2,602	3,223	100%	–	100%	100%	(b)

4. Scope of consolidation and subsidiaries *(continued)*

(1) The Group principal subsidiary companies are as follows: *(continued)*

Name of subsidiary	Place and date of establishment/ incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Qianshan Concentration")	Jiangxi Qianshan October 2000	Sales of beneficiation drugs, fine chemicals and other products	RMB	10,200	14,456	100%	—	100%	100%	(b)
Xiamen Trading	Fujian Xiamen March 2004	Sale of products	RMB	1,080	3,127	100%	—	100%	100%	(b)
Hangzhou Tongxin Company Limited ("Hangzhou Trading")	Zhejiang Hangzhou July 2000	Sale of metal, ore and chemical products	RMB	2,000	25,453	100%	—	100%	100%	(b)
Jiangxi Copper Corporation (Shanghai) International Shipping Agency Company Limited ("Shanghai Agency")	Shanghai October 2003	Provision of clearance services with customs in the PRC for import products and sale of metal products and non-ferrous metals	RMB	6,000	14,896	100%	—	100%	100%	(b)

(a) The subsidiaries are acquired by establishment or investment.

(b) The subsidiaries are acquired by business consolidation under common control.

4. Scope of consolidation and subsidiaries *(continued)*

(2) Changes in the scope of consolidation

The scope is consistent with the one of the previous year, except for the change mentioned in Note (3).

The following former subsidiaries were liquidated during the year and their businesses, assets and liabilities were taken up by the Company or its other subsidiaries. The businesses of these entities were still included in the Group's consolidated financial statements.

a) JCC Guixi New Materials Company Limited ("Guixi Material")

b) JCC (Dexing) New Mining Technology Development Company Limited ("Dexing Mining")

c) JCC (Dexing) Waste Metal Recycle Company Limited ("Dexing Recycling")

d) JCC (Dexing) Gangue Recycle Company Limited ("Dexing Metal Recycling")

e) JCC (Qianshan) Industrial Trade Company Limited ("Qianshan Trading")

f) JCC (Qianshan) Mine Engineering Company Limited ("Qianshan Mining Project")

g) JCC Guixi Automobile Maintenance Company ("Guixi Automobile")

h) JCC Guangxin Electric Device Manufacturing Company Limited ("Guangxin Electric Device")

i) JCC Machinery Foundry Company Limited ("Mechanical Manufacturing")

j) JCC Dexing Equipment Manufacturing Company Limited ("Dexing Equipment")

k) JCC Ruichang Transportation Company Limited ("Ruichang Transportation")

(Expressed in Renminbi Yuan)

4. Scope of consolidation and subsidiaries *(continued)*

(3) Deconsolidated subsidiaries

Deconsolidated subsidiaries in 2009 are as follow:

	Net assets at disposal date	**Net loss from the beginning of the year to disposal date**	*Note*
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	(18,912,275)	(8,502,182)	(a)
Xiaoshan Copper Chemical Co, Ltd. ("Xiaoshan Tongda")	2,713,083	(229,650)	
Zhaojue Fengye Smelting Company Limited ("Fengye")	6,252,272	—	

(a) Diaoquan used to be a subsidiary of the Group. On 26 May 2009, the Company entered into a share transfer agreement with Datong Jinyin Mining Company Limited ("Datong Jinyin") pursuant to which the Company sold a 26.458% equity interest in Diaoquan to a third party for a total consideration of RMB10,549,700. The transaction was completed before 31 December 2009. The Company holds a 19.5% equity interest in Diaoquan after the transaction. Thereafter, Diaoquan was deconsolidated from the Group's consolidated financial statements since the date when the Group lost the control of Diaoquan.

(4) Translation rates used over the overseas subsidiaries:

	Average exchange rate		**Exchange rate at year end**	
	2009	2008	**2009**	2008
USD	**6.8314**	7.0696	**6.8282**	6.8346
HKD	**0.8812**	0.9091	**0.8805**	0.8819

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements

(1) Cash and bank

	31 December 2009			31 December 2008		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on Hand						
— RMB			**152,810**			246,226
— HKD	**1,413**	**0.8805**	**1,244**	4,795	0.8819	4,197
— JPY			**—**	2,272	0.0757	172
— GBP			**—**	1	9.8798	10
			154,054			250,605
Cash in Bank						
— RMB			**1,595,726,419**			3,890,010,307
— USD	**15,119,745**	**6.8282**	**103,240,643**	7,477,830	6.8346	51,107,975
— HKD	**3,064,282**	**0.8805**	**2,698,100**	3,313,600	0.8819	2,922,264
— AUD	**131,518**	**6.1294**	**806,126**	100,400	4.7135	473,234
— EUR	**83**	**9.7971**	**813**	86	9.6590	834
— JPY	**976**	**0.0738**	**72**	2,100	0.0757	159
			1,702,472,173			3,944,514,773
Others						
— RMB			**1,897,392,549**			195,558,383
			3,600,018,776			4,140,323,761

As at 31 December 2009, the amount of restricted cash was RMB 1,897,392,549 (31 December 2008:RMB 195,558,383), including:

— Time deposits amounting to RMB 1,448,402,000 which were pledged to secure current bank borrowings amounting to USD 213,610,778 being equivalent to RMB 1,459,198,016 (2008: Nil) (Note 5 (17)).

— Deposit amounting to RMB 215,566,110 which was guaranteed for issuing bank accepted bills (2008: Nil).

— Required mandatory reserve deposits and other restricted deposits amounting to RMB 233,424,339 (2008: RMB 195,558,383) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC"). Mandatory reserve deposits with PBOC and other restricted deposits are not available for use in the Group's daily operations.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(1) Cash and bank *(continued)*

As at 31 December 2009, the amount of cash deposited out of the PRC was RMB 29,066,184 (31 December 2008:RMB 28,975,156).

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

(2) Notes Receivable

	31 December 2009	31 December 2008
Bank accepted bills	**721,542,965**	2,571,987,601
Commercial accepted bills	**14,361,417**	48,078,230
	735,904,382	2,620,065,831

The terms of notes receivable are all less than six months.

As at 31 December 2009 and 2008, no bills have been transfer to the accounts receivable due to uncollectablity.

As at 31 December 2009, bank accepted bills of RMB 1,399,935 have been discounted to obtain short-term bank borrowings (31 December 2008:RMB 1,821,630,773) and commercial accepted bills of RMB 10,740,155 have been discounted to obtain short-term bank borrowings (31 December 2008: Nil). More details are given in Note 5 (17).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(3) Accounts Receivable

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

The ageing analysis of accounts receivable is as below:

	31 December 2009	31 December 2008
Within 1 year	**1,708,224,966**	1,391,589,553
1 to 2 years	**48,055,406**	3,702,106
2 to 3 years	**2,093,107**	581,082
Over 3 years	**132,339,657**	137,265,697
	1,890,713,136	1,533,138,438
Less: Bad debt provision	**(161,491,197)**	(176,798,952)
	1,729,221,939	1,356,339,486

	31 December 2009			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**1,203,943,590**	**63.68**	**65,106,358**	**5.41**
Others	**686,769,546**	**36.32**	**96,384,839**	**14.03**
	1,890,713,136	**100.00**	**161,491,197**	**8.54**

	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

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(3) Accounts Receivable *(continued)*

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

	Opening balance	Addition	Deduction Reversal	Deduction Write-off	Ending balance
2009	**176,798,952**	**11,576,554**	**(20,407,203)**	**(6,477,106)**	**161,491,197**
2008	137,496,130	43,072,313	(365,526)	(3,403,965)	176,798,952

The amount of RMB 20,407,203 has been reversed due to the recovery of the account receivable in 2009 (2008: RMB 365,526).

The amount of RMB 6,477,106 has been realized due to the write-off of the account receivable in 2009 (2008: RMB 3,403,965).

As at 31 December 2009, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB4,206,894 (31 December 2008: RMB 1,345,359). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2009, the balance of top five debtors were as below:

	Relationship	Balance	Aging	%
First	Third party	182,071,456	Within 1 year	9.63
Second	Third party	94,864,462	Within 1 year and over 3 years	5.02
Third	Third party	81,222,556	Within 1 year	4.30
Fourth	Third party	56,227,926	Within 1 year	2.97
Fifth	Third party	43,020,293	Within 1 year	2.27
		457,406,693		24.19

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(4) Advances to suppliers

The aging analysis of advances to suppliers were as below:

	31 December 2009		31 December 2008	
	Balance	**%**	Balance	%
Within 1 year	**1,209,925,310**	**89.22**	704,770,600	92.50
1 to 2 years	**120,623,504**	**8.90**	46,983,838	6.17
2 to 3 years	**19,883,764**	**1.47**	9,175,788	1.20
Over 3 years	**5,614,650**	**0.41**	1,010,283	0.13
	1,356,047,228	**100.00**	761,940,509	100.00

As at 31 December 2009, the balances aging over one year were mainly advances to suppliers for outstanding purchase of project and equipment.

As at 31 December 2009, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB236,101 (31 December 2008: RMB 615,712). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

Management of the Group is of the opinion that no provision should be recorded at the balance sheet date.

As at 31 December 2009, the balances of top five debtors were as below:

	Relationship	**Balance**	**Aging**	**Outstanding reason**
First	Third party	155,412,138	Within 2 years	Unsettled procurement for projects and equipment
Second	Third party	104,179,825	Within 1 year	Purchased raw material in transit
Third	Third party	94,676,443	Within 1 year	Purchased raw material in transit
Fourth	Third party	86,707,890	Within 1 year	Purchased raw material in transit
Fifth	Third party	43,953,063	Within 1 year	Purchased raw material in transit
		484,929,359		

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(5) Other receivables

The aging analysis of other receivables is as below:

	31 December 2009	31 December 2008
Within 1 year	**818,093,326**	1,348,907,585
1 to 2 years	**4,243,646**	27,516,746
2 to 3 years	**1,129,338**	5,017,040
Over 3 years	**32,185,059**	30,968,902
	855,651,369	1,412,410,273
Less: bad debt provision	**(28,900,190)**	(26,156,044)
	826,751,179	1,386,254,229

	31 December 2009			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**731,606,770**	**85.50**	**—**	**—**
Others	**124,044,599**	**14.50**	**28,900,190**	**23.30**
	855,651,369	**100.00**	**28,900,190**	**3.38**

	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

As at 31 December 2009, the Group's balance of deposits for commodity forward contracts was RMB 673,851,972 (31 December 2008: RMB 418,696,578).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(5) Other receivables *(continued)*

Movements of bad debt provision on other receivables were as below:

	Opening balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2009	**26,156,044**	**4,125,787**	**(91,485)**	**(1,290,156)**	**28,900,190**
2008	30,666,684	921,300	(2,412,560)	(3,019,380)	26,156,044

The amount of RMB 91,485 has been reversed due to the recovery of the other account receivable in 2009 (2008: RMB 2,412,560).

The amount of RMB 1,290,156 has been realized due to the write-off of the other account receivable in 2009 (2008: RMB 3,019,380).

As at 31 December 2009 and 2008, there was no balance due from a shareholder who holds more than 5% of the voting power of the Company.

As at 31 December 2009, the balances of top five debtors were as below:

	Relationship	Balance	Aging	%
First	Related party *(Note 7 (7))*	506,009,078	Within 1 year	59.14
Second	Third party	96,049,941	Within 1 year	11.23
Third	Third party	37,005,781	Within 1 year	4.32
Fourth	Third party	33,635,050	Within 1 year	3.93
Fifth	Third party	11,730,978	Within 1 year	1.37
		684,430,828		79.99

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(6) Inventories

	31 December 2009	31 December 2008
Raw materials	**4,981,184,015**	3,005,930,940
Work in process	**5,200,374,492**	3,823,889,319
Finished goods	**1,365,140,784**	684,745,890
	11,546,699,291	7,514,566,149
Less: Provisions	**(56,726,681)**	(628,512,799)
	11,489,972,610	6,886,053,350

As at 31 December 2009, certain of the Group's inventories with a net book value of RMB 225,493,530 (2008: RMB 131,184,744) were pledged to secure short term bank borrowings of RMB 108,000,000. More details are given in Note 5 (17).

The movement of inventories provisions were as below:

2009

	Opening balance	Addition	Deduction		Ending balance
			Reversal	Realization	
Raw materials	407,327,722	—	(242,453)	(406,423,034)	662,235
Work in process	101,230,227	2,858,687	—	(96,633,799)	7,455,115
Finished goods	119,954,850	7,836,050	(627,591)	(78,553,978)	48,609,331
	628,512,799	10,694,737	(870,044)	(581,610,811)	56,726,681

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(6) Inventories *(continued)*

2008

	Opening balance	Addition	Deduction: Reversal	Deduction: Realization	Ending balance
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

The amount of RMB 870,044 has been reversed due to the rise of the market price in 2009 (2008: RMB 664,559).

The amount of RMB 581,610,811 has been realized as the relevant raw materials were put into use and the finished goods were sold out in 2009 (2008: Nil).

(7) Other current financial assets

		31 December 2009	31 December 2008
Short term borrowings to related parties	(i)	**546,136,140**	262,557,135
Commodity derivative contracts — Not qualified for hedge accounting	*Note 5 (25)*	**—**	99,000
Provisional price arrangement	*Note 5 (25)*	**—**	312,356,294
		546,136,140	575,012,429

(i) As at 31 December 2009, borrowings to related parties were provided by Finance Company, a subsidiary of the Group. The short term borrowings' interest rates ranged from 2.27% to 5.31% per annum (2008: 4.37% to 7.84%) among which the rate of the USD borrowings were 2.27% to 2.57% and the borrowings will be repaid from 1 January 2010 to 15 December 2010. All of the above borrowings were guaranteed by the Group and undue. More details are given in Note 7 (7)"Related Party Relationship and Transaction".

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(8) Available-for-sale investments

	Investment cost	Opening balance	Addition	Reclassification	Ending balance
Available-for-sale investment:					
— Nanchang Commercial Bank ("Nanchang Bank")	398,080,000	280,000,000	82,680,000	35,400,000	398,080,000
— 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
Financial Products	300,000,000	—	300,000,000	—	300,000,000
Subtotal		297,610,000	382,680,000	35,400,000	715,690,000
Prepayment for Nanchang Bank	35,400,000	35,400,000	—	(35,400,000)	—
Less: Impairment provision		(5,610,000)	—	—	(5,610,000)
Total		327,400,000	382,680,000	—	710,080,000
Less: Current portion of available-for-sale investment		—	(300,000,000)	—	(300,000,000)
Total of non-current portion		327,400,000	82,680,000	—	410,080,000

5. Notes to Consolidated Financial Statements *(continued)*

(8) Available-for-sale investments *(continued)*

As at 31 December 2009, the Group's unlisted equity investments represent the Group's 5.88% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining, 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 a test for impairment loss because there is no quoted market price in an active market and their fair values cannot be measured reliably.

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 Nanchang Commercial Bank at a price of RMB2.95 per share at total consideration of RMB118 million. As at 31 December 2008, the Company has made an advance payment amounting to RMB 35,400,000, 30% of the total consideration. As at 27 March 2009, the share transfer transaction has been approved by the general meeting of Nanchang Commercial Bank and been send to the China Banking Regulatory Commission for approve. On 5 June 2009, the remaining 70% consideration has been paid to Jiangxi Kai Cheng Investment Co., Ltd. amounting to RMB 82,680,000. As at 31 December 2009, the equity interest in Nanchang Bank held by the Group was 5.88%.

As at 31 December 2009, Finance Company, a subsidiary of the Group, held financial products, Qianyuan No. 1 (Sanya Phoenix Metro) issued by Hainan branch of China Construction Bank amounting to RMB 200,000,000 with annual target return rate of 6%. Financial products issued by Shanghai Pudong Development Bank amounting to RMB 100,000,000 with annual target return rate of 3%. The above financial products will expire on 28 November 2010 and on 6 January 2010 respectively.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(9) Long-term equity investments

2009

		Investment cost				Share of net profit			Share of other change of equity rather than net profit		Impairment of long term Investments		
	Initial investment	Opening balance	Addition	Disposal	Accumulated addition	Opening balance	(Loss)/ profits	Disposal	Opening balance	Increase/ (decrease)	Opening balance	Increase/ (Decrease)	Ending balance
Equity method:													
Investments in associates													
Minmetals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minmetals")	460,000,000	460,000,000	—	—	460,000,000	(5,079,722)	(52,326,029)	—	(39,761,078)	(42,464,848)	—	—	320,368,323
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	58,134,560	58,134,560	—	—	58,134,560	(1,272,703)	—	—	191,556	(53,427)	—	—	56,999,986
Jiangxi Copper Ever profit Qing Yuan Copper Company Limited ("QingYuan")	36,000,000	36,000,000	—	—	36,000,000	(6,595,577)	(29,404,423)	—	—	—	—	—	—
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	6,186,812	—	—	6,186,812	—	—	—	(360,025)	(9,314)	—	—	5,817,473
Jiangxi Fortune Transportation Industry Company Limited ("Jiangxi Fortune") *(a)*	480,000	480,000	—	(480,000)	—	414,391	—	(414,391)	—	—	—	—	—
Zhaojue Fenye Smelting Company Limited("Fengye")	4,063,977	—	4,063,977	—	4,063,977	—	—	—	—	—	—	—	4,063,977
Investment in a jointly controlled entity													
Jiangxi JCC-BIOTEQ Environmental Technologies company Limited ("Jiangtong Bioteq")	14,100,000	14,100,000	—	—	14,100,000	2,686,236	2,151,033	—	—	—	—	—	18,937,269
Cost method:													
Diaoquan *(b)*	14,850,516	—	14,850,516	—	14,850,516	—	—	—	—	—	—	(14,850,516)	—
Total		574,901,372	18,914,493	(480,000)	593,335,865	(9,847,375)	(79,579,419)	(414,391)	(39,929,547)	(42,527,589)	—	(14,850,516)	406,187,028

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

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

2008

		Investment cost			Share of net profit		Share of other change of equity rather than net profit		
	Investment cost	Opening balance	Addition	Accumulated addition	Opening balance	(Loss)/ profit	Opening balance	Increase/ (decrease)	Ending balance
Equity method:									
Investments in associates									
Jiangxi Copper Minmetals	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
Asia Sure Spread	6,186,812	6,186,812	—	6,186,812	—	—	—	(360,025)	5,826,787
Jiangxi Fortune	480,000	480,000	—	480,000	221,989	192,402	—	—	894,391
Investment in a jointly controlled entity									
Jiangtong Bioteq	14,100,000	14,100,000	—	14,100,000	(314,253)	3,000,489	—	—	16,786,236
Total		516,766,812	58,134,560	574,901,372	12,297,484	(22,144,859)	—	(39,929,547)	525,124,450

(a) In January 2009, the Company entered into an agreement with Jiangxi Copper Corporate Dexing Industrial Co., Ltd. ("Dexing Industrial") whereby the Company transferred 40% equity interest in Jiangxi Fortune to Dexing industrial for a consideration of RMB 894,391. As at 31 December 2009, the transaction has been completed.

(b) Diaoquan used to be a subsidiary of the Group. On 26 May 2009, the Company entered into a share transfer agreement with Datong Jinyin Mining Company Limited ("Datong Jinyin") pursuant to which the Company sold a 26.458% equity interest in Diaoquan to a third party for a total consideration of RMB10,549,700. The transaction was completed in March 2009. As at 31 December 2009, the Company still held 19.5% equity interest in Diaoquan. Since the Company no longer has significant influence upon Diaoquan, cost method is applied instead.

5. Notes to Consolidated Financial Statements *(continued)*

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

The financial information in respect of the associates and jointly controlled entity is as below:

	Equity investment and voting right percentage	place of registration	Principal business	Registered capital	
				Currency	*'000*
Investments in associates					
Jiangxi Copper Minmentals	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 *(a)*	40%	China	Transportation service	RMB	1,200
Fengye	47.86%	China	Production and sale of copper cathodes and related products	RMB	10,000
Investment in a jointly controlled entity					
Jiangtong Bioteq	50%	China	Recovering the copper metals from industrial waste water	RMB	28,200

5. Notes to Consolidated Financial Statements *(continued)*

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

	31 December 2009			For the year ended 31 December 2009	
	Total Assets	**Total Liabilities**	**Net Assets**	**Revenue**	**Net (loss)/ profit**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Investments in associates					
Jiangxi Copper Minmetals	3,717,192	2,916,271	800,921	—	(147,153)
MCC-JCL	1,044,137	816,137	228,000	—	—
Qing Yuan	282,465	333,294	(50,829)	326,448	(124,340)
Asia Sure Spread	14,756	—	14,756	—	—
Fengye	12,373	6,121	6,252	—	—
Investment in a jointly controlled entity					
Jiangtong Bioteq	43,602	5,728	37,874	22,299	6,302

	31 December 2008			For the year ended 31 December 2008	
	Total Assets	Total Liabilities	Net Assets	Revenue	Net (loss)/ profit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Investments in associates					
Jiangxi Copper Minmetals	3,578,033	2,540,135	1,037,898	—	(12,372)
MCC-JCL	778,177	549,963	228,214	—	(5,091)
Qing Yuan	514,088	440,577	73,511	1,555,617	(47,790)
Asia Sure Spread	15,130	—	15,130	—	—
Jiangxi Fortune	3,623	1,388	2,235	8,959	481
Investment in a jointly controlled entity					
Jiangtong Bioteq	36,861	3,289	33,572	18,477	6,001

As at 31 December 2009, the associates and jointly controlled entity could transfer funds to the Group without restrictions.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(10) Fixed Assets

2009

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2009	6,099,849,576	12,534,109,091	1,279,276,772	123,017,785	20,036,253,224
Additions	8,063,370	11,780,529	9,100,768	2,211,238	31,155,905
Transferred from construction in progress	325,288,473	1,215,554,222	49,910,776	3,361,330	1,594,114,801
Reclassification	(23,717,631)	38,230,196	(14,193,953)	(318,612)	—
Disposals	(124,749,851)	(47,877,957)	(6,410,962)	(480,481)	(179,519,251)
31 December 2009	6,284,733,937	13,751,796,081	1,317,683,401	127,791,260	21,482,004,679
Accumulated depreciation					
1 January 2009	(2,159,015,659)	(5,193,046,102)	(725,042,971)	(64,155,095)	(8,141,259,827)
Additions	(220,152,157)	(603,344,946)	(56,609,889)	(11,789,366)	(891,896,358)
Reclassification	(10,215,489)	1,365,845	3,562,750	5,286,894	—
Disposals	39,649,234	26,256,507	2,607,532	333,933	68,847,206
31 December 2009	(2,349,734,071)	(5,768,768,696)	(775,482,578)	(70,323,634)	(8,964,308,979)
Impairment provision					
1 January 2009	(82,404,240)	(15,609,324)	(3,055,927)	—	(101,069,491)
Additions *(i)*	(624,875)	(103,451,786)	(21,973)	(58,600)	(104,157,234)
Realization *(ii)*	80,838,634	9,132,359	3,027,605	—	92,998,598
31 December 2009	(2,190,481)	(109,928,751)	(50,295)	(58,600)	(112,228,127)
Net book value					
31 December 2009	3,932,809,385	7,873,098,634	542,150,528	57,409,026	12,405,467,573
1 January 2009	3,858,429,677	7,325,453,665	551,177,874	58,862,690	11,793,923,906

(i) During the year 2009, impairment loss of RMB 104,157,234 has been provided in respect of certain technologically out-dated property, plant and equipment to be written off.

(ii) The realization of impairment provision for property, plant and equipment includes items of RMB 92,461,775 with a original cost of RMB 146,551,184 and accumulated depreciation of RMB 54,089,409 due to the deconsolidation of Diaoquan, a subsidiary of the Group. For more details, please refer to Note 4 (3) (a).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(10) Fixed Assets *(continued)*

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)
Additions	(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)
Addition	(77,438,779)	(11,967,069)	(3,055,927)	—	(92,461,775)
Write-off	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

As at 31 December 2009, buildings with net book value of RMB 61,175,688 (31 December 2008: RMB 63,857,385) and equipment and machinery with a net book value of RMB 53,576,933 (31 December 2008: RMB 61,027,148) were restricted for use. More details are given in Note 5 (17).

