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** • H Share: **600362**

2010 Annual Report

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, was unable to attend the Board meeting approving, inter alia, the annual results in 2010, but has appointed Li Baomin, an executive Director to attend the Board meeting and to vote on his 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 2010 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
Principal Accounting Responsible Person	Gan Chengjiu
Manager of the Finance Department (accounting chief)	Jiang Liehui

The Company's Chairman, Li Yihuang, the principal accounting responsible person, Gan Chengjiu, and Manager of Finance Department (accounting chief), Jiang Liehui, 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

Contents

CORPORATE PROFILE

(1) Corporate information

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

(2) Contact persons 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

(3) 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
International website of the Company	http://www.jxcc.com
E-mail	jccl@jxcc.com

(4) Information disclosure and place of inspection

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

CORPORATE PROFILE

(5) Information on the Company's shares

Securities' information of the Company

Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A Shares	Shanghai Stock Exchange	Jiangxi Copper	600362
H Shares	The Stock Exchange of Hong Kong Limited (the "Stock Exchange")	Jiangxi Copper	0358
	American Depositary Receipt Level 1		OTC: JIXAY

(6) 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	22 February 2011
	Institution for change of registration	Administration for Industry and Commerce of Jiangxi Province
	Business license registration number	360000521000033
	Taxation registration number	360681625912173
	Organization code	62591217-3
Auditors appointed by the Company	Ernst & Young Hua Ming Certified Public Accountants (Domestic) / Ernst & Young Certified Public Accountants (Overseas)	
Office 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)	

CORPORATE PROFILE

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 metal ores, rare metal, nonmetallic ores, non-ferrous metal and related by-products; overseas futures business and related enquiry services and businesses.

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 treatment 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 (Longchang) 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 advanced technology: JCC-Wengfu Chemical Company Limited and Jiangxi Copper Group Chemical Company Limited.

CORPORATE PROFILE

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 and most advanced copper mining enterprises in the world:

1) The Group owns abundant mineral resource reserve. As at the end of 2010, the Company had 100% ownership in the proven resource reserve of approximately 11,120,000 tonnes of copper metal, 354 tonnes of gold, 9,823 tonnes of silver, 270,000 tonnes of molybdenum, 108,280,000 tonnes accompanying sulphur and symbiotic sulphur. Among the resources 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 2010, 172,000 tonnes of copper were produced from the mines of the Group.

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 2010, the Group produced 900,000 tonnes of copper cathode.

3) The Group is one of the largest gold and silver manufacturers in the PRC. In 2010, the Group produced 22 tonnes of gold and 470 tonnes of silver.

4) The Group's current processing capacity of copper products is 450,000 tonnes. In 2010, the Group produced 490,000 tonnes of copper products.

5) The Group is one of the largest sulphur chemical industry bases in the PRC. In 2010, the Group produced 2,400,000 tonnes of sulphuric acid and 1,560,000 tonnes of sulphuric concentrate.

6) The Group is one of the largest rare metal manufacturers in the PRC. In 2010, the Group produced 4,366 tonnes of standard molybdenum concentrates (average grade: 45%), approximately 281 tonnes of selenium products, 2,876 kg of ammonium rhenate, 50 tonnes of tellurium concentrate and 628 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

(1) Major accounting data (prepared in accordance with PRC GAAP)

Currency: RMB

Item	Amount
Operating profit	5,908,466,163
Total profit	5,979,868,267
Net profit attributable to owners of the Company	4,907,141,378
Net profit after non-recurring profit and loss items attributable to owners of the Company	4,937,307,053
Net cash flows (outflow)/inflow from operating activities	–1,973,406,201

(2) Discrepancies Between IFRSs and PRC GAAP

1. Discrepancies between 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 disclosed under PRC GAAP and those disclosed 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**	
	2010	2009	**As at 31 December 2010**	As at 31 December 2009
Under PRC GAAP	**4,907,141**	2,349,254	**34,123,226**	22,813,886
Adjustments to items and amounts under IFRSs:				
Reversal of the safety production expenses provided but not used under the PRC GAAP during the year	**80,434**	33,973	**—**	—
Under IFRSs	**4,987,575**	2,383,227	**34,123,226**	22,813,886

SUMMARY OF ACCOUNTING AND BUSINESS DATA

(3) Non-recurring profit and loss items and amounts (loss is stated as negative and gain is stated as positive) (prepared in accordance with PRC GAAP)

Currency: RMB

Item	Amount
Net profit and loss from disposal of non-current assets	–84,421,274
Government grant as included in profit and loss of current period, other than those closely relating to business of enterprises and subject to a fixed amount or quantity under uniform national standard	168,425,268
Net fair value losses from financial assets and financial liabilities held for trading, and net investment gains from disposal of financial assets and liabilities held for trading and available-for-sale financial assets except for effective portion of normal transactions qualified for hedge accounting	–100,978,991
Other non-recurring items included in non-operating income and expenses	–12,601,890
Other qualified non-recurring profit and loss items	1,794,300
Impact of income tax on non-recurring items	4,404,430
Impact on minority interests (after tax)	–6,787,518
Total	–30,165,675

SUMMARY OF ACCOUNTING AND BUSINESS DATA

(4) Major accounting data and financial indicators for the last 3 years of the Company at the end of the reporting period (prepared in accordance with PRC GAAP)

Unit: '000 Currency: RMB

Major accounting data	2010	2009	Increase / (decrease) from last year (%)	2008
Revenue	**76,440,859**	51,714,648	47.81	53,972,433
Total profit	**5,979,868**	3,176,149	88.27	2,998,050
Net profit attributable to owners of the Company	**4,907,141**	2,349,254	108.88	2,285,101
Net profit after non-recurring profit and loss items attributable to owners of the Company	**4,937,307**	2,223,630	122.04	2,920,955
Net cash flow (outflow)/inflow from operating activities	**–1,973,406**	1,722,486	–214.57	6,249,417

	As at 31 December 2010	As at 31 December 2009	Increase/ (decrease) from the end of last year (%)	As at 31 December 2008
Total assets	**54,844,774**	38,034,215	44.20	34,150,637
Equity attributable to owners of the Company	**34,123,226**	22,813,886	49.57	20,752,344

SUMMARY OF ACCOUNTING AND BUSINESS DATA

Major financial indicators	**2010**	2009	Increase/ (decrease) from last year *(%)*	2008
Basic earnings per share attributable to owners of the Company *(RMB)*	**1.56**	0.78	100.00	0.76
Diluted earnings per share attributable to owners of the Company *(RMB)*	**1.48**	0.72	105.56	0.76
Basic earnings per share after non-recurring profit and loss items attributable to owners of the Company *(RMB)*	**1.57**	0.74	112.16	0.97
Return on net assets attributable to owners of the Company (weighted average) *(%)*	**18.29**	10.78	Increased by 7.51 percentage points	11.33
Return on net assets after non-recurring profit and loss items attributable to owners of the Company (weighted average) *(%)*	**18.40**	10.21	Increased by 8.19 percentage points	15.02
Net cash flow (outflow)/inflow from operating activities per share *(RMB)*	**–0.63**	0.57	–210.53	2.07

	As at 31 December 2010	As at 31 December 2009	Increase/ (decrease) from the end of last year *(%)*	As at 31 December 2008
Equity per share attributable to owners of the Company *(RMB)*	**9.85**	7.55	30.46	6.87

SUMMARY OF ACCOUNTING AND BUSINESS DATA

(5) Items measured at fair value (prepared in accordance with PRC GAAP)

Currency: RMB

Item	Opening balance	Closing balance	Change during the period	Impact on profit of the current period
Cash flow hedges:	–45,027,116	–128,633,369	–83,606,253	–2,139,835
— Commodity derivative contracts	–45,027,116	–128,633,369	–83,606,253	–2,139,835
Fair value hedges:	–6,515,200	–2,005,824	4,509,376	4,509,376
— Commodity derivative contracts	–67,443,664	–227,751,145	–160,307,481	–160,307,481
— Provisional price arrangement	–219,828,041	–554,710,792	–334,882,751	–334,882,751
— Inventories	280,756,505	780,456,113	499,699,608	499,699,608
Not under hedge accounting:	–101,439,689	–295,078,759	–193,639,070	–196,323,026
— Commodity derivative contracts	–88,956,439	–257,218,609	–168,262,170	–168,262,170
— Provisional price arrangement	–12,603,420	–19,470,520	–6,867,100	–6,867,100
— Transactional financial assets held for trading	120,170	4,843,656	4,723,486	2,039,530
— Interest rate swap	0	–9,293,820	–9,293,820	–9,293,820
— Forward foreign exchange contracts	0	–13,939,466	–13,939,466	–13,939,466
Total	–152,982,005	–425,717,952	–272,735,947	–193,953,485

Chairman's Statement

To shareholders,

Thank you for your trust in and support to the Group. I am pleased to report that with the efforts made by all our staff, the Group hit a new record in its production volume and its operating results exceeded the expectation at the beginning of the year. Based on the audited consolidated financial statements for the year of 2010 prepared in accordance with the PRC GAAP, the consolidated revenue of the Group amounted to RMB76,440.86 million (2009: RMB51,714.65 million), representing an increase of RMB24,726.21 million or 47.81% from last year. Net profit attributable to owners of the Company amounted to RMB4,907.14 million (2009: RMB2,349.25 million), representing an increase of RMB2,557.89 million or 108.88% from last year. Basic earnings per share attributable to owners of the Company was RMB1.56 (2009: RMB0.78), representing an increase of RMB0.78 or 100% from last year.

Industry Development and Market Review

The price of copper has increased substantially in 2010 as compared with 2009. The average closing price of three-month copper futures and the average closing price of copper spot on London Metal Exchange were US$7,550/tonne and US$7,534/tonne respectively, representing increases of 46.02% and 46.33% 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 RMB58,199/tonne and RMB58,471/tonne respectively, representing an increase of 48.63% and 45.50% respectively from last year.

According to the statistics of International Copper Study Group (ICSG), the global copper output for 2010 was 19.05 million tonnes and copper consumption was 19.36 million tonnes, representing an undersupply of 310,000 tonnes. The production volume of refined copper in China amounted to 4.62 million tonnes, representing an increase of 11.09% from last year. Apparent consumption volume reached 7.47 million tonnes, representing an increase of 3.78% from last year.

Business Review

During the reporting period, the Group continued to implement its development strategy "to develop mines, consolidate smelting, improve refining and diversify into related sectors" and laid out the twelve five-year plan to further improve its internal management, and established a performance assessment system with efficiency as the key benchmark. Results were achieved in the following major aspects:

(1) Strived for an increase in production volume of self-owned mines for higher profitability. Projects including the 130,000-tonne expansion project at Dexing Copper Mine, conversion of the open-pitting mining to underground mining project of Yongping Copper Mine and expansion project of Phase II Chengmenshan Copper Mine were completed and put into production smoothly, thereby increasing the Group's production capacity of its own mines to more than 200,000 tonnes. For No.5 mine exploitation project of Dongtong Mining, 5,000-tonne expansion and renovation project of Yinshan Mining and the two overseas projects, namely the copper mine project in Northern Peru and the Aynak Copper Mine project in Afghanistan, the Company had sent an expert team to participate in the development of the projects. The said overseas projects are under construction in an orderly pace.

Chairman's Statement

(2) Consolidated industry leading position by exploring internal growth. Through sophisticated management and exploitation of potential capacity, Guixi Smelter possessed an annual smelting capacity of 900,000 tonnes of copper cathode which reduced unit smelting cost as a result of economies of scale.

(3) Strengthened market concept to realise profit making of copper processing enterprises. The enhanced management on copper processing enterprises led to an improvement in quality of copper processing products. The Group also continued to strengthen the market concept, requiring each business unit to arrange production and determine the production volume and specifications of products with reference to the market demand. The profitability of each copper processing enterprise became stronger and surplus was fully realized during the year.

(4) Successfully passed the certification of new high-tech enterprise. Based on the enhanced technological innovations and management in 2010, the Group established an academician workstation and promoted the construction of national copper smelting and processing engineering center. Meanwhile, the Company obtained the certificate of new high-tech enterprise of Jiangxi province, and thus was entitled to a preferential income tax rate at 15% for three years commencing from year 2010.

(5) Attained an enormous success in exercise of warrants. Proceeds of RMB6,744 million were raised from the exercise of warrants issued by the Group, with an exercise ratio of 99.91%.

(6) Embarked on extending rare metal industrial chains. As one of the largest rare metal producers in the PRC, the Group endeavored to extend the rare metal industrial chains in recent years in order to enhance the additional value. Thermonamic Electronics (Jiangxi) Company Limited, which is engaged in production of thermoelectric semiconductors with tellurium as major raw material, commenced production during the reporting period. The Group will continue its commitment to application and development of rare metals.

Chairman's Statement

Prospect and Strategy

Due to the high unemployment rate in the developed countries, in order to stimulate the economy, each developed country adopted quantitative easing monetary policies, leading to an excess in global liquidity and continuous inflations which have positive impact on the price of copper. Despite the slow or even fluctuating recovery pace of developed economies, the trend of sustained revival has been established, and thus the actual demand for copper, which is strongly correlated to macro economy, will be increased in 2011. It is expected that the price of copper will remain strong in 2011.

In 2011, the plan for major production and operation of the Group is: to produce 940,000 tonnes of copper cathode; 25 tonnes of gold; 510 tonnes of silver; 2.37 million tonnes of sulphuric acid; 200,000 tonnes of copper contained in copper concentrate; and 489,000 tonnes of copper rods and wires and other copper processing products. As the price of the Group's principal products is 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, as and when appropriate, revise such plan in response to changes in market conditions.

In 2011, the Group will make every efforts in the following works:

(1) Speed up the progress of projects under construction. The Group will endeavour to expand the production volume of self-produced mine. For the Aynak Copper Mine project in Afghanistan and the copper mine project at Northern Peru, for instance, the Group will speed up the project progress with co-operation parties for earlier production of mines. Meanwhile, the Group will strive to complete the 5,000-tonne expansion and renovation project of Yinshan Mining and No. 5 mine exploitation project of Dongtong Mining. The Group will exploit its existing facilities and infrastructure to enhance smelting and copper processing production capacity in order to achieve economies of scale. The Group will also work hard on development of projects such as the technological renovation project for additional capacity of 50,000 tonnes of copper cathode at Guixi Smelter, phase II precise pipe project at Jiangxi Copper Longchang, 400,000-tonne copper rod project in Zengcheng, Guangzhou, Phase I 600,000-tonne sulfuric acid production project by pyretic at Dexing as well as expansion project on consolidated recycling of Guixi Smelter.

(2) Grasping the opportunity of national promotion on the "Adjustment and Reviving Plan for Non-ferrous Metal Industry" in the PRC, the Group will explore opportunities to expand through reorganization at low cost in order to optimise its industrial layout.

(3) Advance the reform continuously to improve management efficiency. Firstly, the Group will improve the control management system to increase operating efficiency and give full play of the enthusiasm and creativity of each business unit while monitor and effectively avoid any material risk in operations so as to ensure the safety of assets and employees. Secondly, the Group will strengthen the external competitiveness on the level of remuneration, and delineate the long-term incentive plan for middle level to senior management and core technicians.

Chairman's Statement

(4) Promote the integration of internal service units. Based on the five platforms namely finance, trade, logistics, construction supervision and technological services, the Group will streamline and restructure its existing production services business to build up specialised companies with scale and competitive strengths.

(5) Further increase investment in research and development to expedite technological progress under innovative development mode. The Group expects to achieve the long-term stable supply of its mine through technological innovations and optimized workflow, whilst seeking to increase recovery rate for downgraded ore. It will also enhance the quality of products from copper smelting and copper processing by advanced technology.

(6) To strengthen its strategy on talents, the Group will press ahead with the preparation of human resource plan. Market mechanism will be introduced to broaden the channel for importing talents. Competition mechanism will be strengthened through initiatives including public recruitment and competition for promotion in order to build up a platform for talents to stand out. In addition, the elimination mechanism will be improved by establishing a scientific and reasonable talent assessment standard.

(7) Establish and refine the internal control system. The Group will integrate the optimised business process into its existing management framework to increase operating efficiency as required by the "Basic Rules of Enterprise Internal Control" and the "Guidance on Enterprise Internal Control". Following the systematic and procedural requirements on internal business process, the Group will promote in-depth integration of risk management into business operation under a well-established internal control system.

Acknowledgment

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, the PRC
29 March 2011

Management Discussion and Analysis

The management of the Group is pleased to present the following discussion and analysis of the Group's 2010 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 outflow from operating activities amounted to RMB1,973.41 million, while net cash inflow from operating activities amounted to RMB1,722.49 million during last year, mainly attributable to the increase in appropriation of the working capital given the increase in inventories at year end as a result of the increase of copper price, as well as the increases in accounts receivable, notes receivable and advances to suppliers.

During the reporting period, the Group's net cash inflow generated from operating activities was less than the net profit by RMB6,938.25 million, mainly attributable to RMB969.41 million of depreciation of fixed assets, RMB348.57 million of financial costs incurred, RMB193.95 million of fair value loss, an increase of RMB6,287.41 million in inventories, an increase of RMB5,078.45 million in operating receivables and an increase of RMB2,722.75 million in operating payables.

During the reporting period, the Group's net cash outflow from investing activities was RMB3,632.93 million, mainly comprising payment of RMB2,567.88 million for acquisition and construction of fixed assets, intangible assets and other long-term assets, an increase of RMB520.00 million in available-for-sale financial assets and an increase of RMB620.00 million in investment in associates. The Group's net cash outflow from investing activities during the year increased by RMB490.34 million or 15.60% from last year, mainly due to the increase in investment in associates.

During the reporting period, the Group's net cash inflow from financing activities was RMB7,777.73 million, mainly comprising proceeds of RMB6,737.97 million from the successful exercise of warrants "Jiangxi Copper CWB1" during the year. The Group's net cash inflow from financing activities during the year increased by RMB8,599.63 million or 1,046.31% from last year, mainly due to the successful exercise of warrants and the increase in bank loans to meet the need of expansion in merchandising.

As at the end of the reporting period, the Group's balance of cash and cash equivalents amounted to RMB3,864.37 million, representing an increase of RMB2,161.74 million or 126.97% from the end of last year.

Management Discussion and Analysis

2. Financial Position and Capital Structure

As at the end of the reporting period, the Group's total assets and total liabilities increased to RMB54.845 billion and RMB20.307 billion respectively from RMB38.034 billion and RMB14.859 billion as at the end of last year. The asset-liability ratio (liabilities divided by total assets) was 37.03%, representing a decrease of approximately 2.04 percentage points. Capital-liabilities ratio (liabilities divided by shareholder's equity) was 58.80%.

3. Analysis on Changes in Items of Financial Statements

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

Cash and bank balances: As at the end of the reporting period, the Group's cash and bank balances amounted to RMB6,303.25 million, representing an increase of RMB2,703.23 million or 75.09% from the end of last year. The increase was mainly attributable to net cash outflow of RMB1,973.41 million from operating activities, net cash outflow of RMB3,632.93 million from investing activities, net cash inflow of RMB7,777.73 million from financing activities, and the net outflow of RMB9.65 million due to the effect of changes in exchange rate on cash and cash equivalents. In addition, other monetary assets increased by RMB541.49 million from the end of last year, including an increase of RMB585.40 million in reserve deposits maintained with the People's Bank of China by a subsidiary of the Group.

Notes and accounts receivable: As at the end of the reporting period, the Group's total balance of notes and accounts receivable was RMB5,169.18 million, representing an increase of RMB2,704.05 million or 109.69% from the end of last year, mainly due to the increases in sales volume and price of products during the year.

Advances to suppliers: As at the end of the reporting period, the Group's balance of advances to suppliers was RMB1,789.85 million, representing an increase of RMB433.80 million or 31.99% from the end of last year, mainly due to an increase in price of the raw materials.

Other receivables: As at the end of the reporting period, the Group's balance of other receivables was RMB1,373.30 million, representing an increase of RMB546.55 million or 66.11% from the end of last year, mainly due to the increase of the balance deposits for commodity derivative contracts.

Management Discussion and Analysis

Inventories: As at the end of the reporting period, the Group's balance of inventories was RMB18,269.95 million, representing an increase of RMB6,779.98 million or 59.01% from the end of last year. The increase was mainly due to the increase of inventory costs as a result of rise of raw material price and the increase of inventory quantity as a result of expansion of the production capacity.

Current portion of available-for-sale financial assets: As at the end of the reporting period, the Group's balance of current portion of available-for-sale financial assets was RMB520.00 million, representing an increase of RMB220.00 million or 73.33% from the end of last year, mainly due to an increase of RMB220.00 million in financial products of banks held by Jiangxi Copper Corporation Finance Company Limited ("Finance Company"), a subsidiary of the Company, at the end of the reporting period. These financial products held by the Group will expire in January, October and November 2011, respectively, with a target annual yield rate of 4.3%, 8.5% and 8.8% respectively.

Other current assets: As at the end of the reporting period, the balance of other current assets of the Group was RMB1,407.50 million, representing an increase of RMB861.37 million or 157.72% from the end of last year. The increase was mainly due to increase in balance of input of Value Added Tax ("VAT") in line with increase in purchase price of raw materials.

Non-current portion of available-for-sale financial assets: As at the end of the reporting period, the Group's balance of non-current portion of available-for-sale financial assets was RMB710.08 million, representing an increase of RMB300.00 million or 73.16% from the end of last year, mainly due to an increase of RMB300.00 million in financial product of banks held by Finance Company, a subsidiary of the Company, at the end of the reporting period. The financial product will expire in April 2012, with a target annual yield rate of 8.5%.

Long-term equity investment: As at the end of the reporting period, the Group's balance of long-term equity investment was RMB968.37 million, representing an increase of RMB562.18 million or 138.40% from the end of last year, mainly due to the additional investment of RMB620.00 million in associates during the reporting period.

Short-term borrowing: As at the end of the reporting period, the Group's balance of short-term borrowing was RMB3,595.71 million, representing an increase of RMB1,064.77 million or 42.07% from the end of last year, mainly due to the increase in needs for working capitals in line with the expansions in production capacity and business volume.

Accounts payable: As at the end of the reporting period, the Group's balance of accounts payable was RMB2,857.08 million, representing an increase of RMB717.03 million or 33.51% from the end of last year, mainly due to rise of price of raw materials.

Management Discussion and Analysis

Advance from customers: As at the end of the reporting period, the balance of advance from customers of the Group was RMB472.91 million, representing an increase of RMB178.02 million or 60.37% from the end of last year. The increase was mainly attributable to the increase in price of copper during the current year.

Taxes payable: As at the end of the reporting period, the Group's balance of taxes payable was RMB867.54 million, representing an increase of RMB629.00 million or 263.67% from the end of last year, mainly due to an increase in balance of payables of corporate income tax amounting to RMB201.69 million and payable of VAT amounted to RMB383.14 million in line with the increase of total revenue and profit.

Other current liabilities: As at the end of the reporting period, the Group's balance of other current liabilities was RMB2,818.95 million, representing an increase of RMB1,635.99 million or 138.30% from the end of last year. The increase was mainly attributable to an increase of RMB650.94 million in deposits from the related companies with Finance Company, an increase of RMB198.32 million from financial assets sold under repurchase agreement by Finance Company, and the increases in fair value loss of RMB416.58 million and RMB341.75 million from commodity derivative contracts and provisional price arrangement respectively.

Long-term borrowings: As at the end of the reporting period, the Group's balance of long-term borrowings was RMB712.73 million, representing an increase of RMB600.81 million or 536.81% from the end of last year, mainly due to the increase in long-term bank loans in order to meet capital requirements for purchase of raw materials.

Capital reserve: As at the end of the reporting period, the Group's balance of capital reserve was RMB11,551.36 million, representing an increase of RMB6,232.77 million or 117.19% from the end of last year, mainly due to the additional proceeds raised from the successful exercise of warrants.

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

Revenue: During the reporting period, the Group's revenue was RMB76,440.86 million, representing an increase of RMB24,726.21 million or 47.81% from last year, mainly due to the increases in sales volume and price of products and trading volume.

Cost of sales: During the reporting period, the Group's cost of sales was RMB68,161.41 million, representing an increase of RMB22,013.05 million or 47.70% from last year, mainly due to the increases in sales volume of products and price of raw materials and trading volume.

Management Discussion and Analysis

Provision for impairment of assets: During the reporting period, the Group's provision for impairment of assets was RMB14.32 million, representing a decrease of RMB94.87 million or 86.89% from last year. The decrease was mainly due to the fact that no provision for impairment was made at the end of the year for the out-dated and obsolete fixed assets which had been disposed during current year, whilst a provision for impairment was made at the end of last year in respect of certain out-dated and obsolete fixed assets.

Fair value loss: During the reporting period, the Group recorded a fair value loss of RMB193.95 million, representing an increase of RMB131.44 million or 210.24% from last year, mainly attributable to an increase in loss from the sell position of commodity derivative contracts not qualified for hedge accounting in line with significant increase in price of copper.

Investment income: During the reporting period, the Group's investment income was RMB90.05 million, representing an increase of RMB345.26 million or 135.28% from last year. This is mainly due to the increase of gains from the settlement of commodity derivative contracts amounting to RMB284.72 million which is not qualified as hedge accounting.

Non-operating income: During the reporting period, the Group's non-operating income was RMB183.03 million, representing an increase of RMB86.38 million or 89.38% from last year, mainly due to an increase of RMB87.44 million of subsidy for imported copper concentrate by the Group this year as compared to last year.

Non-operating expenses: During the reporting period, the Group's non-operating expenses were RMB111.63 million, representing an increase of RMB82.21 million or 279.51% from last year, mainly due to the losses of RMB92.70 million from disposal of certain out-dated and obsolete fixed assets.

4. Technological Innovations

During the reporting period, the Company passed the certification of new high-tech enterprise of Jiangxi province. As of the end of the reporting period, 430 technological outcomes of the Group were granted patents.

Management Discussion and Analysis

The Group achieved remarkable technological progresses during the reporting period. "Copper Smelting Whole Production Process Automation Key Technologies and Application (銅冶煉生產全流程自動化關鍵技術及應用)", a programme jointly developed by science and technology colleges and the Group, was awarded the second prize of national scientific and technological progress. The programmes of "Selection Process Integrated Automation System Research and Application (選礦過程綜合自動化系統研究與應用)" and "Prevention and Treatment of Acid Waste Water from Copper Ore and Copper Resource Recycling Technologies and Application (銅礦石酸性廢水防治及銅資源回收技術與應用)", both jointly developed in cooperation with Beijing General Research Institute of Mining & Metallurgy, were awarded the second and third prizes of Jiangxi provincial scientific and technological progress respectively. The programme "Prevention and Treatment of Mineral Dust Explosion in High-sulphuric Metal Mines (高硫金屬礦井礦塵爆炸災害防治)" which was completed in cooperation with Jiangxi University of Science and Technology was awarded the third prize of Jiangxi provincial scientific and technological progress.

"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 programme supported by the Ministry of Science and Technology of the PRC, was in progress as scheduled. Its sub-programme "Research of Key Technologies for High-efficiency Development and Utilisation of Resources of Dexing Copper Mine (德興銅礦資源高效開發利用關鍵技術研究)" successfully passed the acceptance inspection by Jiangxi Provincial Department of Science and Technology as commissioned by the Ministry of Science and Technology.

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.

In 2010, the Group increased investment in environmental protection to carry out research on environmental technologies and construction of a series of environmental projects. JCC Detong Company carried out the "Research and Exemplification of Ecological Restoration Technologies for Waste Yards of Non-ferrous Metal Mines (有色金屬礦山廢棄物堆場生態修復技術研究與示範)", a programme supported by the technology plan for the 11th Five-year Period of the PRC, and the development of non-biodegradable COD treatment technology for waste water. The flue gas desulphurisation project of Detong Chemical was put into operation in June, the large acid water reservoir at Fujiawu Mine was put into operation in August, and the project of Jiang Tong Bioteq for recovery of low-concentration nickel and cobalt in acid waste water also commenced construction. Other business units also implemented various environmental projects, ensuring the smooth running of the Group's environmental protection work.

During the reporting period, the Group recovered 11,000 tonnes of copper metal, 196 grams of gold and 7 tonnes of silver; produced 1,902 tonnes of arsenic trioxide; and generated 202.81 million KWh of electricity by utilising residual heat through comprehensive utilisation of waste water, waste gas and solid waste.

Management Discussion and Analysis

6. Major Suppliers and Customers

During the reporting period, the purchase attributable to the Group's top five suppliers amounted to RMB10,586.37 million in total, accounting for 14.84% of the total purchases for the year.

During the reporting period, the Group's top five customers contributed RMB16,570.25 million in the total sales of the Group, accounting for 21.68% of the total turnover for the year.

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

8. Estimated 2011 First Quarterly Results

According to the preliminary estimation by the Group, the earnings for the first quarter of 2011 of the Group (prepared under PRC GAAP) will increase by over 100% as compared with the same period last year.

Management Discussion and Analysis

9. Principal Operations and Performance

(1) Principal operations by industry and product (The following financial data is extracted from the consolidated financial statements prepared under the PRC GAAP)

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	39,791,869	36,858,470	7.37	47.10	47.57	Decreased by 0.29 percentage point
Copper rods and wires	20,298,293	18,097,427	10.84	45.06	43.31	Increased by 1.08 percentage points
Copper processing products	5,226,863	5,020,075	3.96	68.97	69.13	Decreased by 0.09 percentage point
Precious metals (gold and silver)	7,103,506	5,625,280	20.81	26.81	33.74	Decreased by 4.10 percentage points
Chemical products (sulphuric and sulphuric concentrates)	1,475,535	851,927	42.26	89.26	36.95	Increased by 22.05 percentage points
Rare metals	654,143	260,372	60.20	1.49	(6.87)	Increased by 3.57 percentage points
Other non-ferrous metals	868,544	874,109	(0.64)	2,217.42	2,561.64	Decreased by 13.01 percentage points
Other products	589,760	245,242	58.42	391.29	112.13	Increased by 54.73 percentage points
Subtotal	76,008,513	67,832,902	10.76	48.11	48.01	Increased by 0.06 percentage point
Other operating income	432,346	328,505	24.02	9.66	3.09	Increased by 4.84 percentage points
Total	76,440,859	68,161,407	10.83	47.81	47.70	Increased by 0.07 percentage point

Management Discussion and Analysis

1) Copper cathode

During the reporting period, operating revenue from copper cathodes increased by RMB12,741.71 million or 47.10% compared with last year resulting from the increase in sales volume and surging market prices of copper cathodes, driven by the growth of industrial demand for copper cathodes favoured from the recovery of macro economy; operating costs of copper cathodes increased by RMB11,881.42 million or 47.57% as compared with last year; and operating profit from copper cathodes increased by RMB860.29 million or 41.50% as compared with last year. Operating profit margin of copper cathode decreased to 7.37% for the year from 7.66% last year, as a result of the increased percentage of outsourced raw materials.

2) Copper rods and wires

During the reporting period, operating revenue from copper rods and wires increased by RMB6,304.82 million or 45.06% as compared with last year as a result of the increase in sales volume and surging selling prices of copper rods and wires; operating costs of copper rods and wires increased by RMB5,469.12 million or 43.31% compared with last year due to the increases in quantity and purchase price of copper cathodes; and operating profit from copper rods and wires increased by RMB835.70 million or 61.22% compared with last year. Operating profit margin of copper rods and wires increased to 10.84% for the year from 9.76% last year, mainly due to the increase in market prices of copper rods and wires while self-produced raw materials with relatively stable costs constituted a higher percentage in processed copper rods and wires as compared with copper cathodes.

3) Copper processing products other than copper rods and wires

For copper processing products other than copper rods and wires during the reporting period, operating revenue increased by RMB2,133.45 million or 68.97% as compared with last year due to the expansion in the Group's processing capacity and the surging selling prices of copper processing products; operating costs increased by RMB2,051.91 million or 69.13% as compared with last year due to the increases in quantity and purchase price of copper cathodes; operating profit increased by RMB81.54 million or 65.11% as compared with last year; and operating profit margin slightly decreased to 3.96% from 4.05% last year.

Management Discussion and Analysis

4) Precious metals (gold and silver)

During the reporting period, operating revenue of precious metals increased by RMB1,501.88 million or 26.81% as compared with last year due to the increase in selling prices; operating costs of precious metals increased by RMB1,419.23 million or 33.74% as compared with last year due to the increases in quantity and purchase price of outsourced raw materials; and operating profit of precious metals increased by RMB82.65 million or 5.92% as compared with last year. Operating profit margin of precious metals decreased to 20.81% for the year from 24.91% last year, as a result of the increased percentage of outsourced raw materials.

5) Chemical products (sulphuric acid and sulphuric concentrate)

During the reporting period, operating revenue of chemical products significantly increased by RMB695.91 million or 89.26% as compared with last year due to the increase in sales volume and surging selling prices; operating costs of chemical products increased by RMB229.83 million or 36.95% compared with last year due to the increases in sales quantity and unit cost of raw materials; and operating profit of chemical products increased by RMB466.08 million or 295.87% as compared with last year. Despite the increase in raw material prices, operating profit margin of chemical products increased to 42.26% for the year from 20.21% last year, as the growth in operating costs was slower than that of operating revenue due to the relatively stable processing costs of chemical products.

6) Rare metals

During the reporting period, operating revenue of rare metals increased by RMB9.59 million or 1.49% as compared with last year; and operating costs of rare metals decreased by RMB19.20 million or 6.87%. As a result, operating profit of rare metals increased by RMB28.78 million or 7.89% as compared with last year, and operating profit margin increased by 60.20% for the year from 56.63% last year.

7) Other non-ferrous metals

During the reporting period, the Group entered into transactions of other non-ferrous metals, which recorded total operating revenue of RMB868.54 million, total operating costs of RMB874.11 million, total operating loss of RMB5.57 million and operating profit margin of -0.64%.

Management Discussion and Analysis

8) Other products

During the reporting period, operating revenue of other products increased by RMB469.72 million or 391.29% as compared with last year; operating costs increased by RMB129.63 million or 112.13% compared with last year; operating profit increased by RMB340.08 million or 7,659.46% as compared with last year; and operating profit margin increased to 58.42% from 3.69% last year. The revenue from other products accounted for only 0.8% of the Group's total revenue.

