Jiangxi Copper Company Limited

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

Stock Code · H Share: 0358 · A Share: 600362

2011 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) All the Directors of the Company attended the Board meetings.

(3) The consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 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 (overseas auditor) respectively with standard unqualified audit report issued.

(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	Pan Changfu
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	2 June 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) / 22/F, CITIC Tower, 1 Tim Mei Avenue, 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.

— Seven modern copper products processing plants: Jiangxi Copper Products Company Limited, Jiangxi Copper Alloy Materials Company Limited, Jiangxi Copper (Guangzhou) Copper Production Company Limited (廣州江銅銅材有限公司), 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 "to develop mines, consolidate smelting, improve refining and diversify into related sectors", which enables the Group to become one of the largest and most advanced copper enterprises in the world:

1) The Group owns abundant mineral resource reserve. As at the end of 2011, the Company had 100% ownership in the proven resource reserve of approximately 10,890,000 tonnes of copper metal, 343 tonnes of gold, 9,669 tonnes of silver, 265,000 tonnes of molybdenum, 106,910,000 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 tonnes of gold. In 2011, 202,000 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 2011, the Group produced 940,000 tonnes of copper cathode.

3) The Group is one of the largest gold and silver manufacturers in the PRC. In 2011, the Group produced 25.4 tonnes of gold and 526.4 tonnes of silver.

4) The Group's current processing capacity of copper products is 490,000 tonnes. In 2011, the Group produced 578,000 tonnes of copper products.

5) The Group is one of the largest sulphur chemical industry bases in the PRC. In 2011, the Group produced 2,370,000 tonnes of sulphuric acid and 1,700,000 tonnes of sulphuric concentrate.

6) The Group is one of the largest rare metal manufacturers in the PRC. In 2011, the Group produced 5,566 tonnes of standard molybdenum concentrates (average grade: 45%), approximately 283 tonnes of selenium products, 2,998 kg of ammonium rhenate, 50 tonnes of tellurium concentrate and 801 tonnes of bismuth concentrate.

Summary of Accounting and Business Data

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

Unit:'000 Currency: RMB

Item	Amount
Operating profit	7,706,975
Total profit	7,670,876
Net profit attributable to owners of the Company	6,549,449
Net profit after non-recurring profit and loss items attributable to owners of the Company	6,457,402
Net cash flows from operating activities	6,632,432

(2) Discrepancies in Accounting Data under IFRSs and PRC GAAP

1. Discrepancies between net profit and net assets in the financial statements disclosed under IFRSs and those disclosed under PRC GAAP