As at 31 December 2009, the Group is in the process of obtaining the property ownership certificates for certain of the Group's buildings with original cost of RMB 25,280,763 (31 December 2008: RMB 16,267,139) and a net book value of RMB 25,092,149 (31 December 2008: RMB 14,747,128).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(11) Construction in progress

2009

	Budget	Opening balance	Addition	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	65,838,386	89,120,922	–	–	154,959,308	31%	Proceeds from issuance of shares ("Proceeds")
Extension of Open-pitting Mining project	387,540,000	162,118,065	157,837,861	–	–	319,955,926	83%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	95,151,204	13,550,518	–	–	108,701,722	82%	Self-funding and Proceeds
Anode Mud Comprehensive Utilization	195,740,000	91,719,550	9,840,045	(101,559,595)	–	–	52%	Self-funding and Proceeds
Stove Mining Project Expansion	212,140,000	164,478,590	26,354,917	(190,833,507)	–	–	90%	Self-funding and Proceeds
5,000 ton Technical Improvement	257,320,000	238,854,411	6,684,807	(245,539,218)	–	–	96%	Self-funding and Proceeds
300K ton Copper Smelting Project	3,099,530,000	65,787,858	133,650,125	(145,969,247)	–	53,468,736	84%	Self-funding
Technical Renovation Engineering of Enlarging Production Scale of Dexing Mining	2,537,870,000	205,938,514	649,560,182	–	–	855,498,696	34%	Self-funding
38K ton Copper Pipe Project	504,480,000	2,229,904	507,217	(343,466)	–	2,393,655	65%	Self-funding
Electromotor Update	355,200,000	235,081,878	8,801,907	–	–	243,883,785	100%	Self-funding
Expansion Project for Electrolyze	294,790,000	220,212,685	43,908,830	(255,503,839)	–	8,617,676	90%	Self-funding

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(11) Construction in progress *(continued)*

2009 *(continued)*

	Budget	Opening balance	Addition	Transfer to fixed assets	Transfer to intangible assets	Ending balance	% of budget	Source of funds
Electric Shovel Update 2300XP	210,000,000	141,231,298	55,380,733	–	–	196,612,031	93%	Self-funding
No.5 Mine Exploitation Project	130,000,000	20,088,521	29,243,300	–	–	49,331,821	38%	Self-funding
Arsenious Acid Project Expansion	113,000,000	87,089,492	5,102,052	(92,191,544)	–	–	82%	Self-funding
Leaded and Bismuth Material Product Line Expansion	61,940,000	50,183,799	15,056,683	(65,240,482)	–	–	100%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	51,081,037	–	(51,032,253)	–	48,784	94%	Self-funding
Concentrating Millformed by Reworking Process	24,270,600	8,335,023	8,483,806	–	–	16,818,829	69%	Self-funding
Heat Re-cycling Project from Smoke Sulphicacid Series I, II	18,500,000	17,682,104	–	(17,065,374)	–	616,730	97%	Self-funding
Wushiyuan Mine Expansion	16,070,600	13,611,874	1,798,383	(15,410,257)	–	–	96%	Self-funding
4000T Copper Product Improvement	268,000,000	40,714,078	175,726,139	–	–	216,440,217	81%	Self-funding
Technical Improvement of the Ninth Copper Concentrate 5000t/d Retreating Project	499,600,000	–	81,672,572	(19,144,353)	–	62,528,219	16%	Self-funding
Others	Not applicable	281,704,160	586,111,121	(394,281,666)	(1,300,000)	472,233,615		
Total		2,259,132,431	2,098,392,120	(1,594,114,801)	(1,300,000)	2,762,109,750		

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(11) Construction in progress *(continued)*

2008

	Budget	Opening balance	Addition	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

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(11) Construction in progress *(continued)*

2008 *(continued)*

	Budget	Opening balance	Addition	Transfer to fixed assets	Transfer to intangible assets	Ending balance	% of budget	Source of funds
Technical Renovation Engineering of Enlarging Production Scale of Dexing Mining	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 Updatd 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 Sulphicacid 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
4000T Copper Product improvement	268,000,000	1,419,480	39,294,598	–	–	40,714,078	15%	Self-funding
Others	Not applicable	151,283,346	559,321,945	(426,793,955)	(2,107,176)	281,704,160		
Total		1,352,513,131	2,116,975,359	(1,208,248,883)	(2,107,176)	2,259,132,431		

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(12) Intangible assets

2009

	Trademarks	Mining rights	Land use rights	Others	Total
Cost					
1 January 2009	52,586,056	981,666,451	216,651,511	20,265,849	1,271,169,867
Additions	—	—	1,789,918	737,576	2,527,494
CIP transfer	—	—	—	1,300,000	1,300,000
Disposal *(i)*	—	(36,334,600)	—	(1,000,000)	(37,334,600)
31 December 2009	52,586,056	945,331,851	218,441,429	21,303,425	1,237,662,761
Accumulated amortization					
1 January 2009	(21,588,006)	(57,001,054)	(11,057,588)	(4,907,512)	(94,554,160)
Additions	(1,794,500)	(32,582,593)	(14,034,194)	(2,243,042)	(50,654,329)
Disposal *(i)*	—	11,254,767	—	58,335	11,313,102
31 December 2009	(23,382,506)	(78,328,880)	(25,091,782)	(7,092,219)	(133,895,387)
Impairment provision					
1 January 2009	—	(25,079,833)	—	—	(25,079,833)
Realization *(i)*	—	25,079,833	—	—	25,079,833
31 December 2009	—	—	—	—	—
Net book value					
31 December 2009	29,203,550	867,002,971	193,349,647	14,211,206	1,103,767,374
1 January 2009	30,998,050	899,585,564	205,593,923	15,358,337	1,151,535,874

(i) The realization of impairment provision for intangible assets at a cost of RMB 36,334,600 and accumulated amortization of RMB 11,254,767 are due to Diaoquan's deconsolidation as at 31 December 2009. For more details, please refer to Note 4 (3) (a).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(12) Intangible assets *(continued)*

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 2009	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 2009	(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

As at 31 December 2009, a land use right with a net book value of RMB 2,728,917 (31 December 2008: RMB 2,815,380) was restricted for use. It was pledged to secure short term bank borrowings. The amount of amortization for the year 2009 is RMB 86,463 (2008: RMB 86,463). More details are given at Note 5 (17).

As at 31 December 2009, the Group is in the process of obtaining the property certificates for certain land use rights with a net book value of RMB 12,006,666 (31 December 2008 : RMB 11,806,666).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(13) Exploration costs

Exploration costs represent the exploration costs for the Zhu shahong and Jinjiwo mines.

	2009	2008
Opening balance	**71,880,000**	—
Additions	**115,307,500**	71,880,000
Ending balance	**187,187,500**	71,880,000

(14) Deferred tax assets/liabilities

Deferred tax assets and liabilities are measured and recognized separately without net-off.

Deferred tax assets affirmed as at 31 December 2009:

	Impairment of assets	Deductible taxable loss	Accrued expenses	Deferred Revenue	Fair value loss arising from derivative financial contracts	Unrealized profits	Others	Total
At beginning of the year	164,630,320	63,423	38,457,354	4,750,000	81,949,781	—	413,465	290,264,343
Charge to income statements	(116,346,906)	7,838,667	28,176,444	4,578,698	(60,428,547)	9,083,346	2,601,505	(124,496,793)
Charge to equity	—	—	—	—	7,063,512	—	—	7,063,512
At end of the year	48,283,414	7,902,090	66,633,798	9,328,698	28,584,746	9,083,346	3,014,970	172,831,062

Deferred tax assets affirmed as at 31 December 2008:

	Impairment of assets	Deductible taxable loss	Accrued expenses	Deferred Revenue	Fair value loss arising from derivative financial contracts	Unrealized profits	Others	Total
At beginning of the year	27,199,929	3,311,108	50,786,407	—	—	7,518,938	3,390,202	92,206,584
Charge to income statements	137,430,391	(3,247,685)	(12,329,053)	4,750,000	81,949,781	(7,518,938)	(2,976,737)	198,057,759
At end of the year	164,630,320	68,423	38,457,354	4,750,000	81,949,781	—	413,465	290,264,343

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

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

Deferred tax liabilities affirmed as at 31 December 2009:

	Fair value gain arising from derivative financial instruments- transactions not qualified as hedges	Fair value gain from provisional price arrangement	Others	Total
At the beginning of the year	19,800	78,089,074	—	78,108,874
Charge to income statements	(19,800)	(78,089,074)	408,895	(77,699,979)
At the end of the year	—	—	408,895	408,895

Deferred tax liabilities affirmed as at 31 December 2008:

	Fair value gain arising from derivative financial instruments- transactions not qualified as hedges	Fair value gain from provisional price arrangement	Total
At the beginning of the year	5,779,260	—	5,779,260
Charge to income statements	(5,759,460)	78,089,074	72,329,614
At the end of the year	19,800	78,089,074	78,108,874

The details of temporary differences not recognized as deferred tax assets and the deductable tax loss are as follows:

	2009	2008
Deductable temporary difference:		
Impairment of assets	**185,202,571**	288,562,736
Fair value change arising from commodity forward contracts	**80,429,206**	—
Deferred Revenue	**127,865,823**	107,383,712
Accrued expenses	**14,050,352**	12,511,878
Deductable tax loss	**414,455,785**	464,292,915
	822,003,737	872,751,241

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

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

Deductable tax losses not recognized as deferred tax assets will be expired in the future years as follows:

	2009	2008
2011	**57,321,595**	66,145,785
2012	**58,843,376**	95,234,387
2013	**271,607,102**	302,912,743
2014	**26,683,712**	—
	414,455,785	464,292,915

Temporary differences and the deductable tax loss recognized as deferred tax assets are as follows:

	2009	2008
Deductable temporary difference:		
Impairment of assets	**194,604,140**	678,974,550
Accrued expenses	**266,916,601**	157,346,578
Deferred Revenue	**37,314,793**	19,000,000
Fair value change arising from commodity forward contracts	**120,998,013**	359,309,133
Unrealized profits	**36,333,384**	—
Others	**12,059,883**	1,653,858
Deductable tax loss	**62,999,008**	253,693
	731,225,822	1,216,537,812

Temporary differences recognized as deferred tax liabilities are as follows:

	2009	2008
Deductable temporary difference:		
Fair value gain from provisional price arrangements	**—**	312,356,294
Fair value change arising from commodity forward contracts	**—**	99,000
Others	**1,635,579**	—
	1,635,579	312,455,294

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(15) Other non-current assets

	31 December 2009	31 December 2008
Long-term loans to related parties	**1,000,000**	4,000,000
Less: Non-current assets due within one year	**(1,000,000)**	(3,000,000)
	—	1,000,000

At 31 December 2009, loans to related parties amounting to RMB 1,000,000 were provided by Financial Company, a subsidiary of the Group, and will be repaid at 5 January 2010 at an interest rate 6.30% (31 December 2008:6.30%). More details are given at Note 7 (7) "Related Party Relationship and Transaction".

(16) Provision for impairment of assets

2009

				Reduction		
	Opening blance	Addition	Transferred in	Reversed	Realization	Ending balance
Provision for accounts receivable	176,798,952	11,576,554	—	(20,407,203)	(6,477,106)	161,491,197
Provision for other receivables	26,156,044	4,125,787	—	(91,485)	(1,290,156)	28,900,190
Inventory provision	628,512,799	10,694,737	—	(870,044)	(581,610,811)	56,726,681
Impairments of available -for-sale investments	5,610,000	—	—	—	—	5,610,000
Impairments of fixed assets	101,069,491	104,157,234	—	—	(92,998,598)	112,228,127
Impairments of intangible assets	25,079,833	—	—	—	(25,079,833)	—
Impairments of long-term	—	—	14,850,516	—	—	14,850,516
	963,227,119	130,554,312	14,850,516	(21,368,732)	(707,456,504)	379,806,711

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(16) Provision for Impairment of assets *(continued)*

2008

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

(17) Short-term borrowings

	31 December 2009	31 December 2008
Bank borrowings Including:		
Mortgaged borrowings *(i)*	**1,471,338,106**	1,821,630,773
Pledged borrowings *(ii)*	**176,500,000**	126,500,000
Credit borrowings	**883,104,443**	1,014,490,400
	2,530,942,549	2,962,621,173

The borrowings carry annual interest rates ranging from 0.73% to 7.56%. (2008: 4.37% to 9.71%).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(17) Short-term borrowings *(continued)*

(i) Mortgaged borrowings including

Mortgaged borrowings amounting to RMB 12,140,090 were secured by the discounted unmatured commercial and bank notes with carrying value of RMB 12,140,090 (31 December 2008: RMB 1,821,630,773).

Time deposits amounting to RMB 1,448,402,100 were pledged to secure current bank borrowings amounting to USD 213,610,778 being equivalent to RMB 1,459,198,016 (2008: Nil).

(ii) Pledged borrowings including

Pledged borrowings amounting to RMB 68,500,000 was secured by machinery with an original cost of RMB 96,473,478 and a carrying value of RMB 53,576,933, buildings with an original cost of RMB 88,669,522 and a carrying value of RMB 61,175,688 and land use rights with an original cost of RMB 3,431,069 and a carrying value of RMB 2,728,917.

Pledged borrowings amounting to RMB 108,000,000 were secured by inventories with a carrying value of RMB 225,493,530.

As at 31 December 2009, there was no balance of unsettled matured short-term borrowings.

(18) Notes payable

	31 December 2009	31 December 2008
Bank accepted bills payable	**1,846,646,670**	86,217,573
Commercial accepted bills payable	**100,000,000**	—
	1,946,646,670	86,217,573

The above notes payable will be due in 2010.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(19) Accounts payable

The balance of accounts payable mainly represents the amount regarding to the unsettled procurement of raw materials. It was free of interest and expected to be settled within 60 days.

As at 31 December 2009, the Group's balance due to shareholder who holds more than 5% shares of the Company was RMB 2,757,506 (31 December 2008: RMB 3,916,005). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2009, the Group has no material balance of accounts payable aged over one year.

(20) Advance from customers

The balance represents advances from customer for sales of goods.

As at 31 December 2009, the Group's balance due to shareholder who holds more than 5% shares of the Company was RMB 196,700 (31 December 2008: Nil).

As at 31 December 2009, the Group has no material balance of advance from customers aged over one year.

(21) Employee benefits payable

2009

	Opening balance	Addition	Deduction	Ending balance
Payroll, bonus and allowance	169,858,456	924,743,277	(813,634,780)	280,966,953
Social insurance	41,568,399	199,660,782	(193,141,240)	48,087,941
Including:				
Pension insurance	37,705,769	166,216,030	(161,029,114)	42,892,685
Medical insurance	1,014,181	17,271,388	(18,324,863)	(39,294)
Unemployment insurance	2,856,007	9,797,587	(7,422,472)	5,231,122
Accident insurance	(9,807)	6,368,581	(6,357,765)	1,009
Maternity insurance	2,249	7,196	(7,026)	2,419
Housing fund	4,512,262	92,420,150	(85,827,742)	11,104,670
Labor union fee and employee education fee	11,954,731	31,788,196	(26,343,869)	17,399,058
Staff welfare	7,811,223	155,200,911	(157,997,829)	5,014,305
Others	423,860	22,376,724	(22,637,705)	162,879
	236,128,931	1,426,190,040	(1,299,583,165)	362,735,806

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(21) Employee benefits payable *(continued)*

2008

	Opening balance	Addition	Deduction	Ending balance
Payroll, bonus and allowance	202,910,044	887,522,497	(920,574,085)	169,858,456
Social insurance	45,244,950	195,111,258	(198,787,809)	41,568,399
Including:				
Pension insurance	41,040,686	162,411,079	(165,745,996)	37,705,769
Medical insurance	1,103,881	16,886,879	(16,976,579)	1,014,181
Unemployment insurance	3,108,609	9,579,466	(9,832,068)	2,856,007
Accident insurance	(10,674)	6,226,799	(6,225,932)	(9,807)
Maternity insurance	2,448	7,035	(7,234)	2,249
Housing fund	4,540,606	35,812,036	(35,840,380)	4,512,262
Labor union fee and employment education fee	13,703,264	29,172,837	(30,921,370)	11,954,731
Staff welfare	4,252,815	133,071,165	(129,512,757)	7,811,223
Others	198,761	5,849,272	(5,624,173)	423,860
	270,850,440	1,286,539,065	(1,321,260,574)	236,128,931

As at 31 December 2009, there was no balance with the nature of arrears.

There was no expenditure occurred in both 2009 and 2008 with the nature of monetary staff welfare or compensation for employment termination. All the payrolls unpaid were expected to be settled in January or February 2010.

(22) Taxes payable

	31 December 2009	31 December 2008
Corporate income tax	**473,417,392**	276,184,022
VAT	**(383,142,638)**	(266,185,295)
Mineral resource compensation charge	**81,065,310**	47,817,967
Resource tax	**17,722,137**	44,641,133
Business tax	**3,814,083**	5,544,451
Individual income tax	**1,817,347**	9,848,512
Others	**43,860,628**	22,810,135
	238,554,259	140,660,925

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(23) Other payables

	31 December 2009	31 December 2008
Payable to JCC regarding to the acquisition of assets	**—**	521,309,300
Other amount paid on behalf of the Group by JCC	**297,112,785**	20,111,752
Paid on behalf of the Group by Subsidiaries of JCC	**34,587,823**	64,378,783
Retention for contract	**153,415,719**	160,755,387
Miscellaneous construction fee	**214,095,535**	210,255,633
Miscellaneous maintenance fee	**15,504,738**	11,856,719
Service charges	**7,346,058**	4,849,748
Others	**57,950,568**	58,308,358
	780,013,226	1,051,825,680

As at 31 December 2009, the Group's balance of other payables due to shareholder who holds more than 5% of the Company was RMB 297,112,785 (31 December 2008: RMB 541,421,052). More details are given in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2009, the Group had no material balance of other payables aged over one year.

(24) Non-current liabilities due within one year

	31 December 2009	31 December 2008
Long term borrowings *(Note 5 (26))*	**—**	354,058,920
Long term payables *(Note 5 (28))*	**3,009,689**	31,167,136
	3,009,689	385,226,056

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(25) Other current liabilities

	31 December 2009	31 December 2008
Short term deposits of related parties *(i)*	**697,423,979**	970,337,336
Liabilities due from financial assets sold for repurchase *(ii)*	**51,676,815**	—
Under hedge accounting *(iii)*		
Cash flow hedge (a)		
— Commodity derivative contracts	**45,027,116**	—
Fair value hedge (a)		
— Commodity derivative contracts	**67,443,664**	—
— Provisional price arrangement	**219,828,041**	—
Not under hedge accounting (b)		
— Commodity derivative contracts	**88,956,439**	359,309,133
— Provisional price arrangement	**12,603,420**	—
	1,182,959,474	1,329,646,469

(i) The amount represents the related parties' demand deposit and saving deposit less than six month in the Finance Company, whose range of the interest rates was 0.36% to 1.17% per annum (2008: 0.36% to 1.17%).

(ii) During 2009, Finance Company, a subsidiary of the Group, entered into agreements with certain banks to sell bank acceptance notes of RMB 52,000,000 to them, and undertook to repurchase all the bank acceptance notes unconditionally. The repurchase interest rates ranged from 2.19% to 2.21%. As at December 2009, the amount of the unrealized interest expense was RMB 323,185. Since such transfer does not qualify for derecognition of assets, the amount was accounted for other current liabilities.

5. Notes to Consolidated Financial Statements *(continued)*

(25) Other current liabilities *(continued)*

(iii) Commodity derivative contracts utilized by the Group are standardized copper cathode future contracts in SHFE and LME.

(a) *Under hedge accounting*

For the purpose of hedge accounting, hedges of the Group are classified as:

Cash flow hedge

The Group utilizes standardized copper cathode future contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper cathodes. As at 31 December 2009, the expected delivery period of the forecasted sales for copper related products was from January to March 2010.

Fair value hedge

The Group utilizes standardized copper cathode future contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with fair value changes in inventories and unrecognized firm commitments to sell copper rods.

Since 1 July 2009, at the inception of above hedge relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective according to effectiveness test. More details are given in Note 5 (41, 42 and 47).

(b) *Not under hedge accounting*

From 1 January 2009 to 30 June 2009 and in year 2008, in the inception of such transaction, the Group did not formally designate them as hedges. Therefore, such transactions are not qualified to hedge accounting.

Furthermore, in year 2009, the Group utilizes standardized copper cathode future contracts to manage the risk of forecasted purchases of copper cathode and copper concentrate, and forecast sales of copper wires and rods. These arrangements are designated to address significant fluctuations in the prices of copper concentrate, copper cathode, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode. However, this arrangement is not considered as an effective hedge and is not accounted for under hedge accounting. Further details are given in Note 5 (41, 42).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(26) Long-term borrowings

		31 December 2009	
		Original Currency	**Equivalent** *RMB*
Credit borrowings			
	RMB		19,250,000
	JPY	1,256,028,000	92,672,258
Less: Amount due within one year			—
			111,922,258

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

As at 31 December 2009, the bank borrowings carried interest rates were ranging from 0.36% to 3.3463% per annum (2008: 0.36% to 7.74%).

(i) As at 31 December 2009, the guaranteed borrowings are guaranteed by JCC and have been fully settled by the end of 2009.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(26) Long-term borrowings *(continued)*

As at 31 December 2009, there was no unsettled long-term borrowing which was due.

As at 31 December 2009, the top five creditors were as bellow:

	Starting date	Ending date	Currency	Annual interest rate	Balance Original Currency	Balance RMB
First	2009.11	2012.11	JPY	3.3188%	1,101,868,000	81,298,025
Second	2007.12	2022.12	RMB	one year deposit rate	Not applicable	19,250,000
Third	2009.10	2012.10	JPY	3.3313%	92,496,000	6,824,540
Fourth	2009.09	2012.09	JPY	3.3463%	61,664,000	4,549,693
						111,922,258

(27) Bond Payable

	1 January 2009	Addition	Deduction	31 December 2009
08JCC Bond(126018)	4,747,884,213	285,108,440	(85,000,000)	4,947,992,653

As at 31 December 2009,the balance of bond payable was as follows:

	Period	Issuance date	Nominal value of bonds with warrants issued during the year	Liability component at the issuance date	Beginning balance of interest adjustment	Interest adjustment	Interest paid and accrual	Accumulated interest adjustment	Ending balance
08JCC Bond (126018)	8 years	22 September 2008	6,800,000,000	4,677,412,723	70,471,490	285,108,440	(85,000,000)	270,579,930	4,947,992,653
	Less: Bond Payable due in 1 year								–
									4,964,992,653

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(27) Bond Payable *(continued)*

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. 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 no later than five trading days prior to the maturity date, that is, from 4 October 2010 to 9 October 2010. The initial exercise price of warrants comprising a conversion right to one A Share of the Company is RMB15.44, and the proportion of conversion of the warrants is 4:1, i.e., four warrants represent the conversion right 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 the 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.

(28) Long-term payables

	Term	31 December 2009	31 December 2008
Mining rights payable			
— Dexing and Yongping Mining *(i)*	30 years	**17,496,820**	17,979,052
— Fujiawu Minging *(ii)*	6 years	**1,000,000**	29,297,136
Less: Amount due within one year *(Note 5(24))*		**(3,009,689)**	(31,167,136)
		15,487,131	16,109,052

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(28) Long-term payables *(continued)*

(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 RMB 1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term borrowing up to a maximum of 15% on annual installment starting from 1 January 1998. The interest paid in 2009 was RMB 99,297 (2008: RMB 99,297) and interest rate announced by the state during the year was 5.31% (2008: 5.31%).

(ii) The amount represents the balance due to the National Land Management Authority as the consideration for the mining rights obtained for Fujiawu Project. The amount is repayable in six annual installments of RMB 10,000,000 each, and this long term payable is interest-free.

As at the 31 December 2009, the top five creditors were as below:

	Duration	**Amount**	**Annual Rate** *(%)*	**Balance**
First	1998.12-2027.12	56,191,000	One year borrowing rate	17,496,820
Second	2004.12-2009.12	71,052,500	Not applicable	1,000,000

(29) Provision

	2009	2008
At beginning of the year	**107,001,601**	48,224,000
Addition during the year	**—**	55,360,584
Interest accrued during the year	**6,042,907**	3,417,017
At end of the year	**113,044,508**	107,001,601

Provision represents the environment rehabilitation costs, as there is an obligation for the Group in future for the environmental costs, and there is probable outflow of economic benefits as the results of this obligation. The amount recognized 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)

5. Notes to Consolidated Financial Statements *(continued)*

(30) Other non-current liabilities

Other non-current liabilities represent the deferred revenue derived from government grant received in respect of purchase and construction of property, plant and equipment. The movement during the year is as follows:

	2009	2008
At beginning of the year	**126,383,712**	115,536,946
Addition during the year	**49,348,585**	19,945,195
Recognized as income during the year	**(10,551,681)**	(9,098,429)
At end of the year	**165,180,616**	126,383,712

As at 31 December 2009, all the deferred revenue was granted by the government for the purpose of purchase and construction of property, plant and equipment.