(2) Principal operation by geographical areas (The following financial data is extracted from the consolidated financial statements prepared under the PRC GAAP)

Unit: '000 Currency: RMB

Geographical areas	Operating revenue	Increase/ (decrease) in operating revenue from last year *(%)*
Mainland China	71,158,207	50.86
Hong Kong	4,602,748	15.33
Taiwan	234,363	50.99
Others	13,195	104.00
Total	76,008,513	48.11

Management Discussion and Analysis

10. Production and operation of the Company's holding and associated companies

1) Production and operation of the Company's Holding Subsidiaries as at 31 December 2010

(Prepared in accordance with the PRC GAAP)

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Sichuan Kang Xi Copper Company Limited	Sales of copper materials, precious metal materials and sulphuric acid	140,000	57.14	747,889	215,023	1,975,170	29,988
JCC Finance Company Limited	Provision of guarantee, deposit and loan to members of the Group	300,000	80	6,999,496	451,668	150,145	79,984
Jiangxi Copper Products Company Limited	Sales and processing of copper products	225,000	100	343,867	323,217	195,952	65,660
Jiangxi Copper Alloy Materials Company Limited	Production and sales of copper and copper alloy rods and wires	199,500	100	410,132	357,780	670,599	121,333
JCC Copper Products Company Limited	Processing and sales of hardware products	186,391	98.89	458,329	227,214	2,042,897	14,248
JCC Recycling Company Limited	Purchase and sales of scrap metals	6,800	99.51	3,846	3,676	105,154	228
Jiangxi Copper Shenzhen Trading Company Limited	Sale of copper products	330,000	100	5,196,069	315,065	22,960,541	110,275
Loyal Sky Industrial Company Limited	Non-ferrous metal trading	US$2,001.3	100	1,706,890	(103,990)	3,280,639	(141,110)
Jiangxi Copper Shanghai Trading Company Limited	Sale of copper products	200,000	100	1,348,200	264,464	15,975,776	23,237
Jiangxi Copper Beijing Trading Company Limited	Sale of copper products	10,000	100	166,740	14,925	3,447,100	2,613
Sure Spread Company Limited	Import and export trading and related technological service	HK$50,000	55	225,086	67,854	2,094,202	8,792

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC Yinshan Mining Company Limited	Production and sales of non-ferrous metals, precious metal and non-metals	30,000	100	531,251	441,752	322,012	81,047
JCC Dongtong Mining Company Limited	Production and sales of non-ferrous metals, precious metal and non-metals	9,000	100	217,598	171,026	107,202	14,784
JCC (Dongxiang) Alloy Materials Manufacturing Company Limited	Production and sales of cast steel products, machinery processing and recovery and processing of scrap steel and iron metals	29,000	74.97	87,485	38,126	128,816	3,319
JCC (Dongxiang) Recycling Company Limited	Recovery and sales of disused metal	500	89.99	3,436	514	16,027	648
Jiangxi Copper Yates Copper Foil Company Limited	Production and sales of copper foil products	453,600	89.77	1,202,010	368,053	824,340	15,195
Jiangxi Copper (Longchang) Precise Pipe Company Limited	Production and sale of screwed conduit, externally finned copper pipe and other copper pipes	300,000	75	1,252,726	266,835	1,893,582	21,102
Jiangxi Copper Taiyi Special Electrical Materials Company Limited	Design, production and sales of various kinds of copper wires and enameled wires, provision of after sale maintenance and consultancy service	US$16,800	70	459,715	66,933	630,385	1,674
Thermoelectric Electronic (Jiangxi) Company Limited	Research and development and production of thermoelectric semiconductors and appliances and provision of related services	70,000	95	88,381	70,503	12,421	82
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited	Metallurgy and chemical, manufacture and maintenance of equipments	20,300	100	102,513	38,113	284,139	6,407
JCC (Guixi) New Metallurgical and Chemical Company Limited	Steel smelting, new chemical technology and new products development	2,000	100	56,942	45,360	54,710	13,778
JCC (Guixi) Logistics Company Limited	Provision of transportation services	40,000	100	134,892	101,462	222,451	11,708
JCC Dexing Alloy Materials Manufacturing Company Limited	Production and sales of casting products, maintenance of mechanical and electrical equipment, installation and debugging of equipments	46,380	100	160,562	97,968	242,985	4,615

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC (Dexing) Construction Company Limited	Development and sales of building materials for various projects including mine projects	20,000	100	146,663	57,589	213,700	3,509
JCC (Dexing) Explosion Company Limited	Production and sales of materials for various projects including blasting projects	1,000	100	15,544	11,273	19,733	1,843
JCC Exploration Company Limited	Geographical investigation and survey and construction, engineering measurement	15,000	100	31,093	21,317	42,625	1,713
Jiangxi Copper Corporation Chemical Company Limited	Sulphuric acid and related by-products	42,630	100	86,348	72,712	73,113	1,330
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited	Sulphuric acid and related by-products	181,500	70	285,869	208,188	262,638	55,224
JCC Jing Hang Engineering Company Limited	Contract for mining project	20,296	100	50,215	32,812	32,993	395
JCC (Ruichang) Alloy Materials Manufacturing Company Limited	Production and sales of cast iron grinding ball, machinery processing and manufacture and sales of wear resistant materials and products	2,602	100	12,627	3,614	31,619	17
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited	Sales of beneficiation pharmacy and fine chemical products and other industrial and civilian products	10,200	100	19,228	16,500	34,490	709
JCC Xiamen Trading Company Limited	Wholesale and retail of products	1,080	100	4,353	3,883	95,065	(17)
Hangzhou Tongxin Company Limited	Wholesale and retail of metal materials, mining products and chemical products	2,000	100	9,630	3,173	—	(349)
Jiangxi Copper Construction Supervision Company Limited	Construction project management and provision of relevant technical advisory services	3,000	100	2,942	2,942	—	(58)
JCC Guangzhou Copper Products Company Limited	Production of copper rods/wires and relevant products	300,000	100	301,558	301,558	—	1,558
JCC International Trading Company Limited	Trading of metal products	600,000	100	966,234	554,090	—	(45,910)
Shanghai Shengyu Real Estate Company Limited	Construction	169,842	100	170,660	169,844	—	2

Management Discussion and Analysis

2) Production and Operation of the Associates and Jointly Controlled Entities as at 31 December 2010
(Prepared in accordance with the PRC GAAP)

Unit:'000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Minmetals-JCC Mining Investment Company Limited	Investment Company	2,650,000	40%	5,077,590	2,196,525	–	3,420
MCC-JCC Aynak Minerals Company Limited	Exploration and sale of copper products	2,800	25%	1,250,250	221,138	–	–
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited	Manufacturing and sales of copper products	140,000	40%	95,548	393	298,736	987
Asia Development Sure Spread Company Limited	Import and export of copper products	200,000	49%	11,474	11,474	–	–
Zhaojue Fenye Smelting Company Limited	Production and sale of electro-deposited copper	10,000	47.86%	12,373	6,252	–	–
Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd.	Recovery of industrial waste water and sale of products	28,200	50%	51,216	49,793	34,379	11,919

Management Discussion and Analysis

11. Investment of the Company

Unit:0'000 Currency: RMB

Investment during the reporting period	474,330
Increase/decrease in investment	-34,678
Investment during the same period last year	509,008
Extent of increase/decrease in investment (%)	-6.81

1. Overall use of raised proceeds

Unit:0'000 Currency: RMB

Year	Method	Total proceeds	Total utilised proceeds during the year (cash portion)	Accumulative total utilised proceeds (cash portion)	Total unutilised proceeds (cash portion)	Use and allocation of unutilised proceeds
2007	Non-public issuance	396,474	18,855	174,651	43,289	Allocate to projects undertaken by the Group during the fund raising
2010	Bonds with warrants	674,360	452,124	452,124	222,236	Allocate to projects undertaken by the Group during the fund raising
Total	/	1,069,377	470,979	626,775	265,525	/

Management Discussion and Analysis

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 amount of 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	29,077	Yes	51%	Chengmenshan Copper Mine could increase its mining and milling capacity to 7,000 tonnes of ores per day, 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	Yes
Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine	No	37,852	35,873	Yes	98%	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	Yes
Renovation project of open-pit mining and milling technology for Fujiawu Mine	No	30,056	21,985	Yes	83%	Extend the service life of Dexing Copper Mine	Under construction, no earnings realised yet	Yes
Project for remaining heat re-cycling and comprehensive utilization of Jiangxi Copper	No	27,261	25,133	Yes	100%	Steam load in engineering boiler utilization plant will be decreased and emissions of off-gas, dust and sulfur dioxide will also be reduced	Achieved expected goal	Yes

Management Discussion and Analysis

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Actual amount of utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
Expansion project of anode mud comprehensive utilization of Jiangxi Copper	No	19,427	10,013	Yes	52%	Increase the production of gold and silver	Achieved expected production capacity	Yes
Stove mining project expansion of Jiangxi Copper	No	18,953	18,687	Yes	99%	Increase the rate of copper recovery by nearly 1% and another approximately 2,000 tonnes of copper can be recovered from slag per annum	Achieved expected production capacity	Yes
Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day	No	12,024	11,316	Yes	94%	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	Achieved expected production capacity	Yes
Supplemental working capital	No	22,567	22,567	Yes	100%	Can be allocated flexibly with working capital	—	Yes
Jiangxi Copper Corporation's ("JCC") 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

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
2) Projects financed by proceeds from exercise of warrants								
Technical renovation engineering of enlarging production scale of Dexing Copper Mine	No	258,000	173,951	Yes	61%	Upon completion of the expansion, Dexing Copper Mine could increase its mining and milling capacity of ores from 100,000 tones per day to 130,000 tonnes per day, and can increase the output of copper concentrates containing 41,000 tonnes of copper, 61kg of gold and 25.3 tonnes of silver, 1,614 tonnes of molybdenum and 87,597 tonnes of sulfur concentrate perannum, which will increase the self-sufficiency of raw materials of the Company and bode well for investment profit.	Under construction, no earnings realised yet	Yes
Tender and development of the exploration rights of copper mine in Afghanistan	No	120,000	5,813	Yes	N/A	Upon the completion of the project construction, the Company will strengthen its control and profitability over copper resources.	Under construction, no earnings realised yet	Yes
Acquisition of equity interests in Northern Peru Copper Corp.	No	130,000	106,000	Yes	N/A	Upon the completion of the project construction, the Company will strengthen its control and profitability over copper resources.	Under construction, no earnings realised yet	Yes
Supplemental working capital	No	166,360	166,360	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	/	674,360	452,124	/	/	/	/	/

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 RMB104.08 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB290.77 million, representing 58.39% 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 RMB71.70 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB358.73 million, completed total investment of RMB377.83 million, representing 97.49% of the planned investment amount in the project.

3) Renovation project of open-pit mining and milling technology for Fujiawu Mine

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, RMB11.83 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 RMB219.85 million, the accumulated investment amount was RMB878.67 million, representing 83.48% of the planned investment amount in the project.

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

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.

Management Discussion and Analysis

5) Expansion project of anode mud comprehensive utilization of Jiangxi Copper

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 RMB40,000. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB100.13 million, completed accumulated investment of RMB101.56 million, representing 51.89% of the planned investment amount in the project.

6) Stove mining project expansion of Jiangxi Copper

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 RMB20,000. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB186.87 million, completed accumulated investment of RMB190.83 million, representing 95.53% 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 RMB0.88 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB113.16 million, completed accumulated investment of RMB245.83 million, representing 95.53% of the planned investment amount in the project.

Management Discussion and Analysis

8) Technical Renovation Engineering of Enlarging Production Scale of Dexing Copper Mine

The Company intended to invest a total of approximately RMB2,580.00 million in the project. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB600.03 million. As at the end of the reporting period, the accumulative investment recorded RMB1,739.51 million, accounting for 67.42% of the planned investment amount. Upon the completion of the project, Dexing Copper Mine can increase its mining and milling capacity of ores from 100,000 tonnes per day to 130,000 tonnes per day, and increase the output of copper concentrates containing 41,000 tonnes of copper, 61kg of gold and 25.3 tonnes of silver, 1,614 tonnes of molybdenum and 87,597 tonnes of sulfur concentrate per annum, which will increase the self-sufficiency of raw materials of the Group and bode well for investment profit.

9) 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 RMB58.13 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 preparation work for the development of the copper mine is in progress. As at the end of the reporting period, the accumulative investment in such project amounted to RMB58.13 million.

10) Acquisition of the equity interests in Northern Peru Copper Corp. (加拿大北秘魯銅業公司股權的收購)

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. During the reporting period, the actual investment amount was RMB600.00 million. As at the end of the reporting period, the accumulated investment in such project amounted to RMB1,060.00 million.

Management Discussion and Analysis

3. Progress of projects financed by non-raised proceeds

Unit:0'000 Currency: RMB

Project name	Proceeds for project	Progress of project	Earnings from projects
Expansion Project for Electrolyze	29,479	91%	Achieved expected production capacity
No.5 Mine Exploitation Project	13,000	58%	Under construction, no earnings realised yet
38,000-Tonne Copper Pipe Project	50,448	65%	Under construction, no earnings realised yet
300,000-Tonne Copper Smelting Project	309,953	85%	Achieved expected production capacity
4,000-tonne Copper Foil Technology Renovation Project	26,800	93%	Achieved expected production capacity
5,000-Tonne per Day Milling Technical Renovation at Jiuqu Copper-gold Mine	49,960	38%	Under construction, no earnings realised yet
Newly-established gangue reservoir for Wushan Copper Mine	32,778	31%	Under construction, no earnings realised yet
Liujiagou Gangue Reservoir for Chengmenshan Copper Mine	31,831	22%	Under construction, no earnings realised yet
Donggou Dump Pit Project for Chengmenshan Copper Mine	19,707	47%	Under construction, no earnings realised yet
Total	563,956	/	/

1) 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 RMB3.91 million. As at the end of the reporting period, the accumulated amount invested in the project was RMB268.03 million, representing 90.92% 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.

2) 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 RMB26.07 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB75.40 million, representing 58.00% of the planned investment amount in the project.

Management Discussion and Analysis

3) 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 RMB830,000. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB326.73 million, representing 64.77% of the planned investment amount in the project.

4) 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 RMB35.90 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB2,649.74 million, representing 85.49% of the planned investment amount in the project.

5) 4,000-tonne Copper Foil Technology 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 RMB31.61 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB248.05 million, representing 92.56% of the planned investment amount in the project. Upon the completion of the project, the annual production volume of copper foil will increase by 4,000 tonnes.

6) 5,000 Tonnes per Day Milling Technical Renovation at Yinshan 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 RMB111.09 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB192.76 million, representing 38.58% of the planned investment amount in the project. 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.

7) Newly-established gangue reservoir for Wushan Copper Mine

The Company intended to invest a total of RMB327.78 million in the project. During the reporting period, the actual investment in the project amounted to RMB50.80 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB102.42 million, representing 31.25% of the planned investment amount in the project.

Management Discussion and Analysis

8) Liujiagou Gangue Reservoir for Chengmenshan Copper Mine

The Company intended to invest a total of RMB318.31 million in the project. During the reporting period, the actual investment in the project amounted to RMB36.15 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB68.56 million, representing 21.54% of the planned investment amount in the project.

9) Donggou Dump Pit Project for Chengmenshan Copper Mine

The Company intended to invest a total of RMB197.07 million in the project. During the reporting period, the actual investment in the project amounted to RMB31.24 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB92.92 million, representing 47.15% of the planned investment amount in the project.

12. 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

During the reporting period, there were no changes in accounting policies and accounting estimates, correction of material accounting errors, supplemental information to material omissions and revisions to the estimated results of the Company.

Report of the Board

(1) Changes in share capital

1. Statement of changes in share capital

Unit: share

	Before the change		Increase/decrease (+, –) of the change			After the change	
	Number	Percentage (%)	New shares	Others	Subtotal	Number	Percentage (%)
1. Shares subject to trading moratorium	1,282,074,893	42.41	—	–1,282,074,893	–1,282,074,893	—	—
1) State-owned legal person shareholding	1,282,074,893	42.41	—	–1,282,074,893	–1,282,074,893	—	—
2. Saleable shares subject to trading moratorium	1,740,758,834	57.59	439,895,678	1,282,074,893	1,721,970,571	3,462,729,405	100.00
1) Ordinary shares denominated in RMB	353,276,834	11.69	439,895,678	1,282,074,893	1,721,970,571	2,075,247,405	59.93
2) Overseas listed foreign shares	1,387,482,000	45.90	—	—	—	1,387,482,000	40.07
3. Total number of shares	3,022,833,727	100.00	439,895,678	—	439,895,678	3,462,729,405	100.00

The impact of changes in share capital on the financial indicators such as earnings per share and net assets per share in the past year and the latest period.

During the reporting period, the share capital of the Company increased by 439,895,678 shares. Changes in share capital resulted in a decrease of earnings per share by RMB0.06 and an increase of RMB0.79 in net assets per share.

Report of the Board

2. Changes in shares subject to trading moratorium

Name of shareholder	Shares subject to trading moratorium at the beginning of the year	Shares subject to trading moratorium released during the year	Shares subject to trading moratorium at the end of the year	Reasons for being subject to trading moratorium	Date of release of trading moratorium
JCC	1,282,074,893	1,282,074,893	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.	27 September 2010

(2) 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
Convertible bonds, bonds with warrants and corporate bonds						
Bonds with Warrants	22 September 2008	100	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

Report of the Board

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 RMB6,800,000,000 (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 RMB6,800,000,000 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.

During the period from 27 September 2010 to 8 October 2010, the Company exercised a total of 1,759,615,512 warrants "JCC CWB1". The Company's share capital recorded an increase of 439,895,678 shares. The remaining unexercised 1,584,488 warrants had been cancelled.

2. Changes in total shares and share capital structure of the Company

During the reporting period, the Company recorded an increase of 439,895,678 shares in the Company's total shares, which contributed to an increase of RMB6,737.97 million in the Company's net assets at the end of the period and resulted in a decrease in asset-liability ratio from 42.21% (given no newly-issued shares) to 37.03% at the end of the period.

3. Existing staff shares

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

(3) 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	161,944 shareholders in total, of which 160,872 are holders of A shares and 1,072 are holders of H shares

Report of the Board

Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Increase/ decrease during the reporting period	Number of shares pledged or frozen
JCC	State-owned legal person	38.77	1,342,479,893	60,405,000	Unknown
HKSCC Nominees Limited ("HKSCC")	Unknown	37.87	1,311,476,613	–66,573,908	No
China Life Insurance Company Limited - Dividend - Individual Dividend - 005L - FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L — FH002滬)	Unknown	0.62	21,335,554	21,335,554	Unknown
China Life Insurance (Group) Company Limited - Tradition - Ordinary Insurance Product (中國人壽保險(集團)公司 — 傳統— 普通保險產品)	Unknown	0.38	13,094,902	13,094,902	Unknown

Report of the Board

Name of shareholder	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Increase/ decrease during the reporting period	Number of shares pledged or frozen
China Minsheng Banking Co., Ltd.- Huashang Strategically Selected Flexible Allocation Mixed Securities Investment Fund (中國民生銀行股份有限公司 — 華商策略精選靈活配置混合型證券投資基金)	Unknown	0.32	11,138,768	11,138,768	Unknown
Industrial and Commercial Bank of China - Guang Fa Large-cap Growth Mixed Securities Investment Fund(中國工商銀行 — 廣發大盤成長混合型證券投資基金)	Unknown	0.32	10,999,757	10,999,757	Unknown
Industrial and Commercial Bank of China - South Prime Stock Investment Fund(中國工商銀行 — 南方成份精選股票型證券投資基金)	Unknown	0.29	10,125,930	10,125,930	Unknown
Shanghai Pudong Development Bank - Guang Fa Small-cap Growth Equity Securities Investment Fund (上海浦東發展銀行—廣發小盤成長股票型證券投資基金)	Unknown	0.26	9,099,883	9,099,883	Unknown
Bank of Communications - Yi Fang Da 50 Index Securities Investment Fund (交通銀行—易方達 50 指數證券投資基金)	Unknown	0.24	8,162,781	8,162,781	Unknown
China Construction Bank Corporation - Huashang Golden Age Growth Securities Investment Fund (中國建設銀行股份有限公司—華商盛世成長股票型證券投資基金)	Unknown	0.23	8,000,523	8,000,523	Unknown

Report of the Board

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	1,311,476,613	Overseas listed foreign shares (H Shares)
JCC	1,342,479,893	1,282,074,893 ordinary shares denominated in RMB (A Shares) 60,405,000 overseas listed foreign shares (H Shares)
China Life Insurance Company Limited - Dividend - Individual Dividend - 005L - FH002 Shanghai (中國人壽保險股份有限公司— 分紅 — 個人分紅— 005L — FH002滬)	21,335,554	Ordinary shares denominated in RMB (A Shares)
China Life Insurance (Group) Company Limited - Tradition - Ordinary Insurance Product (中國人壽保險(集團)公司 — 傳統 — 普通保險產品)	13,094,902	Ordinary shares denominated in RMB (A Shares)
China Minsheng Banking Co., Ltd.- Huashang Strategically Selected Flexible Allocation Mixed Securities Investment Fund (中國民生銀行股份有限公司 — 華商策略精選靈活配置混合型證券投資基金)	11,138,768	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China - Guang Fa Large-cap Growth Mixed Securities Investment Fund (中國工商銀行 — 廣發大盤成長混合型證券投資基金)	10,999,757	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China - South Prime Stock Investment Fund(中國工商銀行 — 南方成份精選股票型證券投資基金)	10,125,930	Ordinary shares denominated in RMB (A Shares)
Shanghai Pudong Development Bank - Guang Fa Small-cap Growth Equity Securities Investment Fund (上海浦東發展銀行 — 廣發小盤成長股票型證券投資基金)	9,099,883	Ordinary shares denominated in RMB (A Shares)
Bank of Communications - Yi Fang Da 50 Index Securities Investment Fund (交通銀行 — 易方達50 指數證券投資基金)	8,162,781	Ordinary shares denominated in RMB (A Shares)
China Construction Bank Corporation - Huashang Golden Age Growth Securities Investment Fund (中國建設銀行股份有限公司 — 華商盛世成長股票型證券投資基金)	8,000,523	Ordinary shares denominated in RMB (A Shares)

Report of the Board

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 saleable shares, 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 controlling shareholder 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 held a total of 1,311,476,613 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 37.87% of the total issued share capital of the Company. HKSCC Nominees Limited is a member of Central Clearing and Settlement System, providing registration and custodial services for customers.

Report of the Board

(3) During the reporting period, JCC increased its shareholdings in the Company by 60,405,000 H shares, representing not more than 2% of the total share capital of the Company. The H Shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in this report. Taking into account the H shares held by JCC, HKSCC held 1,371,881,613 shares as nominee, representing approximately 39.62% of the issued share capital of the Company.

Interests and short positions of shareholders

As at 31 December 2010, the interests or short positions of the shareholders, other than Directors, Supervisors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares *(Note 1)*	Approximate percentage of total number of the relevant class of shares *(%)*	Approximate Percentage of total issued share capital *(%)*
JCC *(note 2)*	Domestic shares	Beneficial owner	1,282,074,893(L)	61.78(L)	37.02(L)
JPMorgan Chase & Co.	H shares	*(note 3)*	124,801,389(L)	8.99(L)	3.60(L)
			7,354,018(S)	0.53(S)	0.21(S)
			35,925,171(P)	2.59(P)	1.04(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: JCC also held 60,405,000 H shares, representing approximately 4.35% and 1.74% of the total number of H shares and total issued share capital of the Company, respectively, and such shares were registered with HKSCC.

Note 3: According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 3 January 2011, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	8,186,218(L)
	7,354,018(S)
Investment manager	80,690,000 (L)
Custodian corporation/approved lending agent	35,925,171(L)

Report of the Board

Pursuant to the said notice, such interests include (i) 2,254,000 H shares in long positions and 63,000 H shares in short positions, both of which were held in physically settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange; (ii) 3,717,000 H shares in short positions were held in cash settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange; (iii) 250,000 H shares in long positions and 1,317,278 H shares in short position which were held in physically settled unlisted derivatives; and (iv) 200,000 H shares in short positions were held in cash settled unlisted derivatives.

Save as disclosed above, the register required to be kept under Section 336 of SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2010.

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	Jiangxi Copper Corporation
Person in charge or legal representative	Li Yihuang
Establishment date	1 July 1997
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

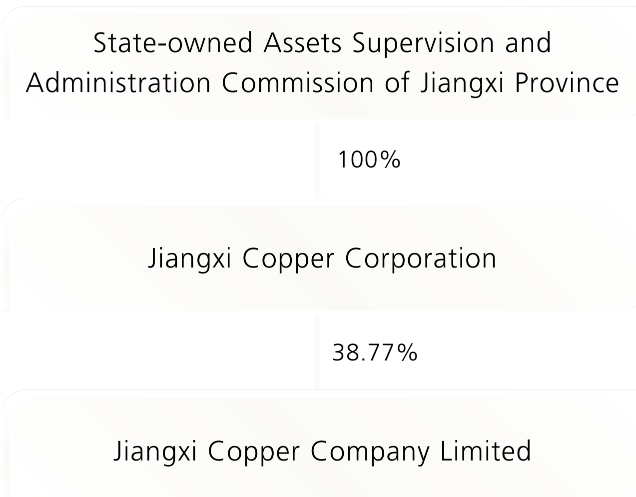
Name	State-owned Assets Supervision and Administration Commission of Jiangxi Province
Person in charge or legal representative	Li Tian'ou

Report of the Board

(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 Chart of the Equity and Controlling Relationship between the Company and its 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.

5. Purchase, sale or redemption of the Company's listed securities

During the reporting period, the Company has not redeemed any of its listed securities. Neither the Company nor any of 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.

Report of the Board

(4) 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	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	48	24 January 2007		91.9	No
Li Baomin	Executive Director	Male	53	3 April 2007		91.9	No
Gan Chengjiu	Executive Director/Financial controller	Male	48	26 June 2009		91.9	No
Hu Qingwen	Executive Director	Male	47	26 June 2009		91.9	No
Shi Jialiang	Executive Director	Male	64	26 June 2009		5.0	No
Gao Jianmin	Executive Director	Male	51	24 January 1997		18.0	No
Liang Qing	Executive Director	Male	57	12 June 2002		18.0	No
Gao Dezhu	Independent Non-executive Director	Male	70	26 June 2009		5.0	No
Wu Jianchang	Independent Non-executive Director	Male	72	6 June 2008		5.0	No
Zhang Rui	Independent Non-executive Director	Female	48	15 June 2006		5.0	No
Tu Shutian	Independent Non-executive Director	Male	47	15 June 2006		5.0	No
Hu Faliang	Chairman of the Supervisory Committee	Male	51	6 June 2008		60.1	No
Wu Jinxing	Supervisor	Male	48	26 June 2009		60.1	No
Lin Jinliang	Supervisor	Male	46	26 June 2009		60.1	No
Xie Ming	Supervisor	Male	54	26 June 2009		60.1	No
Wan Sujuan	Supervisor	Female	57	26 June 2009		5.0	No
Long Ziping	Deputy General Manager	Male	50	31 March 2009		65.1	No
Wu Jimeng	Deputy General Manager	Male	52	31 March 2009		65.1	No
Dong Jiahui	Deputy General Manager	Male	48	31 March 2009		65.1	No
Wang Chiwei	Deputy General Manager	Male	57	24 May 2001		65.1	No
Jiang Chunlin	Deputy General Manager	Male	42	25 August 2010		23.5	No
Fan Xiaoxiong	Chief Engineer	Male	48	27 October 2010		13.0	No
Liu Jianghao	Chief Engineer	Male	50	21 November 2001	27 October 2010	54.7	No
Pan Qifang	Secretary to the Board (Domestic)	Male	46	19 April 2006		24.6	No
Tung Tat Chiu, Michael	Secretary to the Board (Overseas)	Male	48	24 January 1997		5.0	No
Total	/	/	/	/	/	1,055.2	/

Report of the Board

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.

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.

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.

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 Tsinghua 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.

Report of the Board

Gao Dezhu, appointed as an independent non-executive Director of the Company in June 2009, is a senior economist. 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 the management of non-ferrous metals industry.

Wu Jianchang, a professor-grade senior engineer, was appointed as an independent non-executive Director of the Company since 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 Metallurgical Department (冶金部), Deputy Director of Metallurgical 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 since 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.

Tu Shutian, appointed as an independent non-executive Director of the Company since 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.

Report of the Board

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 since June 2003 and Chairman of Supervisory Committee of the Company since June 2008. Mr. Hu had been the Deputy Head of Yongping Mine and he has extensive experience in management.

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 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.

Lin Jinliang, a senior 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 General Legal Counsel of the Company. 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 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..

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.

Wu Jimeng, a senior engineer with a Master's degree in Engineering, currently serves as Deputy General Manager of the Company. Mr. Wu had served as head of Guixi Smelter, assistant to general manager of JCC and Supervisor of the Company. He has extensive experience in smelting and management.

Report of the Board

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.

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.

Fan Xiaoxiong, a professor-grade senior engineer, graduated from Central South University of Technology majoring in mining. He had served as Vice Production Director of the mining field of Dexing Copper Mine of the Company as well as Deputy Head and Head of Chengmenshan Copper Mine of the Company. He had extensive experience in mining and management. Currently he serves as the Chief Engineer of the Company.

Jiang Chunlin, a university graduate, is a senior engineer and registered safety engineer. Currently he serves as Deputy General Manager of the Company. He graduated from the mining department of Hunan Xiangtan Mining Institute（湖南湘潭礦業學院）and had worked at Hukeng Tin Mine, Mine Resources Development Company in Autonomous Prefecture of Kezilesukeerkezi, Xinjiang, Jiangxi Rare Earth and Metals Tungsten Corporation（江西稀有稀土金屬鎢業集團公司）and Yichun Economic Development Zone. He had served as technician, division head, deputy head of production department and director of the department of investment and development.

Liu Jianghao, a professor-grade senior engineer, 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. Due to the job allocation during the year, he no longer serves as the Chief Engineer of the Company.

Pan Qifang, a senior economist, graduated from Jiangxi Normal University majoring in Chinese language literature and School of Business of Missouri State University of the U.S., with a Bachelor's degree in Arts and a Master's degree in Business Administration. He has been engaged in the work in relation to capital operation of the Company since 1997. He had participated in the arrangement and implementation of capital operation schemes such as the Company's initial public offering of H shares and A shares, merger and acquisition and re-financing of the equity interests and debentures after the listing.

Report of the Board

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 20 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.

(II) Positions Held in Shareholders' Entities

Name	Name of shareholder's entity	Position held	Appointment date	End of appointment	Whether received remuneration or allowance
Li Yihuang	JCC	Chairman	29 December 2009	—	No
Li Baomin	JCC	Secretary to the Party	29 September 2006	—	No
Wu Jinxing	JCC	Assistant to General Manager	3 February 2009	—	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 remunerations 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 remunerations of Directors, Supervisors and senior management	The Company adopts the policy of linking annual remunerations of the Company's senior management with performance of the Company. Annual remunerations of the managers are determined by the Board.
Actual payment of the remunerations of Directors, Supervisors and Senior Management	Remunerations of Directors, Supervisors and senior management of the Company are based upon the records of the approvals at general meetings or resolutions at the Board meetings, service contracts of Directors and the annual operating results of the Company.

Report of the Board

(IV) Change in Directors, Supervisors and Senior Management

Name	Position held	Change	Reasons for the changes
Jiang Chunlin	Deputy General Manager	Appointment	
Liu Jianghao	Chief Engineer	Resignation	Resigned as Chief Engineer due to job allocation
Fan Xiaoxiong	Chief Engineer	Appointment	

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

All Directors and Supervisors have entered into service contracts with the Company from their respective date of appointment 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 2010, 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 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 2010 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.

Report of the Board

(VIII) Particulars of Employees

Total in-service employees	27,879
Number of retired employees for whom the Company has to pay retirement benefits	0

Composition by expertise

Types of expertise	Number
Production personnel	18,146
Technicians	1,468
Management personnel and salesmen	4,086
Others	4,179

Education

Education level	Number
Post-secondary or above	7,222
Technical secondary or senior secondary	12,174
Junior secondary or below	8,483

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 RMB183.94 million in respect of such basic retirement insurance.

Report of the Board

(5) 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
5th meeting of the fifth Board	30 March 2010	To consider and approve the annual report and the annual remuneration and bonus for of the Directors, Supervisors and senior management	Shanghai Securities News B213	31 March 2010
6th meeting of the fifth Board	21 April 2010	To consider the first quarterly report of the Company	Shanghai Securities News B113	22 April 2010
7th meeting of the fifth Board	25 August 2010	To consider the 2010 interim report	Shanghai Securities News B135	26 August 2010
8th meeting of the fifth Board	12 October 2010	To consider the proposal in relation to the increase in funds for exercise of powers for special reserve organs	Shanghai Securities News B25	13 October 2010
9th meeting of the fifth Board	27 October 2010	To consider the third quarterly report / amendments to Articles of Association	Shanghai Securities News B113	28 October 2010

Report of the Board

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

On 17 June 2010, the Company's profit distribution plan for 2009 was considered and approved at the 2009 annual general meeting, pursuant to which RMB1 (tax inclusive) for every ten shares was paid to holders of A shares and holders of H shares on 8 July 2010.

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

The Board has recommended distributing to all shareholders a final dividend of RMB0.2 per share (inclusive of tax) for the financial year ended 31 December 2010 (2009: RMB0.1 per share (inclusive of tax)). The Board did not recommend transfer of capital reserve to share capital.

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, 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 enterprise income tax on behalf of the relevant shareholders based on the H Shares register of members of the Company as of Thursday, 9 June 2011. 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.

Report of the Board

(7) 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 *(%)*
2007	906,850	4,533,754	20.00
2008	241,827	2,285,101	10.58
2009	302,283	2,349,254	12.87

(VIII) Effectiveness of the Establishment of the Management System Concerning the Users of External Information of the Company

The Company has established the Management System Concerning the Users of External Information of the Company. During the reporting period, the Company had no divulgence of material non-public information.

(IX) The Statement of the Board on the Responsibility of Internal Control

In accordance with Basic Rules of Enterprise Internal Control, the Board did not find any material deficiencies in internal control design or implementation of the Company after the evaluation on the internal control in relation to financial report and considered that it was valid on 31 December 2010.

(X) The Implementation of the Management System of Holders of Insider Information

Based on the Company's self-evaluation, were there any dealings of shares of the Company using insider information by holders of insider information before the disclosure of material sensitive information which affects the share price of the Company? No.

Report of the Supervisory Committee

(I) WORK OF THE SUPERVISORY COMMITTEE

Meetings held	2
Meeting of the Supervisory Committee	Topic for discussion
3rd meeting of the fifth Supervisory Committee	To consider and approve 2009 work report of the Supervisory Committee, 2009 annual financial report and profit distribution proposal.
4th meeting of the fifth Supervisory Committee	To review the financial report for the first half of 2010 issued by the auditors and the profit distribution proposal for the first half of 2010.

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

During the reporting period, the Company implemented surveillance over its general meetings, the procedure for convening Board meetings, resolutions, execution of resolutions of 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 requirements 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 internal 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 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 Company's financial position and financial structure and was of the opinion that the Company's financial status was sound without any significant risks. The Supervisory Committee considers that the 2010 financial statements 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 condition and operating results.

(IV) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON USE OF THE LATEST 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 proceeds were deposited in the designated bank account as disclosed.

Report of the Supervisory Committee

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

During the reporting period, the Company had no material acquisition and disposal of assets and did not damage the interests of minority shareholders or lead to the 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 connected transaction contracts was reasonable and fair and was not detrimental to the interests of shareholders or the Company.

(VII) REVIEW BY THE SUPERVISORY COMMITTEE ON THE INTERNAL CONTROL SELF-ASSESSMENT REPORT

The Supervisory Committee reviewed the Internal Control Self-assessment Report for 2010 of Jiangxi Copper Company Limited and was of the opinion that, there were no material deficiencies in the Company's internal control and the targets of internal control could be duly and surely achieved. In addition, the Supervisory Committee had no dissents against the Internal Control Self-assessment Report for 2010 of Jiangxi Copper Company Limited issued by the Board.

(VIII) INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE PROVISIONAL USE OF IDLE PROCEEDS AS SUPPLEMENTAL WORKING CAPITAL

The provisional use of idle proceeds of RMB870 million as supplemental working capital by the Company complies with the relevant requirements under the Administrative Regulations Governing Fund Raisings by Listed Companies on the Shanghai Stock Exchange and the Administrative Regulations over the Use of Proceeds of Jiangxi Copper Company Limited and is in effective compliance with approval procedures. The provisional use of part of idle proceeds as supplemental working capital by the Company was in favor of increasing the efficiency of the use of proceeds and reducing the Company's financial expenses. The provisional use of raised proceeds as supplemental working capital does not constitute a change in use of proceed and it was in the interests of the Company and its shareholders as a whole.

CORPORATE GOVERNANCE REPORT

(I) CORPORATE GOVERNANCE

1. Special Activities on Corporate Governance

During the reporting period, the Company further improved its corporate governance and perfected the information disclosure system by the formulated Registration and Filing System for Insider Information and the Accountability System for Major Error in Information Disclosure in Annual Report 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 of the Stock Exchange and the Modal Code.

2. Corporate Governance Practices

The Company is committed to maintaining and establishing corporate governance with high standards. 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 required under 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 economic 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 general 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.

CORPORATE GOVERNANCE REPORT

(3) Directors and the Board

The Board 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 and the name list and profile of the members of the Board, please refer to the section headed "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. The current Board and Supervisory Committee are the fifth session of the Board and Supervisory Committee since the incorporation of the Company. The term of office of the Directors and Supervisors commenced from 26 June 2009 and will expire upon the convening of the 2011 annual general meeting.

CORPORATE GOVERNANCE REPORT

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 of the Stock Exchange that at least one of the independent non-executive Directors shall have appropriate expertise in accounting or related financial management.

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 (the Audit Committee) and the 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 Fulfillment of Duties of the Audit Committee of the Board:

1) The Company had formulated the work system of the Independent Audit Committee (the 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.

CORPORATE GOVERNANCE REPORT

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

(1) We convened two meetings in 2010, each of which was attended by all members of the Audit Committee. At one meeting, we reviewed and confirmed the audited 2009 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, whilst at the other one we reviewed and confirmed the 2010 interim report prepared in accordance with the International Financial Reporting Standards which was reviewed by the accountants and listened to the report on 2010 annual audit work arrangements by the accountants;

(2) Before the auditors conducted auditing, we have reviewed the annual financial statements for 2010 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;

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

(4) Upon issue of initial auditing opinions by the auditor, we reviewed again such financial statements prepared by the Company and considered that they 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 2010, operating results and cash flow for 2010 in significant events;

(5) We submitted to the Board the summary report on the Company's 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 conclusions issued were in line with actual situation of the Company;

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

Signature: Zhang Rui, Wu Jianchang, Gao Dezhu, Tu Shutian
Members of Independent Audit Committee of
Jiangxi Copper Company Limited
25 March 2011

CORPORATE GOVERNANCE REPORT

(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 to provide other recommendations 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.

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 2009 was approved, and recommendations were made to the Board.

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

On 25 March 2011, the Company held the second 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 2010 was approved, and recommendations were made to the Board.

Signature: Tu Shutian, Wu Jianchang, Zhang Rui, Gao Dezhu
Members of Remuneration Committee of
Jiangxi Copper Company Limited
25 March 2011

CORPORATE GOVERNANCE REPORT

(4) Supervisory Committee

The Supervisory Committee of the Company consists of 5 supervisors, including 2 employees' representative 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 will expire upon the convening of the 2011 annual general meeting.

During the reporting period, the Supervisors 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 of the Company for each financial year and ensuring that, in preparing such financial statements, appropriate accounting policies are adopted and applied under the PRC GAAP and IFRSs, to give a true and impartial view of the financial position, operating results and cash flows of the Company.

(6) The independence of independent non-executive Directors

The Board has received a confirmation letter from each of the independent non-executive Directors in respect of their independence in accordance with the requirements provided under Rule 3.13 of the Listing Rules of the Stock Exchange. The Company considers independent non-executive Directors of the current session of the Board to be independent.

3. Business Competition and Connected Transactions

(1) Business Competition

There's no substantial business competition between the Company and its controlling shareholder JCC.

(2) Connected Transactions

The Company was established on part of the assets separated from the controlling shareholder JCC, hence certain connected transactions are inevitable between the Company and JCC. Such connected transactions were in compliance with the market and business principles and followed the approval procedures for connected transactions.

The Company has been committed to reducing the connected transactions with JCC since its listing. The types and amounts of connected transactions between the Company and JCC have been substantially reduced due to the increasing acquisitions of JCC's assets and the socialization of part of JCC's assets.

CORPORATE GOVERNANCE REPORT

(II) FULFILMENT OF DUTIES BY DIRECTORS

1. Attendance of Directors at the Board meetings

In 2010, the Board convened 5 meetings. As the Directors were often away for business trips, 2 of the meetings were held by way of written resolutions during the reporting period. The Company has ensured that each Director, when making decisions, was fairly informed of the content of the resolutions and all other relevant documents, and reminded them to give their opinion. Although the Company failed to fully comply with provision A.1.1 of the code provisions as set out in the Code during the reporting period, it will arrange the Directors to attend the Board meetings in person or to participate by way of telephone conferences in the coming year.

Name of Director	Whether an independent Director	Required attendance in the year	Attendance in person	By telecom Communication	Attendance by proxy	Absence	Whether attend by proxy for two consecutive times
Li Yihuang		5	5	2	0	0	No
Li Baomin		5	5	2	0	0	No
Gan Chengjiu		5	5	2	0	0	No
Hu Qingwen		5	5	2	0	0	No
Shi Jialiang		5	5	2	0	0	No
Gao Jianmin		5	5	2	0	0	No
Liang Qing		5	5	2	0	0	No
Zhang Rui	Independent Director	5	5	2	0	0	No
Tu Shutian	Independent Director	5	5	2	0	0	No
Wu Jianchang	Independent Director	5	5	2	0	0	No
Gao Dezhu	Independent Director	5	5	2	0	0	No

Board meetings convened during the year	5
Including: By physical meeting	3
By telecommunication	2

CORPORATE GOVERNANCE REPORT

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

During the reporting period, no objection was made by the Company's independent Directors to resolutions of Board meetings or other resolutions.

3. The Establishment and Improvement, Major Contents of the Working System of Independent Directors and Performance of Duties by the Independent Directors

The Company has established the Working System for Annual Report of the Independent Directors. Work Rules of the Independent Audit Committee also require that all members of the 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.

CORPORATE GOVERNANCE REPORT

(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.
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 shareholders, 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 and relevant requirements of the Company. JCC did not intervene in the Company's use of funds.

CORPORATE GOVERNANCE REPORT

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

General proposal for the establishment of internal control	According to Basic Rules of Enterprise Internal Control, Supporting Guidelines for Corporate Internal Control 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.
Particulars of the work plan for establishment of comprehensive internal control system and its implementation	During the reporting period, the plan for the establishment of internal control system of the Company was launched. The Company formulated the Measures for the Establishment of the Internal Control System of Jiangxi Copper Company Limited and set up the project leadership team comprising major Party and political leaders and project office in the support from each department of the Company. In addition, it mapped out the plan of the establishment of internal control system and engaged Deloitte & Touche Certified Public Accountants for consultancy on management. The plan is generally divided into four implementation phases, namely planning, risk identification and evaluation, establishment of internal control system and inspection and report on internal control with a time frame ranging from September 2010 to March 2012. Currently the risk identification on the headquarters of the Company has drawn an end. Relevant operations were improved through streamlining the key controlling sections in specific operation process of the headquarters of the Company.
Particulars of the deployment of departments for inspection and supervision of internal control	The Board established the Audit Committee to supervise the effective implementation of and self-evaluation of the internal control, and coordinate internal control auditing with other relevant matters. Internal Review Department for Risk Control was established to organize and coordinate the establishment, implementation and supervision of internal control and daily operation. In accordance with the duty division and development needs, the Company has also established Plan Development Department, Production Operation Department, Finance Management Department, Human Resources Department, Construction Management Department, Investment Management Department, Corporate Management Department, Legal Affairs 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.