Unit:'000 Currency: RMB

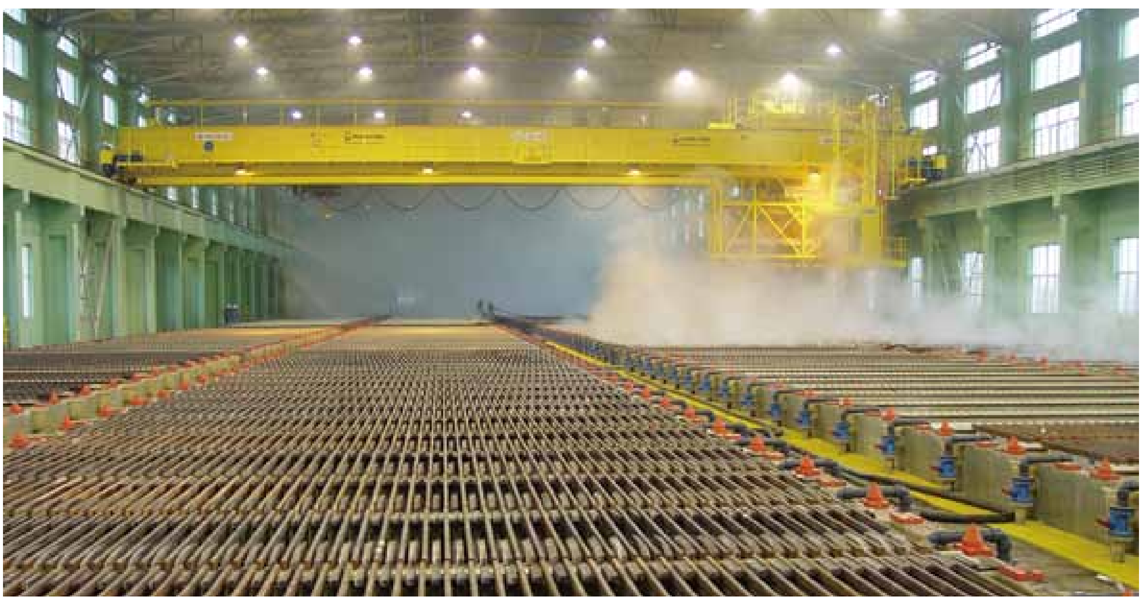
	Net profit attributable to holders of the shares of the Company		**Net assets attributable to holders of the shares of the Company**	
			As at 31 December	As at 31 December
	2011	2010	**2011**	2010
Under PRC GAAP	**6,549,449**	4,907,141	**39,302,921**	34,123,226
Adjustments to items and amounts under IFRSs:				
Reversal of the safety production expenses provided but not used under the PRC GAAP during the year	**37,472**	80,434		
Under IFRSs	**6,586,921**	4,987,575	**39,302,921**	34,123,226

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 2011	2010	2009
Net profit and loss from disposal of non-current assets	**–127,976,144**	–84,421,274	–4,401,145
Government grant as included in profit and loss of the current period, other than those closely relating to business of enterprises and subject to a fixed amount or quantity under certain standard required by relevant national policies	**102,999,090**	168,425,268	87,838,864
Net fair value profit and loss from financial assets and financial liabilities held for trading, and 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	**244,384,293**	–100,978,991	54,790,145
Other items included in operating income and expenses (except the net losses from disposal of non-current assets and non-recurring government grant)	**–11,121,425**	–12,601,890	–16,202,825
Gains from disposal of certain equity of the invested entities calculated under the cost method	**366,274**	1,794,300	29,240,655
Impact of income tax	**–88,544,451**	4,404,430	–26,143,644
Impact on minority interests	**–28,060,046**	–6,787,518	501,818
Total	**92,047,591**	–30,165,675	125,623,868



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	**2011**	2010	Increase / (decrease) from last year *(%)*	2009
Total revenue	**117,640,989**	76,440,859	53.90	51,714,648
Operating profit	**7,706,975**	5,908,466	30.44	3,108,914
Total profit	**7,670,876**	5,979,868	28.28	3,176,149
Net profit attributable to owners of the Company	**6,549,449**	4,907,141	33.47	2,349,254
Net profit after non-recurring profit and loss items attributable to owners of the Company	**6,457,402**	4,937,307	30.79	2,223,630
Net cash flow from operating activities	**6,632,432**	–1,973,406	436.09	1,722,486

	As at 31 December 2011	As at 31 December 2010	Increase/ (decrease) from the end of last year *(%)*	As at 31 December 2009
Total assets	**68,149,629**	54,844,774	24.26	38,034,215
Total liabilities	**28,343,634**	20,307,368	39.57	14,859,111
Equity attributable to owners of the Company	**39,302,921**	34,123,226	15.18	22,813,886
Total share capital	**3,462,729**	3,462,729	0.00	3,022,834

Summary of Accounting and Business Data

Major financial indicators	2011	2010	Increase/ (decrease) from last year (%)	2009
Basic earnings per share *(RMB/Share)*	**1.89**	1.56	21.15	0.78
Diluted earnings per share *(RMB/Share)*	**1.89**	1.48	27.70	0.72
Earnings per share based on the latest amount of share capital *(RMB/Share)*	**N/A**	N/A	N/A	N/A
Basic earnings per share after non-recurring profit and loss items *(RMB/Share)*	**1.86**	1.57	18.47	0.74
Return on net assets (weighted average) *(%)*	**17.67**	18.29	Decreased by 0.62 percentage point	10.78
Return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**17.42**	18.40	Decreased by 0.98 percentage point	10.21
Net cash flows from operating activities per share *(RMB/Share)*	**1.92**	–0.63	404.76	0.57