(31) Share capital

Paid-in capital of the Company is RMB 3,022,833,727 as at 31 December 2009. The face value of the shares was RMB 1.00 each. The types and configuration of the share are as follow:

2009

	Opening		Increase/(decrease)				Ending	
	No. of shares	%	Issue shares	Donated shares	Others	Subtotal	No. of shares	%
1. Listed shares with restricted trading conditions								
(1) State owned	–	–	–	–	–	–	–	–
(2) State legal persons owned	1,282,074,893	42.41	–	–	–	–	1,282,074,893	42.41
(3) Domestic owned	–	–	–	–	–	–	–	–
Including: Domestic legal person owned	–	–	–	–	–	–	–	–
Domestic person owed	–	–	–	–	–	–	–	–
Listed shares with restricted trading conditions	1,282,074,893	42.41	–	–	–	–	1,282,074,893	42.41

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(31) Share capital *(continued)*

2009 *(continued)*

	Opening		Increase/(decrease)				Ending	
	No. of shares	%	Issue shares	Donated shares	Others	Subtotal	No. of shares	%
2. Listed shares without restricted trading conditions								
(1) A shares	353,276,834	11.69	–	–	–	–	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	1,740,758,834	57.59	–	–	–	–	1,740,758,834	57.59
3. Total of share capital	3,022,833,727	100.00	–	–	–	–	3,022,833,727	100.00

2008

	Beginning		Increase/(decrease)				Ending	
	No. of shares	%	Issue shares	Donated shares	Others	Subtotal	No. of shares	%
1. Listed shares with restricted trading condition								
(1) State owned	–	–	–	–	–	–	–	–
(2) State legal persons owned	1,282,074,893	42.41	–	–	–	–	1,282,074,893	42.41
(3) Domestic 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 owed	–	–	–	–	–	–	–	–
Listed shares with restricted trading conditions	1,352,830,941	44.75	–	–	(70,756,048)	(70,756,048)	1,282,074,893	42.41

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(31) Share capital *(continued)*

2008 *(continued)*

	Beginning		Increase/(decrease)				Ending	
	No. of shares	%	Issued shares	Donated shares	Others	Subtotal	No. of shares	%
2. 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
3. Total of share capital	3,022,833,727	100.00	–	–	–	–	3,022,833,727	100.00

Pursuant to the sanction document of ZhengJianFaXingZi [2007] No. 278 issued by the CSRC, the Company issued 127,795,527 A shares of RMB 1 per share in September 2007. JCC undertakes that the new shares which amounted to 57,039,479, received by them in this issue will be subject to trading moratorium for a period of 36 months. The shares of JCC subject to trading moratorium are expected to be listed on 27 September (defer to the next trading day in the case of a non-trading date).

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(32) Capital reserve

The movements in capital reserves for the year 2009 are as below:

	1 January 2009	**Additions/ (deduction)**	**31 December 2009**
Share premium	3,346,225,134	—	3,346,225,134
Other capital reserves			
— Transfer from the bonds with detachable warrants	2,008,917,277	—	2,008,917,277
— Change in fair value of commodity derivative contracts	—	(36,667,833)	(36,667,833)
— Other reserves	113,063	—	113,063
	2,009,030,340	(36,667,833)	1,972,362,507
	5,355,255,474	(36,667,833)	5,318,587,641

The movements in capital reserves for the year 2008 are as below:

	1 January 2008	Addition/ (deduction)	31 December 2008
Share premium	5,340,999,555	(1,994,774,421)	3,346,225,134
Other capital reserves			
— Transfer from the bonds with detachable warrants	—	2,008,917,277	2,008,917,277
— Change in fair value of commodity derivative contracts	22,596,559	(22,596,559)	—
— Other Reserves	113,063	—	113,063
	22,709,622	1,986,320,718	2,009,030,340
	5,363,709,177	(8,453,703)	5,355,255,474

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(33) Special surplus reserve

	2009	2008
Opening	**124,748,940**	28,421,362
Accrued for the year	**159,570,063**	159,055,810
Realized for the year	**(125,598,066)**	(62,728,232)
Ending	**158,720,937**	124,748,940

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 "Safety Fund" to improve the production safety. The Group should accrue the Safety Fund from the year 2007. The accrual standard rates are RMB4 per ton for the mine above the ground and RMB8 per ton for the mine under the ground. As for the high risk enterprises, the fund is accrued according to the sales and in a progressive way monthly.

(34) Surplus reserve

The movements in surplus reserves for the year 2009 ended are as below:

	Statutory Surplus reserve	**Discretionary surplus reserve**	**Total**
1 January 2009	1,990,900,531	4,061,487,564	6,052,388,095
Additions	225,263,703	675,791,109	901,054,812
31 December 2009	2,216,164,234	4,737,278,673	6,953,442,907

The movements in surplus reserves for the year 2008 ended are as below:

	Statutory Surplus reserve	**Discretionary surplus reserve**	**Total**
1 January 2008	1,794,801,304	3,473,189,883	5,267,991,187
Additions	196,099,227	588,297,681	784,396,908
31 December 2008	1,990,900,531	4,061,487,564	6,052,388,095

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(34) Surplus reserves *(continued)*

Pursuant to Company Law of the PRC and the Company's Article of Association, the Company is required to appropriate 10% of its profit after tax to the statutory surplus reserve. The appropriation may cease 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 the statutory surplus reserve.

(35) Retained earnings

	2009	2008
At beginning of the year	**6,242,872,933**	5,865,559,622
Add: Net profit	**2,349,254,043**	2,285,100,597
Profits available for appropriation	**8,592,126,976**	8,150,660,219
Less: Appropriations to the statutory surplus reserve	**225,263,703**	196,099,227
Appropriations to the discretionary surplus reserve	**675,791,109**	588,297,681
Appropriations special surplus reserves	**—**	159,055,810
Appropriations to the employee bonus and welfare fund	**569,845**	1,249,180
Add: Utilization of the Special surplus reserve	**—**	62,728,232
Profits available for appropriation to shareholders	**7,690,502,319**	7,268,686,553
Less: Cash dividend approved at the Annual General Meeting of last year	**241,826,698**	906,850,118
Dividends paid by acquirees of business combination under common control before the acquisition date	**—**	118,963,502
Retained earnings at the end of the year	**7,448,675,621**	6,242,872,933
Including: Cash dividends proposed after the balance sheet date	**302,283,373**	241,826,698

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(35) Retained earnings *(continued)*

On 6 June 2009, a dividend of RMB0.08 per share (tax inclusive) on 3,022,833,727 shares, in aggregate amounting to approximately RMB 241,826,698, was declared to the shareholders as the final dividend for the year 2008.

The Board suggests a final dividend of RMB 0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate amounting to approximately RMB 302,283,373 for the year 2009. The dividend should be approved by the Annual General Meeting of the year 2009.

(36) Minority interests

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

	2009	2008
Kangtong	**80,796,329**	81,738,158
Finance Company	**76,445,899**	68,725,074
Longchang Copper Pipe	**61,433,125**	50,217,054
Wengfu	**43,666,290**	57,938,211
Yates	**36,097,440**	28,094,606
Sure Spread	**29,551,925**	28,152,602
Taiyi	**19,577,708**	37,004,675
Dongxiang Alloy	**8,795,305**	8,438,397
Redian	**2,524,736**	990,746
Copper Products	**2,329,884**	2,317,326
Fengye	**—**	2,188,295
Xiaoshan Tongda	**—**	826,507
	361,218,641	366,631,651

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(37) Revenue and costs of sales

Revenue:

	2009	2008
Revenue from principal operations	**51,320,380,243**	53,594,476,347
Other operating income	**394,267,527**	377,956,525
	51,714,647,770	53,972,432,872

Cost of sales:

	2009	2008
Cost of principal operations	**45,829,693,901**	46,810,179,321
Cost of other operations	**318,667,259**	355,847,060
	46,148,361,160	47,166,026,381

Revenue from principal operations analysed by product:

	2009		2008	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**27,050,162,387**	**24,977,054,683**	23,602,216,757	22,279,756,924
Copper rods and wires	**13,993,474,205**	**12,628,305,344**	17,448,299,325	16,399,129,258
Processing copper products	**3,093,414,039**	**2,968,169,089**	3,953,692,082	3,789,877,968
Gold	**4,315,177,923**	**3,054,598,181**	3,238,631,500	2,029,044,956
Silver	**1,286,448,944**	**1,151,455,357**	1,296,471,357	1,234,263,427
Chemical products	**779,622,030**	**622,092,661**	2,602,402,476	602,979,882
Rare metals	**644,557,689**	**279,568,117**	1,058,964,589	306,941,595
Others	**157,523,026**	**148,450,469**	393,798,261	168,185,311
	51,320,380,243	**45,829,693,901**	53,594,476,347	46,810,179,321

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(37) Revenue and costs of sales *(continued)*

Revenue from principal operations analysed by geographical location:

	2009		2008	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Mainland China	**47,167,898,344**	**42,366,877,554**	52,345,901,333	45,710,324,294
Hong Kong	**3,990,795,503**	**3,278,570,907**	879,913,578	774,921,051
Taiwan	**155,218,826**	**180,518,120**	247,387,955	229,510,861
Australia	**—**	**—**	68,842,960	55,167,643
Thailand	**—**	**—**	15,793,391	12,656,111
Others	**6,467,570**	**3,727,320**	36,637,130	27,599,361
	51,320,380,243	**45,829,693,901**	53,594,476,347	46,810,179,321

Other operating income of the Group for both 2008 and 2009 was derived from Mainland China.

Revenue derived from the top five customers for the year 2009 was as follows:

	Amount	**%**
First	**4,293,500,004**	**8.30**
Second	**2,380,582,867**	**4.60**
Third	**1,154,906,579**	**2.23**
Fourth	**1,074,825,423**	**2.08**
Fifth	**924,856,335**	**1.79**
	9,828,671,208	**19.00**

Revenue derived from the top five customers for the year 2008 was as follows:

	Amount	%
First	2,178,379,416	4.04
Second	1,952,542,299	3.62
Third	1,483,841,396	2.75
Fourth	1,128,678,950	2.09
Fifth	938,910,105	1.74
	7,682,352,166	14.24

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(37) Revenue and costs of sales *(continued)*

Revenue was as follows:

	2009	2008
Sale of goods	**51,276,116,930**	53,560,527,760
Sales of service income	**419,256,474**	392,214,201
Others	**19,274,366**	19,690,911
	51,714,647,770	53,972,432,872

(38) Taxes and surcharges

	2009	2008
Resources tax	**254,519,540**	238,158,334
Business tax	**15,865,203**	22,765,844
Cities construction tax and education supplementary tax	**12,806,694**	16,557,112
Others	**833,093**	1,515,176
	284,024,530	278,996,466

Please refer to Note 3 "taxation" for relaxed accounting standards.

(39) Financial expenses

	2009	2008
Interest expense	**45,236,989**	404,905,800
Interest expense of bond with Warrants *(Note 5 (27))*	**285,108,440**	70,471,490
Interest arising from discounting notes	**30,868,824**	67,492,975
Interest income	**(38,437,293)**	(52,418,269)
Foreign exchange losses/(gains)	**5,864,543**	(125,281,477)
Interest expenses of provisions *(Note 5 (29))*	**6,042,907**	3,417,017
Others	**32,530,269**	18,239,848
	367,214,679	386,827,384

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(40) Provision for impairment of assets

	2009	2008
Bad debt provision	**(4,796,347)**	41,215,526
Inventory provision	**9,824,693**	579,631,394
Impairment provision of fixed assets	**104,157,234**	92,461,775
Impairment provision of intangible assets	**—**	25,079,833
	109,185,580	738,388,528

(41) Loss from changes in fair value

	2009	2008
Unsettled provisional price arrangements		
— Ineffective part of fair value hedge *(i)*	**(4,264,406)**	—
— Not under hedge accounting	**(324,959,714)**	312,356,294
Unsettled commodity derivative contracts		
— Ineffective part of cash flow hedge	**(1,295,771)**	—
— Ineffective part of fair value hedge *(i)*	**(2,250,793)**	—
— Not under hedge accounting	**270,253,694**	(391,317,133)
	(62,516,990)	(78,960,839)

(i) Fair value hedge

	(Loss)/ gain from changes in fair value of hedge instruments	**(Loss)/ gain from changes in fair value of hedged items**	**Total**
— Unsettled provisional price arrangement	(219,828,041)	215,563,635	(4,264,406)
— Unsettled commodity derivative contracts	(67,443,664)	65,192,871	(2,250,793)

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(42) Investment Loss

	2009	2008
Loss from commodity derivative contracts not qualified for hedge accounting	**(219,466,986)**	(972,176,624)
Loss of ineffective part of fair value hedge *(i)*	**(7,257,331)**	—
Loss of ineffective part of cash flow hedge	**(451,126)**	—
Share of losses of a jointly controlled entity and associates	**(78,579,419)**	(22,144,859)
Dividends declared from the investees under the cost method	**6,040,000**	5,259,417
Gain from disposal or liquidation of subsidiaries	**29,240,655**	84,448
Invest income from bank finance products	**11,163,886**	—
Invest income from held for-trading financial assets	**4,094,572**	—
	(255,215,749)	(988,977,618)

(i) Fair value hedge - settled derivative contracts:

	(Loss)/gain of changes in fair value of hedge instruments	**(Loss)/gain of changes in fair value of hedged items**	**Total**
Type of hedged items:			
— Inventory	(232,796,419)	224,749,993	(8,046,426)
— Firm commitment	29,314,336	(28,525,241)	789,095
	(203,482,083)	196,224,752	(7,257,331)

(43) Non-operating gains

	2009	2008
Net gain on disposal of fixed assets	**1,808,028**	2,419,751
VAT refund	**49,068,042**	13,152,971
Subsidy for import of copper concentrate	**28,219,141**	—
Amortization of deferred revenue *(Note 5 (30))*	**10,551,681**	9,098,429
Others	**7,000,627**	6,032,515
	96,647,519	30,703,666

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(44) Non-operating expenses

	2009	2008
Donations	**512,445**	12,053,848
Net losses on disposal of fixed assets	**6,209,173**	13,123,129
Penalty	**7,642,667**	1,396,672
Compensation charges for accident	**9,976,754**	—
Others	**5,071,586**	9,523,703
	29,412,625	36,097,352

(45) Income tax

	2009	2008
Current income tax	**782,720,356**	926,262,915
Deferred income tax	**46,796,814**	(125,728,145)
	829,517,170	800,534,770

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

	2009	2008
Profit before tax	**3,176,148,524**	2,998,050,326
Tax at the statutory income tax rate (25%)	**794,037,131**	749,512,582
Influence on different tax rates for the subsidiaries	**(33,074,079)**	(10,745,041)
Reduction of income tax in respect of the tax benefits	**—**	(10,187,265)
Profits and losses attributable to a jointly controlled entity and associates	**19,644,855**	5,536,215
Tax loss not recognized	**12,683,639**	38,283,872
Tax losses utilized from previous periods	**(14,077,729)**	—
Adjustment in respect of current tax of previous periods	**22,702,541**	—
Expenses not deductible for tax year	**28,861,538**	29,119,630
Deferred tax assets not recognized in previous years	**(1,260,726)**	(985,223)
Income tax expense at the Group's effective rate	**829,517,170**	800,534,770

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(46) Earnings per share

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2009	2008
Earnings:		
Profit attributable to ordinary shareholders of the parent	**2,349,254,043**	2,285,100,597
Shares:		
Weighted average number of ordinary shares	**3,022,833,727**	3,022,833,727
Effect of dilution - weighted average number of ordinary shares: warrants attached to bonds *(Note 5 (27))*	**222,547,534**	—
Weighted average number of ordinary shares adjusted	**3,245,381,261**	3,022,833,727
Basic earnings per share	**0.78**	0.76
Diluted earnings per share	**0.72**	0.76

In year 2008, no dilute impact on earnings per share has been taken into consideration, since during the period from issuance of the bonds with warrants to 31 December 2008, the average quoted market price of ordinary shares was lower than the exercise price of the warrants.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(47) Other comprehensive loss

	2009	2008
Loss from the cash flow hedge instruments	**(52,222,259)**	—
Less: Reclassification into the income statement	**8,490,914**	(30,128,745)
Income tax effect	**7,063,512**	7,532,186
	(36,667,833)	(22,596,559)
Exchange fluctuation reserve	**(42,666,057)**	(43,378,870)
	(79,333,890)	(65,975,429)

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

	2009	2008
Cashes received relating to other operating activities:		
Interest income	**38,410,716**	52,318,931
Non-operating income	**35,219,768**	6,032,514
Others	**—**	84,448
	73,630,484	58,435,893

	2009	2008
Cashes paid relating to other operating activities:		
Selling expenses and administrative expenses	**846,941,836**	891,359,914
Net loss from the settlement of commodity derivative contracts	**255,155,394**	148,909,064
Deposit for commodity derivative contracts	**227,175,443**	972,176,624
Non-operating expense	**13,226,698**	22,974,223
Others	**32,309,641**	18,239,848
	1,374,809,012	2,053,659,673

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

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

	2009	2008
Cash paid relating to other financing activities:		
Increase of pledged RMB deposits to obtain USD bank borrowings	**1,448,402,100**	—
Others	**734,648**	—
	1,449,136,748	—

(49) Supplementary information on cash flow

(1) Reconciliation of net profit to cash flow from operating activities

	2009	2008
Net profit for the year	**2,346,631,354**	2,197,515,556
Add: Provision for impairment of assets	**109,185,580**	738,388,528
Depreciation of fixed assets	**891,896,358**	813,928,671
Amortization of intangible assets	**50,654,329**	29,092,999
Loss on disposal of fixed assets, intangible assets, and other long term assets	**4,401,145**	10,703,377
Financial expense	**342,473,507**	353,512,830
Investment losses	**28,040,306**	16,885,442
Losses on fair value change	**62,516,990**	78,960,839
Decrease/(Increase) in deferred tax assets	**117,433,281**	(198,057,759)
(Decrease)/Increase in deferred tax liabilities	**(77,699,979)**	72,329,614
Deferred revenue released to income statement	**(10,551,681)**	(9,098,429)
(Increase)/Decrease in inventories	**(4,613,743,953)**	2,235,644,773
Decrease in operating receivables	**1,040,630,127**	959,315,299
Increase/(Decrease) in operating payables	**1,430,618,885**	(1,049,704,623)
Net cash inflow from operating activities	**1,722,486,249**	6,249,417,117

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(49) Supplementary information on cash flow *(continued)*

(2) Cash and cash equivalents

	31 December 2009	31 December 2008
Cash and cash equivalents		
Including: Cash	**154,054**	250,605
Bank deposit	**1,702,472,173**	3,944,514,773
Cash and cash equivalents at end of the year	**1,702,626,227**	3,944,765,378

(50) 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 held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme to provide incentives 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 at an 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 dollars 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 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.

The stipulated lock-up period for 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 unexercised third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their Rights remained exercised as at the end of their respective terms of service where the exercise of such Rights is 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.

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements *(continued)*

(50) H Share share appreciation rights scheme *(continued)*

During the period ended 31 December 2009, no Rights granted was exercised or expired (2008: Nil). As at 31 December 2009, the expiry dates of the outstanding Rights were between 8 and 9 years.

For the period ended 31 December 2009 and as of 31 December 2009, the Group did not recognize share compensation cost and the liability related to the Rights and has not determined the value of Rights granted as the directors believe the related compensation cost is not material to the consolidated financial statements for the period ended 31 December 2009.

(51) Segment information

For management purpose, the Group has one reportable operating segment: production and sale of copper and other related products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation of performance assessment.

More details of sales categorised by product, service and location are given in Note 5 (37). All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan and Japan of which the carrying amounts are minimal. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets. No revenue amounted to 10 percent or more of the Group's revenue was derived from sales to a single customer.

6. Notes to Financial Statements of the Company

(1) Accounts receivable

The aging analysis of accounts receivable is as follows:

	31 December 2009	31 December 2008
Within 1year	**1,145,642,766**	962,499,118
1 to 2 years	**2,243,198**	3,232,173
2 to 3 years	**226,900**	150,311
Over 3 years	**124,075,937**	127,218,536
	1,272,188,801	1,093,100,138
Less: Bad debt provision	**(121,534,009)**	(145,964,202)
	1,150,654,792	947,135,936

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(1) Accounts receivable *(continued)*

	31 December 2009			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**1,145,232,088**	**90.02**	**63,616,796**	**5.55**
Others	**126,956,713**	**9.98**	**57,917,213**	**45.62**
	1,272,188,801	**100.00**	**121,534,009**	**9.55**

	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

The movements of bad debt provision on accounts receivable are as below:

	1 January 2009	Other addition	Increase	Deduction: Reversal	Deduction: Write-off	31 December 2009
2009	**145,964,202**	**888,009**	**245,638**	**(20,162,384)**	**(5,401,456)**	**121,534,009**

The amount of RMB 20,162,384 has been reversed due to the recovery of the account receivable in 2009.

The amount of RMB 5,401,456 has been realized due to the write-offs of the account receivable in 2009.

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(1) Accounts receivable *(continued)*

As at 31 December 2009, top five debtors of the Company are as bellows:

	The relationship with the Company	**Balance**	**Aging**	%
First	Third party	94,864,462	Within 1 year and over 3 years	7.46
Second	Third party	41,860,921	Within 1 year	3.29
Third	Third party	17,243,030	Within 1 year	1.36
Fourth	Third party	15,715,167	Within 1 year	1.24
Fifth	Third party	15,614,265	Within 1 year	1.23
		185,297,845		14.58

As at 31 December 2009, the Company's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB 133,528. (31 December 2008: Nil).

(2) Other receivables

The aging analysis of other receivables is as follows:

	31 December 2009	31 December 2008
Within 1year	**517,114,055**	1,161,946,711
1 to 2 years	**754,448**	9,852,888
2 to 3 years	**366,456**	582,797
Over 3 years	**21,007,906**	16,065,747
	539,242,865	1,188,448,143
Less: Bad debt provision	**(21,648,084)**	(22,414,752)
	517,594,781	1,166,033,391

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(2) Other receivables *(continued)*

The aging analysis of other receivables is as follows *(continued)*:

	31 December 2009			
	Balance	**%**	**Bad debt provision**	**%**
Individually significant	**396,577,448**	**73.54**	**—**	**—**
Others	**142,665,417**	**26.46**	**21,648,084**	**15.17**
	539,242,865	**100.00**	**21,648,084**	**4.01**

	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

The movements of bad debt provision on other receivables are as below:

	1 January 2009	**Other additions**	**Increase**	**Deduction**		**31 December 2009**
				Reversal	**Write-off**	
2009	**22,414,752**	**116,253**	**255,856**	**(39,559)**	**(1,099,218)**	**21,648,084**

The amount of RMB 39,559 has been reversed due to the recovery of the other receivables in 2009.

The amount of RMB 1,099,218 has been realized due to the write-off of the other receivables in 2009.

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(2) Other receivables *(continued)*

As at 31 December 2009, the top five of the amounts of other receivables of the Company were as below:

	The relationship with the Company	Balance	Aging	%
First	JCC's affiliate	254,388,032	Within 1 year	47.18
Second	Third party	96,049,941	Within 1 year	17.81
Third	Third party	33,635,050	Within 1 year	6.24
Fourth	Third party	11,730,978	Within 1 year	2.18
Fifth	Third party	5,381,902	Within 1 year	1.00
		401,185,903		74.41

As at 31 December 2009,the Company's balance of deposit for commodity derivative contracts was RMB 384,073,024 (31 December 2008: RMB 266,468,818).

As at 31 December 2009, no balance is due from a shareholder who holds more than 5% of the voting power of the Company (31 December 2008: Nil).