CORPORATE GOVERNANCE REPORT

Particulars of self-evaluation on internal supervision and internal control	The Board is responsible for the establishment, improvement and effective implementation of internal control. The operation personnel are responsible for daily operation of the internal control. The Board established the Audit Committee to supervise the effective implementation and self-evaluation of internal control by the Board, and coordinate internal control auditing with other relevant matters. The Board has been conducting self-evaluation on internal control for three years consecutively, and disclosed Self-Evaluation Report on the Internal Control System by the Board of the Company.
Particulars of 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 recommendations and advice.
Particulars of the establishment and operation of the internal control system in relation to the financial report	According to guidelines 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 of the Company, enhanced supervision over accounting, and ensured accuracy of financial and accounting information and prevented errors and omissions.
Particulars of the 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.

CORPORATE GOVERNANCE REPORT

(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 2010, Self-Evaluation Report on the Internal Control System by the Board of Jiangxi Copper Company Limited

Disclosed at: http://www.sse.com.cn

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

   Disclosed at: http://www.sse.com.cn

2. Has the Company disclosed the auditor's opinion on the Company's internal control report?

   No

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

The Company has established the Accountability System for Major Error in Information Disclosure in Annual Report by the Company. During the reporting period, the Company found no major error in the 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
2009 Annual General Meeting	17 June 2010	Shanghai Securities News B23	18 June 2010

SIGNIFICANT EVENTS

(I) MATERIAL LITIGATIONS AND ARBITRATIONS

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

(II) MATTERS RELATING TO BANKRUPTCY AND RESTRUCTURING AND SUSPENSION OR TERMINATION OF LISTING OF SHARES

The Company had no matters relating 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 *(Share)*	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	002405	NAVINFO	1,705,651	66,627	3,628,506	74.91	1,922,855
2	Stock	002392	LISHENGPHARMA	1,050,075	23,335	1,166,750	24.09	116,675
3	Stock	300156	TANLI GROUP	29,000	500	29,000	0.6	
4	Stock	300158	Zhendong Pharmaceutical	19,400	500	19,400	0.4	
Profit and loss on securities disposed during the reporting period				/	/	/	/	525,810
Total				2,804,126	/	4,843,656	100	2,565,340

SIGNIFICANT EVENTS

2. Equity interests in non-listing financial enterprises

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 the 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 investment amount, 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 investment amount 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 amounted to RMB525,810.

(IV) THE COMPANY'S ACQUISITION AND DISPOSAL OF ASSETS AND MERGER BY ABSORPTION DURING THE REPORTING PERIOD

The Company did not make any acquisition and disposal of assets and merger by absorption during the year.

SIGNIFICANT EVENTS

(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 executive Directors, Mr. Wang Chiwei, Mr. Long Ziping, and Mr. Wu Jinxing, and senior management members, Mr. Liu Yuewei and Liu Jianghao were granted 64,900 H shares Appreciation Rights respectively. At the 19th meeting of the 4th session of the Board held on 22 February 2008, it was resolved that 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 relating to such rights and has not determined the value of rights granted.

(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	Copper concentrate	Market price	43,516	16,198	0.31	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Blister and scrap copper (tonne)	Market price	49,269	340,828	1.49	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Contained copper in anode plates (tonne)	Market price	45,376	87,080	1.91	Payment upon acceptance
JCC	Controlling shareholder	Purchase of goods	Ancillary industrial products and other products	Market price or cost plus tax		224,142	39.8	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		72,612	100	Monthly settlement

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 (purchase)	Pension contributions	Based on 20% of staff salaries		173,340	100	Monthly settlement
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		19,309	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Construction service	Construction fixed rates of Jiangxi Province		16,868	0.84	Monthly settlement
JCC	Controlling shareholder	Acceptance of use of rights of patent and trademark	Land use rental	Valuation price		39,438	100	Payable at year-end
JCC	Controlling shareholder	Acceptance of services	Futures agency fee	Market price		35,376	79.02	Payment upon conclusion of transaction
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		8,640	100	Monthly or quarterly payment
JCC	Controlling shareholder	Acceptance of services	Other management fee	Shared according to the proportion of assets		4,590	100	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Technical education services	Shared according to the proportion of staff number		10,921	100	Monthly payment
JCC	Controlling shareholder	Acceptance of services	Acceptance of repair and maintenance services	Industry standards		48,707	24.3	Monthly settlement
JCC	Controlling shareholder	Acceptance of services	Acceptance of processing service	Market price		16,819	0.31	Payment upon acceptance
JCC	Controlling shareholder	Acceptance of services	Acceptance of transportation services	Passenger and cargo rates of Jiangxi Province		1,628	0.69	Monthly settlement

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	Labour services, such as loading and moving services of goods	Market price		12,805		
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		10,978	100	Monthly settlement
JCC	Controlling shareholder	Sale of goods	Copper rods and wires (tonne)	Market price	51,352	535,890	2.85	Payment upon acceptance
JCC	Controlling shareholder	Sale of goods	Brass wires (tonne)	Market price	53,870	30,866	1.53	Payment upon acceptance
JCC	Controlling shareholder	Sale of goods	Copper cathode (tonne)	Market price	50,128	43,824	0.14	Payment upon acceptance
JCC	Controlling shareholder	Sale of goods	Sulphuric acid (tonne)	Market price	270	1,435	0.23	Payment upon acceptance
JCC	Controlling shareholder	Sale of goods	By-products	Market price		61,958	100	Monthly payment
JCC	Controlling shareholder	Sale of goods	Ancillary industrial products	Market price		32,668	5.26	Monthly payment
JCC	Controlling shareholder	Loans	Provisions 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		1,811,881	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	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		28,959	97.03	Monthly or quarterly payment
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity supply	Cost plus tax		14,089	3.9	Monthly settlement
JCC	Controlling shareholder	Provision of services	Provision of repair and maintenance services	Industry standards		34,239	100	Monthly settlement
JCC	Controlling shareholder	Provision of services	Provision of transportation services	Passenger and cargo rates of Jiangxi Province		4,316	1.94	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Water supply	Cost plus tax		1,039	0.83	Monthly settlement
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		876	100	Monthly settlement
JCC	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Gas supply	Contract price		21	2	Monthly settlement
Total				/		3,742,340	/	/

SIGNIFICANT EVENTS

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

The Company believes that by sharing 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 satisfying 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), Zhaojue Fengye Smelting Company Limited and its joint venture Jiangxi JCC-BioteQ Environmental Technologies Company Limited, which amounted to RMB298,539,000, RMB885,000, RMB2,047,000 and RMB34,534,000, 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.

SIGNIFICANT EVENTS

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	On 22 May 1997, the controlling shareholder 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 and will not impose any control thereto in accordance with the requirements of the Stock Exchange and the London Stock Exchange.	To the best of the belief of the Board, JCC has complied with the above undertakings.

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	2,470
Years of audit services provided by the domestic auditors	4
Name of overseas auditors	Ernst & Young Certified Public Accountants
Remuneration for overseas auditors	5,630
Years of audit services provided by the overseas auditors	4

(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) Is the Company on the List of Seriously Polluting Companies Announced by the Environmental Protection Department: no

(XII) EXPLANATION ON OTHER SIGNIFICANT EVENTS

The Company had no other significant events during the year.

SIGNIFICANT EVENTS

(XIII) INFORMATION DISCLOSURE INDEX

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
The 5th meeting of the fifth session of the Board and the 2009 Annual Report	Shanghai Securities News B213	31 March 2010	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
First quarterly report	Shanghai Securities News B113	22 April 2010	
Notice of 2009 Annual General Meeting	Shanghai Securities News B165	30 April 2010	
Announcement on the resolutions passed at the 2009 Annual General Meeting	Shanghai Securities News B23	18 June 2010	
Dividend distribution announcement/indicative announcement on warrants	Shanghai Securities News B24	25 June 2010	
Announcement on adjustment to exercise price of JCC warrants	Shanghai Securities News B11	2 July 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B43	11 August 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B56	13 August 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B56	13 August 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B63	17 August 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B39	19 August 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News 51	23 August 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B128	26 August 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B128	26 August 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News B191	27 August 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News 84	30 August 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News B16	1 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B15	2 September 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B15	2 September 2010	

SIGNIFICANT EVENTS

Items	News paper name for publication and page number	Date of publication	Website for publication and retrieve path
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B26	3 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News 14	6 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B22	7 September 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News B22	7 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B25	9 September 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B25	9 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B28	10 September 2010	
First indicative announcement on the exercise of JCC warrants	Shanghai Securities News 20	13 September 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News B15	15 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B15	15 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B19	16 September 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News B19	16 September 2010	
Announcement on payment of interest of 08 JCC Bonds	Shanghai Securities News B19	16 September 2010	
Special indicative announcement on the termination of the listing of JCC warrants	Shanghai Securities News B19	16 September 2010	
Second indicative announcement on the exercise of JCC warrants	Shanghai Securities News B6	17 September 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News 24	20 September 2010	
Special indicative announcement on the termination of the listing JCC warrants	Shanghai Securities News 24	20 September 2010	
Third indicative announcement on the exercise of JCC warrants	Shanghai Securities News B39	21 September 2010	
Special indicative announcement on the last transaction date of JCC warrants	Shanghai Securities News B39	21 September 2010	

SIGNIFICANT EVENTS

Items	News paper name for publication and page number	Date of publication	Website for publication and retrieve path
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News 11	27 September 2010	
Special indicative announcement on the non-active accounts in dealings of JCC warrants	Shanghai Securities News 11	27 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B36	28 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B20	29 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News B17	30 September 2010	
Special indicative announcement on exercise of JCC warrants	Shanghai Securities News 22	8 October 2010	
Announcement on the results of the exercise of JCC warrants	Shanghai Securities News B18	12 October 2010	
Announcement on the termination of the listing of JCC warrants	Shanghai Securities News B25	13 October 2010	
Announcement on the changes in shares of Jiangxi Copper	Shanghai Securities News B25	13 October 2010	
Announcement on the resolutions passed at the 8th meeting of the fifth session of the Board	Shanghai Securities News B25	13 October 2010	
Announcement on the resolutions passed at the 9th meeting of the fifth session of the Board	Shanghai Securities News B102	28 October 2010	

Auditor's Report

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 company balance sheets as at 31 December 2010, and the consolidated and company income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 Standards on Auditing. Those standards require that we comply with Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain a reasonable assurance about whether the financial statements are free from material misstatement.

Auditor's Report

AUDITOR'S RESPONSIBILITY *(Continued)*

ERNST & YOUNG HUA MING (2010) SHEN ZI NO.60654279_B01

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, the auditor considers the internal control relevant to the entity's preparation and fair presentation 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 accounting polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material aspects, the consolidated and company's financial position of Jiangxi Copper Company Limited as at 31 December 2010 and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Mao Anning
Certified Public Accountant

Hou Jie
Certified Public Accountant

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

March 29, 2011

Consolidated Balance Sheet

31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 5*	**31 December 2010**	31 December 2009
Current assets:			
Cash and bank	1	**6,303,250,047**	3,600,018,776
Equity investments at fair value through profit or loss		**4,843,656**	120,170
Notes receivable	2	**2,813,712,129**	735,904,382
Accounts receivable	3	**2,355,465,054**	1,729,221,939
Advances to suppliers	4	**1,789,849,361**	1,356,047,228
Interest receivable		**28,519,938**	1,412,755
Other receivables	5	**1,373,298,799**	826,751,179
Inventories	6	**18,269,952,817**	11,489,972,610
Non-current assets due within one year	15	**—**	1,000,000
Available-for-sale financial assets	8	**520,000,000**	300,000,000
Other current assets	7	**1,407,502,234**	546,136,140
Total current assets		**34,866,394,035**	20,586,585,179
Non-current assets:			
Available-for-sale financial assets	8	**710,080,000**	410,080,000
Long-term equity investments	9	**968,366,202**	406,187,028
Fixed assets	10	**14,165,886,555**	12,405,467,573
Construction in progress	11	**2,537,683,870**	2,762,109,750
Intangible assets	12	**1,208,545,233**	1,103,767,374
Exploration cost	13	**203,233,460**	187,187,500
Deferred tax assets	14	**184,584,288**	172,831,062
Total non-current assets		**19,978,379,608**	17,447,630,287
TOTAL ASSETS		**54,844,773,643**	38,034,215,466

Consolidated Balance Sheet

31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**31 December 2010**	31 December 2009
Current liabilities:			
Short-term borrowings	18	**3,595,708,305**	2,530,942,549
Notes payable	19	**2,247,927,604**	1,946,646,670
Accounts payable	20	**2,857,078,517**	2,140,047,001
Advances from customers	21	**472,908,972**	294,885,501
Employee benefits payable	22	**434,094,247**	362,735,806
Taxes payable	23	**867,544,810**	238,554,259
Interest payable		**37,395,492**	25,281,022
Other payables	24	**770,580,125**	780,013,226
Non-current liabilities due within one year	25	**2,009,689**	3,009,689
Other current liabilities	26	**2,818,945,748**	1,182,959,474
Total current liabilities		**14,104,193,509**	9,505,075,197
Non-current liabilities:			
Long-term borrowings	27	**712,728,248**	111,922,258
Bonds payable	28	**5,178,185,211**	4,947,992,653
Long-term payables	29	**15,006,993**	15,487,131
Provisions	30	**117,724,831**	113,044,508
Deferred tax liabilities	14	**2,784,614**	408,895
Other non-current liabilities	31	**176,744,322**	165,180,616
Total non-current liabilities		**6,203,174,219**	5,354,036,061
Total liabilities		**20,307,367,728**	14,859,111,258
Owners' equity:			
Share capital	32	**3,462,729,405**	3,022,833,727
Capital reserve	33	**11,551,359,186**	5,318,587,641
Special reserve	34	**239,154,624**	158,720,937
Surplus reserve	35	**8,769,497,778**	6,953,442,907
Retained earnings	36	**10,236,227,824**	7,448,675,621
Exchange fluctuation reserve		**(135,742,768)**	(88,375,266)
Equity attributable to owners of the Company		**34,123,226,049**	22,813,885,567
Minority interests	37	**414,179,866**	361,218,641
Total owners' equity		**34,537,405,915**	23,175,104,208
TOTAL LIABILITIES AND OWNERS' EQUITY		**54,844,773,643**	38,034,215,466

The financial statements have been signed by:

Legal representative: *Financial controller:* *Head of accounting department:*

Consolidated Income Statement

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2010**	2009
1. Revenue	38	**76,440,859,303**	51,714,647,770
Less: Cost of sales	38	**68,161,407,535**	46,148,361,160
Taxes and surcharges	39	**301,989,565**	284,024,530
Distribution and selling costs	40	**345,648,364**	295,943,484
General and administrative expenses	41	**1,216,877,260**	1,083,271,968
Financial expenses	42	**388,248,195**	367,214,679
Provision for impairment of assets	43	**14,316,702**	109,185,580
Add: Losses from changes in fair value	44	**(193,953,486)**	(62,516,990)
Investment incomes/ (losses)	45	**90,047,967**	(255,215,749)
Include: Share of losses of the associates and a jointly controlled entity		**(12,515,751)**	(78,579,419)
2. Operating profit		**5,908,466,163**	3,108,913,630
Add: Non-operating income	46	**183,027,300**	96,647,519
Less: Non-operating expenses	47	**111,625,196**	29,412,625
Include: Losses on disposal of non-current assets		**92,700,761**	6,209,173
3. Total profit		**5,979,868,267**	3,176,148,524
Less: Income tax	48	**1,015,027,384**	829,517,170
4. Net profit		**4,964,840,883**	2,346,631,354
Attributable to owners of the Company		**4,907,141,378**	2,349,254,043
Minority interests		**57,699,505**	(2,622,689)
5. Earnings per share			
— Basic	49	**1.56**	0.78
— Diluted	49	**1.48**	0.72
6. Other comprehensive loss	50	**(113,696,447)**	(79,333,890)
7. Total comprehensive income		**4,851,144,436**	2,267,297,464
— Attributable to owners of the Company		**4,794,474,719**	2,269,966,207
— Attributable to minority interests		**56,669,717**	(2,668,743)

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2010

(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 2010	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
2. Changes during the year									
(1). Net profit	—	—	—	—	4,907,141,378	—	4,907,141,378	57,699,505	4,964,840,883
(2). Other comprehensive loss	—	(65,299,157)	—	—	—	(47,367,502)	(112,666,659)	(1,029,788)	(113,696,447)
Total comprehensive (losses) / incomes	—	(65,299,157)	—	—	4,907,141,378	(47,367,502)	4,794,474,719	56,669,717	4,851,144,436
(3). Owners capital contribution and reduction									
1. Capital contribution	—	—	—	—	—	—	—	1,000,000	1,000,000
2. Exercise of warrants	439,895,678	6,298,070,702	—	—	—	—	6,737,966,380	—	6,737,966,380
(4). Profit appropriation									
1. Appropriations to surplus reserve	—	—	—	1,816,054,871	(1,816,054,871)	—	—	—	—
2. Appropriations to employee bonus and welfare fund	—	—	—	—	(1,250,931)	—	(1,250,931)	(83,075)	(1,334,006)
3. Distribution to owners	—	—	—	—	(302,283,373)	—	(302,283,373)	(5,747,829)	(308,031,202)
(5). Special reserve									
1. Accrued during the year	—	—	167,906,520	—	—	—	167,906,520	1,122,412	169,028,932
2. Used during the year	—	—	(87,472,833)	—	—	—	(87,472,833)	—	(87,472,833)
Changes during the year	439,895,678	6,232,771,545	80,433,687	1,816,054,871	2,787,552,203	(47,367,502)	11,309,340,482	52,961,225	11,362,301,707
3. Balance at 31 December 2010	3,462,729,405	11,551,359,186	239,154,624	8,769,497,778	10,236,227,824	(135,742,768)	34,123,226,049	414,179,866	34,537,405,915

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	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
2. 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. Appropriations to surplus reserve	—	—	—	901,054,812	(901,054,812)	—	—	—	—
2. Appropriations 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
3. 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 Cash Flow

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**87,286,073,743**	59,237,031,575
Cash received from refunds of taxes		**37,650,582**	49,068,042
Cash received relating to other operating activities	51	**237,252,973**	73,630,484
Sub-total of cash inflows		**87,560,977,298**	59,359,730,101
Cash paid for goods and services		**83,497,943,131**	52,706,918,284
Cash paid to and on behalf of employees		**1,607,832,629**	1,299,583,165
Cash paid for all types of taxes		**2,949,123,038**	2,255,933,391
Cash paid relating to other operating activities	51	**1,479,484,701**	1,374,809,012
Sub-total of cash outflows		**89,534,383,499**	57,637,243,852
Net cash flows from operating activities	52(1)	**(1,973,406,201)**	1,722,486,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from retrieve of investments		**1,034,537,148**	1,872,796,767
Cash received from investment income		**32,763,949**	11,134,572
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**16,392,327**	14,213,967
Cash received relating to other investing activities		**26,679,074**	49,348,584
Sub-total of cash inflows		**1,110,372,498**	1,947,493,890
Cash paid for acquisition of fixed assets intangible assets and other long-term assets		**2,567,875,262**	2,857,281,142
Cash paid for acquisition of investments		**2,170,000,000**	2,232,680,000
Cash paid relating to other investing activities		**5,426,806**	120,170
Sub-total of cash outflows		**4,743,302,068**	5,090,081,312
Net cash flows from investing activities		**(3,632,929,570)**	(3,142,587,422)

Consolidated Statement of Cash Flow

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**6,738,966,380**	1,500,000
Including: Cash received from capital contributions from minority shareholders by subsidiaries		**1,000,000**	1,500,000
Cash received from borrowings		**9,454,372,239**	4,178,029,917
Cash received from other financing activities	51	**1,448,402,100**	—
Sub-total of cash inflows		**17,641,740,719**	4,179,529,917
Cash repayment of borrowings		**8,135,481,738**	3,195,469,062
Cash paid for distribution of dividends or profits and for payment of interest expenses		**442,579,320**	356,823,617
Including: Cash paid for dividends to minority interests for distribution of dividends or profits by subsidiaries		**5,747,829**	1,982,666
Cash paid relating to other financing activities	51	**1,285,947,088**	1,449,136,748
Sub-total of cash outflows		**9,864,008,146**	5,001,429,427
Net cash flows from financing activities		**7,777,732,573**	(821,899,510)
EFFECT OF EXCHANGES RATE CHANGES		**(9,655,215)**	(138,468)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,161,741,587**	(2,242,139,151)
Add: Cash and cash equivalents balance at beginning of year		**1,702,626,227**	3,944,765,378
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	52(2)	**3,864,367,814**	1,702,626,227

Balance Sheet

31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 6*	**31 December 2010**	31 December 2009
Current assets:			
Cash and bank		**4,779,877,828**	1,487,675,350
Notes receivable		**2,392,394,368**	420,047,537
Accounts receivable	1	**1,423,599,897**	1,150,654,792
Advances to suppliers		**1,077,803,712**	1,024,832,730
Dividends receivable		**—**	16,000,000
Other receivables	2	**471,182,659**	517,594,781
Inventories		**14,045,269,880**	9,320,449,586
Other current assets		**641,186,558**	—
Total current assets		**24,831,314,902**	13,937,254,776
Non-current assets:			
Available-for-sale financial assets		**398,080,000**	398,080,000
Long-term equity investments	3	**5,761,869,200**	3,681,820,514
Fixed assets		**11,849,255,387**	10,293,780,017
Construction in progress		**1,632,870,028**	2,375,199,977
Intangible assets		**1,153,091,695**	1,073,471,273
Exploration costs		**203,233,460**	187,187,500
Deferred tax assets		**92,869,615**	123,081,795
Total non-current assets		**21,091,269,385**	18,132,621,076
TOTAL ASSETS		**45,922,584,287**	32,069,875,852

Balance Sheet

31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 6*	**31 December 2010**	31 December 2009
Current liabilities:			
Short-term borrowings		**650,175,423**	—
Notes payable		**306,036,729**	136,878,122
Accounts payable		**2,719,028,472**	2,286,478,984
Advances from customers		**181,003,623**	99,750,441
Employee benefits payable		**335,021,349**	285,347,173
Taxes payable		**727,333,910**	322,946,852
Interest payable		**18,196,939**	17,000,000
Other payables		**741,662,933**	694,381,800
Non-current liabilities due within one year		**2,009,689**	3,009,689
Other current liabilities		**875,158,508**	363,130,441
Total current liabilities		**6,555,627,575**	4,208,923,502
Non-current liabilities:			
Long-term borrowings		**290,000,000**	—
Bonds payable		**5,178,185,211**	4,947,992,653
Long-term payables		**15,006,993**	15,487,131
Provision		**105,537,581**	99,919,707
Other non-current liabilities		**132,928,613**	118,884,292
Total non-current liabilities		**5,721,658,398**	5,182,283,783
Total liabilities		**12,277,285,973**	9,391,207,285
Owners' equity:			
Share capital		**3,462,729,405**	3,022,833,727
Capital reserve		**12,497,857,494**	6,278,394,352
Special reserve		**217,210,378**	147,793,254
Surplus reserve		**8,646,632,361**	6,830,577,490
Retained earnings		**8,820,868,676**	6,399,069,744
Total owners' equity		**33,645,298,314**	22,678,668,567
TOTAL LIABILITIES AND OWNERS' EQUITY		**45,922,584,287**	32,069,875,852

Income Statement

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2010**	2009
1. Revenue	4	**58,864,866,400**	39,040,706,584
Less: Cost of sales	4	**51,914,008,740**	34,419,157,126
Taxes and surcharges		**266,551,578**	247,064,927
Distribution and selling costs		**196,834,837**	167,657,270
General and administrative expenses		**895,750,562**	839,025,293
Financial expenses		**332,739,452**	304,785,307
Provision for impairment of assets		**2,004,853**	73,785,024
Add: Losses from changes in fair value		**(102,741,155)**	(192,971,131)
Investment income	5	**227,425,223**	131,297,971
Include: Share of losses of the associates and a jointly controlled entity		**(12,515,751)**	(79,579,419)
2. Operating profit		**5,381,660,446**	2,927,558,477
Add: Non-operating income		**142,947,053**	35,474,054
Less: Non-operating expenses		**97,041,677**	10,162,178
Include: Losses on disposal of non-current assets		**88,560,156**	5,763,380
3. Total profit		**5,427,565,822**	2,952,870,353
Less: Income tax		**887,428,646**	700,233,324
4. Net profit		**4,540,137,176**	2,252,637,029
5. Other comprehensive loss		**(78,607,560)**	(42,518,275)
6. Total comprehensive income		**4,461,529,616**	2,210,118,754

Statement of Changes in Equity

For the Year Ended 31 December 2010
(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 2010	3,022,833,727	6,278,394,352	147,793,254	6,830,577,490	6,399,069,744	22,678,668,567
2. Changes during the year						
(1). Net profit	—	—	—	—	4,540,137,176	4,540,137,176
(2). Other comprehensive loss	—	(78,607,560)	—	—	—	(78,607,560)
Total comprehensive (loss)/income	—	(78,607,560)	—	—	4,540,137,176	4,461,529,616
(3). Owners capital contribution and reduction						
1. Exercise of warrants	439,895,678	6,298,070,702	—	—	—	6,737,966,380
(4). Profit appropriation						
1. Appropriations to surplus reserve	—	—	—	1,816,054,871	(1,816,054,871)	—
2. Distribution to owners	—	—	—	—	(302,283,373)	(302,283,373)
(5). Special reserve						
1. Accrued during the year	—	—	151,918,438	—	—	151,918,438
2. Used during the year	—	—	(82,501,314)	—	—	(82,501,314)
Changes during the year	439,895,678	6,219,463,142	69,417,124	1,816,054,871	2,421,798,932	10,966,629,747
3. Balance at 31 December 2010	3,462,729,405	12,497,857,494	217,210,378	8,646,632,361	8,820,868,676	33,645,298,314

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	114,362,119	5,929,522,678	5,289,314,225	20,676,945,376
2. 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
3. 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 Cash Flow

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**68,698,376,856**	44,929,937,703
Cash received from refunds of taxes		**11,441,388**	—
Cash received relating to other operating activities		**203,911,377**	57,194,112
Sub-total of cash inflows		**68,913,729,621**	44,987,131,815
Cash paid for goods and services		**65,190,476,492**	38,491,872,513
Cash paid to and on behalf of employees		**1,184,161,999**	940,549,863
Cash paid for all types of taxes		**2,343,201,374**	1,737,574,260
Cash paid relating to other operating activities		**428,673,766**	1,071,227,392
Sub-total of cash outflows		**69,146,513,631**	42,241,224,028
Net cash flows from operating activities	6	**(232,784,010)**	2,745,907,787
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from retrieve of investments		**1,794,300**	138,215,513
Cash received from investment income		**195,322,955**	9,301,100
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**12,854,187**	2,803,480
Cash received relating to other investing activities		**21,989,074**	18,617,738
Sub-total of cash inflows		**231,960,516**	168,937,831
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets		**1,583,498,521**	2,328,730,726
Cash paid relating to acquisition of investments		**2,122,290,211**	274,790,000
Sub-total of cash outflows		**3,705,788,732**	2,603,520,726
Net cash flows from investing activities		**(3,473,828,216)**	(2,434,582,895)

Statement of Cash Flow

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contribution		**6,737,966,380**	—
Cash received from borrowings		**1,738,814,112**	1,181,860,784
Sub-total of cash inflows		**8,476,780,492**	1,181,860,784
Cash repayment of borrowings		**1,096,870,576**	2,152,267,489
Cash paid for distribution of dividends or profits and payment of interest expenses		**381,095,212**	371,516,057
Sub-total of cash outflows		**1,477,965,788**	2,523,783,546
Net cash flows from financing activities		**6,998,814,704**	(1,341,922,762)
EFFECT OF EXCHANGES RATE CHANGES		**—**	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,292,202,478**	(1,030,597,870)
Add: Cash and cash equivalents balance at beginning of year		**1,487,675,350**	2,518,273,220
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**4,779,877,828**	1,487,675,350

Notes to the Financial Statements

For the Year Ended 31 December 2010
(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"), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited. The Company's H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange ("LSE") on 12 June 1997. The head office of the Company is located in 15 Yejin Avenue, Guixi City, Jiangxi Province, PRC. The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of People's Government of Jiangxi Province.

The Company has allotted 230,000,000 ordinary A shares of par value of RMB1.00 each on 21 December 2001 and was listed on Shanghai Stock Exchange ("SSE") on 11 January 2002. The Company's share capital increased to RMB 2,664,038,200 after the issue of A shares.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi [2004] No.16 issued by the China Security and Regulatory Commission ("CSRC"), the Company places an aggregate of 231,000,000 H shares of par value of RMB1.00 each on 25 July 2005. After the placing, the share capital of the Company increases to 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's meeting.

According to the approval of the Company's annual general meeting of 2007 and pursuant to the sanction document of ZhengJianGuoHeZi (2007)278 issued by the CSRC, the Company non-publicly 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 per value of RMB 100 each on 22 September 2008. The bonds and warrants were listed on Shanghai Stock Exchange. As of the end of exercise period, 8 October 2010, an aggregate of 1,759,615,512 warrants attached to bonds payable were successfully exercised, resulting in increase of tradable A shares by 439,895,678 shares with par value of RMB1.00 each. Accordingly, paid-in capital of the Company increased from RMB3,022,823,727 to RMB3,462,729,405. More details are given in Note 5 (28) and (32).

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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. Company Information *(Continued)*

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

The financial statements were approved and authorised for issuance by the board of directors on 29 March 2011 and subject to the approval of 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, interpretation and other related regulations issued after that.(Collectively, the "Accounting Standard for Business Enterprises").

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

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 2010 present truthfully and completely the financial position of the Group and the Company as at 31 December 2010, and of its financial performance and its cash flows for 2010 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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

(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.

(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. The "combination date" refers to the date on which the merging party actually obtains control of the merged parties.

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

Business combinations not under common control

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

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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

(5) Business combinations *(Continued)*

Business combinations not under common control *(Continued)*

Where the sum of the fair value of combination cost paid (or the fair value of the equity securities issued) and the fair value of shareholding of the acquiree held by the acquirer before the combination date 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 sum of the fair value of combination cost paid (or the fair value of the equity securities issued) and the fair value of shareholding of the acquiree held by the acquirer before the combination date 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 sum of the fair value of combination cost paid (or the fair value of the equity securities issued) and the fair value of shareholding of the acquiree held by the acquirer before the combination date 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 2010. 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.

When the current period loss burdened by the minority interests exceeds the equity shared by the minority interests at the beginning of the period, the remaining balance still writes off the equity of the minority interests. A change in the ownership of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

(6) Consolidated financial statements *(Continued)*

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

(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 translation

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 or loss 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 or loss for the current year.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

(8) Foreign currency translation *(Continued)*

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 or loss 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 profits and losses of the current period.

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

(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 inventory 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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

(9) Inventories *(Continued)*

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 other items, 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 of the investing enterprise that does not do joint control or does not have significant influences on the invested enterprise, and the investment has no offer in the active market and its fair value cannot be reliably measured.

A long-term investment is initially recorded at its cost on acquisition. 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 (for business combinations not under common control via several transactions, the investments are recorded at the sum of book value of equity investments of the acquiree and new investment cost addition). Combination costs include the assets paid by acquirer, liability occurred or burdened and the fair value of issuing equity instruments. 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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
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(Prepared in accordance with PRC GAAP and regulations)

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

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

When the Group does not hold jointly control, or exercises no significant influence on the invested enterprise, and the investment is not quoted in an active market and its fair value cannot be reliably measured, the cost method is applied. When the Group holds control on the invested enterprise, the cost method is applied in individual financial statements. The term "control" refers to the authority of an enterprise to decide on the financial and business policies of another enterprise and benefit from its business activities in accordance with the policies.

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 agreements, which does not exist unless the investing parties of the economic activity with one assent on sharing the control power over the relevant important financial and operating decisions. The term "significant influences" refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not to control or do joint control together with other parties over the formulation of these policies.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
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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 etc, determine at the time of acquisition. Moreover, profits and losses arising from intra-group transactions between the enterprise (including its consolidated subsidiaries) and its associates or joint ventures shall be eliminated to the extent of the enterprise's interest in the investees, and on that basis the investment income or losses is recognized. However, the share of net loss is only recognized to the extent that the carrying value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group shall adjust the carrying amount of the long-term equity investment for other changes in owner's equity of the invested enterprise (other than net profits or losses), and include the corresponding adjustment in equity.

On disposal of a long-term equity investment, the difference between the proceeds actually received and carrying amount shall be recognized in profit or loss for the current period. When disposing of a long-term equity investment measured by employing the equity method, the portion previously included in the owner's equity shall be transferred to the current profits and losses according to a certain proportion.

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

Notes to the Financial Statements
For the Year Ended 31 December 2010
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2. Significant accounting policies and estimates *(Continued)*

(11) Fixed assets

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 they are incurred.

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

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
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2. Significant accounting policies and estimates *(Continued)*

(13) Intangible assets

Intangible assets is recognized and measured on initial recognition at cost only if the related economic benefits will probably flow into the Group and its cost can be measured reliably. However, the intangible assets acquired through business combination should be measured at fair value separately as intangible assets when its fair value could be reliably measured.

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 can not 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 service life of intangible assets with uncertain service life during each accounting period. Where there are evidences to prove the intangible assets have limited service life, it shall be estimated of its service life, and be treated according to these Standards.

Notes to the Financial Statements

For the Year Ended 31 December 2010
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2. Significant accounting policies and estimates *(Continued)*

(13) Intangible assets *(Continued)*

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 sales of the intangible asset is capable; 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).

(14) Exploration costs

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

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

(15) Financial instruments *(Continued)*

Recognition and derecognition *(Continued)*

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.

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.

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

(15) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets may be classified as held for trading if one of the following conditions is met: (i) the financial assets is acquired 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.

(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 is recognized in the income statement.

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For the Year Ended 31 December 2010
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2. Significant accounting policies and estimates *(Continued)*

(15) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other three categories. After initial recognition, available-for-sale financial assets are measured at fair value. The discount or premium is amortized using the effective interest method and recognized as interest income or expense. 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.

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

(15) Financial instruments *(Continued)*

Classification and measurement of financial liabilities

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.

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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 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. 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 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.

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

(15) Financial instruments *(Continued)*

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.

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 fair value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing model, etc.

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

(15) Financial instruments *(Continued)*

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. 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.

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

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

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

(15) Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(2) Available-for-sale financial assets

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

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

(3) Financial assets measured at cost

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

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

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

(15) Financial instruments *(Continued)*

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.

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:

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

(16) Hedge accounting *(Continued)*

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.

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.

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

(17) Receivables

(i) individually significant and individually providing bad debt provision receivable balance

The method of recording bad debt provision of individually significant receivable balance is to perform impairment test separately. If the occurrence of impairment is proved by objective evidence, such impairment loss should be recognized in income statement of the year. The balance with no bad debt needed according to the test is to record provision by aging analysis, taking aging as the credit characteristics.

(ii) receivable balance with provision provided by group

The Group determines the receivable group based on the aging as the credit risk characteristics. The bad debt for receivable and other receivable is recorded based on the aging analysis and the accrual percentage is stated 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

(iii) individually insignificant receivable balance but providing bad debt provision individually

If the occurrence of impairment is proved by objective evidence, such impairment loss should be recognized in income statement of the year.

(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 same in nature) as the financial assets transferred, and the repurchasing price is fixed or is 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.

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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 (fixed assets, investment property and inventories, etc.) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

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

— Expenditures for the asset are being incurred;

— Borrowing costs are being incurred; and

— Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced

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

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

— Where funds are borrowed under a specific-purpose borrowing for the acquisition, the amount of interest to be capitalized shall be the actual interest expense less any bank interest earned from depositing the borrowed funds or any investment income on the temporary investment of these funds;

— Where funds are borrowed under general-purpose borrowing and are utilized for the acquisition, the company shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings.

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

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

(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 which have no offer in the active market and the fair value cannot be reliably measured is recognized based on the following method.

The Group shall assess at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists, the Group shall estimate the recoverable amount of the asset. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be tested for impairment annually, irrespective of whether there is any important indication incurred. 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 or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount. The reduction is recognized as an impairment loss and charged to profit or loss for the current period. A provision for impairment loss of the asset is recognized accordingly.

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

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

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

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

(21) Contingencies

Except for the contingent consideration and contingent liability occurred in business combination, an obligation related to a contingency shall be recognized as a provision when all of the following conditions are satisfied:

— The obligation is a present obligation of the Group;

— It is probable that an outflow of economic benefits will be required to settle the obligation;

— The amount of the obligation can be measured reliably.

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

(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.

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 that the received or receivable contract or agreed price is unfair.

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

(22) Revenue *(Continued)*

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 rendering of services income is determined by the contract or agreed price received or receivable, except that 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 charge to the income statement when the actual rental occurred.

(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 take the form of a transfer of a monetary asset, it is assessed as the amount received or will be received. When the government grant may take 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 that is sometimes followed 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.

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

(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 the 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 are share-based payment transactions with 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 exercise 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.

(26) Employee benefit

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

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

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

(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:

(1) 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

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward 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:

(1) 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

(2) 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.

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

(27) Income tax *(Continued)*

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.

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) Distribution of profits

Cash dividends of the company are recognized as liability after they are approved by the shareholders in a general meeting.

(30) Related party

When a party controls, jointly controls or exercises significant influence over another party, or when two or more parties are under the control, joint control or significant influence of the same party, the affiliated party relationships are constituted.

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

(31) Adoption of revised accounting policy

The MOF issued Accounting Standards for Business Enterprises Interpretation No.4 (Cai Kuai [2011] No.15) and Notice Regarding Preparation of 2010 Annual Reports and Implementation of the New Accounting Standards for the Listed and Non-listed Enterprises (Cai Kuai [2010] No.25) in July 2010 and December 2010, respectively. The Group considers the adoption of the new and revised accounting standards has had no significant financial effect on these financial statements of the Group.

(32) 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 investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of "significant" or ''prolonged" requires judgment. When the fair value declines, management makes an assessment about the decline in value to determine whether there is an impairment that should be 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.

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

(32) 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 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 mines 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 to tax planning strategies, are needed when estimating the amount of deferred tax asset.

Notes to the Financial Statements

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

(32) 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.

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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	The provision for PRC current income tax is based on a statutory rate 15% (25% for 2009) 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"), 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"), Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi"), Loyal Sky Industrial Company Limited ("Loyal Sky") and Sure Spread Company Limited ("Sure Spread") are 25%.
	Loyal Sky and Sure Spread pays profits tax at a rate of 16.5% in Hong Kong (16.5% for 2009).
Resource Tax	Resource tax is calculated and paid according to the quantity of extracted and consumed copper ore. Pursuant to the "Notice Relating to Adjustment of Applicable Rate for Resource Tax for Lead and Zinc Ore, etc." (Cai Shui [2007] No.100), from 1 August 2007, the range of resource tax rate is RMB 5 to 7 per ton for Copper Ore, and RMB 10 per ton for Lead and Zinc Ore.