	As at 31 December 2011	As at 31 December 2010	Increase/ (decrease) from the end of last year (%)	As at 31 December 2009
Net assets per share attributable to owners of the Company *(RMB/Share)*	**11.35**	9.85	15.23	7.55
Assets-to-liabilities ratio *(%)*	**41.59**	37.03	Increased by 4.56 percentage points	39.07

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:	(128,633,369)	(5,690,218)	122,943,151	3,509,958
— Commodity derivative contracts	(128,633,369)	(5,690,218)	122,943,151	3,509,958
Fair value hedges:	(2,005,824)	(956,402)	1,049,422	1,049,422
— Commodity derivative contracts	(227,751,145)	1,745,200	229,496,345	229,496,345
— Provisional price arrangement	(554,710,792)	18,175,654	572,886,446	572,886,446
— Confirmed sales commitments	—	(1,986,352)	(1,986,352)	(1,986,352)
— Inventories	780,456,113	(18,890,904)	(799,347,017)	(799,347,017)
Non-effective hedges:	(295,078,759)	(1,034,856,563)	(739,777,804)	292,985,247
— Commodity derivative contracts	(257,218,609)	(59,492,213)	197,726,396	197,726,396
— Provisional price arrangement	(19,470,520)	(134,430)	19,336,090	19,336,090
— Equity investment	4,843,656	2,330,708	(2,512,948)	(2,464,547)
— Liabilities arising from the lease of gold measured at fair value	—	(946,260,226)	(946,260,226)	86,454,424
— Interest rate swap	(9,293,820)	(11,190,310)	(1,896,490)	(1,896,490)
— Forward foreign exchange contracts	(13,939,466)	(20,110,092)	(6,170,626)	(6,170,626)
Total	(425,717,952)	(1,041,503,183)	(615,785,231)	297,544,627

Chairman's Statement

To shareholders,

Thank you very much for your trust and support. I am hereby pleased to announce that through the efforts of all staff, the Group has successfully overcome numerous difficulties such as shortage of raw material supply, rigid rise of costs, tension in power supply, drastic fluctuation in copper prices and rare floods and waterlogging, and realized our production and operational plans set for the year and hit a record high in product output and business performance, thus becoming the first enterprise in the Chinese copper industry with sales revenue exceeding RMB100 billion. Based on the audited consolidated financial statements for the year of 2011 prepared in accordance with the PRC GAAP, the consolidated revenue of the Group amounted to RMB117,640.99 million (2010: RMB76,440.86 million), representing an increase of RMB41,200.13 million or 53.90% from last year. Net profit attributable to owners of the Company amounted to RMB6,549.45 million (2010: RMB4,907.14 million), representing an increase of RMB1,642.31 million or 33.47% from last year. Basic earnings per share was RMB1.89 (2010: RMB1.56), representing an increase of RMB0.33 or 21.15% from last year.

Industry Development and Market Review

The price of copper had increased substantially in 2011 as compared with 2010. The average closing price of three-month copper futures and the average closing price of copper spot on London Metal Exchange were US$8,835/tonne and US$8,821/tonne respectively, representing increases of 17.02% and 17.09% 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 RMB66,296/tonne and RMB67,045/tonne respectively, representing an increase of 13.91% and 14.66% respectively from last year.

According to the statistics of Bloomberg, the global copper supply for 2011 was 19.78 million tonnes and copper consumption was 19.50 million tonnes. The production volume and consumption of refined copper in China amounted to 5.49 million tonnes and 7.91 million tonnes, respectively.