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(3) Long-term equity investments

		Investment cost				Share of net profit		Share of other equity movement rather than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Accumulated additions	Disposal and reclassifications	Opening balance	Profit/ (losses)	Opening balance	Increases/ (decreases)	Opening balance	Decreases/ reclassification	Ending balance
Cost method:												
Kangtong	80,000,000	80,000,000	–	80,000,000	–	–	–	–	–	–	–	80,000,000
Xiaoshan Tongda *(Note 4)*	600,000	600,000	–	600,000	(600,000)	–	–	–	–	–	–	–
JCPC	135,000,000	246,879,928	–	246,879,928	–	–	–	–	–	–	–	246,879,928
Diaoquan *(Note 4)*	35,000,000	35,000,000	–	35,000,000	(20,149,484)	–	–	–	–	(35,000,000)	20,149,484	–
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	330,000,000	–	330,000,000	–	–	–	–	–	–	–	330,000,000
SHJX	20,000,000	20,000,000	180,000,000	200,000,000	–	–	–	–	–	–	–	200,000,000
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
Finance company	100,000,000	241,556,270	–	241,556,270	–	–	–	–	–	–	–	241,556,270
Dexing Construction	45,750,547	45,750,547	–	45,750,547	–	–	–	–	–	–	–	45,750,547
Dexing Material Recycling *(Note 4)*	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*(Note 4)*	3,589,877	3,589,877	–	3,589,877	(3,589,877)	–	–	–	–	–	–	–
Qianshan Trading*(Note 4)*	20,141,795	20,141,795	–	20,141,795	(20,141,795)	–	–	–	–	–	–	–
Qianshan Mining Project *(Note 4)*	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*(Note 4)*	117,023,358	117,023,358	–	117,023,358	(117,023,358)	–	–	–	–	–	–	–
Dexing Mining*(Note 4)*	156,171,856	156,171,856	–	156,171,856	(156,171,856)	–	–	–	–	–	–	–
Dexing Recycling*(Note 4)*	19,000,296	19,000,296	–	19,000,296	(19,000,296)	–	–	–	–	–	–	–
Dongtong Mining	125,025,474	125,025,474	34,019,052	159,044,526	–	–	–	–	–	–	–	159,044,526
Ruichang Manufacturing	3,223,379	–	3,223,379	3,223,379	–	–	–	–	–	–	–	3,223,379
Guixi Material *(Note 4)*	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
Longchang Copper Pipe	174,957,359	174,957,359	–	174,957,359	–	–	–	–	–	–	–	174,957,359

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(3) Long-term equity investments *(continued)*

		Investment cost				Share of net profit		Share of other equity movement rather than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Accumulated additions	Disposal and reclassifications	Opening balance	Profit/ (losses)	Opening balance	Increases/ (decreases)	Opening balance	Decreases/ reclassification	Ending balance
Cost method: *(continued)*												
Yates	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
Qianshan Concentration	14,456,365	—	14,456,365	14,456,365	—	—	—	—	—	—	—	14,456,365
Dexing Alloy	60,404,274	—	60,404,274	60,404,274	—	—	—	—	—	—	—	60,404,274
Redian	40,000,000	—	40,000,000	40,000,000	—	—	—	—	—	—	—	40,000,000
Equity method:												
Jiangxi Copper Minmetals	460,000,000	460,000,000	—	460,000,000	—	(5,079,722)	(52,326,029)	(39,761,078)	(42,464,848)	—	—	320,368,323
MCC-JCL	58,134,560	58,134,560	—	58,134,560	—	(1,272,703)	—	191,556	(53,427)	—	—	56,999,986
Qing Yuan	36,000,000	36,000,000	—	36,000,000	—	(6,595,577)	(29,404,423)	—	—	—	—	—
Jiangtong Bioteq	14,100,000	14,100,000	—	14,100,000	—	2,686,236	2,151,033	—	—	—	—	18,937,269
Jiangxi Fortune	480,000	480,000	—	480,000	(480,000)	414,391	(414,391)	—	—	—	—	—
Copper Recycling	1,000,000	—	1,000,000	1,000,000	—	—	(1,000,000)	—	—	—	—	—
Fengye	1,563,069	—	1,563,069	1,563,069	—	—	—	—	—	—	—	1,563,069
Total		4,179,370,431	334,666,139	4,514,036,570	(644,436,558)	(9,847,375)	(80,993,810)	(39,569,522)	(42,518,275)	(35,000,000)	20,149,484	3,681,820,514

(4) Revenue and cost of sales

Revenue:

	2009	2008
Revenue from principal operations	**38,750,721,767**	46,550,843,533
Other operating income	**289,984,817**	197,695,699
	39,040,706,584	46,748,539,232

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(4) Revenue and cost of sales *(continued)*

Cost of sales:

	2009	2008
Cost of principal operations	**34,090,509,219**	41,415,187,482
Cost of other operating	**328,647,907**	277,492,256
	34,419,157,126	41,692,679,738

Principal operations analysed by product:

	2009		2008	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**19,336,343,362**	**17,488,847,016**	21,295,904,311	20,111,988,988
Copper rods and wires	**12,549,266,336**	**11,521,141,940**	17,291,427,521	16,639,779,506
Gold	**4,315,177,923**	**3,054,598,181**	3,238,631,500	2,029,044,956
Silver	**1,169,144,806**	**1,035,665,255**	1,280,334,024	1,219,594,340
Chemical products	**729,080,898**	**647,071,606**	2,750,387,310	895,421,001
Rare metals	**455,280,237**	**172,213,601**	322,149,581	173,753,711
Others	**196,428,205**	**170,971,620**	372,009,286	345,604,980
	38,750,721,767	**34,090,509,219**	46,550,843,533	41,415,187,482

Principal operations analysed by location:

	2009		2008	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Mainland China	**37,912,391,812**	**33,311,425,749**	45,719,640,360	40,667,567,968
Hong Kong	**831,862,385**	**775,356,150**	825,925,927	744,589,514
Other	**6,467,570**	**3,727,320**	5,277,246	3,030,000
	38,750,721,767	**34,090,509,219**	46,550,843,533	41,415,187,482

The Company's other operating incomes in 2009 and 2008 were all generated in Mainland China.

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(4) Revenue and cost of sales *(continued)*

Top five customers for the year 2009:

	Revenue	%
First	1,849,896,490	4.74
Second	1,739,959,066	4.46
Third	1,074,825,423	2.75
Fourth	509,628,803	1.31
Fifth	500,233,042	1.28
	5,674,542,824	14.54

Top five customers for the year 2008:

	Revenue	%
First	1,952,542,299	4.18
Second	1,483,841,396	3.17
Third	1,128,678,950	2.41
Fourth	866,663,931	1.85
Fifth	833,369,149	1.78
	6,265,095,725	13.39

Revenue is as follows:

	2009	2008
Sales of goods	**38,750,721,767**	46,550,843,533
Sales of services income	**270,710,452**	178,004,788
Others	**19,274,365**	19,690,911
	39,040,706,584	46,748,539,232

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(5) Investment income/(loss)

	2009	2008
Loss from commodity derivative contracts not qualified for hedge accounting	**(185,251,701)**	(681,602,758)
Ineffective portion of fair value hedge	**(8,046,427)**	—
Ineffective portion of cash flow hedge	**(441,231)**	—
Share of loss of a jointly-controlled entity and associates	**(79,579,419)**	(22,144,860)
Dividends declared from the investee under cost method	**336,234,333**	33,714,800
Gains from liquidation disposal of subsidiaries	**62,502,416**	84,448
Dividends declared from available-for-sales financial assets	**5,880,000**	—
	131,297,971	(669,948,370)

(6) Supplementary information on cash flow

Reconciliation of net profit to cash flow from operating activities:

	2009	2008
Net profit	**2,252,637,029**	1,960,992,271
Add: Provision for impairment of assets	**73,785,024**	500,184,096
Depreciation for fixed assets	**705,978,798**	618,018,558
Amortization of intangible assets	**49,276,717**	26,287,907
Loss of disposing fixed assets, intangible assets and other long-term assets	**3,991,172**	7,872,765
Financial expense	**312,842,738**	226,556,108
Investment income	**(325,037,330)**	(11,654,388)
Losses/(Incomes) on fair value change	**192,971,131**	(110,597,195)
Decrease/(Increase) in deferred tax assets	**100,312,012**	(156,724,760)
(Decrease)/Increase in deferred tax liabilities	**(78,089,074)**	78,089,074
Deferred revenue released to income statement	**(6,836,668)**	(6,533,724)
(Increase)/decrease in inventories	**(3,385,118,898)**	2,420,731,096
Decrease in operating receivables	**1,938,888,915**	1,669,933,427
Increase/(decrease) in operating payables	**910,306,221**	(1,625,520,779)
Net cash inflow from operating activities	**2,745,907,787**	5,597,634,456

(Expressed in Renminbi Yuan)

6. Notes to Financial Statements of the Company *(continued)*

(6) Supplementary information on cash flow *(continued)*

Cash and cash equivalents

		31 December 2009	31 December 2008
Cash			
Included:	Cash	**16,044**	27,017
	Bank deposits	**1,487,659,306**	2,518,246,203
Balance of cash and cash equivalents at year-end		**1,487,675,350**	2,518,273,220

7. Related Party Relationship and Transaction

(1) Parent company

Parent company	Type	Registration place	Principal business	Direct interest	Voting power	Registered capital
JCC	State-owned	Jiangxi Guixi	Non-ferrous metal mines, non-metal mining, smelting, mangle rolling and processing of non-ferrous metals	42.41%	42.41%	RMB2,656,150,000

The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government Jiangxi province.

(2) Subsidiaries

Details of subsidiaries of the Group are given in Note 4 "Scope of consolidation".

(3) Jointly-controlled entity and associates

Details of Jointly-controlled entity and associates of the Group are given in Note 5 (9).

(4) Other related parties

Name	**Relationship**
JCC's Subsidiaries	Controlled by parent company

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(5) Significant transactions with related parties

The Group had the following significant transactions with related parties, except for guarantees for bank borrowings obtained from JCC mentioned is above notes:

(i) Main transactions between JCC and JCC's subsidiaries:

	2009	2008
Sale of goods and by-products:		
Sale of copper rods and wires	**284,148,619**	133,792,706
Sale of brass wires	**188,441,564**	494,017,669
Sale of by-products	**28,044,087**	13,869,250
Sale of auxiliary industrial products	**16,828,645**	7,352,250
Sale of copper cathode	**821,786**	—
Sale of copper waste	**647,801**	—
Sale of sulphuric acid	**—**	5,207,892
Purchase of materials and by-products:		
Purchase of copper waste	**1,705,177,014**	424,955,219
Purchase of auxiliary industrial products	**128,344,708**	126,935,834
Purchase of copper cathodes	**—**	31,659,569
Purchase of brass wires	**—**	6,484,891
Purchase of semi-finished products	**—**	1,777,213
Services provided by the Group:		
Borrowings provided *(a)*	**596,136,140**	643,988,074
Interest charges for financing services	**12,886,084**	33,721,757
Supply of electricity	**12,751,454**	5,048,012
Repair and maintenance services	**9,246,598**	9,777,075
Vehicle transportation services	**2,789,175**	3,307,302
Supply of water	**533,548**	234,572
Processing services	**260,073**	29,140,703
Rentals for public facilities	**55,500**	—
Supply of gas	**19,758**	19,252
Freight agency services	**—**	5,163

(a) The daily credit balance offered by the Finance Company, a subsidiary of the Group, to JCC and its subsidiaries will neither exceed the deposits from JCC and its subsidiaries nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(5) Significant transactions with related parties *(continued)*

(i) Main transactions between JCC and JCC's subsidiaries: *(continued)*

	2009	2008
Services provided to the Group:		
Pension contributions	**143,189,787**	131,198,769
Rental for land use rights	**44,330,133**	15,762,714
Repair and maintenance services	**30,180,408**	24,320,110
Construction services	**28,624,779**	34,568,823
Brokerage agency services for commodity derivative contracts	**25,561,316**	22,915,239
Sanitation and greening service	**13,929,606**	—
Interest paid for deposits from customers	**12,195,757**	5,117,711
Rentals for public facilities	**4,858,040**	1,660,327
Other management fee	**2,895,315**	4,455,067
Labour service	**2,488,945**	—
Processing charges	**632,908**	—
Vehicle transportation services	**418,926**	903,246
Supply of power	**—**	279,033
Social welfare and support services provided to the Group:		
— welfare and medical services	**63,596,559**	72,597,973
— technical training services	**4,777,796**	2,400,000
— use of representative offices	**—**	3,000,000

(ii) Significant transactions with Qing Yuan:

	2009	2008
Sale of goods and by-products:		
Sale of copper rods	**43,903,929**	—
Purchase of raw material:		
Purchase of crude copper	**118,839,756**	1,623,445,131
Purchase of copper cathode	**80,991,909**	—

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(5) Significant transactions with related parties *(continued)*

(iii) Significant transactions with Jiangxi Copper Minmetals:

	2009	2008
Service provided by the Group:		
Borrowings provided	**240,000,000**	—
Interest charge for financing services	**9,982,800**	—

(iv) Significant transactions with Jiangtong Bioteq:

	2009	2008
Services provided by the Group:		
Construction services	**133,569**	—
Services provided to the Group:		
Repair and maintenance services	**718,211**	—

(v) Other transactions with related parties:

	2009	2008
Remuneration of key management:		
Short term employee benefits	**8,764,000**	6,283,000
Post-employment benefits	**206,000**	276,000
Performance related bonuses	**590,000**	350,000
	9,560,000	6,909,000

Except for the remuneration above, the Group also granted H Share share appreciation rights to certain key management personals. Further details are given in Note 5 (50).

For the year 2009, the amount of sales and services provided to related parties accounts for 1.18% (For the year 2008: 1.36%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounted for 5.25% (For the year 2008: 5.39%) of the total purchase amount of the Group.

7. Related Party Relationship and Transaction *(continued)*

(6) The related party transaction agreement between the Group and JCC Group and its subsidiaries

(1) Pursuant to the Consolidated Supply and Service Agreement I and II entered into by the Group and JCC Group upon the approval at extraordinary general meeting dated 12 March 2009, the pricing policy of the related party transactions between the Group and JCC and its subsidiaries includes the following principles:

Pursuant to the agreements, for supply of products:

— Market price prevails;

— If no market price is available, the price is determined by cost plus tax and other expenses.

For supply of service:

— The price of government regulations (including any relevant local government pricing) prevail;

— If no price set by the government is available, industry price is used;

— And if industry price is not available, the price is determined by cost-plus method.

(2) Pursuant to the Financial Service Agreement entered into by the Group and JCC upon the approval at annual general meeting dated 26 June 2009, the pricing policy of the related party transactions between the Group and JCC and its subsidiaries includes the following principle:

— the interest rate of credit service refers to the benchmark interest rate issued by PBOC or rates are not less than the rate provided to JCC by other domestic financial institutions with similar credit terms.

The pricing of other transactions between the Group and the related parties except JCC and its subsidiaries are determined by the parties of the respective transaction according to the market price.

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(7) Significant balance due from/to related parties

		31 December 2009	31 December 2008
Accounts receivable	JCC	**4,206,894**	1,345,359
	JCC's subsidiaries	**116,961,367**	62,020,052
	Jiangtong Bioteq	**886,455**	—
	Qing Yuan	**103,036**	—
		122,157,752	63,365,411
Notes receivable	JCC's subsidiaries	**1,640,984**	—
Other receivables	JCC's subsidiaries		
	— Deposits of futures	**506,009,078**	439,090,081
	— Others	**1,218,232**	1,203,060
		507,227,310	440,293,141
Interest receivable	JCC	**—**	6,848
	JCC's subsidiaries	**418,659**	542,230
	Jiangxi Copper Minmetals	**389,400**	—
		808,059	549,078
Advances to supplier	JCC	**236,101**	615,712
	JCC's subsidiaries	**11,404,903**	2,625,053
	Qing Yuan	**96,185,107**	9,500,000
		107,826,111	12,740,765
Other current assets	JCC's subsidiaries	**306,136,140**	262,557,135
	Jiangxi Copper Minmetals	**240,000,000**	—
		546,136,140	262,557,135
Non-current assets due within one year	JCC's subsidiaries	**1,000,000**	3,000,000

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(7) Significant balance due from/to related parties *(continued)*

		31 December 2009	31 December 2008
Other non-current assets	JCC's subsidiaries	**—**	1,000,000
Accounts payable	JCC	**2,757,506**	3,916,005
	JCC's subsidiaries	**27,389,462**	35,246,019
		30,146,968	39,162,024
Advances from customers	JCC	**196,700**	—
	JCC's subsidiaries	**31,549,209**	3,652,264
		31,745,909	3,652,264
Other payables	JCC	**297,112,785**	541,421,052
	JCC's subsidiaries	**34,587,823**	64,378,783
	Jiangtong Bioteq	**1,137,761**	—
		332,838,369	605,799,835
Interest payable	JCC	**380,275**	643,004
	JCC's subsidiaries	**34,786**	93,454
	Jiangxi Copper Minmetals	**41**	—
		415,102	736,458
Other current liabilities	JCC	**349,564,318**	842,621,458
	JCC's subsidiaries	**347,487,932**	127,715,878
	Jiangxi Copper Minmetals	**371,729**	—
		697,423,979	970,337,336
Non-current liabilities due within one year	JCC	**2,009,689**	1,870,000
Long-term payables	JCC	**15,487,131**	16,109,052

(Expressed in Renminbi Yuan)

7. Related Party Relationship and Transaction *(continued)*

(7) Significant balance due from/to related parties *(continued)*

The amounts due from/to related parties were all arouse from the transactions mentioned above. These balances were unsecured, interest-free and have no fixed repayment terms except for i) other current assets arising from Finance Company's borrowings to related parties, non-current liabilities due within one year and other non-current assets (Note 5 (7), (15)); ii) other current liabilities arising from deposits from related parties to Finance Company (Note 5 (25)); and iii) non-current liabilities due within one year and long-term payables to JCC (Note 5 (24), (28)).

8. Contingencies

As at 31 December 2009, the Group had no contingencies which should be disclosed.

9. Commitments

(a) Operating commitments

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

	31 December 2009	31 December 2008
Within 1 year, inclusive	**47,223,399**	22,909,793
1 to 2 years, inclusive	**15,788,299**	18,529,043
2 to 3 years, inclusive	**15,707,869**	18,199,266
Above 3 years	**232,088,383**	315,798,084
	310,807,950	375,436,186

(Expressed in Renminbi Yuan)

9. Commitments *(continued)*

(b) Capital commitments

	31 December 2009	31 December 2008
Contracted for but not provided		
Acquisition of		
property, plant and equipment and exploration rights	**404,452,967**	178,594,962
Investments in associates *(i)*	**2,192,677,226**	2,192,677,226
Investments in available for sale financial assets	**—**	82,600,000
	2,597,130,193	2,453,872,188

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL, an associate of the Group in Afghanistan, in 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 the exploration and exploitation of minerals in the central and western mineralized 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 borrowing 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 borrowing financing.

10. Subsequent event

(1) The final 2009 dividends of RMB 302,283,373 were proposed by the board of directors on 30 March 2010.

(2) Pursuant to resolution of the first General Meeting of Jiangxi Copper Minmetals held in 2009, Minmetals Nonferrous Metals Co., Ltd. ("Minmetals") and the Company injected capital contributions in cash totaling RMB600 million to Jiangxi Copper Minmetals on 19 January 2010 (comprising of : RMB240 million by the Company and RMB360 million by Minmetals, respectively). When the capital injection was completed, the registered and paid-in capital of Jiangxi Copper Minmetals increased to RMB1.75 billion, while Minmetals and the Company hold 60% and 40% equity interest of Jiangxi Copper Minmetals, respectively.

(Expressed in Renminbi Yuan)

11. Financial instrument and risk

The Group's principal financial instruments, other than derivatives, comprise 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 resulting from the financial instruments were credit risk, liquidity risk, and market risk.

(1) Financial instrument by category

The carrying amount of each of the categories of financial instruments as at the balance sheet date is as follows:

Financial assets

	31 December 2009			
	Financial assets at fair value through profit or loss	**Loans and receivables**	**Available -for-sale financial assets**	**Total**
Cash and bank	—	3,600,018,776	—	3,600,018,776
Equity investments at fair value through profit or loss	120,170	—	—	120,170
Notes receivable	—	735,904,382	—	735,904,382
Accounts receivable	—	1,729,221,939	—	1,729,221,939
Interest receivable	—	1,412,755	—	1,412,755
Other receivables	—	826,751,179	—	826,751,179
Other current assets	—	546,136,140	—	546,136,140
Non-current assets due within one year	—	1,000,000	—	1,000,000
Available-for-sale financial assets	—	—	710,080,000	710,080,000
	120,170	7,440,445,171	710,080,000	8,150,645,341

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(1) Financial instrument by category *(continued)*

Financial liabilities

	31 December 2009			
	Financial liabilities at fair value through profit or loss	**Derivatives designated as hedge instruments in hedge relationship**	**Other financial liabilities**	**Total**
Short-term borrowings	—	—	2,530,942,549	2,530,942,549
Notes payable	—	—	1,946,646,670	1,946,646,670
Accounts payable	—	—	2,140,047,001	2,140,047,001
Interest payable	—	—	25,281,022	25,281,022
Employee benefits payable	—	—	362,735,806	362,735,806
Other payables	—	—	780,013,226	780,013,226
Non-current liabilities due within one year	—	—	3,009,689	3,009,689
Other current liabilities	101,559,859	332,298,821	749,100,794	1,182,959,474
Long-term borrowings	—	—	111,922,258	111,922,258
Bonds payable	—	—	4,947,992,653	4,947,992,653
Long-term payables	—	—	15,487,131	15,487,131
	101,559,859	332,298,821	13,613,178,799	14,047,037,479

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(1) Financial instrument by category *(continued)*

Financial assets

	31 December 2008			
	Financial assets at fair value through profit or loss	Loans and receivables	Available -for-sale financial assets	Total
Cash and bank	—	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
Financial assets available for sales	—	—	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)

11. Financial instrument and risk *(continued)*

(1) Financial instrument by category *(continued)*

Financial liabilities

	31 December 2008		
	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term borrowings	—	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
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

(2) Credit risk

The Group only makes transactions with the third party with good reputation and recognized by the Group. According to the Group policy, the Group needs to make credit approval for all clients. In addition, the Group reviews on regular basis the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale financial assets, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(2) Credit risk *(continued)*

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group. As at 31 December 2009, 24.19% of the Group's trade receivables were due from the Group's five largest customers (2008: 35.82%).

Aging analysis of accounts receivable that are not considered to be impaired is as follows:

31 December 2009		**Accounts receivable**
Neither past due nor impaired		1,522,625,222
Past due but not impaired	Within 1 year	9,259,231
	1 to 2 years	2,990,552
	2 to 3 years	68,671
	Over 3 years	—
Total		1,534,943,676

31 December 2008		Accounts receivable
Neither past due nor impaired		812,321,882
Past due but not impaired	Within 1 year	483,173,463
	1 to 2 years	36,974,200
	2 to 3 years	183,318
	Over 3 years	—
Total		1,332,652,863

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.

As at 31 December 2009, there is no past due but not impaired balance in notes receivables, interest receivables, other receivables, other current assets and available-for-sale financial assets.

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(3) 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 borrowings from banks.

The table below summarizes the maturity profile of the Group's financial liabilities at each balance sheet date based on contractual undiscounted payments.

Financial assets

	31 December 2009		
	Within 1 year	**1 to 5 years**	**Total**
Cash and bank	**3,600,018,776**	—	**3,600,018,776**
Equity investments at fair value through profit or loss	**120,170**	—	**120,170**
Notes receivable	**735,904,382**	—	**735,904,382**
Accounts receivable	**1,890,713,136**	—	**1,890,713,136**
Other receivables	**855,651,369**	—	**855,651,369**
Interest receivable	**1,412,755**	—	**1,412,755**
Other current assets	**546,136,140**	—	**546,136,140**
Available-for-sale financial assets	**300,000,000**	**415,690,000**	**715,690,000**
Non-current assets due within one year	**1,000,000**	—	**1,000,000**
	7,930,956,728	**415,690,000**	**8,346,646,728**

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(3) Liquidity risk *(continued)*

Financial assets *(continued)*

	31 December 2008		
	Within 1 year	1 to 5 years	Total
Cash and bank	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 receivable	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 current assets	—	1,000,000	1,000,000
	10,285,336,910	334,010,000	10,619,346,910

Financial liabilities

	31 December 2009			
	Within 1 year	**1 to 5 years**	**Above 5 years**	**Total**
Long-term borrowings	**—**	**92,672,258**	**19,250,000**	**111,922,258**
Short term borrowings	**2,530,942,549**	**—**	**—**	**2,530,942,549**
Notes payable	**1,946,646,670**	**—**	**—**	**1,946,646,670**
Accounts payable	**2,140,047,001**	**—**	**—**	**2,140,047,001**
Employee benefits payable	**362,735,806**	**—**	**—**	**362,735,806**
Interest payables	**79,538,702**	**278,288,550**	**136,554,400**	**494,381,652**
Other payables	**780,013,226**	**—**	**—**	**780,013,226**
Other current liabilities	**1,182,959,474**	**—**	**—**	**1,182,959,474**
Long-term payables	**2,870,000**	**7,480,000**	**26,271,000**	**36,621,000**
Bonds payable	**—**	**—**	**6,800,000,000**	**6,800,000,000**
	9,025,753,428	**378,440,808**	**6,982,075,400**	**16,386,269,636**

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(3) Liquidity risk *(continued)*

Financial liabilities *(continued)*

	31 December 2008			
	Within 1 year	1 to 5 years	Above 5 years	Total
Long-term borrowings	354,058,920	128,000,000	19,250,000	501,308,920
Short term borrowings	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

The disclosed derivative financial instruments in the above table are their net undiscounted cash flow which is approximate to their carrying amount since almost all of the amounts will be settled in net amount.

(4) Market risk

The market risk mainly includes interest rate risk, foreign currency risk and products price risk.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's long term interest-bearing bank borrowings and other borrowings with floating interest rates. The group does not use derivative financial instruments to hedge its interest rate risk.

11. Financial instrument and risk *(continued)*

(4) Market risk *(continued)*

Interest rate risk *(continued)*

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonable and possible change in RMB interest rates, with all other variables held constant, through the impact on floating rate borrowings.

Year 2009	**Increase/ (decrease) in basis points**	**Increase/ (decrease) in profit before tax** *RMB'000*
RMB	+100	(26,307)
RMB	—100	26,307

Year 2008	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
RMB	+50	(17,320)
RMB	—200	69,279

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales, purchase and borrowings of currencies other than the Group's functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable and possible change in the RMB-USD 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.

	Increase/ (decrease) in foreign exchange rate	**Increase/ (decrease) in profit before tax** *RMB'000*
Year 2009		
If RMB strengthens against USD	**(5%)**	**152,553**
If RMB weakens against USD	**5%**	**(152,553)**
Year 2008		
If RMB strengthens against USD	(5%)	14,137
If RMB weakens against USD	5%	(14,137)

11. Financial instrument and risk *(continued)*

(4) Market risk *(continued)*

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 minimize this risk, the Group enters into commodity derivative contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable and possible change in prevailing market price of copper cathodes, with all other variables held constant, of the Group's profit before tax. (due to changes in the fair value of commodity derivative contracts and provisional price arrangements) after the impact of hedge accounting.

	Increase/ (decrease) in market price of copper cathodes	**Increase/ (decrease) in profit before tax** *RMB'000*	**Increase/ (decrease) in equity** *RMB'000*
Year 2009			
RMB	**30%**	**(255,975)**	**(398,789)**
RMB	**(30%)**	**277,461**	**414,903**

	Increase/ (decrease) in market price of copper cathodes	Increase/ (decrease) in profit before tax *RMB'000*	Increase/ (decrease) in equity *RMB'000*
Year 2008			
RMB	30%	(81,911)	(61,433)
RMB	(30%)	81,911	61,433

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(5) Fair value

Except for bonds payable, the fair values of the Group's long-term borrowings and long-term payables are calculated according to similar terms and time frames and prevailing market borrowing interest rates, and there is no material difference between their fair values and carrying amounts.