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3. Taxation *(Continued)*

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

Mineral Resources Compensation Fee	Pursuant to the State Council No.150, "Provisions on the Administration of Collection of the Mineral Resources Compensation" and Jiangxi Government No.35, "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 Pursuant to the Table for Rates of Mineral Resources, the rate applicable shall be 2%, 2.8% and 4%.
Cities construction tax	The Group paid city construction tax at a rate of 1%, 5% and 7% of the turnover tax paid.
Education supplementary tax	The Group paid education supplementary tax at a rate 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.

(ii) Tax reduction and related approval

Income Tax - parent company	Based on the Gangaoqirenfa [2011] No.1 issued by Jiangxi Province high tech enterprise recognition management leader group on Jan 28th 2011, the company was recognized as high tech enterprise. The company received the High Tech Enterprise Certificate issued jointly by Jiangxi Province Science Department, Jiangxi Province Finance Department, Jiangxi Province State Tax Bureau and Jiangxi Province Local Tax Bureau in January 2011. Certificate No was GR201036000054 and the effective period was 3 years from 2010 to 2012. Based on the New Corporate Income Tax Law and related regulations, the applicable tax rate for the company as high tech enterprise supported by the government is 15% under the condition complying with the relevant requirements.

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3. Taxation *(Continued)*

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

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% on a 5-year basis. 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 Taiyi can continue to enjoy their tax holiday until the expire date. However, for enterprises which are entitled to, but have not yet commenced, the tax holiday due to continuing losses, the tax holiday is considered to have started from the year 2008. The enterprise can only choose either the transitional tax incentive policy or new corporate tax law and regulations for their best 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 is 22% for 2010 (20% for 2009).

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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% 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 allowed a 50% reduction of income tax in the third, fourth and fifth years from 1 July 2006. Kangtong Copper was exempted from income tax in 2007 and the first half year of 2008. With a 50% reduction of income tax allowed, its effective income tax rate is 12.5% since 1 July 2008. And the effective income tax rate is 12.5% in 2010.

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 allowed 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 is 12.5% for 2010.

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 allowed 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. With a 50% reduction of income tax allowed, its applicable income tax rate is 12.5% for 2010.

Yates, Longchang Copper Pipe and Taiyi are foreign-funded enterprises in Jiangxi Nanchang National High and New Technology Industry Development Zones 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, Longchang Copper Pipe and Taiyi shall be exempted from income tax in the first and second profit-making years and allowed a 50% reduction of income tax in the third, fourth and fifth years. With a 50% reduction of income tax allowed, their applicable income tax rates are 12.5% for 2010.

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4. Scope of consolidation and subsidiaries

(1) The Group main subsidiary companies are as follow:

Name of subsidiary	Place and date of 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 or 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	6,800	6,800	55.88%	44.12%	99.51%	99.51%	(b),(d)
Shenzhen Trading	Shenzhen June 2006	Sale of copper products Loyal Sky Industrial	RMB	330,000	330,000	100%	—	100%	100%	(a)
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)
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 metal 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 metal and rare materials	RMB	9,000	159,045	100%	—	100%	100%	(b)

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

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

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	Jiangxi Fuzhou August 1998	Production and sale of grinding pebbles, casting pigs 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 metal	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)
Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi")	Jiangxi Nanchang May 2005	Production and sale of enamelled 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	70,000	66,500	95%	—	95%	95%	(a),(e)
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)

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

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

Name of subsidiary	Place and date of 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) 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	46,380	72,684	100%	—	100%	100%	(b),(f)
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)

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

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

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
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)
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 Construction Supervision Company Limited ("JCCS")	Jiangxi Nanchang March 2010	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service	RMB	3,000	3,000	100%	—	100%	100%	(a)
Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC")	Guangdong Guangzhou July 2010	Production, processing and sale of copper products and wires	RMB	300,000	300,000	100%	—	100%	100%	(a)

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

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

Name of subsidiary	Place and date of incorporation	Principal activities and business scope	Registered capital		Group Investment	Attributable equity interest		Total	Voting right percentage	*Note*
			Currency	*'000*	*'000*	*Directly*	*Indirectly*			
Jiangxi Copper international trade Company Limited ("JCC international trade")	Shanghai Pudong August 2010	Sale of metals, chemicals, mining products, construction materials, and etc.	RMB	600,000	600,000	100%	—	100%	100%	(a)
Shanghai Shengyu Real Estate Company Limited ("Shanghai Shengyu")	Shanghai Pudong August 2008	Rental and management of properties	RMB	169,842	169,842	100%	—	100%	100%	(c)

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

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

(c) The subsidiaries are acquired from the company not under common control. The acquisition does not comply with the business consolidation in Accounting Standards for Business Enterprises.

(d) The company injected the capital of RMB 2,800,000 in the subsidiary unilaterally on June 28th 2010, which raised the investment up to RMB 3,800,000 with 55.88% shareholding. The registered capital of the subsidiary changed from RMB 4,000,000 to RMB 6,800,000 after the capital injection. The ultimate shareholding percentage of the company increased from 99.17% to 99.51%.

(e) The company injected the capital of RMB 26,500,000 in the subsidiary unilaterally on June 28th 2010, which raised the investment up to RMB 66,500,000. The subsidiary applied for registered capital reduction of RMB 30,000,000 on October 6th 2010 according to the shareholders meeting and revised articles of corporation. The registered capital decreased from RMB 100,000,000 to RMB 70,000,000. The ultimate shareholding percentage of the company increased from 94.12% to 95%.

(f) The company injected the capital of RMB 12,280,000 in the subsidiary unilaterally on December 31th 2010, which raised the investment up to RMB 72,680,000 with 100% shareholding. The registered capital of the subsidiary changed from RMB 34,100,000 to RMB 4,638,000 after the capital injection.

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

(2) Changes in the scope of consolidation

The scope is consistent with previous year, except for the newly established subsidiaries JCCS, GZPC, JCC international trade in current year and the change mentioned in Note 4(3).

Jiangxi Copper Corporation (Shanghai) International Shipping Agency Company Limited ("Shanghai Agency") was liquidated during the year and its businesses, assets and liabilities were taken up by the Company's other subsidiary. The business of this entity was still included in the Group's consolidated financial statements.

(3) Newly consolidated subsidiaries and deconsolidated subsidiaries in current year

	Newly consolidated subsidiaries in 2010: Net assets at the end of 2010	**Net profit from the purchase date to the end of the year**
Shanghai Shengyu	169,844,288	2,278

(4) Translation rate used over the overseas subsidiaries:

	Average exchange rate		**Exchange rate at year end**	
	2010	2009	**2010**	2009
USD	**6.7255**	6.8314	**6.6227**	6.8282
HKD	**0.8657**	0.8812	**0.8509**	0.8805

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5. Notes to Consolidated Financial Statements

(1) Cash and bank

	31 December 2010			31 December 2009		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on Hand						
— RMB			**191,726**			152,810
— JPY	**3,366**	**0.0813**	**274**			—
— HKD	**99**	**0.8509**	**84**	1,413	0.8805	1,244
— GBP	**2**	**10.2182**	**20**			—
			192,104			154,054
Cash in Bank						
— RMB			**3,599,029,998**			1,595,726,419
— USD	**35,999,023**	**6.6227**	**238,410,727**	15,119,745	6.8282	103,240,643
— HKD	**30,714,970**	**0.8509**	**26,135,368**	3,064,282	0.8805	2,698,100
— AUD	**89,301**	**6.7139**	**599,558**	131,518	6.1294	806,126
— JPY	**722**	**0.0813**	**59**	976	0.0738	72
— EUR			**—**	83	9.7971	813
			3,864,175,710			1,702,472,173
Others						
— RMB			**2,438,882,233**			1,897,392,549
			6,303,250,047			3,600,018,776

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

(1) Cash and bank *(Continued)*

As at 31 December 2010, the amount of restricted cash is RMB 2,438,882,233 (31 December 2009: RMB 1,897,392,549) (Note 5 (17)), including:

— As at 31 December 2010, time deposits amounting to RMB 1,285,947,088 were pledged to secure current bank borrowings amounting to USD 193,006,966 with equivalent to RMB 1,278,227,234 for period from one to two years (31 December 2009: RMB 1,448,402,100). More details are given in Note 5 (18) and (27).

— As at 31 December 2010, deposit amounting to RMB 132,342,631 was guaranteed for issuing bank accepted bills (31 December 2009: RMB 215,566,110).

— As at 31 December 2010, deposit amounting to RMB201,770,000 which was security for a letter of credit issued (2009: Nil).

— As at 31 December 2010, required mandatory reserve deposits and other restricted deposits amounting to RMB 818,822,514 (31 December 2009: RMB 233,424,339) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

As at 31 December 2010, the amount of cash deposit out of PRC is RMB 621,306,682 (31 December 2009: RMB 29,066,184).

Cash at banks earns interest at floating rates based on daily bank deposit rates or concerted rates. Time deposits are made for varying periods of between seven days and 2 years depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

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

(2) Notes Receivable

	31 December 2010	31 December 2009
Bank accepted bills	**2,568,197,049**	721,542,965
Commercial accepted bills	**245,515,080**	14,361,417
	2,813,712,129	735,904,382

The terms of notes receivable are all within six months.

As at 31 December 2010 and 2009, no bills have been transfer to the accounts receivable due to uncollectablity.

As at 31 December 2010, the amount of RMB 276,422,538 bank accepted bills have been discounted to obtain short-term bank borrowings (31 December 2009: RMB 1,399,935) and the amount of RMB 125,111,904 commercial accepted bills have been discounted to obtain short- term bank borrowings (31 December 2009: RMB 10,740,155). More details are given in Note 5 (17) and (18).

(3) Accounts Receivable

The credit period is generally three months. Accounts receivables are non-interest-bearing.

The ageing analysis of accounts receivable is as below:

	31 December 2010	31 December 2009
Within 1 year	**2,349,179,629**	1,708,224,966
1–2 years	**3,682,766**	48,055,406
2–3 years	**38,448,160**	2,093,107
Over 3 years	**129,912,576**	132,339,657
	2,521,223,131	1,890,713,136
Less: Bad debt provision	**(165,758,077)**	(161,491,197)
	2,355,465,054	1,729,221,939

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

(3) Accounts Receivable *(Continued)*

	31 December 2010			
	Balance	**%**	**Bad debt provision**	**%**
Significant and individually accrued bad debt provision	**92,591,450**	**3.67%**	**63,616,791**	**68.71%**
Accrued bad debt provision by group				
Within 1 year	**2,320,204,970**	**92.03%**	**—**	**—**
1–2 years	**2,926,918**	**0.12%**	**571,782**	**19.54%**
2–3 years	**7,860,579**	**0.31%**	**3,930,290**	**50.00%**
Over 3 years	**66,295,785**	**2.63%**	**66,295,785**	**100.00%**
	2,489,879,702	**98.76%**	**134,414,648**	**5.40%**
Insignificant but individually accrued bad debt provision	**31,343,429**	**1.24%**	**31,343,429**	**100.00%**
	2,521,223,131	**100.00%**	**165,758,077**	**6.57%**

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

(3) Accounts Receivable *(Continued)*

	31 December 2009			
	Balance	%	Bad debt provision	%
Significant and individually accrued bad debt provision	94,864,462	5.02%	63,616,791	67.06%
Accrued bad debt provision by group				
Within 1 year	1,676,977,295	88.70%	—	—
1–2 years	24,094,727	1.27%	4,003,880	16.62%
2–3 years	1,743,584	0.09%	837,458	48.03%
Over 3 years	68,722,866	3.63%	68,722,866	100.00%
	1,866,402,934	98.71%	137,180,995	7.35%
Insignificant but individually accrued bad debt provision	24,310,202	1.29%	24,310,202	100.00%
	1,890,713,136	100.00%	161,491,197	8.54%

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

	Beginning balance	Addition	Deduction Reversal	Deduction Write-off	Ending balance
2010	**161,491,197**	**7,609,950**	**(3,157,647)**	**(185,423)**	**165,758,077**
2009	176,798,952	11,576,554	(20,407,203)	(6,477,106)	161,491,197

For the year ended 31 December 2010, the amount of RMB 3,157,647 has been reversed due to the recovery of the account receivable in 2010 (2009: RMB 20,407,203).

For the year ended 31 December 2010, the amount of RMB 185,423 has been realized due to the write-off of the account receivable in 2010 (2009: RMB 6,477,106).

As at 31 December 2010, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB 11,004,093 (31 December 2009: RMB 4,206,894). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

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

(3) Accounts Receivable *(Continued)*

As at 31 December 2010, the balance of top five debtors is as below:

	Relationship	**Balance**	**Aging**	%
First	Third party	168,149,901	Within 1 year	6.67%
Second	Third party	155,240,617	Within 1 year	6.16%
Third	Third party	142,454,802	Within 1 year	5.65%
Fourth	JCC's affiliate	140,765,427	Within 1 year	5.58%
Fifth	Third party	92,591,450	Within 1 year and over 3 years	3.67%
		699,202,197		27.73%

As at 31 December 2009, the balance of top five debtors is 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%

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

(4) Advances to suppliers

The ageing analysis of advances to suppliers is as below:

	31 December 2010		31 December 2009	
	Balance	**%**	Balance	%
Within 1 year	**1,667,616,877**	**93.17%**	1,209,925,310	89.22%
1-2 years	**73,715,780**	**4.12%**	120,623,504	8.90%
2-3 years	**25,522,273**	**1.43%**	19,883,764	1.47%
Over 3 years	**22,994,431**	**1.28%**	5,614,650	0.41%
	1,789,849,361	**100.00%**	1,356,047,228	100.00%

As at 31 December 2010, the balances aging over one year are mainly advances to suppliers for outstanding purchase of project and equipment.

As at 31 December 2010, the Group's balance due from a shareholder who holds more than 5% of the voting power of Company was RMB 135,265 (31 December 2009: RMB 236,101). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

Managements of the Group are of the opinion that no provision should be recorded at the balance sheet date.

As at 31 December 2010, the balance of top five debtors is as below:

	Relationship	**Balance**	**Aging**	**Outstanding reason**
First	Third party	314,685,281	Within 1 year	Purchased raw material in transit
Second	Third party	193,873,188	Within 1 year	Purchased raw material in transit
Third	Third party	93,985,962	Within 1 year	Purchased raw material in transit
Fourth	Third party	47,673,048	Within 1 year	Purchased raw material in transit
Fifth	Third party	47,456,616	Within 2 years	Unsettled procurement for project and equipment
		697,674,095		

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

(4) Advances to suppliers *(Continued)*

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

	Relationship	Balance	Aging	Outstanding reason
First	Third party	155,412,138	Within 2 years	Unsettled procurement for project 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		

(5) Other receivables

The ageing analysis of other receivables is as below:

	31 December 2010	31 December 2009
Within 1 year	**1,364,981,036**	818,093,326
1–2 years	**5,429,671**	4,243,646
2–3 years	**2,096,160**	1,129,338
Over 3 years	**32,008,717**	32,185,059
	1,404,515,584	855,651,369
Less: bad debt provision	**(31,216,785)**	(28,900,190)
	1,373,298,799	826,751,179

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

(5) Other receivables *(Continued)*

	31 December 2010			
	Balance	**%**	**Bad debt provision**	**%**
Accrued bad debt provision by group				
Within 1 year	**1,364,981,036**	**97.18%**	**—**	**—**
1–2 years	**5,429,671**	**0.39%**	**1,035,336**	**19.07%**
2–3 years	**1,650,904**	**0.12%**	**800,367**	**48.48%**
Over 3 years	**32,008,717**	**2.28%**	**28,935,826**	**90.40%**
	1,404,070,328	**99.97%**	**30,771,529**	**2.19%**
Insignificant but individually accrued bad debt provision	**445,256**	**0.03%**	**445,256**	**100.00%**
	1,404,515,584	**100.00%**	**31,216,785**	**2.22%**

	31 December 2009			
	Balance	%	Bad debt provision	%
Accrued bad debt provision by group				
Within 1 year	818,093,326	95.61%	—	—
1–2 years	3,798,390	0.45%	79,005	2.08%
2–3 years	1,129,338	0.13%	531,722	47.08%
Over 3 years	32,185,059	3.76%	27,844,207	86.51%
	855,206,113	99.95%	28,454,934	3.33%
Insignificant but individually accrued bad debt provision	445,256	0.05%	445,256	100.00%
	855,651,369	100.00%	28,900,190	3.34%

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

(5) Other receivables *(Continued)*

As at 31 December 2010 and 2009, there was no significant amount and need to accrue bad debt provision individually.

As at 31 December 2010, the Group's balance of deposits for commodity derivative contracts is RMB 1,099,513,300 (31 December 2009: RMB 673,851,972).

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2010	**28,900,190**	**2,473,992**	**(157,397)**	**—**	**31,216,785**
2009	26,156,044	4,125,787	(91,485)	(1,290,156)	28,900,190

For the year ended 31 December 2010, the amount of RMB 157,397 has been reversed due to the recovery of the other account receivable in 2010 (2009: RMB 91,485).

For the year ended 31 December 2010, there was no bed debt provision has been realized due to the write-offs of the other account receivable in 2010 (2009: RMB 1,290,156).

As at 31 December 2010 and 2009, there was no balance due from a shareholder who holds more than 5% of the voting power of the Company.

As at 31 December 2010, the balance of top five debtors is as below:

	Relationship	**Balance**	**Aging**	%
First	JCC's affiliate *(Note 7 (7))*	892,144,398	Within 1 year	63.52%
Second	Third party	188,848,373	Within 1 year	13.45%
Third	Third party	43,722,006	Within 1 year	3.11%
Fourth	Third party	40,000,000	Within 1 year	2.85%
Fifth	Third party	20,103,369	Within 1 year	1.43%
		1,184,818,146		84.36%

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

(5) Other receivables *(Continued)*

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

	Relationship	**Balance**	**Aging**	%
First	JCC's affiliate *(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%

(6) Inventories

	31 December 2010	31 December 2009
Raw materials	**7,385,169,505**	4,981,184,015
Work in process	**8,077,289,586**	5,200,374,492
Finished goods	**2,862,842,203**	1,365,140,784
	18,325,301,294	11,546,699,291
Less: Provisions	**(55,348,477)**	(56,726,681)
	18,269,952,817	11,489,972,610

As at 31 December 2010, certain of the Group's inventories with a net book value of RMB 92,000,000 (2009: RMB 225,493,530) was pledged to secure short term bank borrowings of RMB 40,000,000 for a period of one year. More details are given in Note 5 (17) and (18).

As at 31 December 2010, certain of the Group's inventories with a net book value of RMB 64,684,780 (2009: RMB 91,169,435) was pledged as deposits for commodity derivative contract amounting to RMB 57,162,400. More details are given in Note 5 (17).

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

(6) Inventories *(Continued)*

As at 31 December 2010, inventories of the Group included fair value gains inventories designated as hedged items amounted to RMB780,456,113 (As at 31 December 2009: RMB 280,756,505), among which, fair value gains of the hedges items amounted to RMB 224,488,968 (As at 31 December 2009: RMB 65,192,871) and RMB 551,967,145 (As at 31 December 2009: RMB 215,563,635) were hedged by commodity derivative contracts and provisional price arrangement, respectively.

The movement of inventories provision is as below:

2010

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Realization	
Raw materials	**662,235**	**1,410,905**	**—**	**—**	**2,073,140**
Work in process	**7,455,115**	**—**	**—**	**(7,455,115)**	**—**
Finished goods	**48,609,331**	**5,720,726**	**—**	**(1,054,720)**	**53,275,337**
	56,726,681	**7,131,631**	**—**	**(8,509,835)**	**55,348,477**

2009

	Beginning 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

No provision has been reversed due to the rise of the market price in 2010 (2009: RMB 870,044).

The amount of RMB 8,509,835 has been realized as the relevant raw materials were put into use and the finished goods were sold out in 2010 (2009: RMB 581,610,811).

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

(7) Other current financial assets

		31 December 2010	31 December 2009
Short term loans to related parties	*(i)*	**553,881,291**	546,136,140
Not qualified for hedge accounting	*Note 5 (26)*		
— Forward currency contracts		**5,157,779**	—
— commodity derivative contracts		**4,405,250**	—
Deductable input of VAT		**844,057,914**	—
		1,407,502,234	546,136,140

(i) As at 31 December 2010, loans to related parties are provided by Finance Company, a subsidiary of the Group. The short term loans' interest rates range from 2.67% to 5.84% per annum (2009: 2.27%-5.31%) among which the rate of the USD loans is 2.67% to 2.73% and the loans will be repaid from 30 January 2011 to 13 December 2011. All of the above loans were guaranteed by JCC and undue. More details are disclosed in Note 7 "Related Party Relationship and Transaction".

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

(8) Available-for-sale financial investments

	Investment Cost	Opening balance	Addition	Deduction	Ending balance
Available-for-sale equity instruments:					
Nanchang Commercial Bank ("Nanchang Bank")	398,080,000	398,080,000	—	—	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 Copper Mine in Luchang Town Huili County ("Gantian Wan Mining")	2,000,000	2,000,000	—	—	2,000,000
Financial Products	820,000,000	300,000,000	1,550,000,000	(1,030,000,000)	820,000,000
Subtotal		715,690,000	1,550,000,000	(1,030,000,000)	1,235,690,000
Less: Impairment provision		(5,610,000)	—	—	(5,610,000)
Total		710,080,000	1,550,000,000	(1,030,000,000)	1,230,080,000
Less: Current portion of available-for -sale financial investment — Financial Products		(300,000,000)	(1,250,000,000)	1,030,000,000	(520,000,000)
Total of non-current portion		410,080,000	300,000,000	—	710,080,000

As at 31 December 2010, the Group's unlisted equity investments represent the Group's 5.88% equity interest in Nanchang Bank, 6.67% equity interest in Liangshan Mining and 0.4% equity interest in Kebang Telecom and 11.13% equity interest in Gantian Wan Mining. These unlisted equity investments were stated at cost and subject to 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 at 31 December 2010, Finance Company, a subsidiary of the Group, holds financial products, issued by Bank of China amounting to RMB 100,000,000 with annual target return rate of 4.3%. Financial products, Tianye Tolian and Da yuan issued by Jiangxi Jiangnan Trust Co., Ltd amounting to RMB 200,000,000 and RMB 220,000,000 with annual target return rate of 8.5% and 8.8%. Financial products, Yinhe Teck issued by Western Trust Co., Ltd amounting to RMB 300,000,000 with annual target return rate of 8.5%. The above financial products will expire on 4 January 2011, 15 October 2011, 25 November 2011 and on 23 April 2011 respectively.

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

(9) Long-term equity investments

2010

	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:													
Associates													
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals ")	1,060,000,000	460,000,000	600,000,000	—	1,060,000,000	(57,405,751)	1,367,991	—	(82,225,926)	(43,126,338)	—	—	878,609,976
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	58,134,560	58,134,560	—	—	58,134,560	(1,272,703)	—	—	138,129	(1,983,495)	—	—	55,016,491
Jiangxi Copper Ever profit Qing Yuan Copper Company Limited("QingYuan")	56,000,000	36,000,000	20,000,000	—	56,000,000	(36,000,000)	(19,842,674)	—	—	—	—	—	157,326
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	6,186,812	—	—	6,186,812	—	—	—	(369,339)	(195,242)	—	—	5,622,231
Zhaojue Fenye Smelting Company Limited("Fengye")	4,063,977	4,063,977	—	—	4,063,977	—	—	—	—	—	—	—	4,063,977
A jointly controlled entity													
Jiangxi JCC-BIOTEQ Environmental Technologies company Limited "Jiangtong Bioteq")	14,100,000	14,100,000	—	—	14,100,000	4,837,269	5,958,932	—	—	—	—	—	24,896,201
Cost Method:													
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	13,056,216	14,850,516	—	(1,794,300)	13,056,216	—	—	—	—	—	(14,850,516)	1,794,300	—
Total	593,335,865	620,000,000	(1,794,300)	1,211,541,565	(89,841,185)	(12,515,751)	—	(82,457,136)	(45,305,075)	(14,850,516)	1,794,300	968,366,202	

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(Prepared in accordance with PRC GAAP and regulations)

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

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

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:													
Associates													
Jiangxi Copper Minerals	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)	—	—	—	—	—	—
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")	480,000	480,000	—	(480,000)	—	414,391	—	(414,391)	—	—	—	—	—
Fengye	4,063,977	—	4,063,977	—	4,063,977	—	—	—	—	—	—	—	4,063,977
A jointly controlled entity													
Jiangtong Bioteq	14,100,000	14,100,000	—	—	14,100,000	2,686,236	2,151,033	—	—	—	—	—	18,937,269
Cost Method:													
Diaoquan	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

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

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

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

	Equity investment and voting right percentage	Register place	Principal business	Registered capital	
				Currency	*'000*
Associates					
Jiangxi Copper Minerals	40%	China	Investment company	RMB	2,650,000
MCC-JCL	25%	Afghanistan	Manufacture and sale of copper products	USD	2,800
Qing Yuan	40%	China	Manufacture and sale of copper products	RMB	140,000
Asia Sure Spread	49%	Japan	Import and export of copper products	JPY	200,000
Fengye	47.86%	China	Production and sale of copper cathode and related products	RMB	10,000
A jointly controlled entity					
Jiangtong Bioteq	50%	China	Reclaim industrial waste water and sales of products	RMB	28,200

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

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

2010

	Total Assets *RMB'000*	**Total Liabilities** *RMB'000*	**Net Assets** *RMB'000*	**Revenue** *RMB'000*	**Net (loss) / profit** *RMB'000*
Associates					
Jiangxi Copper Minerals	5,077,590	2,881,065	2,196,525	—	3,420
MCC-JCL	1,250,250	1,029,112	221,138	—	—
Qing Yuan	95,548	95,155	393	298,736	987
Asia Sure Spread	11,474	—	11,474	—	—
Fengye	12,373	6,121	6,252	—	—
A jointly controlled entity					
Jiangtong Bioteq	51,216	1,423	49,793	34,379	11,919

2009

	Total Assets *RMB'000*	Total Liabilities *RMB'000*	Net Assets *RMB'000*	Revenue *RMB'000*	Net (loss) / profit *RMB'000*
Investment in associates					
Jiangxi Copper Minerals	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 jointly controlled entity					
Jiangtong Bioteq	43,602	5,728	37,874	22,299	6,302

As at 31 December 2010, the associates and jointly controlled entity could transfer funds to the Group without restrictions.

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

(10) Fixed Assets

2010

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2010	6,284,733,937	13,751,796,081	1,317,683,401	127,791,260	21,482,004,679
Additions	1,359,844	22,988,928	13,560,967	1,625,207	39,534,946
Transferred from construction in progress	680,710,262	1,738,771,594	367,867,916	4,146,373	2,791,496,145
Reclassification	664,908,983	(671,145,563)	55,939,979	(49,703,399)	—
Disposals	(166,879,570)	(405,199,872)	(292,007,748)	(6,632,341)	(870,719,531)
31 December 2010	7,464,833,456	14,437,211,168	1,463,044,515	77,227,100	23,442,316,239
Accumulated depreciation					
1 January 2010	(2,349,734,071)	(5,768,768,696)	(775,482,578)	(70,323,634)	(8,964,308,979)
Additions	(254,392,903)	(621,286,568)	(83,019,820)	(10,707,519)	(969,406,810)
Reclassification	(330,654,262)	328,075,957	(33,428,400)	36,006,705	—
Disposals	81,865,269	330,250,160	259,655,701	5,415,998	677,187,128
31 December 2010	(2,852,915,967)	(5,731,729,147)	(632,275,097)	(39,608,450)	(9,256,528,661)
Impairment provision					
1 January 2010	(2,190,481)	(109,928,751)	(50,295)	(58,600)	(112,228,127)
Additions	—	(416,173)	—	—	(416,173)
Reclassification	(16,536,092)	16,536,092	—	—	—
Realization(i)	17,787,076	74,949,622	—	6,579	92,743,277
31 December 2010	(939,497)	(18,859,210)	(50,295)	(52,021)	(19,901,023)
Net book value					
31 December 2010	4,610,977,992	8,686,622,811	830,719,123	37,566,629	14,165,886,555
1 January 2010	3,932,809,385	7,873,098,634	542,150,528	57,409,026	12,405,467,573

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

(10) Fixed Assets *(Continued)*

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	(624,875)	(103,451,786)	(21,973)	(58,600)	(104,157,234)
Realization	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

As at 31 December 2010, buildings with net book value of RMB 40,875,592 (31 December 2009: RMB 61,175,688) and equipment and machinery with net book value of RMB 39,393,005 (31 December 2009: RMB 53,576,933) were restricted for use. More details are given in Note 5 (17) and (18).

As at 31 December 2010, the Group is in the process of obtaining the property ownership certificate for certain of the Group's buildings with original cost of RMB 14,003,980 (31 December 2009: RMB 25,280,763) and net book value of RMB 13,688,890 (31 December 2009: RMB 25,092,149).

As at 31 December 2010, there was no fixed assets leased out under operating lease.

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

(11) Construction in progress

2010

	Budget	Opening balance	Addition	Transfer to fixed assets	Ending balance	% of budget	Source of funds
Expansion project of phase II of Chengmenshan Copper Mine	498,000,000	154,959,308	99,297,283	—	254,256,591	51%	Proceeds from
issuance of shares ("Proceeds") Extension of Open-pitting Mining project	387,540,000	319,955,926	57,873,289	(376,982,995)	846,220	97%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	108,701,722	9,884,475	(95,151,204)	23,434,993	83%	Self-funding and Proceeds
300K ton Copper Smelting Project	3,099,530,000	53,468,736	35,903,999	—	89,372,735	85%	Self-funding
Technical renovation engineering of enlarging production scale of Dexing Mining	2,537,870,000	855,498,696	695,452,989	(970,710,205)	580,241,480	61%	Self-funding and Proceeds
38K ton Copper Pipe Project	504,480,000	2,393,655	829,805	(1,299,815)	1,923,645	65%	Self-funding
Electromotor Update	355,200,000	243,883,785	1,477,393	(245,361,178)	—	100%	Self-funding
Expansion project for electrolyze	294,790,000	8,617,676	3,908,164	(12,525,840)	—	91%	Self-funding
Electric Shovel Update 2300XP	210,000,000	196,612,031	—	(196,612,031)	—	93%	Self-funding
No.5 Mine exploitation Project	130,000,000	49,331,821	26,071,070	—	75,402,891	58%	Self-funding
Utilization of Remaining Heat from Anode Store	54,240,000	48,784	—	(48,784)	—	94%	Self-funding
Concentrating mill formed by reworking process	24,270,600	16,818,829	—	(16,818,829)	—	69%	Self-funding
Heat Re-cycling Project from Smoke Sulphicacid Series I, II	18,500,000	616,730	—	(616,730)	—	97%	Self-funding
4000T Copper Product improvement	268,000,000	216,440,217	31,614,885	(248,055,102)	—	93%	Self-funding
Technical improvement of the ninth copper concentrate 5000t/d retreating project	499,600,000	62,528,219	111,087,676	—	173,615,895	38%	Self-funding
Tailings storehouse Project	327,780,000	51,610,684	50,804,815	—	102,415,499	31%	Self-funding
Facility coordination for Expansion project of phase II	66,510,000	18,600,000	37,113,951	—	55,713,951	84%	Self-funding
Liujia gou tailings storehouse in Chengmenshan Copper Mine	318,310,000	32,415,659	36,147,077	—	68,562,736	22%	Self-funding
East ditch waste-rock yards in Chengmenshan Copper Mine	197,070,000	61,677,913	31,239,007	—	92,916,920	47%	Self-funding
Poly Plaza D Building	600,576,865	—	586,276,865	—	586,276,865	98%	Self-funding
Others	Not applicable	307,929,359	752,087,522	(627,313,432)	432,703,449		
Total		2,762,109,750	2,567,070,265	(2,791,496,145)	2,537,683,870		

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

(11) Construction in progress *(Continued)*

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%	Self-funding and 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
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 mill formed 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

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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
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
Tailings storehouse Project	327,780,000	656,329	50,954,355	—	—	51,610,684	16%	Self-funding
Facility coordination for Expansion project of phase II	66,510,000	—	18,600,000	—	—	18,600,000	28%	Self-funding
Liujia gou tailings storehouse in Chengmenshan Copper Mine	318,310,000	—	32,415,659	—	—	32,415,659	10%	Self-funding
East ditch waste-rock yards in Chengmenshan Copper Mine	197,070,000	2,576,000	59,101,913	—	—	61,677,913	31%	Self-funding
Others	Not applicable	278,471,831	425,039,194	(394,281,666)	(1,300,000)	307,929,359		
Total		2,259,132,431	2,098,392,120	(1,594,114,801)	(1,300,000)	2,762,109,750		

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

(12) Intangible asset

2010

	Trade marks	Mining rights	Land use rights	Others (Software)	Total
Cost					
1 January 2010	52,586,056	945,331,851	218,441,429	21,303,425	1,237,662,761
Additions	40,600	—	146,766,345	1,007,336	147,814,281
Disposal	—	—	—	(27,400)	(27,400)
31 December 2010	52,626,656	945,331,851	365,207,774	22,283,361	1,385,449,642
Accumulated amortization					
1 January 2010	(23,382,506)	(78,328,880)	(25,091,782)	(7,092,219)	(133,895,387)
Additions	(1,795,583)	(32,582,594)	(6,327,494)	(2,306,276)	(43,011,947)
Disposal	—	—	—	2,925	2,925
31 December 2010	(25,178,089)	(110,911,474)	(31,419,276)	(9,395,570)	(176,904,409)
Impairment provision					
1 January 2010	—	—	—	—	—
Realization	—	—	—	—	—
31 December 2010	—	—	—	—	—
Net book value					
31 December 2010	27,448,567	834,420,377	333,788,498	12,887,791	1,208,545,233
1 January 2010	29,203,550	867,002,971	193,349,647	14,211,206	1,103,767,374

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

(12) Intangible asset *(Continued)*

2009

	Trade marks	Mining rights	Land use rights	Others (Software)	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	—	(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	—	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	—	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

As at 31 December 2010, no intangible assets were restricted (31 December 2009: RMB 2,728,917).

As at 31 December 2010, the Group is in the process of obtaining the property certificates for certain land use rights with net book value of RMB 158,773,011 (31 December 2009 : RMB 12,006,666).

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

(13) Exploration costs

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

	2010	2009
Beginning balance	**187,187,500**	71,880,000
Additions	**16,045,960**	115,307,500
Ending balance	**203,233,460**	187,187,500

(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 2010:

	Impairment of assets	Deductible taxable loss	Accrued expenses	Deferred revenue	Fair value loss arising from commodity derivative contracts	Unrealized profits	Fair value loss arising from provisional price arrangement	Fair value loss arising from forward currency contracts	Others	Total
Beginning balance	48,283,414	7,902,090	66,633,798	9,328,698	28,584,746	9,083,346	—	—	3,014,970	172,831,062
Charge to income statements	(25,225,687)	(4,011,888)	(9,193,131)	(543,979)	22,924,617	9,204,990	3,332,125	1,093,074	(1,994,156)	(4,414,035)
Charge to equity	—	—	—	—	16,167,261	—	—	—	—	16,167,261
Ending balance	23,057,727	3,890,202	57,440,667	8,784,719	67,676,624	18,288,336	3,332,125	1,093,074	1,020,814	184,584,288

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
Beginning balance	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
Ending balance	48,283,414	7,902,090	66,633,798	9,328,698	28,584,746	9,083,346	3,014,970	172,831,062

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

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

Deferred tax liabilities affirmed as at 31 December 2010:

	Fair value gain arising from commodity derivative contracts	**Fair value gain from forward currency contracts**	**Others Total**	**Total**
Beginning balance	—	—	408,895	408,895
Charge to income statements	1,057,260	1,237,867	80,592	2,375,719
Ending balance	1,057,260	1,237,867	489,487	2,784,614

Deferred tax liabilities affirmed as at 31 December 2009:

	Fair value gain arising from commodity derivative contracts	Fair value gain from provisional price arrangement	Others	Total
Beginning balance	19,800	78,089,074	—	78,108,874
Charge to income statements	(19,800)	(78,089,074)	408,895	(77,699,979)
Ending balance	—	—	408,895	408,895

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

	2010	2009
Deductable temporary difference:		
Impairment of assets	**166,544,953**	185,202,571
Deferred Revenue	**118,179,529**	127,865,823
Accrued expenses	**12,230,114**	14,050,352
Deductable tax loss	**399,290,660**	414,455,785
	696,245,256	741,574,531

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

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

Deductable tax loss not recognized as deferred tax assets will be expired in the following years:

	2010	2009
2011	**7,583,242**	57,321,595
2012	**68,627,347**	58,843,376
2013	**65,728,555**	271,607,102
2014	**80,630,289**	26,683,712
2015	**39,860,198**	—
No time limit *(i)*	**136,861,029**	—
	399,290,660	414,455,785

(i) Loyal Sky, a subsidiary of the Group is registered in Hong Kong. Its deductable tax loss was RMB 136,861,029 as at 31 December 2010. According to Hong Kong Tax, the deductable tax loss could be used to net off profit in the future and has no fixed expire period.

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

	2010	2009
Deductable temporary difference:		
Impairment of assets	**124,345,625**	194,604,140
Accrued expenses	**333,268,765**	266,916,601
Deferred revenue	**58,564,793**	37,314,793
Fair value loss arising from provisional price arrangement	**22,214,167**	—
Fair value loss arising from forward currency contracts	**4,554,474**	—
Fair value change arising from commodity derivative contracts	**291,960,995**	120,998,013
Unrealized profits	**98,170,920**	36,333,384
Others	**5,818,897**	12,059,883
Deductable tax loss	**30,880,603**	62,999,008
	969,779,239	731,225,822

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

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

Temporary differences recognized as deferred tax liabilities are as follows:

	2010	2009
Taxable temporary difference:		
Fair value gain arising from forward currency contracts	**5,157,780**	—
Fair value gain arising from commodity derivative contracts	**4,405,250**	—
Others	**1,957,952**	1,635,579
	11,520,982	1,635,579

(15) Other non-current assets

	31 December 2010	31 December 2009
Long-term loans to related parties		
Due within one year	**—**	1,000,000

At 31 December 2010, there was no loan provided to related parties (31 December 2009:loans to related parties due within one year amounted to RMB 1,000,000 were provided by Financial Company, a subsidiary of the Group, and had been repaid at 5 January 2010 with interest rate 6.30%). More details are disclosed at Note 7 (7) "Related Party Relationship and Transaction".