Chairman's Statement

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 mainly completed the following tasks:

(1) A series of key projects have been completed and put into operation successively and newly-commenced projects have been promoted in an accelerated way. Guixi Smelter's additional 50,000-tonne anode copper technology transformation, Yinshan Mining's 5,000-tonne production-expansion transformation and Dongtong Mining's Mine No. 5 deep mining have been completed successfully and put into trial production. Good progress has been made in projects such as Kangxi Copper's 50,000-tonne blister copper technology transformation, Guangzhou 400,000-tonne copper rod and Dexing 600,000-tonne pyrite-based sulfuric acid production. The Northern Peru Project has completed bank-level feasibility study report and the Afghanistan Aynak Project has stepped up efforts in relics relocation and land acquisition, which are being actively pushed forward.

(2) The internal reform has been promoted in depth. The Group has set up the copper processing department of the technical center and built a technical research platform for deep processing. It has formulated the "12th five-year" human resources plan for the Company, drawn up a reform plan for the post performance salary system and deepened the reform of the personnel allocation system. It has also completed the overall plan for informationization and initiated the construction of integrated process system. In addition, it has basically completed the institutional reform and personnel allocation for secondary units and facilitated streamlining and high efficiency.

(3) It has built on schedule an internal control system that aims at building a comprehensive risk management through an internal control manual and with a focus on business processes, and put it into practice, thus further strengthening the Company's risk prevention ability.

(4) The establishment of National Copper Engineering Center has been basically completed and new progress has been made in scientific and technology innovation. Through three years of efforts, the National Copper Engineering Center has entered the period of subsequent construction, and basically had the conditions for state acceptance. The Industrial Academician Workstation of Jiangxi Province has formally settled in the Group, providing an important platform for the Group to introduce top talents. In 2011, 45 research projects of the Group completed expert review, while 7 achievements in scientific research passed provincial-level identification.

(5) It has further improved the business performance assessment system as well as the incentive and restraint mechanism, further optimizing the performance assessment: long and medium-term incentive plans have been implemented successfully, thus further improving the business performance assessment system and the incentive and restraint mechanism.

Chairman's Statement

Plans and Strategies for 2012

The world economy is now restructuring amidst difficulties and innovations, while the Chinese economy is also going through restructuring, and the downward pressure of economic growth and the pressure of inflation of prices co-exist. The global economic instability and uncertainties over recovery increase, bringing more difficulties to the Group's production and operation.

In 2012, the plan for major production and operation of the Group is: to produce 1,090,000 tonnes of copper cathode; 25.4 tonnes of gold; 510 tonnes of silver; 2.61 million tonnes of sulphuric acid; 210,000 tonnes of copper contained in copper concentrate; and 696,000 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.

To realize the above plan, in 2012, the Group will mainly exert efforts in the following:

(1) Forging ahead with the construction of planned projects. The Company aspires to commence construction of Yinshan Mining's deep mining production-expansion transformation project within the year. Dexing 600,000 tonnes pyrite-based sulfuric acid production project and Guangzhou 400,000 tonnes copper rod project need to be completed and put into production in the first half of 2012. Kangxi Copper needs to complete the 50,000 tonnes technology renovation project in the first half of 2012.

(2) Stepping up efforts in mergers and acquisitions and reorganization. It is necessary to accelerate the progress of obtaining domestic mine resources, increasing total resource reserves and optimizing the resource layout. It is necessary to strengthen the strategic cooperation with foreign resources enterprises and continue to seek overseas merger and acquisition opportunities. It is also necessary to attach importance to and strengthen the establishment of a multi-channel recovery system for renewable resources.

(3) Promoting the management system integration and strengthen the execution of the system. It will promote the implementation of the overall plan for informationization and strive to complete the financial-procurement-sales integration system for trial run. It will promote the establishment of the regulatory system and strengthen the execution of the system.

(4) Optimizing performance assessment and improving the responsibility reallocation mechanism. According to the principle of assessment by categories, it will continue to optimize organizational performance assessment. It will give full play to the guiding role of performance assessment and closely link the production and operation results with the incomes of employees of various units.