As at 31 December 2009, the fair value of bonds payable of the Group was RMB 4,817,800,000 and the difference between the fair value and book value was RMB 130,192,653.

The remaining financial instruments are all short-term instruments, and there is no material difference between their fair values and their carrying amounts due to their short-term maturity.

(6) Assets and liabilities measured at fair value

Year 2009

Financial assets and liabilities measured at fair value change through profit or loss:

	31 December 2008	Recognized in fair value change (loss)/ gain	Recognized in other comprehensive loss	31 December 2009
Commodity derivative contracts				
Cash flow hedge	—	**(1,295,771)**	**(43,731,345)**	**(45,027,116)**
Fair value hedge	—	**(67,443,664)**	**—**	**(67,443,664)**
Not under hedge accounting	(359,210,133)	**270,253,694**	**—**	**(88,956,439)**
	(359,210,133)	**201,514,259**	**(43,731,345)**	**(201,427,219)**
Provisional price arrangement				
Fair value hedge	—	**(219,828,041)**	**—**	**(219,828,041)**
Not under hedge accounting	312,356,294	**(324,959,714)**	**—**	**(12,603,420)**
	312,356,294	**(544,787,755)**	**—**	**(232,431,461)**
Total	(46,853,839)	**(343,273,496)**	**(43,731,345)**	**(433,858,680)**

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(continued)*

(7) Financial Assets and liabilities in foreign currency

Year 2009

	31 December 2008	Recognized in fair value change (loss)/gain	Recognized in other comprehensive loss	31 December 2009
Financial assets/(liabilities)				
Financial assets or liabilities at fair value through profit or loss	(78,803,583)	54,526,283	(26,023,895)	(50,301,195)
Including: — Cash flow hedge	—	(1,095,707)	(26,023,895)	(27,119,602)
— Not under hedge accounting	(78,803,583)	55,621,990	—	(23,181,593)
Provisional pricing arrangement	312,356,294	(544,787,755)	—	(232,431,461)
Loan and receivables	1,053,778,121	N/A	N/A	705,909,897
Total	1,287,330,832	N/A	N/A	423,177,241
Financial liabilities	1,336,521,848	N/A	N/A	3,474,230,166

(Expressed in Renminbi Yuan)

1. Statement of non-recurring profit and loss items

Net profit attributable to shareholders of the Company after non-recurring profit and loss items:

	For the year ended 31 December 2009
Net profit attributable to shareholders of the Company	**2,349,254,043**
Add: Non-recurring items	
Gain or loss from disposal of non-current assets	**4,401,145**
Non-recurring government subsidy	**(87,838,864)**
Other non-recurring items included in non-operating income and expenses(excluding gain or loss from disposal of non-current assets and non-recurring government subsidy)	**16,202,825**
Gain or loss from disposal and liquidation of subsidiaries	**(29,240,655)**
Gain or loss from equity investments at fair value through profit or loss	**(4,094,572)**
Gain or loss from bank financial products	**(11,163,886)**
Fair value change gain or loss from ineffectiveness of cash flow hedges	**1,295,771**
Fair value change gain or loss from ineffectiveness of fair value hedges	**2,250,793**
Fair value change gain or loss from commodity derivative contracts — transactions not qualifying as hedges	**(270,253,694)**
Realized gain or loss from ineffectiveness of cash flow hedges	**451,126**
Realized gain or loss from ineffectiveness of fair value hedges	**7,257,331**
Realized gain or loss from commodity derivative contracts - transactions not qualifying as hedges	**219,466,986**
Impact on income tax on non-recurring profit and loss items	**26,143,644**
Net profit after non-recurring profit and loss items	**2,224,131,993**
Less: Impact of non-recurring profit and loss items attributable to minority interests	**501,818**
Net profit attributable to equity holders of the Company after non-recurring profit and loss items	**2,223,630,175**

The Company's recognition of non-recurring profit and loss items is in accordance with the "Q&A of Regulations of Standardize Information Disclosure of Companies regarding securities Issuance in Public" No. 1 (Announcement [2008] No.43 issued by the China Securities Regulatory Commission).

(Expressed in Renminbi Yuan)

2. Reconciliation between International Financial Reporting Standards ("IFRSs") and New Chinese Accounting Standard and Regulations ("PRC GAAP")

	Net profit	
	Year 2009	Year 2008
Financial statements prepared under PRC GAAP	**2,346,631,354**	2,197,515,556
Adjustment in accordance with IFRSs		
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the year	**34,673,295**	—
Financial statements prepared in accordance with IFRSs	**2,381,304,649**	2,197,515,556

The owners' equity in the consolidated financial statements prepared under International Financial Reporting Standards ("IFRSs") and New Chinese Accounting Standard and Regulations ("PRC GAAP") shows no differences.

3. Return on net assets and earning per share

Year 2009

	Weighted Average Return on Net Assets	**Earnings Per Share** *(RMB)*	
		Basic	**Diluted**
Net profit attributable to shareholders of the Company	10.78%	0.7772	0.7239
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss items	10.21%	0.7356	0.6852

Dilutive impact on earning per share has been taken into consideration, since during the period from the issuance of the bonds with warrants (Note 5 (27)) to the balance sheet date, the average quoted market price of ordinary shares was higher than the exercise price of the warrants. No diluted earnings per share amount is presented for the year 2008 as no other dilutive events occurred during the year 2008.

Independent Auditors' Report

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong
Phone: (852) 2846 9888
Fax: (852) 2868 4432
www.ey.com/china

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 245 to 360, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

Auditors' Responsibility *(Continued)*

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 2009, 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
30 March 2010

Consolidated Income Statement

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** ***RMB'000***	2008 *RMB'000*
REVENUE	5	**51,430,623**	53,693,436
Cost of sales	9	**(46,452,737)**	(47,433,301)
Gross profit		**4,977,886**	6,260,135
Other income and gains	6	**219,291**	213,747
Selling and distribution costs		**(295,943)**	(268,384)
Administrative expenses		**(1,111,006)**	(1,121,882)
Other expenses	7	**(139,612)**	(1,520,550)
Finance costs	8	**(361,214)**	(542,870)
Share of profits and (losses) of:			
A jointly-controlled entity	21	**3,151**	3,000
Associates	22	**(81,730)**	(25,145)
PROFIT BEFORE TAX	9	**3,210,823**	2,998,051
Income tax expense	11	**(829,517)**	(800,535)
PROFIT FOR THE YEAR		**2,381,306**	2,197,516
Attributable to:			
Owners of the Company		**2,383,227**	2,285,101
Minority interests		**(1,921)**	(87,585)
		2,381,306	2,197,516
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY			
— Basic	14	**RMB0.79**	RMB0.76
— Diluted	14	**RMB0.73**	RMB0.76

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	2009	2008
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,381,306**	2,197,516
OTHER COMPREHENSIVE INCOME		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(52,222)**	—
Reclassification adjustments for losses/(gains) included in revenue in the consolidated income statement	**8,490**	(30,128)
Income tax effect	**7,064**	7,532
	(36,668)	(22,596)
Exchange differences on translation of foreign operations	**(42,666)**	(43,379)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(79,334)**	(65,975)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,301,972**	2,131,541
Attributable to:		
Owners of the Company	**2,303,939**	2,220,840
Minority interests	**(1,967)**	(89,299)
	2,301,972	2,131,541

Consolidated Statement of Financial Position

As at 31 December 2009

(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**15,167,577**	14,053,056
Prepaid land lease payments	16	**185,591**	197,814
Intangible assets	17	**910,418**	945,942
Exploration and evaluation assets	18	**187,188**	71,880
Interest in a jointly-controlled entity	21	**18,937**	16,786
Interests in associates	22	**387,250**	508,338
Available-for-sale investments	23	**410,080**	327,400
Deferred tax assets	24	**172,831**	290,264
Loans to related parties	25	**—**	1,000
Total non-current assets		**17,439,872**	16,412,480
CURRENT ASSETS			
Inventories	26	**11,489,973**	6,886,056
Trade and bills receivables	27	**2,465,126**	3,976,405
Prepayments, deposits and other receivables	28	**2,585,449**	2,511,644
Loans to related parties	25	**547,136**	265,557
Available-for-sale investments	23	**300,000**	—
Equity investments at fair value through profit or loss		**120**	—
Derivative financial instruments	29	**—**	312,455
Pledged deposits	30	**1,897,393**	195,558
Cash and cash equivalents	30	**1,702,626**	3,944,766
Total current assets		**20,987,823**	18,092,441
Total assets		**38,427,695**	34,504,921

Consolidated Statement of Financial Position

As at 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	31	**4,086,694**	1,414,640
Other payables and accruals	32	**1,624,540**	1,826,057
Derivative financial instruments	29	**433,858**	359,309
Interest-bearing bank borrowings	33	**2,530,943**	3,316,680
Deposits from customers	34	**697,424**	970,337
Repurchase agreement	35	**51,677**	—
Income tax payable		**473,417**	276,184
Total current liabilities		**9,898,553**	8,163,207
NET CURRENT ASSETS		**11,089,270**	9,929,234
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,529,142**	26,341,714
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	**111,922**	147,250
Bonds payable	36	**4,947,993**	4,747,884
Deferred revenue — government grants	37	**165,181**	126,384
Deferred tax liabilities	24	**409**	78,109
Provision for rehabilitation	38	**113,045**	107,002
Other long term payables	39	**15,487**	16,109
Total non-current liabilities		**5,354,037**	5,222,738
Net assets		**23,175,105**	21,118,976

Consolidated Statement of Financial Position

As at 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	40	**3,022,834**	3,022,834
Equity component of bonds with warrants		**2,008,917**	2,008,917
Reserves		**17,479,852**	15,478,766
Proposed final dividends	13	**302,283**	241,827
		22,813,886	20,752,344
Minority interests		**361,219**	366,632
Total equity		**23,175,105**	21,118,976

Approved on behalf of the Board of Directors:

Director
Li Yihuang

Director
Gan Chengjiu

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	Attributable to owners of the parent														
	Share capital RMB'000 (note 40)	Equity component of bond with warrants RMB'000 (note 36)	Share premium RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Safety fund surplus reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Proposed final dividends RMB'000 (note 13)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009	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
Profit for the year	–	–	–	–	–	–	–	–	2,383,227	–	–	–	2,383,227	(1,921)	2,381,306
Other comprehensive loss	–	–	–	–	–	–	–	–	–	(42,620)	(36,668)	–	(79,288)	(46)	(79,334)
Total comprehensive income for the year	–	–	–	–	–	–	–	–	2,383,227	(42,620)	(36,668)	–	2,303,939	(1,967)	2,301,972
Capital injection by a minority interest	–	–	–	–	–	–	–	–	–	–	–	–	–	1,500	1,500
Acquisition of minority interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,923)	(2,923)
Distribution to minority shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(1,983)	(1,983)
2008 final dividends declared	–	–	–	–	–	–	–	–	–	–	–	(241,827)	(241,827)	–	(241,827)
Proposed 2009 final dividend	–	–	–	–	–	–	–	–	(302,283)	–	–	302,283	–	–	–
Transfers	–	–	–	–	–	225,264	675,791	33,973	(935,028)	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	(570)	–	–	–	(570)	(40)	(610)
At 31 December 2009	3,022,834	2,008,917	4,340,514*	(934,681)*	(92,506)*	2,216,165*	4,737,279*	158,720*	7,179,406*	(88,377)*	(36,668)*	302,283	22,813,886	361,219	23,175,105

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008
(Prepared in accordance with IFRSs)

	Attributable to owners of the parent														
	Share capital RMB'000 (note 40)	Equity component of bond with warrants RMB'000 (note 36)	Share premium RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Safety fund surplus reserve RMB'000	Retained earnings RMB'000	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Proposed final dividends RMB'000 (note 13)	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	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
Profit for the year	–	–	–	–	–	–	–	–	2,285,101	–	–	–	2,285,101	(87,585)	2,197,516
Other comprehensive loss	–	–	–	–	–	–	–	–	–	(41,665)	(22,596)	–	(64,261)	(1,714)	(65,975)
Total comprehensive income for the year	–	–	–	–	–	–	–	–	2,285,101	(41,665)	(22,596)	–	2,220,840	(89,299)	2,131,541
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)
Equity component of bonds with warrants	–	2,008,917	–	–	–	–	–	–	–	–	–	–	2,008,917	–	2,008,917
Capital injection by a 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	–	–	–
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

* These reserve accounts comprise the consolidated reserves of RMB17,479,852,000 (2008: RMB15,478,766,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**3,210,823**	2,998,051
Adjustments for:			
Finance costs	8	**330,345**	542,870
Foreign exchange losses/(gains) arising from borrowings	6	**5,865**	(125,281)
Share of profits and losses of a jointly-controlled entity and associates	21, 22	**78,579**	22,145
Income from available-for-sale investments	6	**(17,204)**	(5,259)
Net loss on disposal of items of property, plant and equipment	6,7	**4,401**	10,703
Fair value losses/(gains), net:			
Derivative financial instruments — transactions not qualifying as hedges and ineffectiveness portion of cash flow and fair value hedges			
— Commodity derivative contracts	6,7	**(266,707)**	391,317
— Provisional price arrangement	9	**329,224**	(312,356)
Investment income from an equity investment at fair value through profit or loss	6	**(4,095)**	—
(Reversal)/provision for impairment of trade and other receivables	9	**(4,796)**	41,216
Provision for write-down of inventories to net realisable value	9	**9,825**	579,632
Provision for impairment of property, plant and equipment	9	**104,158**	92,462
Provision for impairment of intangible assets	9	**—**	25,080
Depreciation of property, plant and equipment	9	**891,896**	813,928
Amortisation of prepaid land lease payments	9	**14,034**	7,780
Amortisation of intangible assets	9	**36,621**	21,313

Consolidated Statement of Cash Flows

For the year ended 31 December 2009

(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
Gains on disposal of subsidiaries	9	**(29,241)**	—
Unwinding of an interest for rehabilitation provision	38	**6,043**	3,417
Deferred revenue released to income statement	6	**(10,552)**	(9,098)
		4,689,219	5,097,920
(Increase)/decrease in inventory		**(4,613,742)**	2,235,642
(Increase)/decrease in trade and other receivables		**(293,426)**	832,623
Increase in loans		**(280,579)**	(38,702)
Increase in pledged cash		**(253,433)**	(69,598)
Increase/(decrease) in trade and other payables		**3,000,414**	(1,076,070)
(Decrease)/increase in deposits from customers		**(272,913)**	775,949
Increase/(decrease) in repurchase agreements		**51,677**	(280,000)
Increase in effective portion of fair value hedge			
— Provisional price arrangement		**215,563**	—
— Commodity derivative contracts		**65,192**	—
Cash generated from operations		**2,307,972**	7,477,764
Income tax paid		**(585,487)**	(1,228,347)
Net cash flows from operating activities		**1,722,485**	6,249,417

Consolidated Statement of Cash Flows

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(2,218,136)**	(2,383,798)
Acquisition of subsidiaries and operating assets, liabilities and the related business from JCC		**—**	(1,585,490)
Additions to exploration and evaluation assets		**(115,308)**	(71,880)
Additions to prepaid land lease payments		**(1,790)**	(7,862)
Additions to intangible assets		**(522,048)**	(5,505)
Investment income received from equity investment through profit or loss	6	**4,095**	—
Proceeds from available-for-sale investments		**1,867,204**	5,259
Proceeds from a jointly-controlled entity		**1,000**	—
Proceeds from disposal of subsidiaries		**10,739**	—
Proceeds from disposal of an associate		**894**	—
Proceeds from disposal of items of property, plant and equipment		**13,272**	53,549
Proceeds from disposal of items of intangible assets		**942**	—
Receipt of government grants		**49,349**	19,945
Purchases of available-for-sale investments and equity investment at fair value through profit or loss		**(2,232,800)**	(37,400)
Purchases of shareholding in associates		**—**	(58,135)
Net cash flows used in investing activities		**(3,142,587)**	(4,071,317)

Consolidated Statement of Cash Flows

For the year ended 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from issue of bonds with warrants, net of transaction costs		**—**	6,686,330
Net proceeds from capital injection of minority shareholders		**765**	1,674
Repayment of debentures		**—**	(1,000,000)
Increase of pledged RMB time deposits to secure USD bank borrowings		**(1,448,402)**	—
New bank loans		**4,178,030**	7,247,174
Repayment of bank borrowings		**(3,195,468)**	(12,853,089)
Interest paid		**(113,013)**	(446,212)
Dividends paid	13	**(241,827)**	(910,471)
Distribution to minority shareholders		**(1,983)**	(23,228)
Net cash flows used in financing activities		**(821,898)**	(1,297,822)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(2,242,000)**	880,278
Cash and cash equivalents at beginning of year	30	**3,944,766**	3,068,297
Effect of foreign exchange rate changes, net		**(140)**	(3,809)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	**1,702,626**	3,944,766

Statement of Financial Position of the Company

As at 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	**2009** **RMB'000**	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**12,668,980**	11,562,424
Prepaid land lease payments	16	**168,074**	179,829
Intangible assets	17	**898,041**	933,660
Exploration and evaluation assets	18	**187,188**	71,880
Interests in subsidiaries	20	**3,455,804**	3,820,678
Interest in a jointly-controlled entity	21	**14,100**	14,100
Interests in associates	22	**520,698**	554,615
Available-for-sale investments	23	**398,080**	315,400
Deferred tax assets	24	**123,082**	223,394
Total non-current assets		**18,434,047**	17,675,980
CURRENT ASSETS			
Inventories	26	**9,320,450**	5,944,723
Trade and bills receivables	27	**1,570,702**	2,879,865
Prepayments, deposits and other receivables	28	**1,826,217**	2,326,493
Derivative financial instruments	29	**—**	312,356
Cash and cash equivalents	30	**1,487,675**	2,518,273
Total current assets		**14,205,044**	13,981,710
Total assets		**32,639,091**	31,657,690
CURRENT LIABILITIES			
Trade and bills payables	31	**2,423,357**	1,314,338
Other payables and accruals	32	**1,212,253**	1,492,992
Derivative financial instruments	29	**363,130**	201,759
Interest-bearing bank borrowings	33	**—**	2,374,607
Income tax payable		**470,618**	258,849
Total current liabilities		**4,469,358**	5,642,545
NET CURRENT ASSETS		**9,735,686**	8,339,165
TOTAL ASSETS LESS CURRENT LIABILITIES		**28,169,733**	26,015,145

Statement of Financial Position of the Company

As at 31 December 2009
(Prepared in accordance with IFRSs)

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT LIABILITIES			
Bonds payable	36	**4,947,993**	4,747,884
Deferred revenue-government grants	37	**118,884**	107,103
Provision for rehabilitation	38	**99,920**	94,576
Deferred tax liabilities	24	**—**	78,089
Other long term payables	39	**15,487**	16,109
Total non-current liabilities		**5,182,284**	5,043,761
Net assets		**22,987,449**	20,971,384
EQUITY			
Share capital	40	**3,022,834**	3,022,834
Equity component of bonds with warrants	36	**2,008,917**	2,008,917
Reserves	41	**17,653,415**	15,697,806
Proposed final dividends	13	**302,283**	241,827
Total equity		**22,987,449**	20,971,384

Approved on behalf of the Board of Directors:

Director
Li Yihuang

Director
Gan Chengjiu

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 Gan Zhong Zi 003556.The Company was established on 24 January 1997 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, 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 Company's A Shares were listed on the Shanghai Stock Exchange. As approved by the board of directors on 29 October 2009, the Company's H share was delisted from the LSE from 27 November 2009. 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 the People's Government of Jiangxi Province.

The Group 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. Details of the principal activities of the Company's subsidiaries are set out in note 20 to the consolidated financial statements.

2.1 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"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and interpretations approved by the International Accounting Standards Committee. 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.

2.1 BASIS OF PREPARATION *(Continued)*

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 2009. 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 statement of financial position, from parent shareholders' equity. Acquisition of minority interests shall be accounted for as transactions between owners in their capacity as owners. 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 owners 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 businesses are combined using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or the excess of the Group's interest in the net fair value of the acquired businesses' 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 businesses at the time of common control combination is deducted into the reserve of the Group.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of new and revised IFRSs effective for the period beginning on or after 1 January 2009, as set out below:

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*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosure — Improving Disclosures about Financial Instruments*
IFRS 8	*Operating Segments*
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 18 Amendment*	Amendment to Appendix to IAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
IAS 23 (Revised)	*Borrowing Costs*
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*
IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives and* IAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to IFRSs (October 2008) **	Amendments to a number of IFRSs

* Included in Improvements to IFRSs 2009 (as issued in April 2009).

** The Group adopted all the improvements to IFRSs issued in October 2008 except for the amendments to IFRS 5 Non-current assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary, which are effective for annual periods beginning on or after 1 July 2009.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised IFRSs, which give rise to changes in accounting policies, are as follows:

The IFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 8, which replaces 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 concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. These revised disclosures, including the related revised comparative information, are shown in note 5 to the financial statements.

IAS 1 (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this 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 recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Except as stated above, the adoption of the above new and revised IFRSs has not had a significant impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

IFRS 1 (Revised)	*First-time Adoption of IFRSs*[1]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRS — Additional Exemptions for First-time Adopter*[2]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards-Limited Exception from Comparative IFRS 7 Disclosures for First-time Adopters*[4]
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Group Cash-settled share based payment Transactions*[2]
IFRS 3 (Revised)	*Business Combinations*[1]
IFRS 9	*Financial Instruments*[6]
IAS 24 (Revised)	*Related Party Disclosures*[5]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[3]
IAS 39 Amendments	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*[5]
IFRIC 17	*Distribution of Non-cash Assets to Owners*[1]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to IFRS 5 included *in Improvements to IFRSs* issued in October 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*[1]

The amendments to IFRS 2, IAS 38,IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2010

3 Effective for annual periods beginning on or after 1 February 2010

4 Effective for annual periods beginning on or after 1 July 2010

5 Effective for annual periods beginning on or after 1 January 2011

6 Effective for annual periods beginning on or after 1 January 2013

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

Further information about those changes that are expected to significantly affect the Group is as follows:

The IFRS 2 Amendments provide guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods and services when the entity has no obligation to settle the share-based payment transactions. The amendments also incorporate guidance that was previously included in IFRIC 8 *Scope of IFRS 2 and IFRIC 11 IFRS 2 — Group and Treasury Share Transactions*. The Group expects to adopt the IFRS 2 Amendments from 1 January 2010.

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 a 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 expected to adopt of 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 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety by the end of 2010. The Group expects to adopt IFRS 9 from 1 January 2013.

IAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt IAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

The amendments to IFRS 5 clarify that all assets and liabilities of a subsidiary shall be classified as held for sale if an entity has a sale plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest. The Group expects to adopt the amendments from 1 January 2010. The changes must be applied prospectively and will affect future sale transactions or plans involving loss of control of a subsidiary.

3. 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 entity

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 interest in jointly-controlled entity is stated in the consolidated statement of financial position 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 the jointly-controlled entity 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 entity is eliminated to the extent of the Group's interests in the jointly-controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

The result of jointly-controlled entity is included in the Company's income statement to the extent of dividends received and receivable. The Company's interest in the jointly-controlled entity is treated as a non-current asset and is stated at cost less any impairment losses.

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 statement of financial position 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries *(Continued)*

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 a jointly-controlled entity, 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.

An assessment is made at the end of each reporting period 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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 financial year end.

An item of property, plant and equipment and any significant part initially recognised 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 when completed and ready for use.

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 and are shown as below:

	Useful life	Depreciation rate
Mining rights	10-50 years	2%-10%
Trademarks	20 years	5%
Others	5-20 years	5%-20%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill) *(Continued)*

Intangible assets with finite useful lives mainly represent mining rights and trademarks acquired from third parties and JCC. Intangible assets with finite lives are subsequently 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 of cost to acquire exploration rights as well as 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

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, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. 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 non-financial 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).

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.

The Group's financial assets include cash and bank balances, trade and other receivables, loans receivable, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. These net fair value changes do 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.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or cost that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

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 calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement. The loss arising from impairment is recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement from the available-for-sale investment valuation reserve. 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.

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.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3. 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 when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, 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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

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). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. 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 estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Financial 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial 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 removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes 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 selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. 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 fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings 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.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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 statement of financial position, 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.

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction cost. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such 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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments to hedge its commodity price risk. The Group's derivative financial instruments mainly include commodity derivative contracts (standardised copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME")) and provisional price arrangement.

Provisional price arrangement is embedded in concentrate purchase contracts with third parties. According to industrial practice, the purchase terms of metal in these contracts contain provisional pricing arrangements whereby the purchase price for metal in concentrate is based on prevailing spot prices at 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. Accordingly, for accounting purposes, the provisional price arrangement is required to be separated from the host contract for purchase of metals in concentrate once the significant risks and rewards of ownership has been transferred to the Group. 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.