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

(16) Provision for impairment of assets

2010

	Beginning	Addition	Reduction: Reverse	Reduction: Realization	Ending
Accounts receivable bad debt provision	161,491,197	7,609,950	(3,157,647)	(185,423)	165,758,077
Other receivable bad debt provision	28,900,190	2,473,992	(157,397)	—	31,216,785
Inventory provision	56,726,681	7,131,631	—	(8,509,835)	55,348,477
Impairments of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairments of fixed assets	112,228,127	416,173	—	(92,743,277)	19,901,023
Impairments of long-term investments	14,850,516	—	—	(1,794,300)	13,056,216
	379,806,711	17,631,746	(3,315,044)	(103,232,835)	290,890,578

2009

	Beginning	Addition	Transferred in	Reduction: Reverse	Reduction: Realization	Ending
Accounts receivable bad debt provision	176,798,952	11,576,554	—	(20,407,203)	(6,477,106)	161,491,197
Other receivable bad debt provision	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 financial 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 equity investment	—	—	14,850,516	—	—	14,850,516
	963,227,119	130,554,312	14,850,516	(21,368,732)	(707,456,504)	379,806,711

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

(17) Restricted assets

2010

	Beginning	**Additions**	**Reductions**	**Ending**	*Note*
Assets used for guarantees					
Cash and banks	1,897,392,549	1,620,059,719	(1,897,392,549)	1,620,059,719	(1)
Notes receivable	12,140,090	401,534,442	(12,140,090)	401,534,442	(2)
Inventories	225,493,530	156,684,780	(225,493,530)	156,684,780	(3)
Fixed assets	114,752,621	—	(34,484,024)	80,268,597	(4)
Intangible assets	2,728,917	—	(2,728,917)	—	
	2,252,507,707	2,178,278,941	(2,172,239,110)	2,258,547,538	

	Beginning	**Additions**	**Reductions**	**Ending**	*Note*
Restricted assets due to other reason					
Mandatory reserve deposits	233,424,339	585,398,175	—	818,822,514	(5)

2009

	Beginning	Additions	Reductions	Ending
Assets used for guarantees				
Cash and banks	—	1,663,968,210	—	1,663,968,210
Notes receivable	1,821,630,773	12,140,090	(1,821,630,773)	12,140,090
Inventories	131,184,744	225,493,530	(131,184,744)	225,493,530
Fixed assets	124,884,533	—	(10,131,912)	114,752,621
Intangible assets	2,815,380	—	(86,463)	2,728,917
	2,080,515,430	1,901,601,830	(1,963,033,892)	2,019,083,368

	Beginning	Additions	Reductions	Ending
Restricted assets due to other reason				
Mandatory reserve deposits	195,558,383	37,865,956	—	233,424,339

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

(17) Restricted assets *(Continued)*

Note 1:

— As at 31 December 2010, time deposits amounting to RMB 1,285,947,088 were pledged to secure current bank borrowings amounting to USD 193,006,966 with equivalent to RMB 1,278,227,234 with a period from one to two years.

— As at 31 December 2010, deposit amounting to RMB 132,342,631 was guaranteed for issuing bank accepted bills.

— As at 31 December 2010, deposit amounting to RMB201,770,000 which was security for issuing a letter of credit.

Note 2: As at 31 December 2010, mortgaged borrowings amounted to RMB 401,534,442 were secured by the discounted unmatured commercial and bank notes with carrying value of RMB 401,534,442.

Note 3:

— As at 31 December 2010, certain of the Group's inventories with a net book value of RMB 92,000,000 was pledged to secure short term bank borrowings of RMB 40,000,000.

— As at 31 December 2010, certain of the Group's inventories with a net book value of RMB 64,684,780 was pledged as deposits of commodity derivative contracts of RMB 57,162,400.

Note 4: Pledged borrowings amounting to RMB 63,500,000 was secured by machineries with carrying value of RMB 39,393,005, buildings with carrying value of RMB 40,875,592. The depreciation amount of machineries and buildings were RMB 7,835,560 and RMB 2,714,339, individually.

Note 5: As at 31 December 2010, required mandatory reserve deposits and other restricted deposits amounting to RMB 818,822,514 placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

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

(18) Short-term borrowings

	31 December 2010	31 December 2009
Bank borrowing Including:		
Mortgaged borrowings *(i)*	**1,378,348,263**	1,471,338,106
Pledged borrowings *(ii)*	**103,500,000**	176,500,000
Credit borrowings	**2,113,860,042**	883,104,443
	3,595,708,305	2,530,942,549

As at 31 December 2010, the borrowings carry annual interest rates ranging from 1.20% to 6.37%. (2009: 0.73% to 7.56%).

(i) Mortgaged borrowings including:

— Mortgaged borrowings amounted to RMB 401,534,442 were secured by the discounted unmatured bank accepted bills and commercial accepted bills with carrying value of RMB 401,534,442 (31 December 2009: RMB 12,140,090).

— Time deposits amounting to RMB 992,557,109 were pledged to secure current bank borrowings amounting to USD 147,494,801, equivalent to RMB 976,813,821 (31 December 2009: RMB 1,459,198,016 mortgaged borrowings).

(ii) Pledged borrowings including:

— Pledged borrowings amounting to RMB 63,500,000 was secured by machineries with original cost of RMB 92,724,947 and carrying value of RMB 39,393,005, and buildings with original cost of RMB 57,912,399 and carrying value of RMB 40,875,592.

— Pledged borrowings amounting to RMB 40,000,000 was secured by inventories with carrying value of RMB 92,000,000.

As at 31 December 2010, there was no balance of matured but unsettled short-term borrowings.

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

(19) Notes payable

	31 December 2010	31 December 2009
Bank accepted bills	**2,247,927,604**	1,846,646,670
Commercial accepted bills	**—**	100,000,000
	2,247,927,604	1,946,646,670

The above notes payable will be due in 2011.

(20) 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 2010, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB 7,621,872 (31 December 2009: RMB 2,757,506). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2010, the Group has no material balance of accounts payable aged over one year.

(21) Advance from customers

The balance represents advances from customer for sales of goods.

As at 31 December 2010, the Group has no balance due to shareholder who holds more than 5% shares of the Company (31 December 2009: RMB 196,700).

As at 31 December 2010, the Group has no material balance of advance from customers aged over one year.

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

(22) Employee benefit payable

2010:

	Beginning	Addition	Deduction	Ending
Payroll, bonus and allowance	280,966,953	1,181,504,427	(1,116,972,501)	345,498,879
Social insurance	48,087,941	238,902,904	(216,636,543)	70,354,302
Including:				
Medical insurance	(39,294)	20,691,269	(20,795,147)	(143,172)
Pension insurance	42,892,685	203,784,223	(183,943,448)	62,733,460
Unemployment insurance	5,231,122	7,368,468	(6,116,348)	6,483,242
Accident insurance	1,009	7,023,584	(5,746,240)	1,278,353
Maternity insurance	2,419	35,360	(35,360)	2,419
Housing fund	11,104,670	108,550,742	(111,997,505)	7,657,907
Labor union fee and employee education fee	17,399,058	31,598,577	(38,572,661)	10,424,974
Staff welfare	5,014,305	117,589,522	(122,274,264)	329,563
Others	162,879	1,044,898	(1,379,155)	(171,378)
	362,735,806	1,679,191,070	(1,607,832,629)	434,094,247

2009:

	Beginning	Addition	Deduction	Ending
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:				
Medical insurance	1,014,181	17,271,388	(18,324,863)	(39,294)
Pension insurance	37,705,769	166,216,030	(161,029,114)	42,892,685
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

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

(22) Employee benefit payable *(Continued)*

As at 31 December 2010, there was no balance with the nature of arrears.

There was no expenditure occurred in year 2010 and 2009 with the nature of monetary staff welfare or compensation for employment termination. All the payroll unpaid was expected to be settled in Jan or Feb 2011.

(23) Taxes payable

	31 December 2010	31 December 2009
Corporate income tax	**675,109,625**	473,417,392
VAT	**35,757,008**	(383,142,638)
Mineral resource compensation charge	**49,343,223**	81,065,310
Resource tax	**31,490,346**	17,722,137
Individual income tax	**9,221,729**	1,817,347
Business tax	**2,874,728**	3,814,083
Others	**63,748,151**	43,860,628
	867,544,810	238,554,259

(24) Other payables

	31 December 2010	31 December 2009
Other amount paid on behalf of the Group by JCC	**310,667,313**	297,112,785
Paid on behalf of the Group by Subsidiaries of JCC	**25,676,622**	34,587,823
Retention for contract	**92,381,627**	153,415,719
Payable for construction, machinery and materials	**249,725,611**	214,095,535
Miscellaneous repairmen and maintenance fee	**18,131,578**	15,504,738
Service charges	**13,301,762**	7,346,058
Others	**60,695,612**	57,950,568
	770,580,125	780,013,226

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

(24) Other payables *(Continued)*

As at 31 December 2010, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB 310,667,313 (31 December 2009: RMB 297,112,785). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2010, the Group has no material balance of other payables aged over one year.

(25) Non-current liabilities due within one year

	31 December 2010	31 December 2009
Long term payables *(Note 5 (29))*	**2,009,689**	3,009,689

(26) Other current liabilities

	31 December 2010	31 December 2009
Short term deposit from related parties *(i)*	**1,348,364,998**	697,423,979
Liabilities due from financial assets sold for repurchase *(ii)*	**250,000,000**	51,676,815
Under hedge accounting *(iii)*		
Cash flow hedge *(a)*		
— Commodity derivative contracts	**128,633,369**	45,027,116
Fair value hedge *(a)*		
— Commodity derivative contracts	**227,751,145**	67,443,664
— Provisional price arrangement	**554,710,792**	219,828,041
Not under hedge accounting *(b)*		
— Commodity derivative contracts	**261,623,859**	88,956,439
— Provisional price arrangement	**19,470,520**	12,603,420
— Forward currency contracts	**19,097,245**	—
— Interest rate swaps	**9,293,820**	—
	2,818,945,748	1,182,959,474

(i) The amount represents the related parties' demand deposit and saving deposit less than 6 month in the Finance Company, the range of the interest rate is 0.36% to 2.75% per annum (2009: 0.36% to 1.17%).

(ii) Finance Company, a subsidiary of the Group, entered into agreements with certain banks to sell them certain loans to related parties, and undertook to repurchase the loans unconditionally. The repurchase interest rates was 6.28%. Since such transfer does not qualify for derecognition of assets, the amount was accounted for other current liabilities.

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

(26) Other current liabilities *(Continued)*

(iii) Under hedge accounting

The Group uses commodity derivative contracts and provisional price arrangement separate from copper concentrate purchase agreement to hedge its commodity price risk. Commodity derivative contracts utilized by the Group are mainly 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 cathode and etc. As at 31 December 2010, the expected delivery period of the forecasted sales for copper related products is from January to March 2011.

Fair value hedge

The Group utilizes standardized copper cathode future contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with fair value changes in inventories.

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. According to the effectiveness test result of above mentioned cash flow hedge and fair value hedge, relevant standardized copper cathode future contracts and provisional price arrangement are expected to be highly effective hedge instruments. More details are given in Note 5 (44), (45) and (50).

(b) Not under hedge accounting

From 1 January 2009 to 30 June 2009, in the inception of the abovementioned hedge relationship, the Group did not formally designate the hedge relationship. Therefore, such transactions are not qualified to hedge accounting.

Furthermore, in year 2010 and 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 price 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 (44) and (45).

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

(27) Long-term borrowings

		31 December 2010	
		Original Currency	**Equivalent**
			RMB
Mortgaged borrowings *(i)*			
	USD	**45,512,165**	**301,413,413**
Credit borrowings			
	RMB		**309,250,000**
	JPY	**1,256,028,000**	**102,064,835**
Less: amount due within one year			**—**
			712,728,248

		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

As at 31 December 2010, the bank borrowing carry interest rates were ranging from 0.36% to 3.76% per annum (2009: 0.36% to 3.35%).

(i) As at 31 December 2010, time deposits amounting to RMB 293,389,979 were pledged to secure long-term bank borrowings amounting to USD 45,512,165, equivalent to RMB 301,413,413 (31 December 2009: nil).

As at 31 December 2010, there was no matured but unsettled long-term borrowing.

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

(27) Long-term borrowings *(Continued)*

As at 31 December 2010, the top five creditors are as bellow:

	Starting date	Ending date	Currency	Annual interest rate (%)	Balance as at 31 December 2010 Original Currency	RMB
First	2010.11	2012.11	RMB	3.76%	Not applicable	290,000,000
Second	2010.12	2012.12	USD	0.86%	17,250,000	114,241,575
Third	2010.10	2012.10	USD	0.86%	13,682,000	90,611,781
Fourth	2009.11	2012.11	JPY	3.35%	1,101,868,000	89,537,794
Fifth	2010.10	2012.10	USD	0.86%	10,000,000	66,227,000
						650,618,150

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

	Starting date	Ending date	Currency	Annual interest rate (%)	Balance Original Currency	RMB
First	2009.11	2012.11	JPY	3.32%	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	3.33%	92,496,000	6,824,540
Fourth	2009.09	2012.09	JPY	3.35%	61,664,000	4,549,693
						111,922,258

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

(28) Bond Payable

	1 January 2010	Addition	Deduction	31 December 2010
08JCC Bond(126018)	4,947,992,653	298,192,558	(68,000,000)	5,178,185,211

As at 31 December 2010, the balance of bond payable is 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	Ending balance
08JCC Bond(126018)	8 years	22 September 2008	6,800,000,000	4,677,412,723	270,579,930	298,192,558	(68,000,000)	5,178,185,211
Less: Bond Payable due in 1 year								–
								5,178,185,211

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 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 8 October 2010, 1,759,615,512 certificates of bonds with warrants have been exercised and the other 1,584,488 certificates of bonds with warrants have been written off. The Company's listed shares without restricted trading conditions increased by 439,895,678 shares.

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

(29) Long-term payables

	Term	**31 December 2010**	31 December 2009
Mining right payable			
— Dexing &Yongping Mining *(i)*	30 year	**17,016,682**	17,496,820
— Fujiawu Minging	6 year	**—**	1,000,000
Less: Amount due within one year *(Note 5(25))*		**(2,009,689)**	(3,009,689)
		15,006,993	15,487,131

(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 2010 is RMB 100,045 (2009: RMB 99,297) and interest rate announced by the state during the year is 5.35% (2009: 5.31%).

As at the 31 December 2010, the top five creditors are as below:

	Duration	**Amount**	**Annual Rate** *(%)*	**Balance**
First	1998.12–2027.12	56,191,000	One year borrowing rate	17,016,682

As at the 31 December 2009, the top five creditors are 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

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

(30) Provision

	2010	2009
Beginning balance	**113,044,508**	107,001,601
Discount rate amended	**(1,692,772)**	—
Interest accrued during the year	**6,373,095**	6,042,907
Ending balance	**117,724,831**	113,044,508

Provision represents the environment rehabilitation costs, as there is obligation for the Group in future for the environmental costs, and there is probable outflow of economic benefits as the results of its 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.

(31) 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:

	2010	2009
Beginning balance	**165,180,616**	126,383,712
Addition during the year	**26,679,075**	49,348,585
Recognized as income during the period	**(15,115,369)**	(10,551,681)
Ending balance	**176,744,322**	165,180,616

As at 31 December 2010, all the deferred revenue was granted by the government related to assets.

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

(32) Share capital

Paid in capital and registered capital of the Company is RMB 3,462,729,405. The face value of each shares is RMB 1.00. The shares' type and configuration is as follow:

2010

	Beginning		Increase/(Decrease)			Ending	
	No. of shares	%	Unrestricted *(Note1)*	Exercise of warrants *(Note 2)*	Subtotal	No. of shares	%
Listed shares with restricted trading condition							
(1) State owned	—	—	—	—	—	—	—
(2) State legal person owned	1,282,074,893	42.41%	(1,282,074,893)	—	(1,282,074,893)	—	—
(3) Domestic other legal 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)	—	(1,282,074,893)	—	—
Listed shares without restricted trading conditions							
(1) A shares	353,276,834	11.69%	1,282,074,893	439,895,678	1,721,970,571	2,075,247,405	59.93%
(2) Domestic foreign shares	—	—	—	—	—	—	—
(3) H shares	1,387,482,000	45.90%	—	—	—	1,387,482,000	40.07%
(4) Others	—	—	—	—	—	—	—
Listed shares without restricted trading conditions	1,740,758,834	57.59%	1,282,074,893	439,895,678	1,721,970,571	3,462,729,405	100.00%
Total of share capital	3,022,833,727	100.00%	—	439,895,678	439,895,678	3,462,729,405	100.00%

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

(32) Share capital *(Continued)*

2009

	Beginning		Increase/(Decrease)			Ending	
	No. of shares	%	Unrestricted	Certificates of bonds with warrants exercised	Subtotal	No. of shares	%
Listed shares with restricted trading condition							
(1) State owned	—	—	—	—	—	—	—
(2) State legal person owned	1,282,074,893	42.41%	—	—	—	1,282,074,893	42.41%
(3) Domestic other legal owned	—	—	—	—	—	—	—
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%
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%
Total of share capital	3,022,833,727	100.00%	—	—	—	3,022,833,727	100.00%

Note 1: 1,282,074,893 listed shares with restricted trading conditions began tradable in year 2010 which is all owned by JCC. 1,225,035,414 shares of them came from the non-tradable shares reform in 2006 and the rest of 57,039,479 shares came from the Company's non-public offering of shares in Shanghai Stock Exchange in 2007. All the listed shares with restricted trading condition began tradable since 27 September 2010.

Note 2: 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 and one lot containing 10 bonds, in an amount of RMB6.8 billion (6,800,000 lots) on 22 September 2008. The subscribers of each lot have been entitled to receive 259 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. All the warrants mentioned above were listed on Shanghai Stock Exchange since 10 October 2008 and could be excised from 27 September to 30 September and on 8 October in 2010. As at the end of exercise period, 8 October 2010, an aggregate of 1,759,615,512 warrants attached to bonds payable were successfully exercised, resulting in increase of tradable A shares by 439,895,678 shares.

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

(33) Capital reserves

The change of capital reserves for the year 2010 is as below:

	1 January 2010	**Additions/ (Deduction)**	**31 December 2010**
Share premium	3,346,225,134	8,306,987,979	11,653,213,113
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)	(65,299,157)	(101,966,990)
— Other Reserves	113,063	—	113,063
	1,972,362,507	(2,074,216,434)	(101,853,927)
	5,318,587,641	6,232,771,545	11,551,359,186

The change of capital reserves for the year 2009 is as below:

	1 January 2010	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

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

(34) Special reserves

	2010	2009
Beginning balance	**158,720,937**	124,748,940
Accrued for the year	**167,906,520**	159,570,063
Realized for the year	**(87,472,833)**	(125,598,066)
Ending balance	**239,154,624**	158,720,937

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.

(35) Surplus reserve

The change of surplus reserves for the year 2010 ended is as below:

	Statutory surplus reserve	**Discretionary surplus reserve**	**Total**
1 January 2010	**2,216,164,234**	**4,737,278,673**	**6,953,442,907**
Additions	**454,013,718**	**1,362,041,153**	**1,816,054,871**
31 December 2010	**2,670,177,952**	**6,099,319,826**	**8,769,497,778**

The change of surplus reserves for the year 2009 ended is 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

Pursuant to PRC Company Law 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.

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

(35) Surplus reserve *(Continued)*

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.

(36) Retained earnings

	2010	2009
At beginning of the year	**7,448,675,621**	6,242,872,933
Add: Net profit attributable to owners of the Company	**4,907,141,378**	2,349,254,043
Profits available for appropriation	**12,355,816,999**	8,592,126,976
Less: Appropriations to the statutory surplus reserve	**454,013,718**	225,263,703
Appropriations to the discretionary surplus reserve	**1,362,041,153**	675,791,109
Appropriations to the employee bonus and welfare fund	**1,250,931**	569,845
Profits available for appropriation to shareholders	**10,538,511,197**	7,690,502,319
Less: Cash dividend approved by the Annual General Meeting of last year	**302,283,373**	241,826,698
Retained earnings at the end of the year	**10,236,227,824**	7,448,675,621
Including: Cash dividends proposed after the balance sheet date	**692,545,881**	302,283,373

On 17 June 2010, a dividend of RMB0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB 302,283,373 was declared to the shareholders as the final dividend for year 2009. On 8 July 2010, the Company paid the cash dividend.

The Board suggests a final dividend of RMB 0.2 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB 692,545,881 for year 2010. The dividend should be approved by the Annual General Meeting of year 2010.

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

(37) Minority interests

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

	2010	2009
Kangtong	**92,152,213**	80,796,329
Finance Company	**90,442,722**	76,445,899
Longchang Copper Pipe	**66,708,699**	61,433,125
Wengfu	**61,052,279**	43,666,290
Yates	**37,651,848**	36,097,440
Sure Spread	**30,534,187**	29,551,925
Taiyi	**20,079,872**	19,577,708
Dongxiang Alloy	**9,542,984**	8,795,305
Redian	**3,525,125**	2,524,736
Copper Products	**2,489,937**	2,329,884
	414,179,866	361,218,641

(38) Revenue and costs of sales

Revenue:

	2010	2009
Revenue from principal operations	**76,008,513,014**	51,320,380,243
Revenue from other operations	**432,346,289**	394,267,527
	76,440,859,303	51,714,647,770

Cost of sales:

	2010	2009
Cost of principal operations	**67,832,902,280**	45,829,693,901
Cost of other operations	**328,505,255**	318,667,259
	68,161,407,535	46,148,361,160

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

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

Revenue from principal operations by product:

	2010		2009	
Products categories	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**39,791,869,066**	**36,858,470,025**	27,050,162,387	24,977,054,683
Copper rods and wires	**20,298,292,927**	**18,097,427,238**	13,993,474,205	12,628,305,344
Copper processing products	**5,226,862,665**	**5,020,075,344**	3,093,414,039	2,968,169,089
Golds	**5,189,044,756**	**4,074,755,384**	4,315,177,923	3,054,598,181
Silvers	**1,914,461,149**	**1,550,524,383**	1,286,448,944	1,151,455,357
Chemical products	**1,475,534,902**	**851,926,635**	779,622,030	622,092,661
Rare metals	**654,143,123**	**260,372,340**	644,557,689	279,568,117
Other nonferrous metals	**868,544,415**	**874,109,240**	37,479,128	32,840,815
Others	**589,760,011**	**245,241,691**	120,043,898	115,609,654
	76,008,513,014	**67,832,902,280**	51,320,380,243	45,829,693,901

Revenue from principal operations by geographical locations:

	2010		2009	
Geographical areas	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Mainland China	**71,158,207,425**	**63,364,134,248**	47,167,898,344	42,366,877,554
Hong Kong	**4,602,747,799**	**4,243,731,385**	3,990,795,503	3,278,570,907
Taiwan	**234,363,009**	**217,546,727**	155,218,826	180,518,120
Others	**13,194,781**	**7,489,920**	6,467,570	3,727,320
	76,008,513,014	**67,832,902,280**	51,320,380,243	45,829,693,901

Revenue from other operations of the Group for year 2010 and 2009 came from Mainland China.

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

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

Revenues of the top five customers for the year 2010 as follows:

	Amount	**%**
First	6,186,606,621	8.09
Second	3,626,796,111	4.74
Third	2,351,083,073	3.08
Fourth	2,306,432,072	3.02
Fifth	2,099,336,775	2.75
	16,570,254,652	21.68

Revenues of the top five customers for the year 2009 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

Revenues as follows:

	2010	2009
Sales of goods	**75,965,425,449**	51,276,116,930
Rendering of services	**455,432,090**	419,256,474
Others	**20,001,764**	19,274,366
	76,440,859,303	51,714,647,770

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

(39) Taxes and surcharges

	2010	2009
Resources tax	**260,114,251**	254,519,540
Business tax	**22,855,712**	15,865,203
Cities construction tax and education supplementary tax	**18,168,890**	12,806,694
Others	**850,712**	833,093
	301,989,565	284,024,530

Please refer to Note 3 "taxation" for related standards.

(40) Distribution and selling costs

	2010	2009
Carriage and storage expenses	**205,546,617**	176,450,028
Commission for commodity derivative contracts	**44,767,866**	29,649,211
Agency fee	**21,304,730**	19,823,001
Payroll, bonus and allowance	**16,619,185**	22,930,059
Others	**57,409,966**	47,091,185
	345,648,364	295,943,484

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

(41) General and administrative expenses

	2010	2009
Maintenance expenses	**326,125,050**	269,765,675
Payroll, bonus and allowance	**192,138,784**	209,381,432
Mineral resource compensation charge	**135,275,530**	102,200,307
Taxation	**109,215,349**	98,749,687
Fee for discharge of pollution	**42,067,619**	27,853,000
Loss on disposal of obsolete spare parts	**41,622,584**	—
Entertaining expenses	**41,331,831**	13,997,488
Amortization of intangible assets	**43,011,947**	50,654,329
Property insurance fee	**36,627,708**	25,492,577
Fee for land use right	**36,551,121**	43,817,244
Depreciation of fixed assets	**28,275,413**	35,341,404
Travel expenses	**23,083,255**	12,373,236
Office expenses	**18,471,176**	18,169,661
Professional service fee	**16,966,405**	16,244,568
Compensation for land losses	**13,054,377**	8,864,276
Charges for technology transfer	**12,189,789**	11,489,608
Meeting expenses	**10,703,227**	23,199,570
Others	**90,166,095**	115,677,906
	1,216,877,260	1,083,271,968

(42) Financial expenses

	2010	2009
Interest expense	**78,662,588**	45,236,989
Interest expense of bond with warrants *(Note 5 (28))*	**298,192,558**	285,108,440
Interest expense arise from discounted notes	**67,187,975**	30,868,824
Interest income	**(74,372,825)**	(38,437,293)
Foreign exchange (gains)/loss	**(36,150,107)**	5,864,543
Interest expenses of provisions *(Note 5 (30))*	**6,373,095**	6,042,907
Others	**48,354,911**	32,530,269
	388,248,195	367,214,679

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

(43) Provision for Impairment of assets

	2010	2009
Bad debt provision/(reversal)	**6,768,898**	(4,796,347)
Inventory provision	**7,131,631**	9,824,693
Impairment provision of fixed assets	**416,173**	104,157,234
	14,316,702	109,185,580

(44) Loss from changes in fair value

	2010	2009
Fair value gain arising from available-for-sale financial assets	**2,039,530**	—
Fair value loss arising from forward currency contracts	**(13,939,466)**	—
Fair value loss arising from interest rate swaps	**(9,293,820)**	—
Unsettled provisional price arrangement		
— Ineffective potion of fair value hedge *(i)*	**1,520,759**	(4,264,406)
— Not under hedge accounting	**(6,867,100)**	(324,959,714)
Unsettled commodity derivative contracts		
— Ineffective potion of cash flow hedge	**(2,139,835)**	(1,295,771)
— Ineffective potion of fair value hedge *(i)*	**2,988,616**	(2,250,793)
— Not under hedge accounting	**(168,262,170)**	270,253,694
	(193,953,486)	(62,516,990)

(i) Fair value hedge

	Loss from changes in fair value of hedge instruments	**Gain from changes in fair value of hedged items**	**Total**
— Unsettled provisional price arrangement	(334,882,751)	336,403,510	1,520,759
— Unsettled commodity derivative contracts	(160,307,481)	163,296,097	2,988,616

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

(45) Investment Gain/(Loss)

	2010	2009
Gain /(loss) from commodity derivative contracts not qualified for hedge accounting	**65,250,423**	(219,466,986)
Gain/(loss) of ineffective potion of fair value hedge *(i)*	**3,166,142**	(7,257,331)
Loss of ineffective potion of cash flow hedge	**(411,096)**	(451,126)
Share of (loss)/gain of a jointly controlled entity and associates	**(12,515,751)**	(78,579,419)
Include: loss of a jointly controlled entity	**(18,474,683)**	(81,730,452)
gain of associates	**5,958,932**	3,151,033
Dividends declared from the investee as available-for-sale financial investment	**13,141,264**	6,040,000
Gain from disposal of equity from the investee under the cost method	**1,794,300**	—
Gain from disposal or liquidation of subsidiaries	**—**	29,240,655
Invest income from bank finance products	**19,096,876**	11,163,886
Invest income from equity investment through profit or loss	**525,809**	4,094,572
	90,047,967	(255,215,749)

(i) Fair value hedge — settled commodity derivative contracts:

	Loss of changes in fair value of hedge instruments	**Gain of changes in fair value of hedged items**	**Total**
Type of hedged items:			
— Inventory	(128,916,517)	132,082,659	3,166,142

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

(46) Non-operating gains

	2010	2009
Net gain on disposal of fixed assets	**8,279,487**	1,808,028
VAT refund	**37,650,582**	49,068,042
Subsidy from import of copper concentrate	**115,659,317**	28,219,141
Amortization of deferred revenue *(Note 5 (31))*	**15,115,369**	10,551,681
Others	**6,322,545**	7,000,627
	183,027,300	96,647,519

(47) Non-operating expenses

	2010	2009
Net losses on disposal of fixed assets	**92,700,761**	6,209,173
Compensation charges for accident	**5,860,436**	9,976,754
Penalty	**3,687,448**	7,642,667
Donations	**1,474,392**	512,445
Others	**7,902,159**	5,071,586
	111,625,196	29,412,625

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

(48) Income tax

	2010	2009
Current income tax	**1,008,237,630**	782,720,356
Deferred income tax	**6,789,754**	46,796,814
	1,015,027,384	829,517,170

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

	2010	2009
Profit before tax	**5,979,868,267**	3,176,148,524
Tax at the statutory income tax rate (25%)	**1,494,967,067**	794,037,131
Influence on tax benefit for the Company	**(525,371,694)**	—
Influence on different tax rates for the subsidiaries	**(24,614,847)**	(33,074,079)
Influence on tax rate change	**44,396,757**	—
Profits and losses attributable to a jointly controlled entity and associates	**1,877,363**	19,644,855
Tax loss not recognized as deferred tax	**31,842,410**	12,683,639
Tax losses utilized from previous periods	**(36,429,675)**	(14,077,729)
Adjustment in respect of current tax of previous periods	**35,276,639**	22,702,541
Expenses not deductible for tax year	**7,597,608**	28,861,538
Non-taxable revenue	**(5,768,841)**	—
Deferred tax assets not recognized in previous years	**(8,745,403)**	(1,260,726)
Income tax expense at the Group's effective rate	**1,015,027,384**	829,517,170

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

(49) 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:

	2010	2009
Earnings:		
Profit attributable to ordinary shareholders of the Company	**4,907,141,378**	2,349,254,043
Shares:		
Weighted average number of ordinary shares	**3,136,086,599**	3,022,833,727
Effect of dilution - weighted average number of ordinary shares: warrants attached to bonds	**169,865,604**	222,547,534
Adjusted weighted average number of ordinary shares	**3,305,952,203**	3,245,381,261
Basic earnings per share	**1.56**	0.78
Diluted earnings per share	**1.48**	0.72

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

(50) Other comprehensive loss

	2010	2009
Loss from hedge instrument qualified as cash flow	**(205,972,615)**	(52,222,259)
Less: Reclassification into the income statement	**124,506,197**	8,490,914
Income tax effect	**16,167,261**	7,063,512
	(65,299,157)	(36,667,833)
Exchange fluctuation reserve	**(48,397,290)**	(42,666,057)
	(113,696,447)	(79,333,890)

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

	2010	2009
Cashes received relating to other operating activities:		
— Net profit from the settlement of commodity derivative contracts	**68,005,469**	—
— Interest income	**47,265,642**	38,410,716
— Non-operating income	**121,981,862**	35,219,768
	237,252,973	73,630,484

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

(51) Cash received or paid relating to other operating activities *(Continued)*

	2010	2009
Cashes paid relating to other operating activities:		
— Payment for selling expenses and administrative expenses	**988,033,966**	846,941,836
— Payment for deposit for commodity derivative contracts	**425,661,328**	255,155,394
— Net loss from the settlement of commodity derivative contracts	**—**	227,175,443
— Non-operating expense	**18,924,435**	13,226,698
— Others	**46,864,972**	32,309,641
	1,479,484,701	1,374,809,012

	2010	2009
Cash received relating to other financing activities:		
— Increase of pledged RMB deposits to obtain USD bank borrowings	**1,448,402,100**	—

	2010	2009
Cash paid relating to other financing activities:		
— Time deposits pledged to secure bank borrowings	**1,285,947,088**	1,448,402,100
— Oters	**—**	734,648
	1,285,947,088	1,449,136,748

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

(52) Supplementary information on cash flow

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

	2010	2009
Net profit for the year	**4,964,840,883**	2,346,631,354
Add: Provision for impairment of assets	**14,316,702**	109,185,580
Increase of special reserve	**81,556,099**	34,673,295
Depreciation of fixed assets	**969,406,810**	891,896,358
Amortization of intangible assets	**43,011,947**	50,654,329
Loss on disposal of fixed assets, intangible assets, and other long term assets	**84,421,274**	4,401,145
Financial expense	**348,568,073**	342,473,507
Investment (gains)/ losses	**(22,042,498)**	28,040,306
Losses on fair value change	**193,953,486**	62,516,990
Decrease in deferred tax assets	**4,414,035**	117,433,281
Increase/(decrease) in deferred tax liabilities	**2,375,719**	(77,699,979)
Deferred revenue released to income statement	**(15,115,369)**	(10,551,681)
Increase in inventories	**(6,287,412,231)**	(4,613,743,953)
(Increase)/decrease in operating receivables	**(5,078,451,940)**	1,040,630,127
Increase in operating payables	**2,722,750,809**	1,395,945,590
Net cash inflow from operating activities	**(1,973,406,201)**	1,722,486,249

(2) Cash and cash equivalents

	2010	2009
Cash and cash equivalents		
Including: Cash	**192,104**	154,054
Bank deposits that can be readily used	**3,864,175,710**	1,702,472,173
Cash and cash equivalents at end of the year	**3,864,367,814**	1,702,626,227

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

(53) H Share share appreciation rights scheme

In accordance with the "Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods" passed at the Company's Special General Meeting 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. As at 31 December 2010, the Rights have been forfeited.

(54) 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. All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan, Peru and Japan of which the carrying amount is not significant. 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 customers.

Notes to the Financial Statements

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6. Notes to Financial Statements of the Company

(1) Accounts receivable

The ageing analysis of accounts receivable is as follows:

	31 December 2010	31 December 2009
Within 1 year	**1,423,158,786**	1,145,642,766
1 to 2 years	**289,521**	2,243,198
2 to 3 years	**76,998**	226,900
Over 3 years	**121,795,773**	124,075,937
	1,545,321,078	1,272,188,801
Less: Bad debt provision	**(121,721,181)**	(121,534,009)
	1,423,599,897	1,150,654,792

	31 December 2010			
	Balance	**%**	**Bad debt provision**	**%**
Significant and individually accrued bad debt provision	**92,591,450**	**5.99%**	**63,616,791**	**68.71%**
Accrued bad debt provision by group				
Within 1 year	**1,394,184,127**	**90.22%**	**—**	**—**
1–2 years	**289,521**	**0.02%**	**52,904**	**18.27%**
2–3 years	**76,998**	**0.01%**	**—**	**—**
Over 3 years	**58,178,982**	**3.76%**	**58,051,486**	**99.78%**
	1,545,321,078	**100.00%**	**121,721,181**	**7.88%**

Notes to the Financial Statements

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

(1) Accounts receivable *(Continued)*

	31 December 2009			
	Balance	%	Bad debt provision	%
Significant and individually accrued bad debt provision	94,864,462	7.46%	63,616,791	67.06%
Accrued bad debt provision by group				
Within 1 year	1,114,395,095	87.59%	—	—
1–2 years	2,243,198	0.18%	444,965	19.84%
2–3 years	226,900	0.02%	—	—
Over 3 years	60,459,146	4.75%	57,472,253	95.06%
	1,272,188,801	100.00%	121,534,009	9.55%

As at 31 December 2010 and 2009, there was no insignificant amount but need to individually accrue bad debt provision.

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

	1 January 2010	**Increase**	**Deduction**		**31 December 2010**
			Reversal	**Written off**	
2010	121,534,009	3,061,640	(2,874,468)	—	121,721,181

The amount of RMB 2,874,468 has been reversed due to the recovery of the account receivable in 2010.

There was no amount been realized due to the write-offs of the account receivable in 2010.

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

(1) Accounts receivable *(Continued)*

As at 31 December 2010, top five debtors of the Company are as bellows:

	The relationship with the Company	**Balance**	**Aging**	%
First	Third party	92,591,450	Within 1 year and over 3years	5.99%
Second	Third party	62,320,318	Within 1 year	4.03%
Third	Third party	55,491,749	Within 1 year	3.59%
Fourth	Third party	25,207,113	Within 1 year	1.63%
Fifth	JCC's affiliate	13,225,890	Within 1 year	0.86%
		248,836,520		16.10%

As at 31 December 2010, the Company's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB 1,399,366. (31 December 2009: RMB 133,528).

(2) Other receivables

The aging analysis of other receivables is as follows:

	31 December 2010	31 December 2009
Within 1 year	**470,174,270**	517,114,055
1 to 2 years	**1,030,641**	754,448
2 to 3 years	**796,561**	366,456
Over 3 years	**21,162,329**	21,007,906
	493,163,801	539,242,865
Less: Bad debt provision	**(21,981,142)**	(21,648,084)
	471,182,659	517,594,781

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

(2) Other receivables *(Continued)*

	31 December 2010			
	Balance	**%**	**Bad debt provision**	**%**
Accrued bad debt provision by group				
Within 1 year	**470,174,270**	**95.34%**	**—**	**—**
1–2 years	**1,030,641**	**0.21%**	**199,761**	**19.38%**
2–3 years	**351,305**	**0.07%**	**173,796**	**49.47%**
Over 3 years	**21,162,329**	**4.29%**	**21,162,329**	**100.00%**
	492,718,545	**99.91%**	**21,535,886**	**4.37%**
Insignificant but individually accrued bad debt provision	**445,256**	**0.09%**	**445,256**	**100.00%**
	493,163,801	**100.00%**	**21,981,142**	**4.46%**

	31 December 2009			
	Balance	%	Bad debt provision	%
Accrued bad debt provision by group				
Within 1 year	517,114,055	95.90%	—	—
1–2 years	309,192	0.05%	21,793	7.05%
2–3 years	366,456	0.07%	173,129	47.24%
Over 3 years	21,007,906	3.90%	21,007,906	100.00%
	538,797,609	99.92%	21,202,828	3.94%
Insignificant but individually accrued bad debt provision	445,256	0.08%	445,256	100.00%
	539,242,865	100.00%	21,648,084	4.01%

As at 31 December 2010 and 2009, there was no significant amount and need to individually accrue bad debt provision.

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

(2) Other receivables *(Continued)*

The movement of bad debt provision on other receivables is as below:

	1 January 2010	Increase	Deduction		31 December 2010
			Reversal	Written off	
2010	21,648,084	412,290	(79,232)	—	21,981,142

The amount of RMB 79,232 has been reversed due to the recovery of the other receivables in 2010.

No amount of other receivables has been realized due to the write-offs in 2010.

As at 31 December 2010, top five of the amounts of other receivables of the Company are as below:

	The relationship with the Company	Balance	Aging	%
First	JCC's affiliate	370,113,946	Within 1 year	43.08%
Second	Third party	18,303,745	Within 1 year	2.13%
Third	Third party	13,904,842	Within 1 year	1.62%
Fourth	Third party	8,771,853	Within 1 year	1.02%
Fifth	Third party	8,277,205	Within 1 year	0.96%
		419,371,591		48.81%

As at 31 December 2010,the Company's balance of deposit for commodity derivative contracts was RMB 372,919,289 (31 December 2009: RMB 384,073,024).

As at 31 December 2010, no balance is due from a shareholder who holds more than 5% of the voting power of the Company. (31 December 2009: Nil).