Chairman's Statement

(5) Strengthening independent innovation and promoting scientific and technological progress of the enterprise. It is necessary to foster the establishment of the National Copper Engineering Center on all fronts, and realize its normal operation; arrange scientific research projects and funds for major science and technology projects, tackle key problems in key research subjects such as Dexing copper-molybdenum separation technology and deep processing technology research and development and industrialization of rhenium metal deep processing technology, and strive to make breakthrough.

Acknowledgment

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

Li Yihuang
Chairman

Jiangxi, the PRC
27 March 2012

Management Discussion and Analysis

The management of the Group is pleased to present the following discussion and analysis of the Group's 2011 business results for better understanding of investors in reading the annual report. The financial data mentioned in this section is mainly extracted from the consolidated financial statements prepared under the PRC GAAP.

1. Working Capital and Cash Flow

During the reporting period, the Group's net cash inflow from operating activities amounted to RMB6,632.43 million (the Group's net cash outflow last year amounted to RMB1,973.41 million), mainly due to the increase in net profit as compared with last year, and the decrease in appropriation of working capital for purchase of inventories.

During the reporting period, the Group's net cash outflow from investing activities was RMB4,973.09 million, which mainly included an outflow of RMB2,612.14 million arising from acquisition and construction of fixed assets, intangible assets and other long-term assets, net investment of RMB2,050.01 million in available-for-sale financial assets and investment of RMB652.73 million in associates. The Group's net cash outflow from investing activities increased by RMB1,340.16 million or 36.89% as compared with the same period last year, mainly due to an increase in investment in associates for the year.

During the reporting period, the Group's net cash inflow from financing activities was RMB5,563.49 million, representing a decrease of RMB2,214.24 million or 28.47%, as compared with the same period last year, mainly due to the successful exercise of warrants amounting to RMB6,737.97 million during last year and the increase in bank borrowings.

As at the end of the reporting period, the Group's balance of cash and cash equivalents amounted to RMB11,082.47 million, representing an increase of RMB7,218.1 million or 186.79% from the end of last year.

2. Financial Position and Capital Structure

As at the end of the reporting period, the Group's total assets and total liabilities increased to RMB68.150 billion and RMB28.344 billion respectively, from RMB54.845 billion and RMB20.307 billion as at the end of last year. The asset-liability ratio (liabilities divided by total assets) was 41.59%, representing an increase of approximately 4.56 percentage points. Capital-liabilities ratio (liabilities divided by shareholder's equity) was 71.2%.

Management Discussion and Analysis

3. Analysis on Changes in Items of Financial Statements

1) Analysis on major items in the Group's assets and liabilities (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 RMB15,846.29 million, representing an increase of RMB9,543.04 million or 151.40% from the end of last year. The increase was mainly due to the net cash inflow from operating activities of RMB6,632.43 million, net cash outflow from investing activities of RMB4,973.09 million and net cash inflow from financing activities of RMB5,563.49 million. In addition, other monetary assets increased by RMB2,324.94 million as compared with last year, including, an increase of RMB1,214.79 million in reserve deposits placed by the Group's subsidiary in People's Bank of China.

Notes receivable: As at the end of the reporting period, the Group's balance of notes receivable was RMB5,364.36 million, representing an increase of RMB2,550.65 million or 90.65% from the end of last year, mainly due to the Group's decision to hold more notes until maturity given the high discount interest rate thereat, and the increase in notes received from customers as the liquidity of the Group's customers is getting tightening as the result of the stronger macro control imposed by China during the reporting period.

Advances to suppliers: As at the end of the reporting period, the Group's balance of advances to suppliers was RMB2,884.71 million, representing an increase of RMB1,094.86 million or 61.17% from the end of last year, mainly due to the increase of prepayment amount for raw material purchase as compared with the end of last year.