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. 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. Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for that portion relating to the effective portion of cash flow hedges, which are recognised in other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when a hedged forecast sale occurs.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss 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 other comprehensive income remain in other comprehensive income until the forecast transaction affects profit or loss.

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. Cost of inventories also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items. 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 are obtained from the mineral resource ("joint products"), all joint production costs are apportioned between the resulting finished products by reference to their estimated 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 statement of cash flows, 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 statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

3. 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 end of the reporting period 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 relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or 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, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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 transactions 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 interest 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:

- 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

- 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 the end of each reporting period 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. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 by the end of the reporting period.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 instalments.

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 measured at the end of each reporting period up to and including the settlement date with changes in fair value recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the statement of financial position, 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 recorded by the entities in the Group are initially recorded using their respective 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 end of the reporting period. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currency of certain overseas subsidiaries and associates of the Group are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated at the exchange rates ruling at the end of the reporting period and its income statement is translated at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries 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 rate for the year.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of reporting period. 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 end of the reporting period, 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 2009 was RMB113,045,000 (2008: RMB107,002,000). More details are given in note 38.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 change significantly, adjustment of depreciation will be provided in the future year. The carrying amount of property, plant and equipment at 31 December 2009 was RMB15,167,577,000 (2008: RMB14,053,056,000). More details are given in note 15.

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 take into account recent economic 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 2009 was RMB867,001,000 (2008: RMB899,584,000). More details are given in note 17.

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 2009 was RMB187,188,000 (2008: RMB71,880,000). More details are given in note 18.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2009 of the Group was RMB172,831,000 (2008: RMB290,264,000). More details are given in note 24.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of non-current assets (other than deferred tax assets and available-for-sale investment) of the Group at 31 December 2009 was RMB16,856,961,000 (2008: RMB15,794,816,000).

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 2009 was RMB3,103,110,000 (2008: RMB3,009,150,000). More details are given in notes 25, 27 and 28.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2009 was RMB710,080,000 (2008: RMB327,400,000). More details are given in note 23.

5. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group has one reportable operating segment: production and sale of copper and other related products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resource allocation of performance assessment.

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; less sales tax, for the years 2009 and 2008. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue by category of goods is as follows:

	2009	2008
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**26,905,382**	23,441,806
— copper rods	**13,891,250**	17,329,712
— copper processing products	**3,093,414**	3,953,692
— gold	**4,315,178**	3,238,632
— silver	**1,286,449**	1,296,471
— sulphuric and sulphuric concentrate	**779,622**	2,602,402
— rare metals	**644,558**	1,058,965
— others	**514,770**	771,756
	51,430,623	53,693,436

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information:

(a) Revenue from external customers

	2009 *RMB'000*	2008 *RMB'000*
— Mainland China	**47,278,140**	52,444,861
— Hong Kong	**3,990,796**	879,914
— Taiwan	**155,219**	247,388
— Australia	**—**	68,843
— Thailand	**—**	15,793
— Others	**6,468**	36,637
	51,430,623	53,693,436

The revenue information above is based on the location of the customers.

(b) Non-current assets

All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan and Japan of which the carrying amount is minimal. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer:

No revenue amounted to 10 per cent or more of the Group's revenue was derived from sales to a single customers or a group of customers under the common control for the years ended 31 December 2009 and 2008. The State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

6. OTHER INCOME AND GAINS

	2009	2008
	RMB'000	*RMB'000*
Fair value gains, net:		
Derivative financial instruments — transactions not qualifying as hedges — commodity derivative contracts *	**50,787**	—
— Unrealised gains of the outstanding contracts	**270,254**	—
— Realised losses from the settled contracts	**(219,467)**	—
Transactions qualifying as fair value hedges **	**(9,508)**	—
— Inventory and sales firm commitment hedged by commodity derivative contracts	**261,418**	—
— Fair value losses of commodity derivative contracts as hedging instruments	**(270,926)**	—
Ineffectiveness of cash flow hedges-commodity derivative contracts **	**(1,747)**	—
Equity investment at fair value through profit or loss	**4,095**	—
Income from VAT refund	**49,068**	13,153
Interest income	**38,437**	52,418
Gains on disposal of subsidiaries	**29,241**	—
Subsidy income of import copper concentrate	**28,219**	—
Income from available-for-sale investments	**17,204**	5,259
Deferred revenue released to income statement *(note 37)*	**10,552**	9,098
Gain on disposal of items of property, plant and equipment	**1,808**	2,420
Foreign exchange (losses)/gains, net	**(5,865)**	125,281
Others	**7,000**	6,118
	219,291	213,747

* 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 29).

6. OTHER INCOME AND GAINS *(Continued)*

** This item relates to fair value changes of commodity derivative contracts which are designated as hedging instruments (note 29). The net fair value changes of the commodity derivative contracts qualifying as hedges are as follows:

	2009 RMB'000	2008 RMB'000
Transactions qualifying as fair value hedges:		
— Unrealised losses of the outstanding contracts	**(2,251)**	—
— Realised losses from the settled contracts	**(7,257)**	—
	(9,508)	—
Ineffectiveness of cash flow hedges:		
— Unrealised losses of the outstanding contracts	**(1,296)**	—
— Realised losses from the settled contracts	**(451)**	—
	(1,747)	—

7. OTHER EXPENSES

	2009 RMB'000	2008 RMB'000
Fair value losses, net:		
Derivative financial instruments		
— transactions not qualifying as hedges		
— commodity derivative contracts	**—**	1,363,494
— Unrealised losses of the outstanding contracts	**—**	391,317
— Realised losses from the settled contracts	**—**	972,177
Provision for impairment of items of property, plant and equipment *(note 19)*	**104,158**	92,462
Provision for impairment of intangible assets	**—**	25,080
Loss on disposal of items of property, plant and equipment	**6,209**	13,123
Compensation for accident	**9,977**	—
Donations	**512**	12,054
Others	**18,756**	14,337
	139,612	1,520,550

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 *RMB'000*	2008 *RMB'000*
Interest on borrowings	**45,236**	404,906
Interest on bonds with warrants *(note 36)*	**285,109**	70,471
Interest on discounted notes	**30,869**	67,493
	361,214	542,870

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging / (crediting):

	Note	2009 *RMB'000*	2008 *RMB'000*
Cost of inventories sold*		**43,683,117**	45,003,638
Depreciation	15	**891,896**	813,928
Amortisation of prepaid land lease payments	16	**14,034**	7,780
Amortisation of intangible assets	17	**36,621**	21,313
Minimum lease payments under operating leases of land use rights	43,46(a)	**44,330**	15,763
Auditors' remuneration		**7,900**	8,400
Employee benefits expense (including directors' remuneration *(note 10)*):			
— Wages and salaries		**924,743**	886,522
— Pension scheme contributions		**166,216**	162,593
— Housing fund costs		**92,420**	35,812
— Other staff costs		**242,811**	201,612
Foreign exchange losses/(gains), net	6	**5,865**	(125,281)
(Reversal)/provision for impairment of trade and other receivables	27,28	**(4,796)**	41,216
Provision for impairment of property, plant and equipment	7,19	**104,158**	92,462
Provision for impairment of intangible assets	7	**—**	25,080

9. PROFIT BEFORE TAX *(Continued)*

	Note	2009 RMB'000	2008 RMB'000
Income from available-for-sale investments	6	**(17,204)**	(5,259)
Provision for write-down of inventories to net realisable value		**9,825**	579,632
Fair value (gains)/losses, net:			
— Equity investment at fair value through profit or loss	6	**(4,095)**	—
— Derivative financial instruments — commodity derivative contracts	6,7	**(39,532)**	1,363,494
Gains on disposal of subsidiaries	6	**29,241**	—
Loss on disposal of items of property, plant and equipment	7	**6,209**	13,123
Gain on disposal of items of property, plant and equipment	6	**(1,808)**	(2,420)

* It includes the net fair value changes of the unsettled provisional price arrangement as following:

	2009 RMB'000	2008 RMB'000
Unrealised losses/(gains) for arrangements not qualifying for hedge	**324,960**	(312,356)
Unrealised losses of ineffectiveness of fair value hedge	**4,264**	—
	329,224	(312,356)

10. 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:

	2009 RMB'000	2008 RMB'000
Fees	**200**	200
Other emoluments		
Salaries, allowances and benefits in kind	**6,380**	6,083
Performance related bonuses	**315**	350
Pension scheme contributions	**147**	276
	6,842	6,709
Total remuneration	**7,042**	6,909

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emoluments paid or payable to each of the 15 (2008: 12) directors and 9 (2008: 5) supervisors were as follows:

2009	Fees *RMB'000*	Other emoluments Salaries and other benefits *RMB'000*	Other emoluments Performance related bonuses *RMB'000*	Other emoluments Pension scheme contributions *RMB'000*	Total *RMB'000*
Executive directors:					
Li Yihuang	—	750	70	15	835
Li Baomin	—	750	70	15	835
Wang Chiwei*	—	375	35	—	410
Hu Qingwen*	—	375	35	15	425
Wu Jinxing*	—	375	35	7	417
Long Ziping*	—	375	35	7	417
Gan Chengjiu*	—	375	35	7	417
Shi Jialiang*	—	27	—	—	27
Gao Jianmin	—	180	—	—	180
Liang Qing	—	180	—	—	180
	—	3,762	315	66	4,143
Independent non-executive directors:					
Zhang Rui	50	—	—	—	50
Wu Jianchang	50	—	—	—	50
Tu Shutian	50	—	—	—	50
Yin Hongshan*	25	—	—	—	25
Gao Dezhu*	25	—	—	—	25
	200	—	—	—	200
Supervisors:					
Hu Faliang	—	575	—	15	590
Liu Qianming*	—	288	—	15	303
Lin Jinliang*	—	288	—	15	303
Gan Chengjiu*	—	288	—	7	295
Xie Ming*	—	288	—	15	303
Wu Jimeng*	—	288	—	7	295
Wan Sujuan*	—	27	—	—	27
Li Ping*	—	288	—	—	288
Wu Jinxing*	—	288	—	7	295
	—	2,618	—	81	2,699
Total emoluments for 2009	200	6,380	315	147	7,042

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

* According to the resolution by shareholders meeting dated on 26 June 2009, Gan Chengjiu, Hu Qingwen and Shi Jialiang were approved as executive directors to replace Wu Jinxing, Wang Chiwei and Long Ziping. Gao Dezhu was approved as an independent director to replace and Yin Hongshan. Lin Jinliang, Xie Ming, Wan Sujuan and Wu Jinxing were approved as supervisors to replace Liu Qianming, Gan Chengjiu, Wu Jimeng and Li Ping.

		Other emoluments			
2008	**Fees** *RMB'000*	**Salaries and other benefits** *RMB'000*	**Performance related bonuses** *RMB'000*	**Pension scheme contributions** *RMB'000*	**Total** *RMB'000*
Executive directors:					
Li Yihuang	—	723	70	23	816
Wang Chiwei	—	723	70	23	816
Wu Jinxing	—	723	70	23	816
Li Baomin	—	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
Independent 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 Faliang	—	500	—	23	523
Wu Jimeng	—	500	—	23	523
	—	2,108	—	115	2,223
Total emoluments for 2008	200	6,083	350	276	6,909

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the remuneration of the five highest paid employees are as below:

2009	**Salaries and other benefits**	**Performance related bonuses**	**Pension scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Li Yihuang	750	70	15	835
Li Baomin	750	70	15	835
Long Ziping	663	60	15	738
Wang Chiwei	663	60	—	723
Gan Chengjiu	663	35	15	713
	3,489	295	60	3,844

The five highest paid employees have acted as executive directors, supervisors and vice general manager during the year.

Except for the remuneration above, the Group also granted H Share appreciation rights scheme to certain directors and senior management. Further details are given in note 45.

11. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2009 and 2008 are:

The Group	**2009** **RMB'000**	2008 *RMB'000*
Current income tax payable:		
PRC income tax	**781,217**	925,026
HK income tax	**1,503**	1,236
	782,720	926,262
Deferred income tax *(note 24)*	**46,797**	(125,727)
Income tax charge for the year	**829,517**	800,535

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

11. INCOME TAX EXPENSE *(Continued)*

The provision for PRC current income tax is based on a statutory rate of 25% (2008: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, which came into effect on 1 January 2008, except for certain companies in Mainland China, which enjoy preferential tax rates during a transitional period from 2008 to 2012.

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 2009 and 2008, are as follows:

	2009		2008	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**3,210,823**	**100.00**	2,998,051	100.00
Tax at the statutory income tax rate	**802,706**	**25.00**	749,513	25.00
Lower tax rates for the subsidiaries	**(33,074)**	**(1.03)**	(10,745)	(0.36)
Reduction of income tax in respect of the Tax Benefit	**—**	**—**	(10,425)	(0.35)
Adjustments in respect of current tax of previous periods	**22,703**	**0.71**	—	—
Profits and losses attributable to a jointly-controlled entity and associates	**19,645**	**0.61**	5,536	0.18
Tax loss not recognised	**12,684**	**0.40**	38,284	1.28
Expenses not deductible for tax	**20,192**	**0.63**	29,357	0.98
Tax losses utilised from previous periods	**(14,078)**	**(0.44)**	—	—
Deferred tax assets not recognised in previous years	**(1,261)**	**(0.04)**	(985)	(0.03)
Income tax expense at the Group's effective rate	**829,517**	**25.84**	800,535	26.70

As at 31 December 2009, the Group has RMB414,456,000 (2008: RMB464,293,000) of unused tax losses available for offsetting against future profits in respect of certain subsidiaries. No deferred tax asset has been recognised due to the unpredictability of available taxable profit of the subsidiaries against the unused tax losses. The available period of the unused tax loss is from year 2011 to year 2014.

As at 31 December 2009, the Group has RMB 407,548,000 (2008: RMB 408,458,000) temporary difference that has not been recognised as deferred tax assets due to the uncertainty of their utilisation.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2009 includes a profit of RMB2,257,892,000 (2008: RMB1,982,914,000) which has been dealt with in the financial statements of the Company (note 41).

13. DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2008: RMB0.08 per share		
(2007: RMB0.3 per share)	**241,827**	906,850
Proposed for approval at AGM		
(not recognised as a liability as at 31 December)		
Dividends on ordinary shares:		
Final dividend for 2009: RMB0.1 per share		
(2008: RMB0.08 per share)	**302,283**	241,827

On 26 June 2009, a dividend of RMB0.08 per share (tax inclusive) on 3,022,833,727 shares, in aggregate amount of approximately RMB241,827,000 was declared to the shareholders as the final dividend for year 2008. On 17 July 2009 and 20 July 2009, the dividend was paid to the shareholders of H shares and A shares respectively.

The directors propose to distribute a final dividend of RMB0.1 per share (tax inclusive) for the year ended 31 December 2009 (2008: RMB0.08). Total estimated dividend to be paid is approximately RMB302,283,000 (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.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amount is based on the profit for the year attributable to ordinary owners of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2009 *RMB'000*	2008 *RMB'000*
Profit attributable to ordinary owners of the Company *(RMB'000)*	**2,383,227**	2,285,101
Weighted average number of ordinary shares in issue	**3,022,833,727**	3,022,833,727
Effect of dilution-weighted average number of ordinary shares:		
Warrants attached to bonds	**222,547,534**	—
Diluted average number of ordinary shares in issue	**3,245,381,261**	3,022,833,727
— Basis	**RMB0.79**	RMB0.76
— Diluted	**RMB0.73**	RMB0.76

In year 2008, no dilute impact on earning per share has been taken into consideration, since during the period from issuance of the bonds with warrants to 31 December 2008, the average quoted market price of ordinary shares is lower than the exercise price of the warrants.

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	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 2008	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
Additions	8,063	11,781	9,101	2,210	2,097,092	2,128,247
Transfers	325,288	1,215,554	49,911	3,362	(1,594,115)	—
Reclassification	(23,718)	38,231	(14,194)	(319)	—	—
Disposals	(13,456)	(16,667)	(2,364)	(480)	—	(32,967)
Deconsolidation of Diaoquan *(note 20)*	(111,294)	(31,211)	(4,047)	—	—	(146,552)
As at 31 December 2009	6,284,731	13,751,798	1,317,685	127,791	2,762,110	24,244,115
Accumulated depreciation						
As at 1 January 2008	(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)
Charge for the year	(220,152)	(603,345)	(56,610)	(11,789)	—	(891,896)
Reclassification	(10,215)	1,365	3,563	5,287	—	—
Disposals	5,794	7,013	1,617	334	—	14,758
Deconsolidation of Diaoquan *(note 20)*	33,855	19,244	991	—	—	54,090
As at 31 December 2009	(2,349,734)	(5,768,768)	(775,482)	(70,325)	—	(8,964,309)

15. 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*
Provision for impairment loss						
As at 1 January 2008	(5,465)	(6,718)	—	—	—	(12,183)
Provided for the year	(77,439)	(11,967)	(3,056)	—	—	(92,462)
Reversal for the year	499	3,076	—	—	—	3,575
As at 31 December 2008	(82,405)	(15,609)	(3,056)	—	—	(101,070)
Provided for the year *(note 19)*	(625)	(103,452)	(22)	(59)	—	(104,158)
Reclassification	3,400	(3,372)	(28)	—	—	—
Other deduction	—	537	—	—	—	537
Deconsolidation of Diaoquan *(note 20)*	77,439	11,967	3,056	—	—	92,462
As at 31 December 2009	(2,191)	(109,929)	(50)	(59)	—	(112,229)
Net carrying amount						
As at 31 December 2009	3,932,806	7,873,101	542,153	57,407	2,762,110	15,167,577
As at 31 December 2008	3,858,427	7,325,456	551,179	58,861	2,259,133	14,053,056

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY

	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 2008	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
Additions	74,885	104,282	16,610	382	1,773,262	1,969,421
Transfers	298,142	1,177,872	38,283	1,383	(1,515,680)	—
Reclassification	(21,725)	35,029	(13,990)	686	—	—
Disposals	(2,939)	(6,993)	(1,730)	(159)	—	(11,821)
As at 31 December 2009	5,501,231	11,808,860	1,148,985	87,619	2,375,198	20,921,893
Accumulated depreciation						
As at 1 January 2008	(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)
Other charges	(20,961)	(36,555)	(7,839)	(52)	—	(65,407)
Charge for the year	(188,063)	(466,865)	(44,136)	(6,914)	—	(705,978)
Reclassification	(1,622)	(11,280)	12,453	449	—	—
Disposals	1,441	1,596	1,359	125	—	4,521
As at 31 December 2009	(2,179,673)	(5,212,701)	(710,517)	(58,733)	—	(8,161,624)

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY *(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 2008	(70)	(4,759)	—	—	—	(4,829)
Provided for the year	(1,707)	(1,072)	—	—	—	(2,779)
Written off for the year	499	—	—	—	—	499
As at 31 December 2008	(1,278)	(5,831)	—	—	—	(7,109)
Other addition	(393)	(225)	—	—	—	(618)
Provided for the year	—	(84,093)	—	—	—	(84,093)
Written off for the year	393	138	—	—	—	531
As at 31 December 2009	(1,278)	(90,011)	—	—	—	(91,289)
Net carrying amount						
As at 31 December 2009	3,320,280	6,506,148	438,468	28,886	2,375,198	12,668,980
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 2009, certain of the Group's machinery with a net book value of approximately RMB53,577,000 (2008: RMB61,027,000) and certain of the Group's buildings and mining infrastructure with a net book value of approximately RMB61,176,000 (2008: RMB63,857,000) were pledged to secure short term bank borrowings (note 33).

As at 31 December 2009, the Group is in the process of obtaining property ownership certificates for certain of the Group's buildings with a net book values of approximately RMB25,092,000 (2008: RMB14,747,000).

16. 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	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**205,594**	205,512	**187,273**	193,308
Additions during the year	**1,790**	7,862	**1,790**	1,409
Amortised during the year	**(14,034)**	(7,780)	**(13,632)**	(7,444)
Carrying amount at 31 December	**193,350**	205,594	**175,431**	187,273
Current portion included in prepayments, deposits and other receivables	**(7,759)**	(7,780)	**(7,357)**	(7,444)
Non-current portion	**185,591**	197,814	**168,074**	179,829

At 31 December 2009, 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 RMB12,007,000 (2008: RMB11,807,000).

At 31 December 2009, certain of the Group's prepaid land lease payments with a net book value of approximately RMB2,729,000 (2008: RMB2,815,000) were pledged to secure short term bank borrowings (note 33).

17. INTANGIBLE ASSETS

THE GROUP

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As at 1 January 2008	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
Additions	—	—	2,039	2,039
Disposal for the year	—	—	(1,000)	(1,000)
Deconsolidation of Diaoquan *(note 20)*	(36,335)	—	—	(36,335)
As at 31 December 2009	945,331	52,586	21,306	1,019,223

17. INTANGIBLE ASSETS *(Continued)*

THE GROUP *(Continued)*

	Mining rights RMB'000	Trademarks RMB'000	Others RMB'000	Total RMB'000
Amortisation				
As at 1 January 2008	(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)
Provided for the year	(32,583)	(1,795)	(2,243)	(36,621)
Disposal for the year	—	—	58	58
Deconsolidation of Diaoquan *(note 20)*	11,255	—	—	11,255
As at 31 December 2009	(78,330)	(23,382)	(7,093)	(108,805)
Provision for impairment				
As at 1 January 2008	—	—	—	—
Provided for the year	(25,080)	—	—	(25,080)
As at 31 December 2008	(25,080)	—	—	(25,080)
Deconsolidation of Diaoquan *(note 20)*	25,080	—	—	25,080
As at 31 December 2009	—	—	—	—
Net carrying amount				
As at 31 December 2009	867,001	29,204	14,213	910,418
As at 31 December 2008	899,584	30,999	15,359	945,942

17. INTANGIBLE ASSETS *(Continued)*

THE COMPANY

	Mining rights *RMB'000*	Trademarks *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2008	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
Other additions	—	—	27	27
As at 31 December 2009	945,331	52,586	6,526	1,004,443
Amortization				
As at 1 January 2008	(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)
Provided for the year	(32,583)	(1,793)	(1,268)	(35,644)
Other addition	—	—	(2)	(2)
As at 31 December 2009	(78,330)	(23,380)	(4,692)	(106,402)
Net carrying amount				
As at 31 December 2009	867,001	29,206	1,834	898,041
As at 31 December 2008	899,584	30,999	3,077	933,660

18. EXPLORATION AND EVALUATION ASSETS

	THE GROUP/THE COMPANY	
	2009	2008
	RMB'000	*RMB'000*
Carrying amount at 1 January	**71,880**	—
Addition	**115,308**	71,880
Carrying amount at 31 December	**187,188**	71,880

The exploration and evaluation assets represent the exploration costs for the Zhu Shahong and Jinjiwo mines.

19. IMPAIRMENT OF NON-CURRENT ASSETS

	THE GROUP	
	2009	2008
	RMB'000	*RMB'000*
Impairment losses		
— Property, plant and equipment	**104,158**	92,462
— Intangible asset (mining rights)	**—**	25,080
Total	**104,158**	117,542

During the year ended 31 December 2009, total impairment charges of RMB104,158,000 were provided in respect of certain technologically out-dated property, plant and equipment to be written off. The recoverable amount of above assets is the estimated fair value less cost to sell. The difference between the carrying amount and the recoverable amount is charged to the income statement.

20. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2009	2008
	RMB'000	*RMB'000*
Unlisted investments, at cost	**3,455,804**	3,820,678

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB1,048,704,000 (2008: RMB977,541,000) and RMB577,980,000 (2008: RMB 648,558,000), 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.