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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 other than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Disposal and reclassifications	Accumulated additions	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
JCPC	246,879,928	246,879,928	—	—	246,879,928	—	—	—	—	—	—	246,879,928
Diaoquan	13,056,216	14,850,516	—	(1,794,300)	13,056,216	—	—	—	—	(14,850,516)	1,794,300	—
Sure Spread	29,227,000	29,227,000	—	—	29,227,000	—	—	—	—	—	—	29,227,000
JCAC	229,509,299	229,509,299	—	—	229,509,299	—	—	—	—	—	—	229,509,299
Wengfu Chemical	127,050,000	127,050,000	—	—	127,050,000	—	—	—	—	—	—	127,050,000
Shenzhen Trading	330,000,000	330,000,000	—	—	330,000,000	—	—	—	—	—	—	330,000,000
Shanghai Trading	200,000,000	200,000,000	—	—	200,000,000	—	—	—	—	—	—	200,000,000
Beijing Trading	10,000,000	10,000,000	—	—	10,000,000	—	—	—	—	—	—	10,000,000
Detong Chemical	47,484,598	47,484,598	—	—	47,484,598	—	—	—	—	—	—	47,484,598
Finance company	241,556,270	241,556,270	—	—	241,556,270	—	—	—	—	—	—	241,556,270
Dexing Construction	45,750,547	45,750,547	—	—	45,750,547	—	—	—	—	—	—	45,750,547
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
Guixi Smelting Industry Engineering	27,558,990	27,558,990	—	—	27,558,990	—	—	—	—	—	—	27,558,990
Guixi Smelting Technology	20,894,421	20,894,421	—	—	20,894,421	—	—	—	—	—	—	20,894,421
Dongtong Mining	159,044,526	159,044,526	—	—	159,044,526	—	—	—	—	—	—	159,044,526
Ruichang Manufacturing	3,223,379	3,223,379	—	—	3,223,379	—	—	—	—	—	—	3,223,379

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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 other than the net profit		Impairment		
	Investment cost	Opening balance	Additions	Disposal and reclassifications	Accumulated additions	Opening balance	Profit/(losses)	Opening balance	Increases/ (decreases)	Opening balance	Decreases/ reclassification	Ending balance
Cost method *(Continued)*:												
Guixi Logistics	72,870,695	72,870,695	—	—	72,870,695	—	—	—	—	—	—	72,870,695
Shanghai Agency *(Note 4)*	—	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
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
Copper Recycling *(Note 4)*	4,514,000	1,000,000	3,514,000	—	4,514,000	(1,000,000)	1,000,000	—	—	—	—	4,514,000
Qianshan Concentration	14,456,365	14,456,365	—	—	14,456,365	—	—	—	—	—	—	14,456,365
Dexing Alloy *(Note 4)*	72,683,954	60,404,274	12,279,680	—	72,683,954	—	—	—	—	—	—	72,683,954
Redian *(Note 4)*	66,500,000	40,000,000	26,500,000	—	66,500,000	—	—	—	—	—	—	66,500,000
JCCS *(Note 4)*	3,000,000	—	3,000,000	—	3,000,000	—	—	—	—	—	—	3,000,000
GZPC *(Note 4)*	300,000,000	—	300,000,000	—	300,000,000	—	—	—	—	—	—	300,000,000
JCC international trade *(Note 4)*	600,000,000	—	600,000,000	—	600,000,000	—	—	—	—	—	—	600,000,000
Shanghai Shengyu *(Note 4)*	586,276,865	—	586,276,865	—	586,276,865	—	—	—	—	—	—	586,276,865
Equity method:												
Minmetals Jiangxi Copper	1,060,000,000	460,000,000	600,000,000	—	1,060,000,000	(57,405,751)	1,367,991	(82,225,926)	(43,126,338)	—	—	878,609,976
MCC-JCL	58,134,560	58,134,560	—	—	58,134,560	(1,272,703)	—	138,129	(1,983,495)	—	—	55,016,491
Qing Yuan	56,000,000	36,000,000	20,000,000	—	56,000,000	(36,000,000)	(19,842,674)	—	—	—	—	157,326
Jiangtong Bioteq	14,100,000	14,100,000	—	—	14,100,000	4,837,269	5,958,932	—	—	—	—	24,896,201
Fengye	1,563,069	1,563,069	—	—	1,563,069	—	—	—	—	—	—	1,563,069
Total		3,869,600,012	2,151,570,545	(16,690,575)	6,004,479,982	(90,841,185)	(11,515,751)	(82,087,797)	(45,109,833)	(14,850,516)	1,794,300	5,761,869,200

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

(4) Revenue and cost of sales

Revenue:

	2010	2009
Revenue from principal operations	**58,406,243,228**	38,750,721,767
Revenue from other operations	**458,623,172**	289,984,817
	58,864,866,400	39,040,706,584

Cost of sales:

	2010	2009
Cost of principal operations	**51,493,276,570**	34,090,509,219
Cost of other operations	**420,732,170**	328,647,907
	51,914,008,740	34,419,157,126

Principal operations by product:

Products categories	**2010**		2009	
	Revenue	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**30,252,542,498**	**27,610,271,337**	19,336,343,362	17,488,847,016
Copper rods and wires	**18,767,666,435**	**17,019,866,103**	12,549,266,336	11,521,141,940
Golds	**5,189,044,756**	**4,074,755,384**	4,315,177,923	3,054,598,181
Silvers	**1,668,010,417**	**1,309,145,683**	1,169,144,806	1,035,665,255
Chemical products	**1,521,248,998**	**948,612,212**	729,080,898	647,071,606
Rare metals	**656,829,058**	**267,506,444**	455,280,237	172,213,601
Other nonferrous metals	**26,668,690**	**17,237,040**	13,562,885	10,432,719
Others	**324,232,376**	**245,882,367**	182,865,320	160,538,901
	58,406,243,228	**51,493,276,570**	38,750,721,767	34,090,509,219

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

(4) Revenue and cost of sales *(Continued)*

Principal operations by location:

Geographic areas	2010		2009	
	Revenue	Cost of sales	Revenue	Cost of sales
Mainland China	**58,122,536,070**	**51,253,159,918**	37,912,391,812	33,311,425,749
Hong Kong	**277,259,299**	**236,186,652**	831,862,385	775,356,150
Other	**6,447,859**	**3,930,000**	6,467,570	3,727,320
	58,406,243,228	**51,493,276,570**	38,750,721,767	34,090,509,219

The Company's revenue from other operations incomes in year 2010 and 2009 were all generated in Mainland China.

Top five customers for the year 2010:

	Revenue	%
First	2,552,579,828	4.34
Second	2,099,336,775	3.57
Third	1,800,900,538	3.06
Fourth	1,281,601,369	2.18
Fifth	839,908,202	1.43
	8,574,326,712	14.58

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

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

(4) Revenue and cost of sales *(Continued)*

Revenue is as follows:

	2010	2009
Sales of goods	**58,406,243,228**	38,750,721,767
Sales of services income	**438,621,409**	270,710,452
Others	**20,001,763**	19,274,365
	58,864,866,400	39,040,706,584

(5) Investment income/(loss)

	2010	2009
Gain/ (loss) from commodity derivative contracts not qualified for hedge accounting	**54,539,222**	(185,251,701)
Ineffective portion of fair value hedge	**3,394,223**	(8,046,427)
Ineffective portion of cash flow hedge	**(2,713,380)**	(441,231)
Share of loss of a jointly-controlled entity and associates	**(12,515,751)**	(79,579,419)
Dividends declared from the investees under cost method	**169,872,955**	336,234,333
Gains from liquidation disposal of subsidiaries	**2,603,654**	62,502,416
Gain from disposal of equity from the investee under the cost method	**1,794,300**	—
Dividends declared from available-for-sales financial assets	**9,450,000**	5,880,000
Others	**1,000,000**	—
	227,425,223	131,297,971

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

(6) Supplementary information on cash flow

Reconciliation of net profit to cash flow from operating activities:

	2010	2009
Net profit	**4,540,137,176**	2,252,637,029
Add: Provision for impairment of assets	**2,004,853**	73,785,024
Increase of special reserve	**69,417,124**	33,431,135
Depreciation for fixed assets	**767,687,092**	705,978,798
Amortization of intangible assets	**41,412,148**	49,276,717
Loss from disposal of fixed assets, intangible assets and other long-term assets	**80,730,248**	3,991,172
Financial expense	**313,398,637**	312,842,738
Investment income	**(172,205,158)**	(325,037,330)
Losses on fair value change	**102,741,155**	192,971,131
Decrease in deferred tax assets	**36,123,543**	100,312,012
Decrease in deferred tax liabilities	**—**	(78,089,074)
Deferred revenue released to income statement	**(7,944,753)**	(6,836,668)
Increase in inventories	**(4,726,231,198)**	(3,385,118,898)
(Increase)/ decrease in operating receivables	**(3,043,249,494)**	1,938,888,915
Increase in operating payables	**1,763,194,617**	876,875,086
Net cash inflow from operating activities	**(232,784,010)**	2,745,907,787

Cash and cash equivalents

	31 December 2010	31 December 2009
Cash		
Included: Cash	**17,706**	16,044
Bank deposits that can be readily used	**4,779,860,122**	1,487,659,306
Balance of cash and cash equivalents at year-end	**4,779,877,828**	1,487,675,350

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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	38.77%	38.77%	RMB 2,656,150,000

The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of Jiangxi province.

According to the approval of the National Development and Reform Commission, JCC could increase its H shares no more than 60,450,000 shares and 2% of the total share capital. JCC finished its first increase in shareholding on 13 May 2010. Until 1 September, JCC increased holding of an aggregate of 60,405,000 H shares or 1.998% of the total shares through the trading system of The Stock Exchange of Hong Kong Limited. With the accomplishment of the increase in shareholding on 1 September 2010, JCC owned 1,282,074,893 A shares and 60,405,000 H shares, the shareholding ratio was 44.41%.

As at 8 October 2010, with the successful exercise of the warrants, the shareholding ratio of JCC decreased from 44.41% to 38.77%.

(2) Subsidiaries

Subsidiaries of the Group are given in Note 4 "Scope of consolidation".

(3) Jointly-controlled entity and associates

Jointly-controlled entity and associates of the Group are given in Note 5 (9).

(4) Other related parties

Name	Relationship
JCC's affiliates	Controlled by parent company

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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 transactions mentioned in the other part of the financial statement:

(i) Main transactions between JCC and JCC's affiliates:

	2010	2009
Sales:		
Sale of copper rods and wire	**535,889,651**	284,148,619
Sale of by-products	**61,958,229**	28,044,087
Sale of copper cathode	**43,824,469**	821,786
Sale of brass wires	**30,865,569**	188,441,564
Sale of auxiliary industrial products	**32,667,933**	16,828,645
Sale of sulfuric acid	**1,435,235**	—
Sale of copper waste	**—**	647,801
Purchases:		
Purchase of copper waste	**444,106,321**	1,705,177,014
Purchase of auxiliary industrial products and other products	**224,142,359**	128,344,708

	2010	2009
Services provided by the Group:		
Loans provided *(a)*	**1,811,881,290**	596,136,140
Interest charges for loans provided	**28,959,099**	12,886,084
Repair and maintenance services	**30,239,482**	9,246,598
Supply of electricity	**14,089,299**	12,751,454
Vehicle transportation services	**4,316,048**	2,789,175
Supply of water	**1,039,077**	533,548
Rentals for public facilities	**876,000**	55,500
Supply of gas	**21,070**	19,758
Processing services	**—**	260,073

(a) 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.

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7. Related Party Relationship and Transaction *(Continued)*

(5) Significant transactions with related parties *(Continued)*

(i) Main transactions between JCC and JCC's affiliates *(Continued)*:

	2010	2009
Services provided to the Group:		
Pension contributions	**173,340,458**	143,189,787
Rental expense for land use rights	**39,438,353**	44,330,133
Repair and maintenance services	**48,707,197**	30,180,408
Construction services	**16,868,480**	28,624,779
Brokerage agency services for commodity derivative contracts	**35,376,045**	25,561,316
Sanitation and greening service	**10,978,110**	13,929,606
Interest paid for deposits from customers	**8,640,064**	12,195,757
Rentals for public facilities	**19,308,819**	4,858,040
Other management fee	**4,590,313**	2,895,315
Labour service	**12,805,166**	2,488,945
Processing charges	**16,818,513**	632,908
Vehicle transportation services	**1,627,640**	418,926
Social welfare and support services provided to the Group:		
— welfare and medical services	**72,612,079**	63,596,559
— technical training services	**10,921,138**	4,777,796

(ii) Significant transactions with Qing Yuan:

	2010	2009
Sale of goods and by-products:		
Sale of copper rods	**—**	43,903,929
Services provided by the Group:		
Project exploration services	**800,000**	—
Purchase of raw material:		
Purchase of crude copper	**249,005,964**	118,839,756
Purchase of copper cathode	**—**	80,991,909
Services provided to the Group:		
Processing charges	**48,732,959**	—

(iii) Significant transactions with Minmetals Jiangxi Copper:

	2010	2009
Service provided by the Group:		
Loans provided	**—**	240,000,000
Interest charge for loans provided	**885,000**	9,982,800

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7. Related Party Relationship and Transaction *(Continued)*

(5) Significant transactions with related parties *(Continued)*

(iv) Significant transactions with Jiangtong Bioteq:

	2010	2009
Services provided by the Group:		
Construction services	**458,954**	133,569
Services provided to the Group:		
Repair and maintenance services	**—**	718,211
Purchase of materials and by-products		
Purchase of cupric sulfide	**34,074,757**	—

(v) Significant transactions with Fengye:

	2010	2009
Sale of goods and by-products		
Sale of sulfuric acid	**2,047,200**	529,739

(vi) Other transactions with related parties:

	2010	2009
Remuneration of key management:		
Short term employee benefits	**9,289,000**	8,764,000
Post-employment benefits	**416,000**	206,000
Performance related bonuses	**647,000**	590,000
	10,352,000	9,560,000

Except for the remuneration above, the Company also granted H Share share appreciation rights scheme to certain key management personals. Further details are given in Note 5 (53).

For the year 2010, the amount of sales and services provided to related parties accounts for 3.33% (For the year 2009: 1.18%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounts for 2.06% (For the year 2009: 5.25%) of the total purchase amount of the Group.

As at 31 December 2010, all of the irrevocable operating lease contracts were signed with JCC. Further details are given in Note 9.

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7. Related Party Relationship and Transaction *(Continued)*

(6) The related party transaction agreements between the Group and related parties

The related party transaction agreement between the Group and JCC Group and its affiliates

(1) Pursuant to the Consolidated Supply and Service Agreement I and II which will be expired at 31 December 2011, 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 affiliates implements with regarding to the following principles:

Pursuant to the agreements, the pricing policy of supply of products refers to:

— Market price prevails;

— If no market price is available, the price is determined by cost plus tax and other expenses.

And, pursuant to the agreements, the pricing policy of supply of service refers to:

— 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 which will be expired at 31 December 2011, 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 affiliates implements with regarding to 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 price of transactions between the Group and the related parties except JCC and its affiliates is determined by the two parties according to the market price.

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7. Related Party Relationship and Transaction *(Continued)*

(7) Significant balance due from/to related parties

		31 December 2010	31 December 2009
Accounts receivable	JCC	**11,004,093**	4,206,894
	JCC's affiliates	**204,195,711**	116,961,367
	Fengye	**743,668**	—
	Jiangtong Bioteq	**—**	886,455
	Qing Yuan	**—**	103,036
		215,943,472	122,157,752
Notes receivable	JCC's affiliates	**10,291,927**	1,640,984
Other receivables	JCC's affiliates		
	— deposits of commodity derivative contracts	**892,144,398**	506,009,078
	— others	**1,853,347**	1,218,232
	Fengye	**1,416,090**	—
		895,413,835	507,227,310
Interest receivables	JCC's affiliates	**812,022**	418,659
	Minmetals Jiangxi Copper	**—**	389,400
		812,022	808,059
Advances to supplier	JCC	**135,265**	236,101
	JCC's affiliates	**266,195**	11,404,903
	Qing Yuan	**93,985,962**	96,185,107
		94,387,422	107,826,111
Other current assets	JCC's affiliates	**553,881,291**	306,136,140
	Minmetals Jiangxi Copper	**—**	240,000,000
		553,881,291	546,136,140
Non-current assets due within one year	JCC's affiliates	**—**	1,000,000

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7. Related Party Relationship and Transaction *(Continued)*

(7) Significant balance due from/to related parties *(Continued)*

		31 December 2010	31 December 2009
Accounts payable	JCC	**7,621,872**	2,757,506
	JCC's affiliates	**67,442,496**	27,389,462
		75,064,368	30,146,968
Advances from customers	JCC	**—**	196,700
	JCC's affiliates	**10,359,025**	31,549,209
		10,359,025	31,745,909
Other payables	JCC	**310,667,313**	297,112,785
	JCC's affiliates	**25,676,622**	34,587,823
	Jiangtong Bioteq	**—**	1,137,761
		336,343,935	332,838,369
Interest payable	JCC	**640,113**	380,275
	JCC's affiliates	**863,179**	34,786
	Minmetals Jiangxi Copper	**—**	41
		1,503,292	415,102
Other current liabilities	JCC	**295,961,683**	349,564,318
	JCC's affiliates	**1,052,403,315**	347,487,932
	Minmetals Jiangxi Copper	**—**	371,729
		1,348,364,998	697,423,979
Non-current liabilities due within one year	JCC	**2,009,689**	2,009,689
Long-term payables	JCC	**15,006,993**	15,487,131

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7. Related Party Relationship and Transaction *(Continued)*

(7) Significant balance due from/to related parties *(Continued)*

The amounts due from/to related parties are all arisen from the transactions mentioned above. These balances were unsecured, interest-free and have no fixed repayment terms except for i) other current assets and non-current liabilities due within one year and other non-current assets arisen from loans to related parties provided by the Company (Note 5 (7), (15)); ii) other current liabilities arise from deposits from related parties to Finance Company (Note 5 (26)); and iii) non-current liabilities due within one year and long-term payables to JCC (Note 5 (25) and (29)).

8. Contingencies

As at 31 December 2010, the Group had no contingencies which should be disclosed.

9. Commitments

(i) Operating commitments

As at 31 December 2010, the minimum lease payment signed regarding to non-cancellable operating lease contracts subsequent to the balance sheet date are as follows:

	31 December 2010	31 December 2009
Within 1 year, inclusive	**21,707,358**	47,223,399
1 to 2 years, inclusive	**16,458,796**	15,788,299
2 to 3 years, inclusive	**16,458,796**	15,707,869
Above 3 years	**211,115,184**	232,088,383
	265,740,134	310,807,950

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9. Commitments *(Continued)*

(ii) Capital commitments

	31 December 2010	31 December 2009
Contracted for but not provided		
Acquisition of property, plant and equipment and exploration rights	**625,444,453**	404,452,967
Investments in associates *(i)*	**2,192,677,226**	2,192,677,226
	2,818,121,679	2,597,130,193

(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

On 29 March 2011, according to the Tenth Meeting of the Fifth Session of the Board, the profit distribution plan has been approved to distribute cash dividend amounting to RMB692,545,881.

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11. Financial instrument and risk

The Group's principal financial instruments, other than derivatives, comprise borrowings, cash and bank, bonds payables 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 notes receivables, other receivables, trade and notes payables and other payables, which arise directly from its operations.

The main risks resulting from the financial instrument 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 2010			
	Financial assets at fair value through profit or loss	**Loans and receivables**	**Available -for-sale Financial assets**	**Total**
Cash and bank	—	6,303,250,047	—	6,303,250,047
Equity investments at fair value through profit or loss	4,843,656	—	—	4,843,656
Notes receivables	—	2,813,712,129	—	2,813,712,129
Accounts receivables	—	2,355,465,054	—	2,355,465,054
Interest receivables	—	28,519,938	—	28,519,938
Other receivables	—	1,373,298,799	—	1,373,298,799
Financial assets included in other current assets	9,563,029	553,881,291	—	563,444,320
Available-for-sale financial assets	—	—	1,230,080,000	1,230,080,000
	14,406,685	13,428,127,258	1,230,080,000	14,672,613,943

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11. Financial instrument and risk *(Continued)*

(1) Financial instrument by category *(Continued)*

Financial liabilities

	31 December 2010			
	Financial liabilities at fair value through profit or loss	Derivatives designated as hedge instruments in hedge relationship	Other financial liabilities	Total
Short-term borrowings	—	—	3,595,708,305	3,595,708,305
Notes payable	—	—	2,247,927,604	2,247,927,604
Accounts payable	—	—	2,857,078,517	2,857,078,517
Interest payable	—	—	37,395,492	37,395,492
Employee benefits payable	—	—	434,094,247	434,094,247
Other payables	—	—	770,580,125	770,580,125
Non-current liabilities due within one year	—	—	2,009,689	2,009,689
Other current liabilities	309,485,444	911,095,306	1,598,364,998	2,818,945,748
Long-term borrowings	—	—	712,728,248	712,728,248
Bonds payable	—	—	5,178,185,211	5,178,185,211
Long-term payables	—	—	15,006,993	15,006,993
	309,485,444	911,095,306	17,449,079,429	18,669,660,179

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11. Financial instrument and risk *(Continued)*

(1) Financial instrument by category *(Continued)*

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 receivables	—	735,904,382	—	735,904,382
Accounts receivables	—	1,729,221,939	—	1,729,221,939
Interest receivables	—	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

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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

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11. Financial instrument and risk *(Continued)*

(2) 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 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.

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 2010, 27.73% of the Group's trade receivables were due from the Group's five largest customers (2009: 24.19%).

Aging analysis of accounts receivable that are not considered to be impaired is as follows:

31 December 2010		**Accounts receivable**
Neither past due nor impaired		**1,841,474,803**
Past due but not impaired	Within 1 year	**478,730,167**
	1 to 2 years	**68,008**
	2 to 3 years	**—**
	Over 3 years	**—**
Total		**2,320,272,978**

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

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11. Financial instrument and risk *(Continued)*

(2) Credit risk *(Continued)*

As at 31 December 2010, receivables that were past due but not impaired were related to large number of customers who had sound transaction records with the Group. According to previous experiences, there hasn't been significant changes in the credit quality and these accounts were still regarded to be recoverable in full, in the Group's opinion, no provision for impairment loss were needed for these accounts. The Group didn't hold any collaterals or other credit enhancement for these balances.

As at 31 December 2010, no past due but not impaired balance in notes receivables, interest receivables, other receivables, other current assets and available-for-sale financial assets.

(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 the balance between duration and flexibility in funding by, obtaining bank borrowing and debentures from specific financial institutions.

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 2010		
	Within 1 year	**1 to 5 years**	**Total**
Cash and bank	**6,303,250,047**	**—**	**6,303,250,047**
Equity investments at fair value through profit or loss	**4,843,656**	**—**	**4,843,656**
Notes receivables	**2,813,712,129**	**—**	**2,813,712,129**
Accounts receivables	**2,521,223,131**	**—**	**2,521,223,131**
Other receivables	**1,404,515,584**	**—**	**1,404,515,584**
Interest receivables	**28,519,938**	**—**	**28,519,938**
Financial assets included in other current assets	**563,444,320**	**—**	**563,444,320**
Available-for-sale financial assets	**520,000,000**	**710,080,000**	**1,230,080,000**
	14,159,508,805	**710,080,000**	**14,869,588,805**

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11. Financial instrument and risk *(Continued)*

(3) Liquidity risk *(Continued)*

Financial assets *(Continued)*

	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 receivables	735,904,382	—	735,904,382
Accounts receivables	1,890,713,136	—	1,890,713,136
Other receivables	855,651,369	—	855,651,369
Interest receivables	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

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(3) Liquidity risk *(Continued)*

Financial liabilities

	31 December 2010			
	Within 1 year	**1–5 years**	**Above 5 years**	**Total**
Long-term borrowings	**—**	**693,478,248**	**19,250,000**	**712,728,248**
Short term borrowings	**3,595,708,305**	**—**	**—**	**3,595,708,305**
Notes payables	**2,247,927,604**	**—**	**—**	**2,247,927,604**
Accounts payables	**2,857,078,517**	**—**	**—**	**2,857,078,517**
Employee benefits payables	**434,094,247**	**—**	**—**	**434,094,247**
Interest payables	**132,648,215**	**287,271,360**	**68,485,100**	**488,404,675**
Other payables	**770,580,125**	**—**	**—**	**770,580,125**
Other current liabilities	**2,818,945,748**	**—**	**—**	**2,818,945,748**
Long term payables	**1,870,000**	**7,480,000**	**24,310,000**	**33,660,000**
Bond payables	**—**	**—**	**6,800,000,000**	**6,800,000,000**
	12,858,852,761	**988,229,608**	**6,912,045,100**	**20,759,127,469**

	31 December 2009			
	Within 1 year	1–5 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 payables	1,946,646,670	—	—	1,946,646,670
Accounts payables	2,140,047,001	—	—	2,140,047,001
Employee benefits payables	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
Bond payables	—	—	6,800,000,000	6,800,000,000
	9,025,753,428	378,440,808	6,982,075,400	16,386,269,636

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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(4) Market risk

The market risk mainly includes interest rate risk, foreign currency risk and commodity price risk.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates primarily relates to the Group's long-term and short-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 of the Group's profit before tax to a reasonable and possible change in interest rates, with all other variables held constant, due to through the impact on floating rate borrowings.

Year 2010	**Increase/ (decrease) in basis points**	**(Decrease)/ increase in profit before tax** *RMB'000*
RMB	**+100**	**(43,084)**
RMB	**–100**	**43,084**

Year 2009	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax *RMB'000*
RMB	+100	(26,307)
RMB	–100	26,307

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(4) Market risk *(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 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.

	(Decrease)/ increase in foreign exchange rate	**Increase/ (decrease) in profit before tax** *RMB'000*
Year 2010		
If RMB strengthens against USD	**(5%)**	**229,427**
If RMB weakens against USD	**5%**	**(229,427)**
Year 2009		
If RMB strengthens against USD	(5%)	152,553
If RMB weakens against USD	5%	(152,553)

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 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.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(4) Market risk *(Continued)*

Commodity price risk *(Continued)*

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 arrangement) after the impact of hedge accounting.

Year 2010	**Increase/ (decrease) in market price of copper cathodes**	**(Decrease)/ increase in profit before tax** *RMB'000*	**(Decrease)/ increase in equity** *RMB'000*
RMB	**30%**	**(1,076,774)**	**(1,026,738)**
RMB	**(30%)**	**1,032,468**	**1,006,541**

Year 2009	Increase/ (decrease) in market price of copper cathodes	(Decrease)/ increase in profit before tax *RMB'000*	(Decrease)/ increase in equity *RMB'000*
RMB	30%	(255,975)	(398,789)
RMB	(30%)	277,461	414,903

(5) Fair value

The fair value is the amount used to exchanging assets or settle liabilities willing parties, in a fair transaction. The following methods and assumptions were used to estimate the fair values:

The fair value of listed investments are based on quoted market prices.

The Group enters into derivative financial instruments with various counterparties, mainly of which are financial institutions with high credit ratings. Derivatives financial instruments of the Group includes commodity derivative contracts, provisional price arrangement, forward currency contracts and interest rate swaps.

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(5) Fair value *(Continued)*

For the financial assets and liabilities with active market, their fair values are measured using quoted market price. As at 31 December 2010, the fair value of commodity derivative contracts were measured using quoted market price of commodity future contracts. The fair value of the provisional price arrangement are measured using quoted market price of commodity future contracts with approximate prompt date.

For the financial assets and liabilities without active market, the Group uses valuation techniques to measure their fair values. Valuation techniques includes price used by willing parties who are familiar with the situation, present fair value of other financial instrument, present value of cash flow and option valuation model and etc. As at 31 December 2010, forward currency contracts and interest rate swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market in the latest transaction observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

There was no significant difference between the carrying amounts and the fair value of cash and bank, notes receivable, account receivables, other receivables, interest receivables, other financial assets include in other current assets, short-term borrowings, notes payable, accounts payable, interest payables, payroll payables, other payables, other current liabilities as the maturity period is short.

Except for bonds payable, the fair values of the non-current portion of long-term borrowing and long-term payables are calculated by discounting the expected future cash flows with rates available for instruments on similar terms, and credit risk.

As at 31 December 2010, the fair value of bonds payable was RMB 5,282,920,000, which was different from its carrying amount by RMB 104,734,789.

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 any 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).

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(5) Fair value *(Continued)*

Year 2010

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets	4,843,656	—	—	4,843,656
Commodity derivative contracts	4,405,250	—	—	4,405,250
Forward currency contracts	—	5,157,779	—	5,157,779
	9,248,906	5,157,779	—	14,406,685

	Level 1	Level 2	Level 3	Total
Financial liability				
Commodity derivative contracts	(618,008,373)	—	—	(618,008,373)
Provisional price arrangement	(574,181,312)	—	—	(574,181,312)
Interest rate swaps	—	(9,293,820)	—	(9,293,820)
Forward currency contracts	—	(19,097,245)	—	(19,097,245)
	(1,192,189,685)	(28,391,065)	—	(1,220,580,750)

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(6) Assets and liabilities measured at fair value

Year 2010

	31 December 2009	Recognized in fair value change (loss)/ gain	Recognized in other comprehensive loss	31 December 2010
Cash flow hedge				
Commodity derivative contracts	(45,027,116)	(2,139,835)	(81,466,418)	(128,633,369)
Fair value hedge				
Commodity derivative contracts	(67,443,664)	(160,307,481)	—	(227,751,145)
Provisional price arrangement	(219,828,041)	(334,882,751)	—	(554,710,792)
Inventories	280,756,505	499,699,608	—	780,456,113
	(6,515,200)	4,509,376	—	(2,005,824)
Not under hedge accounting				
Commodity derivative contracts	(88,956,439)	(168,262,170)	—	(257,218,609)
Provisional price arrangement	(12,603,420)	(6,867,100)	—	(19,470,520)
Available-for-sale financial assets	120,170	2,039,530	—	4,843,656
Interest rate swaps	—	(9,293,820)	—	(9,293,820)
Forward currency contracts	—	(13,939,466)	—	(13,939,466)
	(101,439,689)	(196,323,026)		(295,078,759)
Total	(152,982,005)	(193,953,485)	(81,466,418)	(425,717,952)

Notes to the Financial Statements

For the Year Ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

11. Financial instrument and risk *(Continued)*

(7) Financial Assets and liabilities in foreign currency

Year 2010

	31 December 2009	Recognized in fair value change (loss)/ gain	Recognized in other comprehensive loss	31 December 2010
Financial assets/ (liabilities)				
Commodity derivative contracts	(50,301,195)	(368,408,857)	(92,279,267)	(510,989,319)
Including:				
— Cash flow hedge	(27,119,602)	(1,515,299)	(92,279,267)	(120,914,168)
— Fair value hedge	—	(101,002,641)	—	(101,002,641)
— Not under hedge accounting	(23,181,593)	(265,890,917)	—	(289,072,510)
Provisional price arrangement	(232,431,461)	(341,749,851)	—	(574,181,312)
Interest rate swaps	—	(9,293,820)	—	(9,293,820)
Forward currency contracts	—	(13,939,466)	—	(13,939,466)
Loan and receivables	705,909,897	N/A	N/A	1,393,453,854
Total	423,177,241	N/A	N/A	285,049,937
Financial liabilities	3,474,230,166	N/A	N/A	4,873,589,925

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. Statement of non-recurring profit and loss items

Net profit attributable to shareholders of the Company after non-recurring profit and loss items:

	2010
Net profit attributable to shareholders of the Company	4,907,141,378
Add: Non-recurring items	
Net losses on disposal of non-current assets	84,421,274
Government grant as included in profit and loss of current year, other than those closely relating to business of enterprises and subject to a fixed amount or quantity under uniform national standard	(168,425,268)
Net fair value losses from financial assets and financial liabilities held for trading, and net investment gains from disposal of financial assets and liabilities held for trading and available-for-sale financial assets except for effective portion of normal transactions qualified for hedge accounting	
— Fair value gain arising from available-for-sale financial assets	(2,039,530)
— Fair value loss arising from forward currency contracts	13,939,466
— Fair value loss arising from interest rate swaps	9,293,820
— Investment income from held-for-sale financial assets	(525,809)
— Invest income from bank finance products	(19,096,876)
— Ineffective part of cash flow hedge for unsettled commodity derivative contracts	2,139,835
— Ineffective part of fair value hedge for unsettled commodity derivative contracts	(2,988,616)
— Not under hedge accounting of unsettled commodity derivative contracts	168,262,170
— Loss of ineffective part of cash flow hedge	411,096
— Gain of ineffective part of fair value hedge	(3,166,142)
— Gain from commodity derivative contracts not qualified for hedge accounting	(65,250,423)
Other non-recurring items included in non-operating income and expenses	
— Other non-operating income and expenses except gain or loss from disposal of non-current assets and non-recurring government subsidy	12,601,890
Other non-recurring profit and loss items	
— Gain from disposal of equity from the investee under the cost method	(1,794,300)
Impact on income tax on non-recurring items	(4,404,430)
Net profit after non-recurring profit and loss items	4,930,519,535
Less: Impact on minority interests (after tax)	(6,787,518)
Net profit attributable to equity holders of the Company after non-recurring profit and loss items	4,937,307,053

The Group recognizes non-recurring profit and loss items according to "public offering of securities of the Company Disclosure interpretative bulletin No.1 - Non-recurring profit and loss" (Commission [2008] No.43).

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

For the Year ended 31 December 2010
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

1. Statement of non-recurring profit and loss items *(Continued)*

For 2010, non-recurring profit and loss items in non-operating income and expenses:

	2010
Non-recurring profit in non-operating income	
Net gain on disposal of fixed assets	**8,279,487**
VAT refund	**37,650,582**
Subsidy from import of copper concentrate	**115,659,317**
Amortization of deferred revenue	**15,115,369**
Others	**6,322,545**
Non-recurring loss in non-operating expenses	
Net loss on disposal of fixed assets	**92,700,761**
Compensation charges for accident	**5,860,436**
Penalty	**3,687,448**
Donations	**1,474,392**
Others	**7,902,159**

2. Reconciliation between International Financial Reporting Standards ("IFRSs") and New Chinese Accounting Standard and Regulations ("PRC GAAP")

	Net profit	
	Year 2010	Year 2009
Financial statements prepared in accordance with PRC GAAP	**4,964,840,883**	2,346,631,354
Adjustment in accordance with IFRSs:		
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the year	**81,556,099**	34,673,295
Financial statements prepared in accordance with IFRS	**5,046,396,982**	2,381,304,649

As at 31 December 2009, the owners' equity in the consolidated financial statements prepared in accordance with IFRSs and PRC GAAP shows no differences.

3. Return on net assets and earning per share

Year 2010

	Weighted Average Return on Net Assets	**Earnings Per Share** *(RMB)*	
		Basic	**Diluted**
Net profit attributable to shareholders of the Company	18.29%	1.5647	1.4843
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss items	18.40%	1.5744	1.4935

Independent Auditors' Report

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To the shareholders of Jiangxi Copper Company Limited
(A Sino-foreign joint venture joint stock limited company established in the People's Republic of China)

We have audited the consolidated financial statements of Jiangxi Copper Company Limited ("the Company") and its subsidiaries (together, "the Group") set out on pages 248 to 370, which comprise the consolidated and company statements of financial position as at 31 December 2010, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirement of the Hong Kong Companies Ordinance, and for such, internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on consolidated 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 about whether the consolidated financial statements are free from material misstatement.

Independent Auditors' Report

Auditors' responsibility *(Continued)*

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as of 31 December 2010, 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
29 March 2011

Consolidated Income Statement

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	**2010** **RMB'000**	2009 RMB'000
REVENUE	5	**76,138,869**	51,430,623
Cost of sales		**(68,092,329)**	(46,452,737)
Gross profit		**8,046,540**	4,977,886
Other income and gains	6	**207,507**	219,291
Selling and distribution costs		**(345,648)**	(295,943)
Administrative expenses		**(1,230,378)**	(1,111,006)
Other expenses	7	**(160,038)**	(139,612)
Finance costs	8	**(444,043)**	(361,214)
Share of profits and losses of:			
A jointly-controlled entity	21	**5,959**	3,151
Associates	22	**(18,475)**	(81,730)
PROFIT BEFORE TAX	9	**6,061,424**	3,210,823
Income tax expense	11	**(1,015,027)**	(829,517)
PROFIT FOR THE YEAR		**5,046,397**	2,381,306
Attributable to:			
Owners of the Company		**4,987,575**	2,383,227
Non-controlling interests		**58,822**	(1,921)
		5,046,397	2,381,306
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY			
— Basic	14	**RMB1.59**	RMB0.79
— Diluted	14	**RMB1.51**	RMB0.73

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

Consolidated Income Statement

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	2010	2009
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**5,046,397**	2,381,306
OTHER COMPREHENSIVE INCOME		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(205,973)**	(52,222)
Reclassification adjustments for losses included in revenue in the consolidated income statement	**124,507**	8,490
Income tax effect	**16,167**	7,064
	(65,299)	(36,668)
Exchange differences on translation of foreign operations	**(48,398)**	(42,666)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(113,697)**	(79,334)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,932,700**	2,301,972
Attributable to:		
Owners of the Company	**4,874,908**	2,303,939
Non-controlling interests	**57,792**	(1,967)
	4,932,700	2,301,972

Consolidated Statement of Financial Position

As at 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**16,703,570**	15,167,577
Prepaid land lease payments	16	**325,515**	185,591
Intangible assets	17	**874,757**	910,418
Exploration and evaluation assets	18	**203,233**	187,188
Investment in a jointly-controlled entity	21	**24,896**	18,937
Investments in associates	22	**943,470**	387,250
Available-for-sale investments	23	**710,080**	410,080
Deferred tax assets	24	**184,584**	172,831
Total non-current assets		**19,970,105**	17,439,872
CURRENT ASSETS			
Inventories	26	**18,269,953**	11,489,973
Trade and bills receivables	27	**5,169,177**	2,465,126
Prepayments, deposits and other receivables	28	**4,044,000**	2,585,449
Loans to related parties	25	**553,881**	547,136
Available-for-sale investments	23	**520,000**	300,000
Equity investments at fair value through profit or loss		**4,844**	120
Derivative financial instruments	29	**9,563**	—
Pledged deposits	30	**2,438,882**	1,897,393
Cash and cash equivalents	30	**3,864,368**	1,702,626
Total current assets		**34,874,668**	20,987,823
Total assets		**54,844,773**	38,427,695
CURRENT LIABILITIES			
Trade and bills payables	31	**5,105,006**	4,086,694
Other payables and accruals	32	**1,909,424**	1,624,540
Derivative financial instruments	29	**1,220,580**	433,858
Interest-bearing bank borrowings	33	**3,595,708**	2,530,943
Deposits from customers	34	**1,348,365**	697,424
Repurchase agreements	35	**250,000**	51,677
Income tax payable		**675,110**	473,417
Total current liabilities		**14,104,193**	9,898,553
NET CURRENT ASSETS		**20,770,475**	11,089,270
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,740,580**	28,529,142

Consolidated Statement of Financial Position

As at 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	**2010** **RMB'000**	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,740,580**	28,529,142
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	**712,728**	111,922
Bonds payable	36	**5,178,185**	4,947,993
Deferred revenue - government grants	37	**176,744**	165,181
Deferred tax liabilities	24	**2,785**	409
Provision for rehabilitation	38	**117,725**	113,045
Other long term payables	39	**15,007**	15,487
Total non-current liabilities		**6,203,174**	5,354,037
Net assets		**34,537,406**	23,175,105
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	40	**3,462,729**	3,022,834
Equity component of bonds with warrants	36	**—**	2,008,917
Reserves		**29,967,951**	17,479,852
Proposed final dividends	13	**692,546**	302,283
		34,123,226	22,813,886
Non-controlling interests		**414,180**	361,219
Total equity		**34,537,406**	23,175,105

Approved on behalf of the Board of Directors:

Director *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010
(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	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2010	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
Total comprehensive income for the year	–	–	–	–	–	–	–	–	4,987,575	(47,368)	(65,299)	–	4,874,908	57,792	4,932,700
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	1,000	1,000
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–	(5,748)	(5,748)
2009 final dividends declared	–	–	–	–	–	–	–	–	–	–	–	(302,283)	(302,283)	–	(302,283)
Proposed 2010 final dividend	–	–	–	–	–	–	–	–	(692,546)	–	–	692,546	–	–	–
Transfers	–	–	–	–	–	454,014	1,362,041	80,434	(1,896,489)	–	–	–	–	–	–
Proceeds from exercise of warrants, net of transaction costs	439,895	(2,008,917)	8,306,988	–	–	–	–	–	–	–	–	–	6,737,966	–	6,737,966
Others	–	–	–	–	–	–	–	–	(1,251)	–	–	–	(1,251)	(83)	(1,334)
At 31 December 2010	3,462,729	–	12,647,502*	(934,681)*	(92,506)*	2,670,179*	6,099,320*	239,154*	9,576,695*	(135,745)*	(101,967)*	692,546	34,123,226	414,180	34,537,406

* These reserve accounts comprise the consolidated reserves of RMB29,967,951,000 (2009: RMB17,479,852,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Attributable to owners of the parent														
	Share capital	Equity component of bond with warrants	Share premium	Capital reserve	Other reserves	Statutory surplus reserve	Discretionary surplus reserve	Safety fund surplus reserve	Retained earnings	Exchange fluctuation reserve	Hedging reserve	Proposed final dividends	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 40)	*(note 36)*										*(note 13)*			
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
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 non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	1,500	1,500
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—	—	(2,923)	(2,923)
Dividends paid to non-controlling 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 Cash Flows

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**6,061,424**	3,210,823
Adjustments for:			
Finance costs	8	**376,855**	330,345
Foreign exchange (gains)/losses, net	6	**(36,150)**	5,865
Share of profits and losses of a jointly-controlled entity and associates	21, 22	**12,516**	78,579
Income from available-for-sale investments	6	**(34,033)**	(17,204)
Net loss on disposal of items of property, plant and equipment	9	**84,422**	4,401
Fair value losses/(gains), net:			
Derivative financial instruments - transactions not qualifying as hedges and ineffective portion of cash flow and fair value hedges			
— Commodity derivative contracts	6	**167,414**	(266,707)
— Provisional price arrangement	9	**5,346**	329,224
— Forward currency contracts and interest rate swaps	9	**23,233**	—
Net fair value gains on an equity investment at fair value through profit or loss	6	**(2,566)**	(4,095)
Provision/(reversal) for impairment of trade and other receivables	9	**6,769**	(4,796)
Provision for write-down of inventories to net realisable value	9	**7,132**	9,825
Provision for impairment of property, plant and equipment	9	**416**	104,158
Depreciation of property, plant and equipment	9	**969,408**	891,896
Amortisation of prepaid land lease payments	9	**6,327**	14,034
Amortisation of intangible assets	9	**36,685**	36,621
Gains on disposal of subsidiaries	9	**—**	(29,241)
Unwinding of an interest for rehabilitation provision	38	**6,373**	6,043
Deferred revenue released to income statement	6	**(15,115)**	(10,552)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	2010 RMB'000	2009 RMB'000
		7,676,456	4,689,219
Increase in inventories		**(6,787,112)**	(4,613,742)
Increase in trade and other receivables		**(3,974,286)**	(293,426)
Increase in loans to related parties		**(6,745)**	(280,579)
Increase in pledged deposits except pledged deposits to secure bank borrowings	30	**(703,944)**	(253,433)
Increase in trade and other payables		**1,279,806**	3,000,414
Increase /(decrease) in deposits from customers		**650,941**	(272,913)
Increase in repurchase agreements		**198,323**	51,677
Increase in effective portion of fair value hedges			
— Provisional price arrangements		**336,404**	215,563
— Commodity derivative contracts		**163,296**	65,192
Cash (used in)/generated from operations		**(1,166,861)**	2,307,972
Income tax paid		**(806,544)**	(585,487)
Net cash flows (used in)/generated from operating activities		**(1,973,405)**	1,722,485

Consolidated Statement of Cash Flows

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	2010 RMB'000	2009 RMB'000
Net cash flows (used in)/generated from operating activities		**(1,973,405)**	1,722,485
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(2,404,018)**	(2,218,136)
Additions to exploration and evaluation assets		**(16,045)**	(115,308)
Additions to prepaid land lease payments		**(146,765)**	(1,790)
Additions to intangible assets		**(1,048)**	(522,048)
Proceeds from disposal of equity investments through profit or loss		**3,269**	4,095
Proceeds from disposal of available-for-sale investments		**1,064,034**	1,867,204
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		**16,368**	13,272
Proceeds from disposal of items of intangible assets		**24**	942
Receipt of government grants		**26,678**	49,349
Purchases of available-for-sale investments and equity investments at fair value through profit or loss		**(1,555,427)**	(2,232,800)
Addition of capital contribution to associates		**(620,000)**	—
Net cash flows used in investing activities		**(3,632,930)**	(3,142,587)

Consolidated Statement of Cash Flows

For the year ended 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	**2010** **RMB'000**	2009 RMB'000
CASH FLOWS USED IN FINANCING ACTIVITIES			
Proceeds from exercise of warrants, net of transaction costs		**6,737,966**	—
Capital injection by non-controlling shareholders		**1,000**	765
Decrease /(increase) of pledged RMB time deposits to secure USD bank borrowings	30	**162,455**	(1,448,402)
New bank borrowings		**9,454,372**	4,178,030
Repayment of bank borrowings		**(8,135,481)**	(3,195,468)
Interest paid		**(134,548)**	(113,013)
Dividends paid	13	**(302,283)**	(241,827)
Dividends paid to non-controlling shareholders		**(5,748)**	(1,983)
Net cash flows generated from/(used in) financing activities		**7,777,733**	(821,898)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,171,398**	(2,242,000)
Cash and cash equivalents at beginning of year	30	**1,702,626**	3,944,766
Effect of foreign exchange rate changes, net		**(9,656)**	(140)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	**3,864,368**	1,702,626

Statement of Financial Position of the Company

As at 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**13,482,125**	12,668,980
Prepaid land lease payments	16	**283,340**	168,074
Intangible assets	17	**862,395**	898,041
Exploration and evaluation assets	18	**203,233**	187,188
Investments in subsidiaries	20	**4,971,729**	3,455,804
Investment in a jointly-controlled entity	21	**14,100**	14,100
Investments in associates	22	**1,119,855**	520,698
Available-for-sale investments	23	**398,080**	398,080
Deferred tax assets	24	**92,870**	123,082
Total non-current assets		**21,427,727**	18,434,047
CURRENT ASSETS			
Inventories	26	**14,045,270**	9,320,450
Trade and bills receivables	27	**3,815,994**	1,570,702
Prepayments, deposits and other receivables	28	**2,197,530**	1,826,217
Cash and cash equivalents	30	**4,779,878**	1,487,675
Total current assets		**24,838,672**	14,205,044
Total assets		**46,266,399**	32,639,091
CURRENT LIABILITIES			
Trade and bills payables	31	**3,025,065**	2,423,357
Other payables and accruals	32	**1,412,907**	1,212,253
Derivative financial instruments	29	**875,158**	363,130
Interest-bearing bank borrowings	33	**650,175**	—
Income tax payable		**592,322**	470,618
Total current liabilities		**6,555,627**	4,469,358
NET CURRENT ASSETS		**18,283,045**	9,735,686
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,710,772**	28,169,733

Statement of Financial Position of the Company

As at 31 December 2010
(Prepared in accordance with IFRSs)

	Notes	**2010 RMB'000**	2009 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**39,710,772**	28,169,733
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**290,000**	—
Bonds payable	36	**5,178,185**	4,947,993
Deferred revenue - government grants	37	**132,929**	118,884
Provision for rehabilitation	38	**105,538**	99,920
Other long term payables	39	**15,007**	15,487
Total non-current liabilities		**5,721,659**	5,182,284
Net assets		**33,989,113**	22,987,449
EQUITY			
Share capital	40	**3,462,729**	3,022,834
Equity component of bonds with warrants	36	**—**	2,008,917
Reserves	41	**29,833,838**	17,653,415
Proposed final dividends	13	**692,546**	302,283
Total equity		**33,989,113**	22,987,449

Approved on behalf of the Board of Directors:

Director *Director*

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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, and trading of copper related products, 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 and inventories designated as hedged items under fair value hedge, 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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

Basis of consolidation from 1 January 2010

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 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences are carried forward in certain instances from the previous basis of consolidation.

- Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interests and parent shareholders.

- Upon Loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at January 2010 has not been restated.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in May 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in Improvements to IFRSs 2009, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes 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. Consequential amendments were made to various standards, including, but not limited to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to IFRSs 2009 issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 Statement of Cash Flows: Requires that only expenditure that result in a recognised asset in the statement of finance position can be classified as a cash flow from investing activities.

- IAS 17 Leases: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Limited Exception from Comparative IFRS 7 Disclosures for First-time Adopters*[2]
IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adpoters*[4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial ASSETS*[4]
IFRS 9	*Financial Instruments*[6]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets*[5]
IAS 24 (Revised)	*Related Party Disclosure*[3]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*[1]
IFRIC 14 Amendments	*Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement*[3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, Improvements to IFRSs 2010 sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard

1 Effective for annual periods beginning on or after 1 February 2010

2 Effective for annual periods beginning on or after 1 July 2010

3 Effective for annual periods beginning on or after 1 January 2011

4 Effective for annual periods beginning on or after 1 July 2011

5 Effective for annual periods beginning on or after 1 January 2012

6 Effective for annual periods beginning on or after 1 January 2013

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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:

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.

In November 2010, IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting, derecognition and impairment of financial assets continues to apply. 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.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures as the Group currently does not have any significant transactions with government-related entities.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs *(Continued)*

Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) IFRS 3 Business Combinations: Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(b) IAS 1 Presentation of Financial Statements: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(c) IAS 27 Consolidated and Separate Financial Statements: Clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 investments 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 investment 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 investment 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 investment 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 investments 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 investments 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 investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

Notes to the Financial Statements
For the Year ended 31 December 2010
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. 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, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

Business combinations from 1 January 2010 *(Continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquire were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the 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%

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 licences 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 are 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 from the income statement.

Notes to the Financial Statements
For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

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 lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. 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.

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).

Notes to the Financial Statements

For the Year ended 31 December 2010
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

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.

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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.

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
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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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

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 include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of 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.

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

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.

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 (mainly 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 industry practice, the purchase terms of metal in these contracts contain provisional pricing arrangements pursuant to which the purchase prices for metal in concentrate are 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 metal in concentrate once the significant risks and rewards of ownership has been transferred to the Group. The host contract is the purchase of metal 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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Initial recognition and subsequent measurement *(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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 other comprehensive income 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.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current or non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Those costs of removing waste materials or "stripping costs" incurred during the production phase of a mine are included in the cost of inventories 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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 a joint venture, 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 in a 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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 these subsidiaries throughout the year are translated into RMB at the weighted average exchange rates 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.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2010 was RMB117,725,000 (2009: RMB113,045,000). More details are given in note 38.

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 2010 was RMB16,703,570,000 (2009: RMB15,167,577,000). 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 2010 was RMB834,418,000 (2009: RMB867,001,000). More details are given in note 17.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2010 was RMB203,233,000 (2009: RMB187,188,000). More details are given in note 18.

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 2010 of the Group was RMB184,584,000 (2009: RMB172,831,000). 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. 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 investments) of the Group at 31 December 2010 was RMB19,075,441,000 (2009: RMB16,856,961,000). More details are given in notes 15, 16, 17, 18, 21 and 22.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2010 was RMB4,282,645,000 (2009: RMB3,103,110,000). More details are given in notes 25, 27 and 28.

Impairment of available-for-sale investments

The Group classifies certain assets as available-for-sale investments. 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 investments when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The carrying amount of available-for-sale investments of the Group as at 31 December 2010 was RMB1,230,080,000 (2009: RMB710,080,000). 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 2010 and 2009. All significant transactions within the Group have been eliminated.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

An analysis of the Group's revenue by category of goods is as follows:

	2010 RMB'000	2009 RMB'000
Sales of goods		
— copper cathodes	**39,591,891**	26,905,382
— copper rods	**20,196,282**	13,891,250
— copper processing products	**5,226,863**	3,093,414
— gold	**5,189,045**	4,315,178
— silver	**1,914,461**	1,286,449
— sulphuric and sulphuric concentrate	**1,475,535**	779,622
— rare metals	**654,143**	644,558
— other non-ferrous metals	**868,544**	37,479
— others	**1,022,105**	477,291
	76,138,869	51,430,623

Geographical information

(a) Revenue from external customers

	2010 RMB'000	2009 RMB'000
— Mainland China	**71,288,563**	47,278,140
— Hong Kong	**4,602,748**	3,990,796
— Taiwan	**234,363**	155,219
— Others	**13,195**	6,468
	76,138,869	51,430,623

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, Peru and Japan of which the carrying amounts are not material. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

No customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2010 and 2009. The State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

6. OTHER INCOME AND GAINS

	2010	2009
	RMB'000	*RMB'000*
Fair value gains, net:		
Derivative financial instruments - transactions not qualifying as hedges - commodity derivative contracts *	**(103,012)**	50,787
— Unrealised (losses)/gains of the outstanding contracts	**(168,262)**	270,254
— Realised gains/(losses) from the settled contracts	**65,250**	(219,467)
Transactions qualifying as fair value hedges **	**6,155**	(9,508)
— Inventories and sales firm commitment hedged by commodity derivative contracts	**295,379**	261,418
— Fair value losses of commodity derivative contracts as hedging instruments	**(289,224)**	(270,926)
Ineffective portion of cash flow hedges - commodity derivative contracts **	**(2,551)**	(1,747)
Fair value loss from forward currency contracts and interest rate swaps	**(23,233)**	—
Equity investment at fair value through profit or loss	**2,566**	4,095
Income from VAT refund	**37,651**	49,068
Interest income	**74,373**	38,437
Gains on disposal of subsidiaries	**—**	29,241
Subsidy income of imported copper concentrate	**115,659**	28,219
Income from available-for-sale investments	**34,033**	17,204
Deferred revenue released to income statement *(note 37)*	**15,115**	10,552
Gain on disposal of items of property, plant and equipment	**8,279**	1,808
Foreign exchange gains/(losses), net	**36,150**	(5,865)
Others	**6,322**	7,000
	207,507	219,291

* 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).

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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:

	2010 RMB'000	2009 RMB'000
Transactions qualifying as fair value hedges:		
— Unrealised gains/(losses) of the outstanding contracts	**2,988**	(2,251)
— Realised gains/(losses) from the settled contracts	**3,167**	(7,257)
	6,155	(9,508)
Ineffective portion of cash flow hedges:		
— Unrealised losses of the outstanding contracts	**(2,140)**	(1,296)
— Realised losses from the settled contracts	**(411)**	(451)
	(2,551)	(1,747)

7. OTHER EXPENSES

	2010 RMB'000	2009 RMB'000
Provision for impairment of items of property, plant and equipment *(note 19)*	**416**	104,158
Loss on disposal of items of property, plant and equipment	**92,701**	6,209
Loss on disposal of obsolete spare parts	**41,623**	—
Compensation paid for accident	**5,860**	9,977
Donations	**1,474**	512
Others	**17,964**	18,756
	160,038	139,612

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2010 RMB'000	2009 RMB'000
Interest on borrowings	**78,663**	45,236
Interest on bonds with warrants *(note 36)*	**298,192**	285,109
Interest on discounted notes	**67,188**	30,869
	444,043	361,214

Notes to the Financial Statements

For the Year ended 31 December 2010
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9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	2010 RMB'000	2009 RMB'000
Cost of inventories sold*		**65,034,424**	43,683,117
Depreciation	15	**969,408**	891,896
Amortisation of prepaid land lease payments	16	**6,327**	14,034
Amortisation of intangible assets	17	**36,685**	36,621
Minimum lease payments under operating leases of land use rights	46(a)	**39,438**	44,330
Auditors' remuneration		**8,100**	7,900
Employee benefit expense (including directors' remuneration *(note 10))*:			
— Wages and salaries		**1,181,504**	924,743
— Pension scheme contributions		**203,784**	166,216
— Housing fund costs		**108,551**	92,420
— Other staff costs		**185,352**	242,811
Foreign exchange (gains)/losses, net	6	**(36,150)**	5,865
Provision/(reversal) for impairment of trade and other receivables	27,28	**6,769**	(4,796)
Provision for impairment of property, plant and equipment	7,19	**416**	104,158
Income from available-for-sale investments	6	**(34,033)**	(17,204)
Provision for write-down of inventories to net realisable value		**7,132**	9,825
Fair value (gains)/losses, net:			
Equity investment at fair value through profit or loss	6	**(2,566)**	(4,095)
Derivative financial instruments - commodity derivative contracts	6	**99,408**	(39,532)
Forward currency contracts and interest rate swaps	6	**23,233**	—
Gains on disposal of subsidiaries	6	**—**	(29,241)
Loss on disposal of obsolete spare parts	7	**41,623**	—
Net loss on disposal of items of property, plant and equipment	6,7	**84,422**	4,401

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

9. PROFIT BEFORE TAX *(Continued)*

* It includes the net fair value changes of the unsettled provisional price arrangements as follows:

	2010 RMB'000	2009 RMB'000
Unrealised (gains)/losses of ineffective portion of fair value hedge	**(1,520)**	4,264
— Fair value gains of inventories as hedged items	**(336,403)**	(215,564)
— Fair value losses of provisional price arrangement as hedging instruments	**334,883**	219,828
Unrealised losses for arrangements not qualifying for hedge	**6,866**	324,960
	5,346	329,224

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:

	2010 RMB'000	2009 RMB'000
Fees	**200**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**6,052**	6,380
Performance related bonuses	**280**	315
Pension scheme contributions	**208**	147
	6,540	6,842
Total remuneration	**6,740**	7,042

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emoluments paid or payable to each of the 11 (2009: 15) directors and 5 (2009: 9) supervisors were as follows:

		Other emoluments			
2010	**Fees** *RMB'000*	**Salaries, allowances and benefits in kind** *RMB'000*	**Performance related bonuses** *RMB'000*	**Pension scheme contributions** *RMB'000*	**Total** *RMB'000*
Executive directors:					
Li Yihuang	—	823	70	26	919
Li Baomin	—	823	70	26	919
Hu Qingwen	—	823	70	26	919
Gan Chengjiu	—	823	70	26	919
Shi Jialiang	—	50	—	—	50
Gao Jianmin	—	180	—	—	180
Liang Qing	—	180	—	—	180
	—	3,702	280	104	4,086
Independent non-executive directors:					
Zhang Rui	50	—	—	—	50
Wu Jianchang	50	—	—	—	50
Tu Shutian	50	—	—	—	50
Gao Dezhu	50	—	—	—	50
	200	—	—	—	200
Supervisors:					
Hu Faliang	—	575	—	26	601
Lin Jinliang	—	575	—	26	601
Xie Ming	—	575	—	26	601
Wan Sujuan	—	50	—	—	50
Wu Jinxing	—	575	—	26	601
	—	2,350	—	104	2,454
Total emoluments for 2010	200	6,052	280	208	6,740

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

2009	Fees *RMB'000*	Other emoluments Salaries, allowances and benefits in kind *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

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 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.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Details of the remuneration of the five highest paid employees are as below:

2010	**Salaries and other benefits**	**Performance related bonuses**	**Pension scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Li Yihuang	823	70	26	919
Li Baomin	823	70	26	919
Hu Qingwen	823	70	26	919
Gan Chengjiu	823	70	26	919
Dong Jiahui	575	50	26	651
	3,867	330	130	4,327

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 deputy general manager during the year.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

11. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	2010	2009
	RMB'000	*RMB'000*
Current income tax payable:		
PRC income tax	**1,002,468**	781,217
HK income tax	**5,769**	1,503
	1,008,237	782,720
Deferred income tax *(note 24)*	**6,790**	46,797
Income tax charge for the year	**1,015,027**	829,517

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC current income tax is based on a statutory rate of 25% (2009: 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 the following:

(i) According to the PRC Corporate Income Tax Law, high technology companies could be entitled to a lower PRC Corporate Income Tax rate of 15%. In January 2011, the Company obtained a High-Tech Enterprise Certificate jointly issued by Jiangxi Provincial Department of Science and Technology, Jiangxi Provincial Department of Finance, Jiangxi Provincial State Taxation Bureau and Jiangxi Provincial Local Taxation Bureau. Commencing from 2010, the Company is entitled to relevant preferential policies relating to High-Tech Enterprises for three consecutive years when qualified for certain criteria, with a corporate income tax rate of 15% (while the previous corporate income tax rate was 25%).

(ii) Certain subsidiaries in Mainland China, enjoy preferential tax rates during a transitional period from 2008 to 2012.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

11. INCOME TAX EXPENSE

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which 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 2010 and 2009, are as follows:

	2010		2009	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**6,061,424**	**100.00**	3,210,823	100.00
Tax at the effective statutory tax rate	**1,515,356**	**25.00**	802,706	25.00
Effect of different tax rate for the Company	**(525,372)**	**(8.66)**	—	—
Effect of different tax rate for subsidiaries	**(24,615)**	**(0.41)**	(33,074)	(1.03)
Adjustments in respect of current tax of previous periods	**35,277**	**0.58**	31,196	0.97
Profits and losses attributable to a jointly-controlled entity and associates	**1,877**	**0.03**	19,645	0.61
Impact of tax rate change	**44,397**	**0.73**	—	—
Tax loss not recognised as deferred tax	**31,842**	**0.53**	12,684	0.40
Expenses not deductible for tax	**7,598**	**0.13**	23,595	0.73
Tax losses utilised from previous periods	**(36,430)**	**(0.60)**	(14,078)	(0.44)
Non-taxable income	**(5,769)**	**(0.10)**	(3,403)	(0.10)
Tax effect of provision for safety fund surplus reserve deducted in statutory financial statements	**(20,389)**	**(0.34)**	(8,493)	(0.26)
Deferred tax assets not recognised in previous years	**(8,745)**	**(0.14)**	(1,261)	(0.04)
Income tax expense at the Group's effective rate	**1,015,027**	**16.75**	829,517	25.84

As at 31 December 2010, the Group has RMB399,291,000 (2009: RMB414,456,000) unused tax losses of available for offsetting against future profits in respect of certain subsidiaries. No deferred tax asset has been recognised due to the unpredictability of future available taxable profit of the subsidiaries to set against the unused tax losses. The available period of the unused tax losses amounting to RMB262,430,000 (2009: RMB414,456,000) is from year 2011 to year 2015. The unused tax losses amounting to RMB136,861,000 (2009: Nil) arisen from a subsidiary of the Group located in Hong Kong has no fixed expire period.

As at 31 December 2010, the Group had temporary difference of RMB296,955,000 (2009: RMB327,119,000) that has not been recognised as deferred tax assets due to the uncertainty of its utilisation.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2010 includes a profit of RMB4,599,478,000 (2009: RMB2,257,892,000) which has been dealt with in the financial statements of the Company (note 41).

13. DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Declared and paid during the year:		
Dividend on ordinary shares:		
Final dividend for 2009: RMB0.1 per share (2008: RMB0.08 per share)	**302,283**	241,827
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Dividend on ordinary shares:		
Final dividend for 2010: RMB0.2 per share (2009: RMB0.1 per share)	**692,546**	302,283

On 17 June 2010, a dividend of RMB0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate amount of approximately RMB302,283,000, was declared to the shareholders as the final dividend for year 2009. On 8 July 2010, the dividend was paid to the shareholders of H shares and A shares.

The directors propose to distribute a final dividend of RMB0.2 per share (tax inclusive) for the year ended 31 December 2010 (2009: RMB0.1). Total estimated dividend to be paid is approximately RMB692,546,000 (based on the existing issued 3,462,729,405 shares).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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:

	2010	2009
Profit attributable to ordinary owners of the Company *(RMB'000)*	**4,987,575**	2,383,227
Weighted average number of ordinary shares in issue	**3,136,086,599**	3,022,833,727
Effect of dilution - weighted average number of ordinary shares:		
Warrants attached to bonds	**169,865,604**	222,547,534
Diluted average number of ordinary shares in issue	**3,305,952,203**	3,245,381,261
— Basic	**RMB1.59**	RMB0.79
— Diluted	**RMB1.51**	RMB0.73

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As at 1 January 2009	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	(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
Additions	1,360	22,989	13,561	1,625	2,567,072	2,606,607
Transfers	680,710	1,738,772	367,868	4,146	(2,791,496)	—
Reclassification	664,909	(671,146)	55,940	(49,703)	—	—
Disposals	(166,880)	(405,200)	(292,008)	(6,632)	—	(870,720)
As at 31 December 2010	7,464,830	14,437,213	1,463,046	77,227	2,537,686	25,980,002
Accumulated depreciation						
As at 1 January 2009	(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	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)
Charge for the year	(254,393)	(621,287)	(83,020)	(10,708)	—	(969,408)
Reclassification	(330,654)	328,076	(33,429)	36,007	—	—
Disposals	81,865	330,250	259,656	5,416	—	677,187
As at 31 December 2010	(2,852,916)	(5,731,729)	(632,275)	(39,610)	—	(9,256,530)

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

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 2009	(82,405)	(15,609)	(3,056)	—	—	(101,070)
Provision for the year *(note 19)*	(625)	(103,452)	(22)	(59)	—	(104,158)
Reclassification	3,400	(3,372)	(28)	—	—	—
Realisation for the year	—	537	—	—	—	537
Deconsolidation of Diaoquan	77,439	11,967	3,056	—	—	92,462
As at 31 December 2009	(2,191)	(109,929)	(50)	(59)	—	(112,229)
Provided for the year *(note 19)*	—	(416)	—	—	—	(416)
Reclassification	(16,536)	16,536	—	—	—	—
Realisation for the year	17,787	74,949	—	7	—	92,743
As at 31 December 2010	(940)	(18,860)	(50)	(52)	—	(19,902)
Net carrying amount						
As at 31 December 2010	4,610,974	8,686,624	830,721	37,565	2,537,686	16,703,570
As at 31 December 2009	3,932,806	7,873,101	542,153	57,407	2,762,110	15,167,577

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY

	Buildings and mining infrastructure RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in process RMB'000	Total RMB'000
Cost						
As at 1 January 2009	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
Additions	—	25	—	—	1,814,572	1,814,597
Transfers	635,989	1,420,644	356,558	3,507	(2,416,698)	—
Reclassification	664,909	(672,139)	56,627	(49,397)	—	—
Disposals	(163,675)	(384,518)	(286,267)	(4,806)	(140,204)	(979,470)
As at 31 December 2010	6,638,454	12,172,872	1,275,903	36,923	1,632,868	21,757,020
Accumulated depreciation						
As at 1 January 2009	(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)
Charge for the year	(223,843)	(469,853)	(68,179)	(5,812)	—	(767,687)
Reclassification	(330,654)	328,389	(33,691)	35,956	—	—
Disposals	80,828	315,052	255,295	3,792	—	654,967
As at 31 December 2010	(2,653,342)	(5,039,113)	(557,092)	(24,797)	—	(8,274,344)

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY *(Continued)*

	Buildings and mining infrastructure RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in process RMB'000	Total RMB'000
Impairment loss						
As at 1 January 2009	(1,278)	(5,831)	—	—	—	(7,109)
Other addition	(393)	(225)	—	—	—	(618)
Provision for the year	—	(84,093)	—	—	—	(84,093)
Write-off for the year	393	138	—	—	—	531
As at 31 December 2009	(1,278)	(90,011)	—	—	—	(91,289)
Provided for the year	—	—	—	—	—	—
Realisation for the year	1,208	89,530	—	—	—	90,738
As at 31 December 2010	(70)	(481)	—	—	—	(551)
Net carrying amount						
As at 31 December 2010	3,985,042	7,133,278	718,811	12,126	1,632,868	13,482,125
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 2010, certain of the Group's machinery with a net book value of approximately RMB39,393,000 (2009: RMB53,577,000) and certain of the Group's buildings and mining infrastructure with a net book value of approximately RMB40,876,000 (2009: RMB61,176,000) were pledged to secure short term bank borrowings (note 33).

As at 31 December 2010, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with a net book value of approximately RMB13,689,000 (2009: RMB25,092,000).

Notes to the Financial Statements

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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**	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**193,350**	205,594	**175,431**	187,273
Additions during the year	**146,765**	1,790	**121,057**	1,790
Amortised during the year	**(6,327)**	(14,034)	**(5,791)**	(13,632)
Carrying amount at 31 December	**333,788**	193,350	**290,697**	175,431
Current portion included in prepayments, deposits and other receivables	**(8,273)**	(7,759)	**(7,357)**	(7,357)
Non-current portion	**325,515**	185,591	**283,340**	168,074

At 31 December 2010, 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 RMB158,772,000 (2009: RMB12,007,000).

At 31 December 2010, none of the Group's prepaid land lease payments (2009: with a net book value of approximately RMB2,729,000) was pledged to secure short term bank borrowings (note 33).

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

17. INTANGIBLE ASSETS

THE GROUP

	Mining rights *RMB'000*	Trademarks *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2009	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	(36,335)	—	—	(36,335)
As at 31 December 2009	945,331	52,586	21,306	1,019,223
Additions	—	41	1,007	1,048
Disposal for the year	—	—	(27)	(27)
As at 31 December 2010	945,331	52,627	22,286	1,020,244
Amortisation				
As at 1 January 2009	(57,002)	(21,587)	(4,908)	(83,497)
Provision for the year	(32,583)	(1,795)	(2,243)	(36,621)
Disposal for the year	—	—	58	58
Deconsolidation of Diaoquan	11,255	—	—	11,255
As at 31 December 2009	(78,330)	(23,382)	(7,093)	(108,805)
Provision for the year	(32,583)	(1,796)	(2,306)	(36,685)
Disposal for the year	—	—	3	3
As at 31 December 2010	(110,913)	(25,178)	(9,396)	(145,487)
Provision for impairment				
As at 1 January 2009	(25,080)	—	—	(25,080)
Deconsolidation of Diaoquan	25,080	—	—	25,080
As at 31 December 2009	—	—	—	—
Provision for the year	—	—	—	—
As at 31 December 2010	—	—	—	—
Net carrying amount				
As at 31 December 2010	834,418	27,449	12,890	874,757
As at 31 December 2009	867,001	29,204	14,213	910,418

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

17. INTANGIBLE ASSETS *(Continued)*

THE COMPANY

	Mining rights *RMB'000*	Trademarks *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2009	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
Disposal	—	—	(27)	(27)
As at 31 December 2010	945,331	52,586	6,499	1,004,416
Amortization				
As at 1 January 2009	(45,747)	(21,587)	(3,422)	(70,756)
Provision 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)
Provision for the year	(32,583)	(1,795)	(1,244)	(35,622)
Disposals	—	—	3	3
As at 31 December 2010	(110,913)	(25,175)	(5,933)	(142,021)
Net carrying amount				
As at 31 December 2010	834,418	27,411	566	862,395
As at 31 December 2009	867,001	29,206	1,834	898,041

Notes to the Financial Statements

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18. EXPLORATION AND EVALUATION ASSETS

	THE GROUP/THE COMPANY	
	2010	2009
	RMB'000	*RMB'000*
Carrying amount at 1 January	**187,188**	71,880
Addition	**16,045**	115,308
Carrying amount at 31 December	**203,233**	187,188

The exploration and evaluation assets represent the exploration costs for the Zhushahong and Jinjiwo mining prospects.

19. IMPAIRMENT OF NON-CURRENT ASSETS

	THE GROUP	
	2010	2009
	RMB'000	*RMB'000*
Impairment losses		
— Property, plant and equipment	**416**	104,158

During the year ended 31 December 2010, total impairment charges of RMB416,000 (2009: 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. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2010	2009
	RMB'000	*RMB'000*
Unlisted investments, at cost	**4,971,729**	3,455,804

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB2,053,995,000 (2009: RMB1,048,704,000) and RMB1,020,374,000 (2009: RMB577,980,000), 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.

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業銅材有限公司 Jiangxi Copper Products Company Limited ("JCPC")	PRC/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")	PRC/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")	PRC/Mainland China	RMB199,500,000	100%	—	Manufacturing and sale of copper rods and wires
江西省江銅-甕福化工有限公司 Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu chemical")	PRC/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 Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading")	PRC/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")	PRC/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")	PRC/Mainland China	RMB10,000,000	100%	—	Sale of copper products
江西銅業集團化工有限公司 Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	PRC/Mainland China	RMB42,630,000	100%	—	Manufacturing and sale of sulphuric acid and by-products

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西銅業集團銀山礦業有限責任公司 JCC Yinshan Mining Company Limited ("Yinshan Mining")	PRC/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")	PRC/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")	PRC/Mainland China	RMB1,000,000	—	100%	Production and sale of engineering, including blasting engineering.
江西銅業集團東同礦業有限公司 JCC Dongtong Mining Company Limited ("Dongtong Mining")	PRC/Mainland China	RMB9,000,000	100%	—	Manufacturing and sale 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")	PRC/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")	PRC/Mainland China	RMB10,200,000	100%	—	Sale 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")	PRC/Mainland China	RMB29,000,000	—	74.97%	Production and sale of grinding pebbles, casting of machine tools and wear-resistant parts, cast steel processing, machine work and reclaiming waste steel
江西省江銅-耶茲銅箔有限公司 Jiangxi Copper Yates Copper Foil Company Limited ("Yates")	PRC/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")	PRC/Mainland China	RMB300,000,000	75%	—	Production and sale of copper pipes 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")	PRC/Mainland China	USD16,800,000	70%	—	Production and sale of enamelled wires and provision of repair and consulting services

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(Prepared in accordance with IFRSs)

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
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")	PRC/Mainland China	RMB46,380,000	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")	PRC/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")	PRC/Mainland China	RMB500,000	—	100%	Recovery and sale of disused metals
江西銅業集團地勘工程有限公司 JCC Geology Exploration Company Limited ("Geology Exploration")	PRC/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")	PRC/Mainland China	RMB20,296,000	100%	—	Providing mining services
江西銅業集團廈門營銷有限公司 Jiangxi Copper Corporation Xiamen Trading Company ("Xiamen Trading")	PRC/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")	PRC/Mainland China	RMB2,000,000	100%	—	Sale of metal, ore and chemical products

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
			Directly	Indirectly	
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")	PRC/Mainland China	RMB2,000,000	100%	—	Development of new chemical technologies and new products
江西銅業集團銅材有限公司 JCC Copper Products Company Limited ("Copper Products")	PRC/Mainland China	RMB186,391,000	98.89%	—	Processing and sale of copper rods
江西銅業集團再生資源有限公司 JCC Recycling Company Limited ("Copper Recycling")	PRC/Mainland China	RMB6,800,000	55.88%	44.12%	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")	PRC/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")	PRC/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")	PRC/Mainland China	RMB70,000,000	95%	—	Development and production of electronic semiconductors and provision of related services
江西銅業建設監理咨詢有限公司 * Jiangxi Copper Construction Supervision Company Limited ("JCCS")	PRC/Mainland China	RMB3,000,000	100%	—	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service

Notes to the Financial Statements

For the Year ended 31 December 2010
(Prepared in accordance with IFRSs)

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
廣州江銅銅材有限公司* Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC")	PRC/Mainland China	RMB300,000,000	100%	—	Production, processing and sale of copper products and wires
上海盛昱房地產有限公司* Shanghai Shengyu Real Estate Company Limited ("Shanghai Shengyu")	PRC/Mainland China	RMB169,842,011	100%	—	Rental and management of properties
江銅國際貿易有限公司* Jiangxi Copper international trade Company Limited ("JXCC international trade")	PRC/Mainland China	RMB600,000,000	100%	—	Sale of metals, chemicals, mining products, construction materials, and etc.

* The subsidiaries are acquired by establishment or investment.

The above subsidiaries were audited by Ernst & Young Hua Ming Certified Public Accountants, Shanghai Branch.

Notes to the Financial Statements

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21. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**14,100**	14,100
Share of net assets	**24,896**	18,937	**—**	—
	24,896	18,937	**14,100**	14,100

The Group's related party transactions and balances with the jointly controlled entity are disclosed in note 46 to the financial statement.

Particulars of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of establishment 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	PRC/Mainland China	50%	50%	50%	Recovery of industrial waste water and sale of products

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

21. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY *(Continued)*

The above interest in a jointly-controlled entity is directly held by the Company. The following table sets out the summarised financial information of the Group's jointly-controlled entity:

	2010	2009
	RMB'000	*RMB'000*
Share of the jointly-controlled entity's assets and liabilities		
Current assets	**16,032**	13,049
Non-current assets	**9,576**	8,752
Current liabilities	**(712)**	(2,864)
Non-current liabilities	**—**	—
Net assets	**24,896**	18,937
Share of the jointly-controlled entity's results		
Revenue	**17,190**	11,150
Total expense	**(9,762)**	(7,473)
Tax	**(1,469)**	(526)
Net profit	**5,959**	3,151

The above jointly-controlled entity was not audited by Ernst & Young Hong Kong or any other member firms of the Ernst & Young global network.

22. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares at cost	**—**	—	**1,175,698**	556,698
Share of net assets	**943,470**	387,250	**—**	—
	943,470	387,250	**1,175,698**	556,698
Provision for impairment	**—**	—	**(55,843)**	(36,000)
	943,470	387,250	**1,119,855**	520,698

The Group's related party transactions and balances with the associates are disclosed in note 46 to the financial statements.