20. INTERESTS 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		Principal activities
			Directly	Indirectly	
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	Mainland China	RMB225,000,000	100%	—	Sale 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
保弘有限公司 Sure Spread Company Limited ("Sure spread")	Hong Kong	HKD50,000,000	55%	—	International trading and provision of related technical 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 sale of copper rods and wires
江西省江銅 — 瓮福化工有限公司 Jiangxi Jiangtong — Wengfu Chemical Industry Company Limited ("Wengfu chemical")	Mainland China	RMB181,500,000	70%	—	Manufacturing and sale of sulphuric acid and by-products
深圳江銅營銷有限公司 Jiangxi Copper Shenzhen Trading Company Limited ("Shenzhen Trading")	Mainland China	RMB330,000,000	100%	—	Sale of copper products
上海江銅營銷有限公司 Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	Mainland China	RMB200,000,000	100%	—	Sale of copper products
北京江銅營銷有限公司 Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Mainland China	RMB10,000,000	100%	—	Sale of copper products

20. INTERESTS 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 and by-products
江西銅業集團銀山礦業有限責任公司 JCC Yinshan Mining Company Limited ("Yinshan Mining")	Mainland China	RMB30,000,000	100%	—	Manufacturing and sale of non-ferrous metal and rare materials
江西銅業集團(德興)建設有限公司 JCC (Dexing) Construction Company Limited ("Dexing Construction")	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")	Mainland China	RMB1,000,000	—	100%	Production and sale of engineering, blasting engineering, etc
江西銅業集團東同礦業有限公司 JCC Dongtong Mining Company Limited ("Dongtong Mining")	Mainland China	RMB9,000,000	100%	—	Manufacturing and sales of non-ferrous metal and rare materials
江西銅業集團(貴溪)物流有限公司 JCC Guixi Logistics Company Limited ("Guixi Logistics")	Mainland China	RMB40,000,000	100%	—	Provision of transportation services
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")	Mainland China	RMB10,200,000	100%	—	Sales of beneficiation drugs, fine chemicals and other products
江西銅業集團(東鄉)鑄造有限公司 JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	Mainland China	RMB29,000,000	—	74.97%	Production and sale of grinding pebbles, castings of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel

20. INTERESTS 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
江西省江銅 — 耶茲銅箔有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Yates")	Mainland China	RMB453,600,000	89.77%	—	Production and sale of copper foil
江西江銅龍昌精密銅管有限公司 Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe")	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")	Mainland China	USD16,800,000	70%	—	Production and sale of enamelled wires and provision of repair and consulting services
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky")	Hong Kong China	USD2,001,300	—	100%	Trading of copper products and non-ferrous metals
江西銅業集團(德興)鑄造有限公司 JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	Mainland China	RMB34,100,000	100%	—	Production and sale 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) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	Mainland China	RMB2,602,000	100%	—	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing
江西銅業集團(東鄉)廢舊金屬有限公司 JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	Mainland China	RMB500,000	—	100%	Recovery and sale of disused metal

20. INTERESTS 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	
江西銅業集團地勘工程有限公司 JCC Geology Exploration Company Limited ("Geology Exploration")	Mainland China	RMB15,000,000	100%	—	Provision of services relating to mine exploration and development
江西銅業集團井巷工程有限公司 Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	Mainland China	RMB20,296,000	100%	—	Providing mining services
江西銅業集團厦門營銷有限公司 Jiangxi Copper Corporation Xiamen Trading Company ("Xiamen Trading")	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")	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 Smelting Technology")	Mainland China	RMB2,000,000	100%	—	Development of new chemical technologies and new products
上海江銅國際貨運代理有限公司 Jiangxi Copper Corporation (Shanghai) International Shipping Agency Company Limited ("Shanghai Agency")	Mainland China	RMB6,000,000	100%	—	Provision of clearance services with customs in the PRC for import products and sale of metal products and non ferrous metals
江西銅業集團銅材有限公司 JCC Copper Products Company Limited ("Copper Products")	Mainland China	RMB186,391,000	98.89%	—	Processing and sales of copper rods

20. INTERESTS 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	
江西銅業集團再生資源有限公司 JCC Recycling Company Limited ("Copper Recycling")	Mainland China	RMB4,000,000	25%	75%	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 Engineering")	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")	Mainland China	RMB300,000,000	78.33%	1.67%	Provision of deposit, loan, guarantee and financing consultation services to related parties
江西納米克熱電電子股份有限公司 Thermonamic Electronics(Jiangxi) Company Limited ("Redian")	Mainland China	RMB100,000,000	94.12%	—	Development and production of electronic semiconductors and provision of related services

20. INTERESTS IN SUBSIDIARIES *(Continued)*

(a) The following former subsidiaries were liquidated during the year and their businesses, assets and liabilities were taken up by the Company or its other subsidiaries.

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

江西銅業集團(德興)三廢回收有限公司JCC (Dexing) Waste Metal Recycle Company Limited

江西銅業集團(德興)尾礦回收有限公司JCC (Dexing) Gangue Recycle Company Limited

江西銅業集團(鉛山)工貿有限公司JCC (Qianshan) Industrial Trade Company Limited

江西銅業集團(鉛山)礦山工程有限公司JCC (Qianshan) Mine Engineering Company Limited

江西銅業集團(貴溪)汽車修理有限公司JCC Guixi Automobile Maintenance Company Limited

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

江西銅業集團機械鑄造有限公司JCC Machinery Foundry Company Limited

江西銅業集團(德興)設備有限公司JCC Dexing Equipment Manufacturing Company Limited

江西銅業集團(瑞昌)運輸有限公司JCC Ruichang Transportation Company Limited

江西銅業集團(貴溪)新材料有限公司JCC Guixi New Materials Company Limited

(b) Xiaoshan Copper Chemical Co., Ltd. ("Xiaoshan Tongda"), a former subsidiary of the Group, was liquidated in March 2009. Accordingly, this entity was deconsolidated from the Group's consolidated financial statement.

(c) On 26 May 2009, the Company entered into a share transfer agreement with Datong Jinyin Mining Company Limited ("Datong Jinyin") pursuant to which the Company sold a 26.458% equity interest in Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan") to a third party for a total consideration of RMB10,549,700. The transaction was completed in March 2009. Thereafter, Diaoquan was deconsolidated from the Group's consolidated financial statements and the Company's investment in Diaoquan was accounted for as available-for-sale investment in the Group's financial statements.

21. INTEREST IN A JOINTLY-CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**14,100**	14,100
Share of net assets	**18,937**	16,786	**—**	—
	18,937	16,786	**14,100**	14,100

Particulars of the jointly-controlled entity are as follows:

Name of jointly-control Identity	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 industrial waste water and sales of products

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:

	2009	2008
	RMB'000	*RMB'000*
Share of the jointly-controlled entity's assets and liabilities		
Current assets	**13,049**	10,960
Non-current assets	**8,752**	7,470
Current liabilities	**(2,864)**	(1,598)
Non-current liabilities	**—**	(46)
Net assets	**18,937**	16,786
Share of the jointly-controlled entity's results		
Revenue	**11,150**	9,239
Other income	**—**	163
Total expense	**(7,473)**	(5,710)
Tax	**(526)**	(692)
Net profit	**3,151**	3,000

22. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**520,698**	554,615
Share of net assets	**387,250**	508,338	**—**	—
	387,250	508,338	**520,698**	554,615

The Group's trade receivable and payable balances with the associates are disclosed in note 46 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 Minmetals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minmetals")	Registered capital of RMB1 each	Mainland China	40%	Investment company holding 100% equity interest in mining company in Peru
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

22. INTERESTS IN ASSOCIATES *(Continued)*

Name of associate	Particulars of share capital held	Place of incorporation and operations	Percentage of ownership interest attributable to the Group	Principal activities
興亞保弘株式會社 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 and sale of copper products
昭覺逢燁濕法冶煉有限公司 Zhaojue Fengye Smelting Company Limited("Fengye")	Registered capital of RMB1 each	Mainland China	47.86%	Production and sale of copper cathode and related products; technology development the technologies and provision of services

The above associates were not audited by Ernst & Young Hong Kong or any other member firms of the Ernst & Young global network.

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

	2009	2008
		(Restated)
	RMB'000	*RMB'000*
Current assets	**445,421**	679,230
Non-current assets	**4,625,502**	4,209,822
Current liabilities	**(1,042,236)**	(730,522)
Non-current liabilities	**(3,029,587)**	(2,801,541)
Net assets	**999,100**	1,356,989
Share of the associates' net assets	**387,250**	508,338
Revenue	**326,448**	1,564,575
Loss for the year	**(271,493)**	(64,772)
Share of the associates' loss	**(81,730)**	(25,145)

23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
Balance at 1 January	**333,010**	295,610	**321,010**	285,610
Additions during the year	**397,531**	37,400	**97,531**	35,400
Balance at 31 December	**730,541**	333,010	**418,541**	321,010
Accumulated impairment loss				
Balance at 1 January	**(5,610)**	(5,610)	**(5,610)**	(5,610)
Addition during the year	**(14,851)**	—	**(14,851)**	—
Balance at 31 December	**(20,461)**	(5,610)	**(20,461)**	(5,610)
Carrying value				
At 31 December	**710,080**	327,400	**398,080**	315,400
Less: Current portion of available-for-sale investment	**(300,000)**	—	**—**	—
	410,080	327,400	**398,080**	315,400

As at 31 December 2009, the Group's available-for-sale investments include the unlisted equity investments and the portfolio fund investment.

The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceed 20% of the issued capital of these companies.

The portfolio fund investment represents financial products of RMB300,000,000 issued by PRC financial institutions. The due date of the investment is 28 November 2010 and 6 January 2010, respectively and the target annual yield rate is 3% to 6%.

These available-for-sale investments were stated at cost and subject to an impairment assessment because there is no quoted market price in an active market and their fair values cannot be measured reliably.

24. DEFERRED 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 *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 31 December 2007	27,200	50,786	7,519	3,311	—	3,391	92,207
Deferred tax credited/ (charged) to the income statement during the year *(note 11)*	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
Deferred tax charged to the comprehensive income during the year	—	—	—	—	7,064	—	7,064
Deferred tax credited/ (charged) to the income statement during the year *(note 11)*	(116,347)	28,176	9,083	7,839	(60,429)	7,181	(124,497)
At 31 December 2009	48,283	66,633	9,083	7,902	28,585	12,345	172,831

24. DEFERRED TAX *(Continued)*

Deferred tax assets *(continued)*:

THE COMPANY

	Impairment of assets *RMB'000*	Accrued expenses *RMB'000*	Fair value loss from derivative financial instruments *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 31 December 2007	19,974	46,695	—	—	66,669
Deferred tax credited/(charged) to the income statement during the year	118,400	(16,865)	50,440	4,750	156,725
At 31 December 2008	138,374	29,830	50,440	4,750	223,394
Deferred tax credited/(charged) to the income statement during the year	(94,740)	23,913	(34,063)	4,578	(100,312)
At 31 December 2009	43,634	53,743	16,377	9,328	123,082

Deferred tax liabilities:

THE GROUP

	Fair value gain from derivative financial instruments — transactions not qualifying as hedges *RMB'000*	Fair value gain from provisional price arrangement *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 31 December 2007	5,779	—	—	5,779
Deferred tax (credited)/charged to the income statement during the year *(note 11)*	(5,759)	78,089	—	72,330
At 31 December 2008	20	78,089	—	78,109
Deferred tax (credited)/charged to the income statement during the year *(note 11)*	(20)	(78,089)	409	(77,700)
At 31 December 2009	—	—	409	409

24. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(continued)*

THE COMPANY

	Fair value gain from provisional price arrangement
	RMB'000
At 31 December 2007	—
Deferred tax charged to the income statement during the year	78,089
At 31 December 2008	78,089
Deferred tax credited to the income statement during the year	(78,089)
At 31 December 2009	—

At 31 December 2009, there was no significant unrecognised deferred tax liability (2008: 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.

25. LOANS TO RELATED PARTIES

	THE GROUP	
	2009	2008
	RMB'000	*RMB'000*
Current:		
Loans to related parties	**546,136**	262,557
Current portion of long term loans to related parties	**1,000**	3,000
	547,136	265,557
Non-current:		
Long term loans to related parties	**1,000**	4,000
Less: Current portion of long term loans to related parties	**(1,000)**	(3,000)
	—	1,000
Total	**547,136**	266,557

Except for current portion of long term loans to related parties, loans to related parties are all guaranteed by JCC. As at 31 December 2009, the loans are neither past due nor impaired.

As at 31 December 2009, loans to related parties were provided by Finance Company, a subsidiary of the Company. The short term loans' interest rates ranged from 2.27% to 6.30% per annum (2008: 4.37% to 7.84%) and such loans will be repaid from 1 January 2010 to 15 December 2010. The current portion of 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 46 to the financial statements.

The directors estimate that the carrying amounts of the Group's loans approximate to their fair values, as the loans bear interest at variable rates.

26. INVENTORIES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Raw materials	**4,981,185**	3,005,932	**3,954,525**	2,548,305
Work in progress	**5,200,374**	3,823,889	**5,068,309**	3,623,323
Finished goods	**1,365,141**	684,748	**354,343**	267,767
	11,546,700	7,514,569	**9,377,177**	6,439,395
Less: Provision for impairment of inventories	**(56,727)**	(628,513)	**(56,727)**	(494,672)
	11,489,973	6,886,056	**9,320,450**	5,944,723

As at 31 December 2009, certain of the Group's inventories with a net book value of approximately RMB225,494,000 (2008: RMB131,185,000) were pledged to secure short term bank borrowings (note 33).

27. TRADE AND BILLS RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**1,890,713**	1,533,138	**1,272,188**	1,093,099
Bills receivable	**735,904**	2,620,066	**420,048**	1,932,730
Less: Provision for impairment of trade receivables	**(161,491)**	(176,799)	**(121,534)**	(145,964)
	2,465,126	3,976,405	**1,570,702**	2,879,865

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.

27. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**1,708,225**	1,391,589	**1,145,643**	962,498
1 to 2 years	**48,055**	3,702	**2,243**	3,232
2 to 3 years	**2,093**	581	**227**	150
Over 3 years	**132,340**	137,266	**124,075**	127,219
	1,890,713	1,533,138	**1,272,188**	1,093,099

The terms of bills receivable are all within six months. As at 31 December 2009, the bills receivable are neither past due nor impaired.

As at 31 December 2009, the balance of bills receivable include bank-accepted notes and commercial accepted notes with net book values of RMB1,400,000 (2008: RMB1,821,631,000) and RMB10,740,000 (2008: Nil) respectively and was discounted to secure short term bank borrowings (note 33).

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**176,799**	137,496	**145,964**	127,421
Other additions	**—**	—	**887**	—
Impairment losses recognised	**11,576**	43,072	**246**	21,886
Impairment losses reversed	**(20,407)**	(366)	**(20,162)**	(17)
Amount written off as uncollectible	**(6,477)**	(3,403)	**(5,401)**	(3,326)
At 31 December	**161,491**	176,799	**121,534**	145,964

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB132,340,000 (2008: RMB137,266,000). 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.

27. 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	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**1,522,625**	812,322	**1,063,261**	500,960
Past due but not impaired				
Within 1 year	**9,259**	483,173	**2,169**	483,173
1 to 2 years	**2,991**	36,974	**185**	—
2 to 3 years	**69**	183	**—**	—
Over 3 years	**—**	—	**—**	—
	1,534,944	1,332,652	**1,065,615**	984,133

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.

Trade receivables due from related parties included in the trade and bills receivables are disclosed in note 46 to the financial statements.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**1,363,806**	769,721	**1,032,188**	786,427
Deposits and other receivables	**826,752**	1,386,254	**517,596**	1,166,033
Prepaid value-added tax	**393,478**	354,283	**260,433**	321,509
Dividend receivables	**—**	—	**16,000**	52,524
Interest receivables	**1,413**	1,386	**—**	—
	2,585,449	2,511,644	**1,826,217**	2,326,493

There are no significant balances that are past due or impaired except for the impairment of other receivable. Movements in the provision for impairment of other receivables are as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**26,156**	30,667	**22,415**	24,635
Other additions	**—**	—	**116**	—
Impairment losses recognised	**4,125**	921	**256**	287
Impairment losses reversed	**(90)**	(2,411)	**(40)**	(2,287)
Amount written off as uncollectible	**(1,291)**	(3,021)	**(1,099)**	(220)
At 31 December	**28,900**	26,156	**21,648**	22,415

Prepayments, deposits and other receivables due from related parties included in the prepayments, deposits and other receivables are disclosed in note 46 to the financial statements.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
(Liabilities)/Assets				
Commodity derivative contracts	**(201,427)**	(359,210)	**(130,699)**	(201,759)
— Assets	**—**	99	**—**	—
— Liabilities	**(201,427)**	(359,309)	**(130,699)**	(201,759)
Provisional price arrangement	**(232,431)**	312,356	**(232,431)**	312,356
	(433,858)	(46,854)	**(363,130)**	110,597
Including:				
Under hedge accounting				
Cash flow hedge				
— Commodity derivative contracts	**(45,027)**	—	**—**	—
Fair value hedge				
— Commodity derivative contracts	**(67,443)**	—	**(67,443)**	—
— Provisional price arrangement	**(219,827)**	—	**(219,827)**	—
Not under hedge accounting				
— Commodity derivative contracts	**(88,957)**	(359,210)	**(63,256)**	(201,759)
— Provisional price arrangement	**(12,604)**	312,356	**(12,604)**	312,356
	(433,858)	(46,854)	**(363,130)**	110,597

The Group uses commodity derivative contracts and provisional price arrangement to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are standardised copper cathode future contracts in SHFE and LME.

The fair value of the commodity derivative contracts represents the difference between the quoted market price of copper forward contract at year end and the quoted price at inception of the contract. The fair value of the provisional price arrangements are estimated by reference to the quoted market price at year end of copper forward contract with similar maturity as the provisional price contract compared to the quoted market price of copper forward contracts on the date of delivery of the purchased material.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Under hedge accounting

For the purpose of hedge accounting, hedges of the Group are classified as:

— Cash flow hedge

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 31 December 2009, the expected delivery period of the forecasted sales for copper related products is from January to March 2010.

— Fair value hedge

The Group utilizes commodity derivative contracts and provisional price arrangements to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories and unrecognised firm commitments to sell copper rods.

Since 1 July 2009, at the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective.

Accordingly, a net loss of RMB36,668,000 for effectiveness portion under cash flow hedge was included in the hedging reserve, and a net loss of RMB1,747,000 for ineffectiveness portion was included in income statement. Further details are given in other comprehensive income and note 6, respectively.

For the year ended 31 December 2009, the fair value losses of commodity forward contracts designated as fair value hedges of the Group are RMB270,926,000. The net fair value gain of the hedged item, including inventories and unrecognized firm commitments attributable to the risk hedged is RMB261,418,000 in aggregate. Further details are given in note 6.

Not under hedge accounting

During the period from 1 January 2009 to 30 June 2009 and in the year 2008, the Group did not formally designate above hedge relationships. Therefore, such transactions did not qualify for hedge accounting.

Furthermore, in the year 2009, the Group utilises commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper concentrate, and forecast sales of copper wires and rods. These arrangements are designed to address significant fluctuations in the price of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathodes. However, these arrangements are not considered as an effective hedge and hence do not qualify for hedge accounting. Further details are given in note 6.

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**2,151,617**	4,140,324	**1,487,675**	2,518,273
Time deposits	**1,448,402**	—	**—**	—
	3,600,019	4,140,324	**1,487,675**	2,518,273
Less: Pledged deposits *(a)*	**(1,897,393)**	(195,558)	**—**	—
Cash and cash equivalents	**1,702,626**	3,944,766	**1,487,675**	2,518,273

(a) As at 31 December 2009, the pledged deposits include:

— Time deposits amounting to RMB1,448,402,000 were pledged to secure current bank borrowings amounting to USD213,611,000, which equivalent to RMB1,459,198,000 (2008: Nil) (note 33);

— Deposit amounting to RMB215,566,000 which was guaranteed for issuing bank accepted notes (2008: Nil); and

— Required mandatory reserve deposits and other restricted deposits amounting to RMB233,425,000 (2008: RMB195,558,000) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBC"). Mandatory reserve deposits with the central bank and other restricted deposits are not available for use in the Group's daily operations.

At the end of the reporting period, the cash and bank balances of the Group denominated in currencies other than RMB amounted to RMB106,747,000 (2008: RMB54,509,000). 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 authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates or concerted rates. Short term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default, and their carrying amount is approximate to their fair values.

31. TRADE AND BILLS PAYABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**2,140,047**	1,328,422	**2,286,479**	1,228,120
Bills payable	**1,946,647**	86,218	**136,878**	86,218
	4,086,694	1,414,640	**2,423,357**	1,314,338

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,053,044**	1,267,645	**2,208,858**	1,176,746
1 to 2 years	**45,289**	47,978	**38,522**	40,753
2 to 3 years	**30,570**	7,307	**30,044**	7,145
Over 3 years	**11,144**	5,492	**9,055**	3,476
	2,140,047	1,328,422	**2,286,479**	1,228,120

The trade payables are non-interest-bearing and are normally settled on 60-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 46 to the financial statements.

32. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payroll and welfare	**362,736**	236,129	**285,347**	171,364
Interest payable	**25,281**	8,058	**17,000**	7,322
Other tax payables	**158,615**	218,760	**112,762**	144,865
Other payables	**780,012**	1,051,826	**694,382**	1,021,370
Advance from customers	**294,886**	280,117	**99,752**	116,904
Other long term payables due within one year *(note 39)*	**3,010**	31,167	**3,010**	31,167
	1,624,540	1,826,057	**1,212,253**	1,492,992

32. OTHER PAYABLES AND ACCRUALS *(Continued)*

Other payables and accruals are non-interest-bearing and have no significant balance that ages in more than one year.

Other payables and accruals due to related parties included in the other payables and accruals are disclosed in note 46 to the financial statements.

33. INTEREST-BEARING BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Bank borrowings — secured	**1,647,838**	1,948,131	—	1,408,771
Bank borrowings — unsecured	**883,105**	1,014,490	—	897,490
Current portion of long term bank borrowings — secured	—	285,713	—	—
Current portion of long term bank borrowings — unsecured	—	68,346	—	68,346
	2,530,943	3,316,680	—	2,374,607
Non-current:				
Bank borrowings — secured	—	413,713	—	—
Bank borrowings — unsecured	**111,922**	87,596	—	68,346
	111,922	501,309	—	68,346
Less: Current portion due within one year	—	(354,059)	—	(68,346)
	111,922	147,250	—	—
Total	**2,642,865**	3,463,930	—	2,374,607

The bank borrowings carry interest at rates ranging from 0.36% to 7.56% (2008: 0.36% to 9.71%) per annum.

33. INTEREST-BEARING BANK BORROWINGS *(Continued)*

An analysis of the bank borrowings' repayment schedule is as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year or on demand	**2,530,943**	3,316,680	**—**	2,374,607
In the second year	**—**	122,000	**—**	—
In the third to fifth years, inclusive	**92,672**	6,000	**—**	—
After five years	**19,250**	19,250	**—**	—
	2,642,865	3,463,930	**—**	2,374,607

Certain of the Group's bank borrowings are secured by:

(i) pledges over the Group's bank-accepted notes and commercial accepted notes, which had an aggregate carrying values at the end of the reporting period of approximately RMB1,400,000 (2008: RMB1,821,631,000) and RMB10,740,000 (2008: Nil), respectively;

(ii) mortgages over certain of the Group's machinery, which had an aggregate carrying value at the end of the reporting period of approximately RMB53,577,000 (2008: RMB61,027,000);

(iii) mortgages over certain of the Group's inventories, which had an aggregate carrying value at the end of the reporting period of approximately RMB225,494,000 (2008: RMB131,185,000);

(iv) mortgages over certain of the Group's buildings and mining infrastructure, which had an aggregate carrying value at the end of the reporting period of approximately RMB61,176,000 (2008: RMB63,857,000); and

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying value at end of the reporting period of approximately RMB2,729,000 (2008: RMB2,815,000).

(vi) time deposits amounting to RMB1,448,402,000 which were pledged to secure current bank borrowings amounting to USD213,611,000 (2008: Nil).

(vii) In the year ended 31 December 2008, certain of the Group's bank borrowings were also secured by JCC

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.

34. DEPOSITS FROM CUSTOMERS

	THE GROUP	
	2009	2008
	RMB'000	*RMB'000*
Demand deposits and current accounts	**683,078**	955,098
Savings deposits	**14,346**	15,239
	697,424	970,337

As at 31 December 2009 and 2008, deposits from customers represent deposits placed by related parties in Finance Company, a subsidiary of the Group. The deposits from customers carry interest at rates ranging from 0.36% to 1.17% (2008: 0.36% to 1.17%) per annum and will be repaid upon demand of the customers.

Deposits from customers due to related parties are disclosed in note 46 to the financial statements.

35. REPURCHASE AGREEMENTS

As at 31 December 2009, Finance Company, a subsidiary of the Company, entered into agreements with certain banks to sell bank-accepted notes of RMB52 million to them, and undertook to repurchase all the bank-accepted notes unconditionally from 10 March 2010 to 31 March 2010 (2008: Nil). The repurchase interest rates ranged from 2.19% to 2.21%.

36. BONDS PAYABLE

	THE GROUP/THE COMPANY	
	2009	2008
Balance at 1 January	**4,747,884**	—
Liability component at the issue date	**—**	4,677,413
Interest expense capitalised	**285,109**	70,471
Interest paid and accrual of interest	**(85,000)**	—
Balance at 31 December	**4,947,993**	4,747,884

36. BONDS PAYABLE *(Continued)*

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 on maturity. 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 for 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.

At initial recognition, 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.

As at 31 December 2009, the fair value of the Group's and the Company's bonds payable is RMB 4,817,800,000 calculated by the quoted market price of the bonds traded in Shanghai Stock Exchange. The difference between the carrying amount and the fair value is RMB130,193,000.

37. DEFERRED REVENUE — GOVERNMENT GRANTS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Balance at 1 January	**126,384**	115,537	**107,103**	94,637
Received during the year	**49,349**	19,945	**18,618**	19,000
Released to the income statement *(note 6)*	**(10,552)**	(9,098)	**(6,837)**	(6,534)
Balance at 31 December	**165,181**	126,384	**118,884**	107,103

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 lives of the facilities by equal annual instalments.

38. PROVISION FOR REHABILITATION

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**107,002**	48,224	**94,576**	48,224
Additional provision	**—**	54,163	**—**	42,433
Change in discount rate	**—**	1,199	**—**	1,199
Interest increment	**6,043**	3,416	**5,344**	2,720
At 31 December	**113,045**	107,002	**99,920**	94,576

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.

39. OTHER LONG TERM PAYABLES

	THE GROUP/ THE COMPANY	
	2009	2008
	RMB'000	*RMB'000*
Payable to JCC *(i)*	**17,497**	17,979
Payable to the Ministry of Land and Resources *(ii)*	**1,000**	29,297
	18,497	47,276
Less:		
Payable to JCC due within one year	**(2,010)**	(1,870)
Payable to the Ministry of Land and Resources due within one year	**(1,000)**	(29,297)
	15,487	16,109

The amounts are repayable as follows:

	2009	2008
Within one year	**3,010**	31,167
In the second year	**1,450**	1,490
In the third to fifth years, inclusive	**4,073**	4,214
After five years	**9,964**	10,405
	18,497	47,276

(i) The amount represents the balance due to JCC as the consideration for the transfer of 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 (2008: RMB99,000). The effective interest rate for the year ended 31 December 2009 was 5.31% (2008: 5.31%).

(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 values, based on the amounts due after one year discounted with the market average yield.

Other long term payables due to related parties included in the other long term payables are disclosed in note 46 to the financial statements.

40. SHARE CAPITAL

	Number of shares	Share capital
	Ordinary shares of RMB1 each	*RMB'000*
Balance at 1 January 2008		
— 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 2009 and 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.

41. 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 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
Other comprehensive income	—	—	—	—	—	—	(22,596)	—	(22,596)
Proposed 2008 final dividend	—	—	—	—	—	—	—	(241,827)	(241,827)
Transfer	—	—	—	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
Balance at 1 January 2009	4,585,536	70,546	(92,506)	1,870,728	4,058,795	114,362	—	5,090,345	15,697,806
Profit for the year	—	—	—	—	—	—	—	2,257,892	2,257,892
Proposed 2009 final dividend	—	—	—	—	—	—	—	(302,283)	(302,283)
Transfers	—	—	—	225,264	675,791	33,431	—	(934,486)	—
At 31 December 2009	4,585,536	70,546	(92,506)	2,095,992	4,734,586	147,793	—	6,111,468	17,653,415

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. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's 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 original registered capital of the Company.

42. PLEDGE OF ASSETS

Details of the Group's bank borrowings, which are secured by the assets of the Group, are included in note 33 to the financial statements.

43. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group and the Company had total future minimum lease commitments under non-cancellable operating leases, which fall due as follows:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**47,223**	22,910	**23,265**	15,806
In the second to fifth years, inclusive	**62,912**	73,127	**55,268**	63,225
After five years	**200,673**	279,400	**195,000**	269,827
Balance at 31 December	**310,808**	375,437	**273,533**	348,858

44. CAPITAL COMMITMENTS

At the end of the reporting period, the Group and the Company had the following capital commitments:

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	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	**404,453**	178,595	**373,315**	102,720
Investment in an associate — contracted for, but not provided in the financial statements *(i)*	**2,192,677**	2,192,677	**2,192,677**	2,192,677
Investment in available-for-sale investment — contracted for, but not provided in the financial statements	**—**	82,600	**—**	82,600
	2,597,130	2,453,872	**2,565,992**	2,377,997

44. CAPITAL COMMITMENTS *(Continued)*

(i) The Company and China Metallurgical Group Corporation ("CMCC") incorporated MCC-JCL, an associate of the Group, in 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 exploration and exploitation of 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.

45. 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 year ended 31 December 2009, no Rights granted were exercised or expired. As at 31 December 2009, the expiry dates of the outstanding Rights were between 8 and 9 years.

For the year ended 31 December 2009 and as at 31 December 2009, 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 year ended 31 December 2009.

46. 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, Jiangxi Copper Minmetals which are the Company's associates, (iii) Jiang Tong Bioteq which is the Company's jointly controlled entity, and (vi) other state-controlled entities in China, and paid compensation to management personnel as summarised below:

(a) Related party transactions with JCC and its affiliates:

	2009	2008
	RMB'000	*RMB'000*
Sales to related parties:		
Sales of copper rods and wire	**284,149**	133,793
Sales of brass wires	**188,442**	494,018
Sales of by-products	**28,044**	13,869
Sales of auxiliary industrial products	**16,829**	7,352
Sales of copper cathodes	**822**	—
Sales of copper waste	**648**	—
Sales of sulphuric acid	**—**	5,208
Purchases from related parties:		
Purchases of copper waste	**1,705,177**	424,955
Purchases of auxiliary industrial products	**128,345**	126,936
Purchases of copper cathode	**—**	31,660
Purchases of brass wires	**—**	6,485
Purchases of semi-finished products	**—**	1,777
Services provided by the Group:		
Loans provided	**596,136**	643,988
Interest charges for financing services	**12,886**	33,722
Supply of electricity	**12,751**	5,048
Repair and maintenance services	**9,247**	9,777
Vehicle transportation services	**2,789**	3,307
Supply of water	**534**	235
Processing services	**260**	29,141
Rentals for public facilities	**56**	—
Supply of gas	**20**	19
Freight agency services	**—**	5

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates: *(Continued)*

	2009	2008
	RMB'000	*RMB'000*
Services provided to the Group:		
Pension contributions	**143,190**	131,199
Rental for land use rights	**44,330**	15,763
Repair and maintenance services	**30,180**	24,320
Construction services	**28,625**	34,569
Brokerage agency services for commodity derivative contracts	**25,561**	22,915
Sanitation and greening service	**13,930**	—
Interest paid for deposits from customers	**12,196**	5,118
Rentals for public facilities	**4,858**	1,660
Other management fees	**2,895**	4,455
Labour service	**2,489**	—
Processing charges	**633**	—
Vehicle transportation services	**419**	903
Supply of power	**—**	279
Social welfare and support services provided to the Group:		
— welfare and medical services	**63,597**	72,598
— technical education services	**4,778**	2,400
— use of representative offices	**—**	3,000

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

The daily credit balance offered by the Finance Company ,a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

(b) Transactions with Qing Yuan, which is the Company's associate:

	2009	2008
	RMB'000	*RMB'000*
Sales to a related party:		
Sales of copper rods	**43,904**	—
Purchases from a related party:		
Purchases of copper waste	**118,840**	1,623,445
Purchases of cathode copper	**80,992**	—

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Transactions with Jiangxi Copper Minmetals, which is the Company's associate:

	2009 RMB'000	2008 RMB'000
Services provided by the Group:		
Loans provided	**240,000**	—
Interest charges for financing services	**9,983**	—

(d) Transactions with Jiang Tong Bioteq, which is the Company's jointly controlled entity:

	2009 RMB'000	2008 RMB'000
Services provided to the Group:		
Repair and maintenance services	**718**	—
Services provided by the Group:		
Construction services	**134**	—

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

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organizations (collectively "State-owned Entities"). During the year, the Group had transactions with State-owned Entities including, but not limited to, the sales of goods, purchases of goods, purchases of items of property, plant and equipment; obtaining loans and making deposits with financial institutions.

The directors consider that the transactions with other State-owned Entities 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 Entities 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 Entities. The directors have confirmed that these transactions are carried out on terms similar to those that would be entered into with non-State-owned Entities and have been reflected in the financial statements. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material related party transactions that require separate disclosures.

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(f) Compensation of key management personnel of the Group:

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

	2009	2008
	RMB'000	*RMB'000*
Short term employee benefits	**8,764**	6,283
Pension scheme contributions	**206**	276
Performance related bonuses	**590**	350
Total compensation paid to key management personnel	**9,560**	6,909

Further details of directors' emoluments are included in note 10 to the financial statements.

Except for the remuneration above, the Group also granted H Share appreciation rights scheme to certain key management personals. Further details are given in note 45.

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(g) Outstanding balances with related parties:

The Group had the following significant outstanding balances with related parties at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
Amounts due from related parties:		
Trade and bills receivable:		
JCC	**4,207**	1,345
JCC's affiliates	**118,602**	62,020
Jiang Tong Bioteq	**886**	—
Qing Yuan	**103**	—
	123,798	63,365
Prepayments and other receivables:		
JCC	**236**	623
JCC's affiliates	**519,051**	443,460
Jiangxi Copper Minmetals	**389**	—
Qing Yuan	**96,185**	9,500
	615,861	453,583
Amounts due from related parties:		
Short term loans to related parties *(note 25)*		
JCC's affiliates	**307,136**	265,557
Jiangxi Copper Minmetals	**240,000**	—
	547,136	265,557
Long term loans to related parties *(note 25)*		
JCC's affiliates	**—**	1,000

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(g) Outstanding balances with related parties *(Continued)*

	2009 RMB'000	2008 RMB'000
Amounts due to related parties		
Trade and bills payables:		
JCC	**2,758**	3,916
JCC's affiliates	**27,389**	35,246
	30,147	39,162
Other payables and accruals:		
JCC	**299,699**	543,934
JCC's affiliates	**66,172**	68,124
Jiang Tong Bioteq	**1,138**	—
	367,009	612,058
Deposits from customers *(note 34)*		
JCC	**349,564**	842,621
JCC's affiliates	**347,488**	127,716
Jiangxi Copper Minmetals	**372**	—
	697,424	970,337
Other long term payable *(note 39)*		
JCC	**15,487**	16,109

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 to related parties, deposits from customers and other long term payable to JCC as mentioned in notes 25, 34 and 39.

The related party transactions except for transactions with associates and a jointly controlled entity above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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.

47. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2009

	THE GROUP			
Financial assets	**Financial assets at fair value through profit or losses**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	710,080	710,080
Trade and bills receivables	—	2,465,126	—	2,465,126
Financial assets included in prepayments, deposits and other receivables	—	828,165	—	828,165
Loans to related parties	—	547,136	—	547,136
Equity investments at fair value through profit or loss	120	—	—	120
Pledged deposits	—	1,897,393	—	1,897,393
Cash and cash equivalents	—	1,702,626	—	1,702,626
	120	7,440,446	710,080	8,150,646

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009 *(Continued)*

Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedge instruments in hedge relationship	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	—	—	4,086,694	4,086,694
Financial liabilities included in other payables and accruals	—	—	1,171,039	1,171,039
Interest-bearing bank borrowings	—	—	2,642,865	2,642,865
Derivative financial instruments	101,559	332,299	—	433,858
Deposits from customers	—	—	697,424	697,424
Repurchase agreement	—	—	51,677	51,677
Bonds payable	—	—	4,947,993	4,947,993
Other long term payables	—	—	15,487	15,487
	101,559	332,299	13,613,179	14,047,037

2008

	THE GROUP			
Financial assets	Financial assets at fair value through profit or losses	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 to related parties	—	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

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2008 *(Continued)*

Financial liabilities	**Financial liabilities at fair value through profit or loss**	**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 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

2009

	THE COMPANY		
Financial assets	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	—	398,080	398,080
Trade and bills receivables	1,570,702	—	1,570,702
Financial assets included in prepayments, deposits and other receivables	533,596	—	533,596
Cash and cash equivalents	1,487,675	—	1,487,675
	3,591,973	398,080	3,990,053

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009 *(Continued)*

Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Derivatives designated as hedge instruments in hedge relationship**	**Financial liabilities at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	—	—	2,423,357	2,423,357
Financial liabilities included in other payables and accruals	—	—	999,739	999,739
Derivative financial instruments	75,858	287,272	—	363,130
Bonds payable	—	—	4,947,993	4,947,993
Other long term payables	—	—	15,487	15,487
	75,858	287,272	8,386,576	8,749,706

2008

	THE COMPANY			
Financial assets	**Financial assets at fair value through profit or losses**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*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

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortised cost**	**Total**
	RMB'000	*RMB'000*	*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 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

48. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

48. FAIR VALUE HIERARCHY *(Continued)*

As at 31 December 2009, the Group and the Company held the following financial assets and liabilities measured at fair value:

THE GROUP

Financial assets:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Equity investment at fair value through profit or loss	120	—	—	120

Financial liabilities:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Derivative financial instruments	433,858	—	—	433,858

THE COMPANY

Financial liabilities:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Derivative financial instruments	363,130	—	—	363,130

During the year ended 31 December 2009, there were no transfers of financial instruments measured at fair value between level 1 and level 2 and no transfers into or out of Level 3.

49. 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, trade and bills payables, and financial liabilities in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (including interest rate risk, foreign currency risk and commodity price risk). The Group's accounting policies in relation to financial instruments are set out in note 3 to the financial statements.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investment, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group. As at 31 December 2009, 24.19% of the Group's trade receivables were due from the Group's five largest customers (2008: 35.82%).

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 the end of the reporting period based on the contractual undiscounted payments.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE GROUP

	31 December 2009			
	Less than 12 months *RMB'000*	**1 to 5 years** *RMB'000*	**Longer than 5 year** *RMB'000*	**Total** *RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing bank borrowings	2,530,943	92,672	19,250	2,642,865
Trade and bills payables	4,086,694	—	—	4,086,694
Financial liabilities in other payables and accruals	1,222,287	278,289	136,554	1,637,130
Deposits from customers	697,424	—	—	697,424
Derivative financial instruments	433,858	—	—	433,858
Repurchase agreement	51,677	—	—	51,677
Other long term payables	2,870	7,480	26,271	36,621
	9,025,753	378,441	6,982,075	16,386,269

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE GROUP

	31 December 2008			
	Less than 12 months	**1 to 5 years**	**Longer than 5 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing bank 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

THE COMPANY

	31 December 2009			
	Less than 12 months	**1 to 5 years**	**Longer than 5 year**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Trade and bills payables	2,423,357	—	—	2,423,357
Derivative financial instruments	363,130	—	—	363,130
Financial liabilities included in other payables and accruals	1,047,729	272,000	136,000	1,455,729
Other long term payables	2,870	7,480	26,271	36,621
	3,837,086	279,480	6,962,271	11,078,837

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE COMPANY

	31 December 2008			
	Less than 12 months *RMB'000*	**1 to 5 years** *RMB'000*	**Longer than 5 year** *RMB'000*	**Total** *RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing bank 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

The disclosed derivative financial instruments in the above table are net undiscounted cash flow which is approximate to their carrying amount since almost all of the amounts will be settled in net amount.

Market risk

The Group's exposure to market risk mainly comprised of interest rate risk, foreign currency risk and commodity price risk.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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 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 at the end of reporting period 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
2009		
If interest rate increases	100	(26,307)
If interest rate decreases	(100)	26,307
2008		
If interest rate increases	50	(17,320)
If interest rate decreases	(200)	69,279

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales, purchase and borrowings in currencies other than the Group's functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB-USD 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*
2009		
If RMB strengthens against USD	(5)	152,553
If RMB weakens against USD	5	(152,553)
2008		
If RMB strengthens against USD	(5)	14,137
If RMB weakens against USD	5	(14,137)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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 and provisional price arrangement to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change in line with the fluctuations in the prevailing market price of copper cathodes mainly comprise copper cathode derivative contracts and provisional price arrangements.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonable possible change in prevailing market price of copper cathodes, with all other variables held constant, of the Group's profit before tax and equity. (due to changes in the fair value of commodity derivative contracts and provisional price arrangement) after the impact of hedge accounting.

THE GROUP

	Increase/ (decrease) in profit before tax *RMB'000*	**Increase/ (decrease) Increase/ (decrease)** *RMB'000*
2009		
If market price increases 30% in copper	(255,975)	(398,789)
If market price decreases 30% in copper	277,461	414,903
2008		
If market price increases 30% in copper	(81,911)	(61,433)
If market price decreases 30% in copper	81,911	61,433

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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 shareholders 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 2009 and 31 December 2008.

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 borrowings, trade and bills payables, financial liabilities included in the other payables and accruals, deposits from customers less cash and cash equivalents. Capital includes equity attributable to owners of the Company less the hedging reverses. The gearing ratios as at the end of the reporting periods were as follows:

THE GROUP

	2009	2008
	RMB'000	*RMB'000*
Interest-bearing bank borrowings	**2,642,865**	3,463,930
Trade and bills payables	**4,086,694**	1,414,640
Financial liabilities included in other payables and accruals *(note 32)*	**1,171,039**	1,327,180
Deposits from customers	**697,424**	970,337
Less: Cash and cash equivalents	**(1,702,626)**	(3,944,766)
Net debt	**6,895,396**	3,231,321
Equity attributable to owners of the Company	**22,813,886**	20,752,344
Hedging reverses	**36,668**	—
Adjusted capital	**22,850,554**	20,752,344
Capital and net debt	**29,745,950**	23,983,665
Gearing ratio	**23%**	13%

50. EVENTS AFTER THE REPORTING PERIOD

Pursuant to resolution of the first General Meeting of Jiangxi Copper Minmetals held in 2009, Minmetals Nonferrous Metals Co., Ltd. ("Minmetals") and the Company injected totalling RMB600 million capital contributions in cash to Jiangxi Copper Minmetals dated 19 January 2010 (including: RMB240 million by the Company and RMB360 million by Minmetals, respectively). When the capital injection was completed, the registered and paid-in capital of Jiangxi Copper Minmetals increased to RMB1.75 billion, while Minmetals and the Company hold 60% and 40% equity interest of Jiangxi Copper Minmetals, respectively.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2010 and subject to the approval of Annual General Meeting.

Financial Summary

(Prepared in accordance with IFRSs)

	2009	2008	2007 (Restated)	2006 (Restated)	2005 (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**51,430,623**	53,693,436	43,168,883	26,939,091	15,216,728
Cost of sales	**-46,452,737**	-47,433,301	-36,241,571	-18,700,354	-11,225,276
Gross profit	**4,977,886**	6,260,135	6,927,312	8,238,737	3,991,452
Other income and gains	**219,291**	213,747	191,878	90,667	174,528
Selling and distribution costs	**-295,943**	-268,384	-189,948	-133,408	-118,325
Administrative expenses	**-1,111,006**	-1,121,882	-973,174	-887,607	-630,027
Other expenses	**-139,612**	-1,520,550	-34,602	-549,959	-460,953
Finance costs	**-361,214**	-542,870	-424,368	-305,514	-276,877
Share of profit and (losses) of:					
A jointly-controlled entity	**-81,730**	-25,145	12,489	65	—
Associates	**3,151**	3,000	-314	—	—
Profit before tax	**3,210,823**	2,998,051	5,509,273	6,452,980	2,679,798
Income tax expense	**-829,517**	-800,535	-854,813	-1,119,053	-406,868
Profit for the year	**2,381,306**	2,197,516	4,654,460	5,333,927	2,272,930
Attributable to:					
Equity holders of the company	**2,383,227**	2,285,101	4,533,754	5,224,555	2,174,483
Minority interests	**-1,921**	-87,585	120,706	109,372	98,447
	2,381,306	2,197,516	4,654,460	5,333,927	2,272,930

	As at 31 December				
	2009	2008	2007 (Restated)	2006 (Restated)	2005 (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**38,427,695**	34,504,921	35,130,584	25,762,955	16,701,546
Total liabilities	**-15,252,590**	-13,385,945	-15,108,629	-11,061,310	-7,021,875
	23,175,105	21,118,976	20,021,955	14,701,645	9,679,671
TOTAL EQUITY					
Attributable to:					
Equity holders of the company	**22,813,886**	20,752,344	19,544,424	13,885,674	8,874,184
Minority interests	**361,219**	366,632	477,531	815,971	805,487
	23,175,105	211,118,976	20,021,955	14,701,645	9,679,671

The financial information previously reported by the Group in 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.

Documents Available For Inspection

1. The financial statements duly signed and sealed by the legal representative, the chief financial officer, and the manager of the accounting department.

2. The original copies of the auditors' reports sealed by the accounting firms and duly signed and sealed by the certified public accountants.

3. The original copies of all documents and announcements disclosed in the newspapers designated by CSRC during the reporting period.

Jiangxi Copper Company Limited
Chairman: **Li Yihuang**

30 March 2010

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of Jiangxi Copper Company Limited (the "Company") will be held at 15 Yejin Avenue, Guixi City, Jiangxi, People's Republic of China on Thursday, 17 June 2010 at 10:00 a.m. for the following purposes:-

BY WAY OF ORDINARY RESOLUTIONS:

1. To consider and approve the report of the board of directors of the Company for the year of 2009.

2. To consider and approve the report of the supervisory committee of the Company for the year of 2009.

3. To consider and approve the audited financial statements and the auditors' report of the Company for the year of 2009.

4. To consider and approve the proposal for distribution of profit of the Company for the year of 2009.

5. To appoint Ernst & Young Hua Ming and Ernst & Young as the Company's domestic auditors and international auditors for the year 2010 and to authorize the board of directors of the Company to determine their remunerations and any one executive director of the Company to enter into the service agreement and any other related document with Ernst & Young Hua Ming and Ernst & Young.

BY WAY OF SPECIAL RESOLUTIONS:

6. To consider and approve the following resolution as a special resolution :-

   "**THAT**

   (a) subject to the limitations imposed by (c) and (d) below and in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company Law of the People's Republic of China (the "Company Law"), and other applicable rules and regulations of the People's Republic of China (the "PRC") (in each case as amended from time to time), a general unconditional mandate be and it is hereby granted to the board of directors of the Company (the "Board of Directors") to exercise once or more than once during the Relevant Period (as defined below) all the powers of the Company to allot and issue new overseas foreign listed shares of the Company ("H Shares") on such terms and conditions as the Board of Directors may determine and that, in the exercise of their power to allot and issue shares, the authority of the Board of Directors shall include (without limitation):

      (i) the determination of the number of the H Shares to be issued;

      (ii) the determination of the issue price of the new H Shares;

      (iii) the determination of the opening and closing dates of the issue of new H Shares;

(iv) the determination of the number of new H Shares to be issued to the existing shareholders (if any);

(v) the making or granting offers, agreements and options which might require the exercise of such powers;

(b) upon the exercise of the powers pursuant to paragraph (a) above, the Board of Directors may during the Relevant Period make and grant offers, agreements and options which might require the H Shares relating to the exercise of the authority thereunder being allotted and issued after the expiry of the Relevant Period;

(c) the aggregate nominal amount of the H Shares to be allotted or conditionally or unconditionally agreed to be allotted and issued (whether pursuant to the exercise of options or otherwise) by the Board of Directors pursuant to the authority granted under paragraph (a) above (excluding any shares which may be allotted and issued upon the conversion of the capital reserve fund into capital in accordance with the Company Law or the Articles of Association of the Company) shall not exceed 20% of the aggregate nominal amount of the H Shares in issue as at the date of passing of this Resolution;

(d) the Board of Directors in exercising the mandate granted under paragraph (a) above shall (i) comply with the Company Law, other applicable laws and regulations of the PRC, the Listing Rules and the rules of the stock exchanges and regulatory authority of the relevant places where the shares of the Company are listed (in each case, as amended from time to time) and (ii) be subject to the approval of the China Securities Regulatory Commission and relevant authorities of the PRC;

(e) for the purposes of this Resolution:

"Relevant Period" means the period from the date of the passing of this Resolution until whichever is the earlier of:

(i) twelve months from the date of passing of this resolution;

(ii) the conclusion of the next annual general meeting of the Company; and

(ii) the date on which the mandate granted by this Resolution is revoked or varied by a special resolution of the shareholders in general meeting;

(f) the Board of Directors shall, subject to the relevant approvals being obtained from the relevant authorities and to the compliance with the Company Law and other applicable laws and regulations of the PRC, increase the Company's registered share capital corresponding to the relevant number of shares allotted and issued upon the exercise of the mandate given pursuant to paragraph (a) of this Resolution;

(g) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of, and permission to deal in, the H shares of the Company's share capital proposed to be issued by the Company and to the approval of the China Securities Regulatory Commission for the issue of H Shares being granted, the Board of Directors be and they are hereby authorised to amend, as they may deem appropriate and necessary, the Articles of Association of the Company to reflect the change in the share capital structure of the Company in the event of an exercise of the authority granted under paragraph (a) to allot and issue new H Shares;

(h) authorize any two Directors to sign the necessary documents, complete the necessary procedures and take other necessary steps to complete the allotment and issue and listing of the new H Shares. ”

By Order of the Board of
Jiangxi Copper Company Limited
Li Yihuang
Chairman

29 April 2010
Guixi, Jiangxi Province, the PRC

Notes:

(i) Any shareholder entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf in accordance with the Articles of Association of the Company. A proxy need not be a shareholder of the Company.

(ii) In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company (in the case of proxy form of holder of domestic shares) or the Company's H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of proxy form of holders of H Shares) not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.

(iii) Shareholders or their proxies shall produce their identity documents when attending the meeting.

(iv) The register of shareholders of the Company will be closed from Monday, 17 May 2010 to Thursday, 17 June 2010 (both dates inclusive), during which period no transfer of H shares will be registered.

(v) Shareholders whose names appear on the register of holders of H shares on Monday, 17 May 2010 are entitled to attend and vote at the meeting.

(vi) Shareholders who intend to attend the meeting shall complete and lodge the reply slip for attending the meeting at the Company's legal address at 15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China on or before 27 May 2010. The reply slip may be delivered to the Company by hand, by post or by fax (at fax no.: (86) 701-377 7013).

(vii) The final dividend for the year ended 31 December 2009 will be payable to the shareholders whose names appear on the register of shareholders on Thursday, 17 June 2010.

(viii) In order to qualify for the final dividend mentioned above, holders of H shares whose transfers have not been registered shall deposit the transfers together with the relevant share certificates, at the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 14 May 2010.

(ix) The AGM is not expected to take more than half a day. Shareholders or their proxies attending the AGM shall be responsible for their own travel and accommodation expenses.