Notes to the Financial Statements

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22. INVESTMENTS IN ASSOCIATES *(Continued)*

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of establishment 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	PRC/Mainland China	40%	Manufacture 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	PRC/Mainland China	40%	Investment holding of a 100% equity interest in a mining company in Peru
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
昭覺逢烊濕法冶煉有限公司 Zhaojue Fengye Smelting Company Limited (“Fengye”)	Registered capital of RMB1 each	PRC/Mainland China	47.86%	Production and sale of copper cathodes and related products; technology development and provision of services

The above associates were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Notes to the Financial Statements

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22. INVESTMENTS IN ASSOCIATES *(Continued)*

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

	2010	2009
	RMB'000	*RMB'000*
Current assets	**1,093,936**	445,421
Non-current assets	**5,353,299**	4,625,502
Current liabilities	**(858,525)**	(1,042,236)
Non-current liabilities	**(3,152,928)**	(3,029,587)
Net assets	**2,435,782**	999,100
Share of the associates' net assets	**943,470**	387,250
Revenue	**298,736**	326,448
Loss for the year	**4,407**	(271,493)
Share of the associates' loss	**(18,475)**	(81,730)

Notes to the Financial Statements

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23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
Balance at 1 January	**730,541**	333,010	**418,541**	321,010
Addition during the year	**1,550,000**	397,531	**—**	97,531
Deduction during the year	**(1,031,794)**	—	**(1,794)**	—
Balance at 31 December	**1,248,747**	730,541	**416,747**	418,541
Accumulated impairment loss				
Balance at 1 January	**(20,461)**	(5,610)	**(20,461)**	(5,610)
Addition during the year	**—**	(14,851)	**—**	(14,851)
Deduction during the year	**1,794**	—	**1,794**	—
Balance at 31 December	**(18,667)**	(20,461)	**(18,667)**	(20,461)
Carrying value				
At 31 December	**1,230,080**	710,080	**398,080**	398,080
Less: Current portion of available-for -sale investment	**(520,000)**	(300,000)	**—**	—
	710,080	410,080	**398,080**	398,080

As at 31 December 2010, the Group's available-for-sale investments included 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 exceeds 20% of the issued capital of the respective.

The portfolio fund investment represents financial products of RMB820,000,000 issued by PRC financial institutions. The due dates of the investment are from 4 January 2011 to 23 April 2012 and the target annual yield rate is 4.3% to 8.8%.

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.

Notes to the Financial Statements

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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	Accrued expenses	Unrealised profits	Deductible taxable loss	Fair value loss from commodity derivative contracts	Fair value loss arising from forward currency contracts	Fair value loss arising from provisional price arrangement	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	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
Deferred tax charged to the comprehensive income during the year	—	—	—	—	16,167	—	—	—	16,167
Deferred tax credited/(charged) to the income statement during the year *(note 11)*	(25,226)	(9,193)	9,205	(4,012)	22,925	1,093	3,332	(2,538)	(4,414)
At 31 December 2010	23,057	57,440	18,288	3,890	67,677	1,093	3,332	9,807	184,584

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

24. DEFERRED TAX *(Continued)*

Deferred tax assets *(Continued)*:

THE COMPANY

	Impairment of assets RMB'000	Accrued expenses RMB'000	Fair value loss from commodity derivative contracts RMB'000	Fair value loss from provisional price arrangement RMB'000	Others RMB'000	Total RMB'000
At 1 January 2009	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 charged to the comprehensive income during the year	—	—	5,911	—	—	5,911
Deferred tax credited/(charged) to the income statement during the year	(31,327)	(15,644)	8,059	3,332	(543)	(36,123)
At 31 December 2010	12,307	38,099	30,347	3,332	8,785	92,870

Notes to the Financial Statements

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24. DEFERRED TAX *(Continued)*

Deferred tax liabilities:

THE GROUP

	Fair value gain from commodity derivative contracts	Fair value gain from forward currency contracts	Fair value gain from provisional price arrangement	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	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
Deferred tax charged to the income statement during the year *(note 11)*	1,057	1,238	—	81	2,376
At 31 December 2010	1,057	1,238	—	490	2,785

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24. DEFERRED TAX *(Continued)*

Deferred tax liabilities *(Continued)*

THE COMPANY

	Fair value gain from provisional price arrangement
	RMB'000
At 1 January 2009	78,089
Deferred tax charged to the income statement during the year	(78,089)
At 31 December 2009	—
Deferred tax credited to the income statement during the year	—
At 31 December 2010	—

At 31 December 2010, there was no significant unrecognised deferred tax liability (2009: 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.

Notes to the Financial Statements

For the Year Ended 31 December 2009
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25. LOANS TO RELATED PARTIES

	THE GROUP	
	2010	2009
	RMB'000	*RMB'000*
Current:		
Loans to related parties	**553,881**	546,136
Current portion of long term loans to related parties	**—**	1,000
	553,881	547,136
Non-current:		
Long term loans to related parties	**—**	1,000
Less: Current portion of long term loans to related parties	**—**	(1,000)
	—	—
Total	**553,881**	547,136

Loans to related parties are all guaranteed by JCC. As at 31 December 2010, the loans were neither past due nor impaired.

As at 31 December 2010, loans to related parties were provided by Finance Company, a subsidiary of the Company. The interest rates of the short term loans ranged from 2.67% to 5.84% per annum (2009: 2.27% to 6.30%) and such loans will be repaid from 30 January 2011 to 13 December 2011.

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.

Notes to the Financial Statements

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26. INVENTORIES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Raw materials	**7,385,170**	4,981,185	**4,851,245**	3,954,525
Work in progress	**8,077,290**	5,200,374	**7,867,633**	5,068,309
Finished goods	**2,862,841**	1,365,141	**1,376,020**	354,343
	18,325,301	11,546,700	**14,094,898**	9,377,177
Less: Provision for impairment of inventories	**(55,348)**	(56,727)	**(49,628)**	(56,727)
	18,269,953	11,489,973	**14,045,270**	9,320,450

As at 31 December 2010, certain of the Group's inventories with a net book value of approximately RMB92,000,000 (2009: RMB225,494,000) were pledged to secure short term bank borrowings (note 33).

As at 31 December 2010, certain of the Group's inventories with a net book value of approximately RMB64,685,000 (2009: RMB91,169,000) were pledged as deposit for commodity derivative contracts amounting to approximately RMB57,162,000.

As at 31 December 2010, the effective portion of fair value hedge recognised in inventories was approximately RMB780,455,000 (2009: RMB280,755,000), among which, fair value gains of inventories designated as hedged items are RMB228,488,000 (2009: RMB65,192,000) and RMB551,967,000 (2009:215,563,000) by utilising commodity derivative contracts and provisional price arrangement as hedging investments, respectively.

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For the Year Ended 31 December 2009

(Prepared in accordance with IFRSs)

27. TRADE AND BILLS RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**2,521,223**	1,890,713	**1,545,321**	1,272,188
Bills receivable	**2,813,712**	735,904	**2,392,394**	420,048
	5,334,935	2,626,617	**3,937,715**	1,692,236
Less: Provision for impairment of trade receivables	**(165,758)**	(161,491)	**(121,721)**	(121,534)
	5,169,177	2,465,126	**3,815,994**	1,570,702

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. 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.

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	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,349,180**	1,708,225	**1,423,158**	1,145,643
1 to 2 years	**3,683**	48,055	**290**	2,243
2 to 3 years	**38,448**	2,093	**77**	227
Over 3 years	**129,912**	132,340	**121,796**	124,075
	2,521,223	1,890,713	**1,545,321**	1,272,188

The terms of bills receivable are all less than six months. As at 31 December 2010, the bills receivable were neither past due nor impaired.

As at 31 December 2010, the balance of bills receivable included bank-accepted notes and commercial accepted notes with net book values of RMB276,423,000 (2009: RMB1,400,000) and RMB125,112,000 (2009: RMB10,740,000) respectively which were discounted to secure short term bank borrowings (note 33).

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

27. TRADE AND BILLS RECEIVABLES *(Continued)*

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**161,491**	176,799	**121,534**	145,964
Other additions	**—**	—	**—**	887
Impairment losses recognised *(note 9)*	**7,610**	11,576	**3,061**	246
Impairment losses reversed *(note 9)*	**(3,158)**	(20,407)	**(2,874)**	(20,162)
Amount written off as uncollectible	**(185)**	(6,477)	**—**	(5,401)
At 31 December	**165,758**	161,491	**121,721**	121,534

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB129,912,000 (2009: RMB132,340,000). The individually impaired trade receivables are due from customers that are in financial difficulties and from whom none of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

Notes to the Financial Statements

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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	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**1,841,475**	1,522,625	**1,189,954**	1,063,261
Past due but not impaired				
Within 1 year	**478,730**	9,259	**208,410**	2,169
1 to 2 years	**68**	2,991	**—**	185
2 to 3 years	**—**	69	**—**	—
Over 3 years	**—**	—	**—**	—
	2,320,273	1,534,944	**1,398,364**	1,065,615

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 above are disclosed in note 46 to the financial statements.

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28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**1,798,123**	1,363,806	**1,085,161**	1,032,188
Deposits and other receivables, net of impairment provision	**1,373,299**	826,752	**471,182**	517,596
Prepaid value-added tax	**844,058**	393,478	**641,187**	260,433
Dividend receivables	**—**	—	**—**	16,000
Interest receivables	**28,520**	1,413	**—**	—
	4,044,000	2,585,449	**2,197,530**	1,826,217

There are no significant balances that are past due or impaired except for other receivables. Movements in the provision for impairment of other receivables are as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**28,900**	26,156	**21,648**	22,415
Other additions	**—**	—	**—**	116
Impairment losses recognised *(note 9)*	**2,474**	4,125	**412**	256
Impairment losses reversed *(note 9)*	**(157)**	(90)	**(79)**	(40)
Amount written off as uncollectible	**—**	(1,291)	**—**	(1,099)
At 31 December	**31,217**	28,900	**21,981**	21,648

Prepayments, deposits and other receivables due from related parties included above are disclosed in note 46 to the financial statements.

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

29. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
(Liabilities)/assets	**2010** ***RMB'000***	2009 *RMB'000*	**2010** ***RMB'000***	2009 *RMB'000*
Commodity derivative contracts	**(613,603)**	(201,427)	**(300,977)**	(130,699)
— Assets	**4,405**	—	**—**	—
— Liabilities	**(618,008)**	(201,427)	**(300,977)**	(130,699)
Forward currency contracts and interest rate swaps	**(23,233)**	—	**—**	—
— Assets	**5,158**	—	**—**	—
— Liabilities	**(28,391)**	—	**—**	—
Provisional price arrangement	**(574,181)**	(232,431)	**(574,181)**	(232,431)
	(1,211,017)	(433,858)	**(875,158)**	(363,130)
Including:				
Under hedge accounting				
Cash flow hedge				
— Commodity derivative contracts	**(128,633)**	(45,027)	**(40,866)**	—
Fair value hedge				
— Commodity derivative contracts	**(227,751)**	(67,443)	**(101,268)**	(67,443)
— Provisional price arrangement	**(554,711)**	(219,827)	**(554,711)**	(219,827)
Not under hedge accounting				
— Commodity derivative contracts	**(257,219)**	(88,957)	**(158,843)**	(63,256)
— Provisional price arrangement	**(19,470)**	(12,604)	**(19,470)**	(12,604)
— Forward currency contracts and interest rate swaps	**(23,233)**	—	**—**	—
	(1,211,017)	(433,858)	**(875,158)**	(363,130)

Notes to the Financial Statements

For the Year Ended 31 December 2009
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29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The Group uses commodity derivative contracts and provisional price arrangement to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are mainly 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 commodity derivative contracts at year end and the quoted price at inception of the contracts. The fair value of the provisional price arrangement is estimated by reference to the quoted market price at year end of commodity derivative contracts with similar maturity as the provisional price arrangement compared to the quoted market prices of commodity derivative contracts on the dates of delivery of the purchased material.

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 2010, the expected delivery period of the forecasted sales for copper related products was from January to March 2011.

— Fair value hedge

The Group utilises commodity derivative contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories.

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, for the year ended 31 December 2010, net loss of RMB81,466,000 (2009: a net loss of RMB43,732,000) for the effective portion under cash flow hedge was included in the hedging reserve, and a net loss of RMB2,551,000 (2009: a net loss of RMB1,747,000) for ineffective portion was included in income statement. Further details are given in other comprehensive income and note 6, respectively.

For the year ended 31 December 2010, the fair value losses of commodity derivative contracts designated as fair value hedges of the Group are RMB289,224,000 (2009: fair value losses of RMB270,926,000). The net fair value gains of the hedged items, inventories, attributable to the risk hedged is RMB295,379,000 (2009: net fair value gains of RMB261,418,000) in aggregate. Further details are given in note 6.

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29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Not under hedge accounting

During the period from 1 January 2009 to 30 June 2009, the Group did not formally designate above hedge relationships. Therefore, such transactions did not qualify for hedge accounting.

In the years 2010 and 2009, the Group utilises commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper component within copper concentrate, and forecasted sales of copper wires and rods. These arrangements are designed to address significant fluctuations in the prices 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	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**4,815,533**	2,151,617	**4,779,878**	1,487,675
Time deposits	**1,487,717**	1,448,402	**—**	—
	6,303,250	3,600,019	**4,779,878**	1,487,675
Less: Pledged deposits *(a)*	**(2,438,882)**	(1,897,393)	**—**	—
Cash and cash equivalents	**3,864,368**	1,702,626	**4,779,878**	1,487,675

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For the Year Ended 31 December 2009
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30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS *(Continued)*

(a) As at 31 December 2010, the pledged deposits include:

— Time deposits amounting to RMB1,285,947,000 (2009: RMB1,448,402,000) which were pledged to secure current bank borrowings amounting to USD193,007,000, equivalent to RMB1,278,227,000 (2009: RMB1,459,198,000) (note 33); and

— Time deposit amounting to RMB132,343,000 which was security for issuing bank accepted notes issued (2009: RMB215,566,000); and

— Deposit amounting to RMB201,770,000 which was security for a letter of credit issued (2009: Nil); and

— Required reserve deposits and other restricted deposits amounting to RMB818,822,000 (2009: RMB233,425,000) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBC"). The reserve deposits with the central bank and the 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 RMB265,146,000 (2009: RMB106,747,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates or concerted rates. Time deposits, except for certain of time deposits pledged to secure bank borrowings, 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 amounts are approximate to their fair values.

31. TRADE AND BILLS PAYABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**2,857,078**	2,140,047	**2,719,028**	2,286,479
Bills payable	**2,247,928**	1,946,647	**306,037**	136,878
	5,105,006	4,086,694	**3,025,065**	2,423,357

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31. TRADE AND BILLS PAYABLES *(Continued)*

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	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,802,072**	2,053,044	**2,669,396**	2,208,858
1 to 2 years	**6,158**	45,289	**2,847**	38,522
2 to 3 years	**17,644**	30,570	**17,472**	30,044
Over 3 years	**31,204**	11,144	**29,313**	9,055
	2,857,078	2,140,047	**2,719,028**	2,286,479

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	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payroll and welfare	**434,095**	362,736	**335,021**	285,347
Interest payable	**37,395**	25,281	**18,197**	17,000
Other tax payables	**192,435**	158,615	**135,012**	112,762
Other payables	**770,580**	780,012	**741,663**	694,382
Advance from customers	**472,909**	294,886	**181,004**	99,752
Other long term payables due within one year *(note 39)*	**2,010**	3,010	**2,010**	3,010
	1,909,424	1,624,540	**1,412,907**	1,212,253

Other payables and accruals are non-interest-bearing and have no significant balance aged more than one year.

Other payables and accruals due to related parties included above are disclosed in note 46 to the financial statements.

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33. INTEREST-BEARING BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Bank borrowings — secured	**1,481,848**	1,647,838	**—**	—
Bank borrowings — unsecured	**2,113,860**	883,105	**650,175**	—
	3,595,708	2,530,943	**650,175**	—
Non-current:				
Bank borrowings — secured	**301,413**	—	**—**	—
Bank borrowings — unsecured	**411,315**	111,922	**290,000**	—
	712,728	111,922	**290,000**	—
Less: Current portion due within one year	**—**	—	**—**	—
	712,728	111,922	**290,000**	—
Total	**4,308,436**	2,642,865	**940,175**	—

The bank borrowings carry interest at rates ranging from 0.36% to 6.37% (2009: 0.36% to 7.56%) per annum.

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33. INTEREST-BEARING BANK BORROWINGS *(Continued)*

An analysis of the bank borrowings' repayment schedule is as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year or on demand	**3,595,708**	2,530,943	**650,175**	—
In the second year	**693,478**	—	**290,000**	—
In the third to fifth years, inclusive	**—**	92,672	**—**	—
After five years	**19,250**	19,250	**—**	—
	4,308,436	2,642,865	**940,175**	—

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 aggregate carrying values at the end of the reporting period of approximately RMB276,423,000 (2009: RMB1,400,000) and RMB125,112,000 (2009: RMB10,740,000), 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 RMB39,393,000 (2009: RMB53,577,000);

(iii) mortgages over certain of the Group's inventories, which had an aggregate carrying value at the end of the reporting period of approximately RMB92,000,000 (2009: RMB225,494,000);

(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 RMB40,876,000 (2009: RMB61,176,000);

(v) at 31 December, 2009, a mortgage over certain of the Group's prepaid land lease payments with an aggregate carrying value of approximately RMB2,729,000. This mortgage was released in 2010; and

(vi) time deposits amounting to RMB1,285,947,000 (2009: RMB1,448,402,000) which were pledged to secure current bank borrowings amounting to USD193,007,000 (2009: USD213,611,000).

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.

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34. DEPOSITS FROM CUSTOMERS

	THE GROUP	
	2010	2009
	RMB'000	*RMB'000*
Demand deposits and current accounts	**1,059,419**	683,078
Savings deposits	**288,946**	14,346
	1,348,365	697,424

As at 31 December 2010 and 2009, deposits from customers represented the 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 2.75% (2009: 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 2010, Finance Company, a subsidiary of the Company, entered into agreements with certain banks to sell them certain loans to related parties of RMB250 million, and undertook to repurchase the loans unconditionally from 23 January 2011 to 5 February 2011. The repurchase interest rates were fixed at 6.28%.

36. BONDS PAYABLE

	THE GROUP/THE COMPANY	
	2010	2009
	RMB'000	RMB'000
Balance at 1 January	**4,947,993**	4,747,884
Interest expense capitalised	**298,192**	285,109
Interest paid/payable	**(68,000)**	(85,000)
Balance at 31 December	**5,178,185**	4,947,993

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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 were 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. 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 2010, all warrants had matured and were successfully exercised. Details are disclosed in note 40(i) to the financial statements.

As at 31 December 2010, the fair value of the Group's and the Company's bonds payable was RMB5,282,920,000 (2009: RMB4,817,800,000) 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 RMB104,735,000 as at 31 December 2010 (2009: RMB130,193,000).

37. DEFERRED REVENUE - GOVERNMENT GRANTS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Balance at 1 January	**165,181**	126,384	**118,884**	107,103
Received during the year	**26,678**	49,349	**21,990**	18,618
Released to the income statement *(note 6)*	**(15,115)**	(10,552)	**(7,945)**	(6,837)
Balance at 31 December	**176,744**	165,181	**132,929**	118,884

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.

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38. PROVISION FOR REHABILITATION

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**113,045**	107,002	**99,920**	94,576
Interest increment	**6,373**	6,043	**5,618**	5,344
Others	**(1,693)**	—	**—**	—
At 31 December	**117,725**	113,045	**105,538**	99,920

The Group makes provision for rehabilitation costs expected to arise on closure of 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	
	2010	2009
	RMB'000	*RMB'000*
Payable to JCC *(i)*	**17,017**	17,497
Payable to the Ministry of Land and Resources	**—**	1,000
	17,017	18,497
Less:		
Payable to JCC due within one year	**(2,010)**	(2,010)
Payable to the Ministry of Land and Resources due within one year	**—**	(1,000)
	(2,010)	(3,010)
	15,007	15,487

The amounts are repayable as follows:

Within one year	**2,010**	3,010
In the second year	**1,406**	1,450
In the third to fifth years, inclusive	**3,921**	4,073
After five years	**9,680**	9,964
	17,017	18,497

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39. OTHER LONG TERM PAYABLES *(Continued)*

(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 RMB100,000 (2009: RMB99,000). The effective interest rate for the year ended 31 December 2010 was 5.35% (2009: 5.31%).

The directors have estimated that there was no significant difference between the carrying amounts 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 above 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 and 31 December 2009		
— 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
Transfer during the year *(i)*		
— Listed shares subject to trading restrictions	(1,282,074,893)	(1,282,075)
— A shares	1,282,074,893	1,282,075
Exercise of warrants *(ii)*		
— A shares	439,895,678	439,895
Balance at 31 December 2010		
— H shares	1,387,482,000	1,387,482
— A shares	2,075,247,405	2,075,247
	3,462,729,405	3,462,729

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

40. SHARE CAPITAL *(Continued)*

(i) 1,282,074,893 listed shares with restricted trading conditions began tradable in year 2010 which is all owned by JCC. 1,225,035,414 shares of them came from the non-tradable shares reform in 2006 and the rest of 57,039,479 shares came from the company's non-public offering of shares in Shanghai Stock Exchange in 2007. All the listed shares with restricted trading condition began tradable since 27 September 2010.

(ii) As of the end of exercise period, 8 October 2010, an aggregate of 1,759,615,512 warrants attached to bonds payable as mentioned in note 36 were successfully exercised, resulting in increase of tradable A shares by 439,895,678 shares with par value of RMB1.00 each. Accordingly, paid-in capital of the Company increased from RMB3,022,823,727 to RMB3,462,729,405. In addition, proceeds from exercise of the warrants amounted to RMB6,737,966,000 have been received by the Company as of 13 October 2010.

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	Capital reserves	Other reserves	Statutory surplus reserves	Discretionary surplus reserve	Safety fund surplus reserve	Hedging reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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
Total comprehensive income	—	—	—	—	—	—	—	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
Balance at 1 January 2010	4,585,536	70,546	(92,506)	2,095,992	4,734,586	147,793	—	6,111,468	17,653,415
Total comprehensive income	—	—	—	—	—	—	(33,497)	4,599,478	4,565,981
Proposed 2010 final dividend	—	—	—	—	—	—	—	(692,546)	(692,546)
Proceeds from exercise of warrants, net of transaction costs	8,306,988	—	—	—	—	—	—	8,306,988	
Transfers	—	—	—	454,014	1,362,041	69,417	—	(1,885,472)	—
At 31 December 2010	12,892,524	70,546	(92,506)	2,550,006	6,096,627	217,210	(33,497)	8,132,928	29,833,838

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

41. RESERVES *(Continued)*

The Company shall appropriate to the statutory surplus reserve 10% of profit after taxation calculated in accordance with the PRC accounting standards and regulations and the articles of association of the Company. 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 falling due as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**21,707**	47,223	**17,566**	23,265
In the second to fifth years, inclusive	**78,475**	62,912	**75,000**	55,268
After five years	**165,558**	200,673	**165,000**	195,000
Balance at 31 December	**265,740**	310,808	**257,566**	273,533

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

44. CAPITAL COMMITMENTS

At the end of the reporting period, the Group and the Company had the following capital commitments:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	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	**625,444**	404,453	**570,600**	373,315
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
	2,818,121	2,597,130	**2,763,277**	2,565,992

(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. During the year ended 31 December 2010, no Rights granted were exercised or expired. As at 31 December 2010, the Rights have been forfeited.

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

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, Fengye and 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:

	2010	2009
	RMB'000	*RMB'000*
Sales to related parties:		
Sales of copper rods and wire	**535,890**	284,149
Sales of by-products	**61,958**	28,044
Sales of copper cathodes	**43,824**	822
Sales of auxiliary industrial products	**32,668**	16,829
Sales of brass wires	**30,866**	188,442
Sales of sulphuric acid	**1,435**	—
Sales of copper waste	**—**	648
Purchases from related parties:		
Purchases of copper waste	**444,106**	1,705,177
Purchases of auxiliary industrial products and other goods	**224,142**	128,345
Services provided by the Group:		
Loans provided	**1,811,881**	596,136
Repair and maintenance services	**30,239**	9,247
Interest charges for financing services	**28,959**	12,886
Supply of electricity	**14,089**	12,751
Vehicle transportation services	**4,316**	2,789
Supply of water	**1,039**	534
Rentals for public facilities	**876**	56
Supply of gas	**21**	20
Processing services	**—**	260

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates: *(Continued)*

	2010	2009
	RMB'000	*RMB'000*
Services provided to the Group:		
Pension contributions	**173,340**	143,190
Repair and maintenance services	**48,707**	30,180
Rental for land use rights	**39,438**	44,330
Brokerage agency services for commodity derivative contracts	**35,376**	25,561
Rentals for public facilities	**19,309**	4,858
Construction services	**16,868**	28,625
Processing charges	**16,819**	633
Labour service	**12,805**	2,489
Sanitation and greening service	**10,978**	13,930
Interest paid for deposits from customers	**8,640**	12,196
Other management fees	**4,590**	2,895
Vehicle transportation services	**1,628**	419
Social welfare and support services provided to the Group:		
— welfare and medical services	**72,612**	63,597
— technical education services	**10,921**	4,778

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.

As of 31 December 2010, in addition to the transactions detailed above, the Group has future minimum lease commitment due to JCC. Further details are given in note 43.

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with Qing Yuan, which is the Company's associate:

	2010	2009
	RMB'000	*RMB'000*
Sales to a related party:		
Sales of copper rods	**—**	43,904
Services provided to related party:		
Exploration services	**800**	—
Purchases from a related party:		
Purchases of copper waste	**249,006**	118,840
Purchases of cathode copper	**—**	80,992
Services provided to the Group:		
Processing charges	**48,733**	—

(c) Transactions with Jiangxi Copper Minmetals, which is the Company's associate:

	2010	2009
	RMB'000	*RMB'000*
Services provided by the Group:		
Loans provided	**—**	240,000
Interest charges for financing services	**885**	9,983

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(d) Transactions with Jiang Tong Bioteq, which is the Company's jointly controlled entity:

	2010	2009
	RMB'000	*RMB'000*
Purchases from a related party:		
Purchases of copper sulfide	**34,075**	—
Services provided to the Group:		
Repair and maintenance services	**—**	718
Services provided by the Group:		
Construction services	**459**	134

(e) Transactions with Fengye, which is the Company's associate:

	2010	2009
	RMB'000	*RMB'000*
Sales to a related party:		
Sales of sulphuric acid	**2,047**	530

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(f) 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 organisations (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; and 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.

(g) Compensation of key management personnel of the Group:

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

	2010	2009
	RMB'000	*RMB'000*
Short term employee benefits	**9,289**	8,764
Pension scheme contributions	**416**	206
Performance related bonuses	**647**	590
Total compensation paid to key management personnel	**10,352**	9,560

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 to certain key management personnel. Further details are given in note 45.

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(h) Outstanding balances with related parties:

The Group had the following significant outstanding balances with related parties at the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
Amounts due from related parties:		
Trade and bills receivables:		
JCC	**11,004**	4,207
JCC's affiliates	**214,488**	118,602
Fengye	**744**	—
Jiang Tong Bioteq	**—**	886
Qing Yuan	**—**	103
	226,236	123,798
Prepayments and other receivables:		
JCC	**135**	236
JCC's affiliates	**895,076**	519,051
Fengye	**1,416**	—
Qing Yuan	**93,986**	96,185
Jiangxi Copper Minmetals	**—**	389
	990,613	615,861

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(h) Outstanding balances with related parties *(Continued)*

	2010 *RMB'000*	2009 *RMB'000*
Amounts due from related parties:		
Short term loans to related parties *(note 25)*		
JCC's affiliates	**553,881**	307,136
Jiangxi Copper Minmetals	**—**	240,000
	553,881	547,136
Amounts due to related parties:		
Trade and bills payables:		
JCC	**7,622**	2,758
JCC's affiliates	**67,442**	27,389
	75,064	30,147
Other payables and accruals:		
JCC	**313,317**	299,699
JCC's affiliates	**36,899**	66,172
Jiang Tong Bioteq	**—**	1,138
	350,216	367,009
Deposits from customers *(note 34)*		
JCC	**295,962**	349,564
JCC's affiliates	**1,052,403**	347,488
Jiangxi Copper Minmetals	**—**	372
	1,348,365	697,424
Other long term payables *(note 39)*		
JCC	**15,007**	15,487

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(h) Outstanding balances with related parties *(Continued)*

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 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:

2010

	THE GROUP			
Financial assets	**Financial assets at fair value through profit or loss** *RMB'000*	**Loans and receivables** *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	—	**1,230,080**	**1,230,080**
Trade and bills receivables	—	**5,169,177**	—	**5,169,177**
Financial assets included in prepayments, deposits and other receivables	—	**1,401,819**	—	**1,401,819**
Loans to related parties	—	**553,881**	—	**553,881**
Derivative financial instruments	**9,563**	—	—	**9,563**
Equity investments at fair value through profit or loss	**4,844**	—	—	**4,844**
Pledged deposits	—	**2,438,882**	—	**2,438,882**
Cash and cash equivalents	—	**3,864,368**	—	**3,864,368**
	14,407	**13,428,127**	**1,230,080**	**14,672,614**

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2010 *(Continued)*

Financial liabilities	**Financial liabilities at fair value through profit or loss** *RMB'000*	**Derivatives designated as hedge instruments in hedge relationship** *RMB'000*	**Financial liabilities at amortised cost** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	—	—	**5,105,006**	**5,105,006**
Financial liabilities included in other payables and accruals	—	—	**1,244,080**	**1,244,080**
Interest-bearing bank borrowings	—	—	**4,308,436**	**4,308,436**
Derivative financial instruments	**309,485**	**911,095**	—	**1,220,580**
Repurchase agreements	**250,000**	**250,000**		
Bonds payable	—	—	**5,178,185**	**5,178,185**
Deposits from customers	—	—	**1,348,365**	**1,348,365**
Other long term payables	—	—	**15,007**	**15,007**
	309,485	**911,095**	**17,449,079**	**18,669,659**

Notes to the Financial Statements

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(Prepared in accordance with IFRSs)

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009

	THE GROUP			
Financial assets	Financial assets at fair value through profit or losses *RMB'000*	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *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

Financial liabilities	Financial liabilities at fair value through profit or loss *RMB'000*	Derivatives designated as hedge instruments in hedge relationship *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *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 agreements	—	—	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

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2010

	THE COMPANY		
Financial assets	**Loans and receivables** *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	398,080	398,080
Trade and bills receivables	3,815,994	—	3,815,994
Financial assets included in prepayments, deposits and other receivables	471,182	—	471,182
Cash and cash equivalents	4,779,878	—	4,779,878
	9,067,054	398,080	9,465,134

Financial liabilities	**Financial liabilities at fair value through profit or loss** *RMB'000*	**Derivatives designated as hedge instruments in hedge relationship** *RMB'000*	**Financial liabilities at amortised cost** *RMB'000*	**Total** *RMB'000*
Trade and bills payables	—	—	3,025,065	3,025,065
Financial liabilities included in other payables and accruals	—	—	1,096,891	1,096,891
Interest-bearing bank borrowings	—	—	940,175	940,175
Derivative financial instruments	178,313	696,845	—	875,158
Bonds payable	—	—	5,178,185	5,178,185
Other long term payables	—	—	15,007	15,007
	178,313	696,845	10,255,323	11,130,481

Notes to the Financial Statements

For the Year Ended 31 December 2009

(Prepared in accordance with IFRSs)

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2009

	THE COMPANY		
Financial assets	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *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

Financial liabilities	Financial liabilities at fair value through profit or loss *RMB'000*	Derivatives designated as hedge instruments in hedge relationship *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *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

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For the Year Ended 31 December 2009
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48. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with high credit ratings. Derivatives financial instruments includes commodity derivative contracts, provisional price arrangement, forward currency contracts and interest rate swaps.

For the financial assets and liabilities with active market, their fair values are measured using quoted market price. As at 31 December 2010, the carrying amounts and fair value of commodity derivative contracts were measured using quoted market price of commodity future contracts. The carrying amount and fair value of the provisional price arrangement are measured using quoted market price of commodity future contracts with approximate prompt date.

For the financial assets and liabilities without active market, the Group uses valuation techniques to measure their fair values. Forward currency contracts and interest rate swaps are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 31 December 2010, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

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 any 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)

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

48. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

THE GROUP

As at 31 December 2010

Financial assets:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Equity investments at fair value through profit or loss	4,844	—	—	4,844
Derivative financial instruments	4,405	5,158	—	9,563
	9,249	5,158	—	14,407

Financial liabilities:

Derivative financial instruments	1,192,189	28,391	—	1,220,580

As at 31 December 2009

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:

Derivative financial instruments	433,858	—	—	433,858

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

48. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

THE COMPANY

As at 31 December 2010

Financial assets:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Derivative financial instruments	875,158	—	—	875,158

As at 31 December 2009

Financial liabilities:

Derivative financial instruments	363,130	—	—	363,130

During the years ended 31 December 2010 and 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 payable 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. The Group's accounting policies in relation to financial instruments are set out in note 3 to the financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

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 2010, 27.73% of the Group's trade receivables were due from the Group's five largest customers (2009: 24.19%).

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.

Notes to the Financial Statements

For the Year Ended 31 December 2009

(Prepared in accordance with IFRSs)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE GROUP

	31 December 2010			
	Less than 12 months *RMB'000*	**1 to 5 years** *RMB'000*	**More than 5 year** *RMB'000*	**Total** *RMB'000*
Bonds payable	**—**	**—**	**6,800,000**	**6,800,000**
Interest-bearing bank borrowings	**3,595,708**	**693,478**	**19,250**	**4,308,436**
Trade and bills payables	**5,105,006**	**—**	**—**	**5,105,006**
Financial liabilities in other payables and accruals	**1,339,193**	**287,271**	**68,485**	**1,694,949**
Deposits from customers	**1,348,365**	**—**	**—**	**1,348,365**
Derivative financial instruments	**1,220,580**	**—**	**—**	**1,220,580**
Repurchase agreements	**250,000**	**—**	**—**	**250,000**
Other long term payables	**—**	**7,480**	**24,310**	**31,790**
	12,858,852	**988,229**	**6,912,045**	**20,759,126**

THE GROUP

	31 December 2009			
	Less than 12 months *RMB'000*	1 to 5 years *RMB'000*	More 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 agreements	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

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE COMPANY

	31 December 2010			
	Less than 12 months *RMB'000*	1 to 5 years *RMB'000*	More than 5 year *RMB'000*	Total *RMB'000*
Bonds payable	—	—	6,800,000	6,800,000
Interest-bearing bank borrowings	650,175	290,000	—	940,175
Trade and bills payables	3,025,065	—	—	3,025,065
Derivative financial instruments	875,158	—	—	875,158
Financial liabilities included in other payables and accruals	1,163,546	282,116	68,000	1,513,662
Other long term payables	—	7,480	24,310	31,790
	5,713,944	579,596	6,892,310	13,185,850

THE COMPANY

	31 December 2009			
	Less than 12 months *RMB'000*	1 to 5 years *RMB'000*	More than 5 year *RMB'000*	Total *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

The disclosed derivative financial instruments in the above table are stated at net of undiscounted cash flows which is approximate to their aggregate carrying amount since almost all of the amounts will be settled in net amount.

Notes to the Financial Statements
For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk

The Group's exposure to market risk mainly comprised of interest rate risk, foreign currency risk and commodity price risk.

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 rate, 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**	**(Decrease)/ increase in profit before tax** *RMB'000*
2010		
If interest rate increases	**100**	**(43,084)**
If interest rate decreases	**(100)**	**43,084**
2009		
If interest rate increases	100	(26,307)
If interest rate decreases	(100)	26,307

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. These exposures mainly arise from sales, purchases 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	**(Decrease)/ increase in foreign exchange rate**	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
2010		
If RMB strengthens against USD	**(5)**	**229,427**
If RMB weakens against USD	**5**	**(229,427)**
2009		
If RMB strengthens against USD	(5)	152,553
If RMB weakens against USD	5	(152,553)

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

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 a 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 values of commodity derivative contracts and the provisional price arrangement) after the impact of hedge accounting.

THE GROUP	**(Decrease)/ increase in profit before tax** *RMB'000*	**(Decrease)/ increase in equity** *RMB'000*
2010		
If market price increases 30% in copper	**(1,076,774)**	**(1,026,738)**
If market price decreases 30% in copper	**1,032,468**	**1,006,541**
2009		
If market price increases 30% in copper	(255,975)	(398,789)
If market price decreases 30% in copper	277,461	414,903

Notes to the Financial Statements

For the Year Ended 31 December 2009
(Prepared in accordance with IFRSs)

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 2010 and 31 December 2009.

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 and deposits from customers less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the Company less the hedging reverses. The gearing ratios as at the ends of the reporting periods were as follows:

THE GROUP

	2010	2009
	RMB'000	*RMB'000*
Interest-bearing bank borrowings	**4,308,436**	2,642,865
Trade and bills payables	**5,105,006**	4,086,694
Financial liabilities included in other payables and accruals *(note 32)*	**1,244,080**	1,171,039
Deposits from customers	**1,348,365**	697,424
Less: Cash and cash equivalents	**(3,864,368)**	(1,702,626)
Net debt	**8,141,519**	6,895,396
Equity attributable to owners of the Company	**34,123,226**	22,813,886
Hedging reverses	**101,967**	36,668
Adjusted capital	**34,225,193**	22,850,554
Adjusted capital and net debt	**42,366,712**	29,745,950
Gearing ratio	**19%**	23%

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2011 and subject to the approval of Annual General Meeting.

Financial Summary

(Prepared in accordance with IFRSs)

	2010	2009	2008	2007	2006
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**76,138,869**	51,430,623	53,693,436	43,168,883	26,939,091
Cost of sales	**–68,092,329**	–46,452,737	–47,433,301	–36,241,571	–18,700,354
Gross profit	**8,046,540**	4,977,886	6,260,135	6,927,312	8,238,737
Other income and gains	**207,507**	219,291	213,747	191,878	90,667
Selling and distribution costs	**–345,648**	–295,943	–268,384	–189,948	–133,408
Administrative expenses	**–1,230,378**	–1,111,006	–1,121,882	–973,174	–887,607
Other expenses	**–160,038**	–139,612	–1,520,550	–34,602	–549,959
Finance costs	**–444,043**	–361,214	–542,870	–424,368	–305,514
Share of profit and (losses) of:					
Associates	**–18,475**	–81,730	–25,145	12,489	65
A jointly-controlled entity	**5,959**	3,151	3,000	–314	—
Profit before tax	**6,061,424**	3,210,823	2,998,051	5,509,273	6,452,980
Income tax expense	**–1,015,027**	–829,517	–800,535	–854,813	–1,119,053
Profit for the year	**5,046,397**	2,381,306	2,197,516	4,654,460	5,333,927
Attributable to:					
Owners of the company	**4,987,575**	2,383,227	2,285,101	4,533,754	5,224,555
Non-controlling interests	**58,822**	–1,921	–87,585	120,706	109,372
	5,046,397	2,381,306	2,197,516	4,654,460	5,333,927

			As at 31 December		
	2010	2009	2008	2007	2006
	RMB'000	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**54,844,773**	38,427,695	34,504,921	35,130,584	25,762,955
Total liabilities	**–20,307,367**	–15,252,590	–13,385,945	–15,108,629	–11,061,310
	34,537,406	23,175,105	21,118,976	20,021,955	14,701,645
TOTAL EQUITY					
Attributable to:					
Owners of the company	**34,123,226**	22,813,886	20,752,344	19,544,424	13,885,674
Non-controlling interests	**414,180**	361,219	366,632	477,531	815,971
	34,537,406	23,175,105	211,118,976	20,021,955	14,701,645

DOCUMENTS AVAILABLE FOR INSPECTION

1. The financial statements duly signed and sealed by the legal representative, principal accounting responsible person, and the Manager of Financial Department (accounting chief).

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.

4. The annual report published on the Stock Exchange.

Jiangxi Copper Company Limited
Chairman: **Li Yihuang**

29 March 2011

Jiangxi Copper Company Limited