Interest Receivable: As at the end of the reporting period, the balance of interest receivable of the Group amounted to RMB145.14 million, representing an increase of RMB116.62 million or 408.90% as compared with the end of last year, mainly due to an increase in interest income as a result of the increased bank deposits and cash inflow from operating activities during the reporting period.

Other receivables: As at the end of the reporting period, the Group's balance of other receivables was RMB1,794.93 million, representing an increase of RMB421.63 million or 30.70% from the end of last year, mainly due to the excess of prepayment based on the provisional price over the final invoice by RMB445.07 million resulting from the decline in prevailing market price of copper cathode from September 2011. The excessive amount will be refunded by suppliers in cash and recorded in other receivables.

Management Discussion and Analysis

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 RMB2,770.01 million, representing an increase of RMB2,250.01 million or 432.69% from the end of last year, mainly due to an increase in investment 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 during the period from January 2012 to October 2012, respectively.

Long-term equity investment: As at the end of the reporting period, the Group's balance of long-term equity investment was RMB1,557.31 million, representing an increase of RMB588.94 million or 60.82% from the end of last year, mainly due to the increase in investment of RMB652.73 million in the Group's associates, Jiangxi Copper Minmetals and MCC-JCL based on the investment plan during the reporting period.

Construction in progress: As at the end of the reporting period, the Group's balance of construction in progress amounted to RMB3,300.07 million, representing an increase of RMB762.39 million or 30.04%, mainly due to an increase in construction of the expansion projects of Dexing Copper Mine and Yinshan Mining, 400,000-tonne copper rod project and 600,000-tonne sulfuric acid production project at Dexing.

Deferred income tax assets: As at the end of the reporting period, the Group's balance of deferred income tax assets was RMB306.09 million, representing an increase of RMB121.51 million or 65.83% as compared with the end of last year, mainly due to the increase in temporary differences in employee benefits payable and provision for diminution in value of inventories.

Short-term borrowing: As at the end of the reporting period, the Group's balance of short-term borrowing was RMB9,130.73 million, representing an increase of RMB5,535.02 million or 153.93% from the end of last year, mainly due to the increase in foreign currency borrowings for procurement of raw materials in line with the expansion of the Group's business scale.

Notes payable: As at the end of the reporting period, the Group's balance of notes payable was RMB3,300.14 million, representing an increase of RMB1,052.21 million or 46.81% from the end of last year, mainly due to a higher credit limit obtained by the Group for import of materials by issuing usance letter of credit during the reporting period.

Advance from customers: As at the end of the reporting period, the balance of advance from customers of the Group was RMB784.65 million, representing an increase of RMB311.74 million or 65.92% from the end of last year. The increase was mainly attributable to increase in sales of products.

Employees benefits payable (current portions): As at the end of the reporting period, the Group's balance of employees benefits payable was RMB895.18 million, representing an increase of RMB461.09 million or 106.22% as compared with the end of last year, mainly due to increase in balance of unpaid salaries and bonus as well as the provision for bonus payable to senior management and middle-level management under management incentive scheme for 2011 as at the end of the reporting period.

Taxes payable: As at the end of the reporting period, the Group's balance of taxes payable was RMB1,536.16 million, representing an increase of RMB668.62 million or 77.07% from the end of last year, mainly due to an increase of RMB333.96 million in balance of VAT payables and an increase of RMB210.95 million in balance of corporate income tax payables as compared with the end of last year which is in line with the increase of revenue and profit.

Non-current liabilities due within one year: As at the end of the reporting period, the Group's balance of non-current liabilities due within one year was RMB680.64 million, representing an increase of RMB678.63 million or 33762.69% as compared with the end of last year, mainly due to an increase in long-term borrowings due within one year.

Long-term borrowings: As at the end of the reporting period, the Group's balance of long-term borrowings was RMB173.62 million, representing a decrease of RMB539.11 million or 75.64% from the end of last year, mainly due to reclassification of long-term borrowings due within one year to current liabilities.

Employees benefits payable (non-current portions): As at the end of the reporting period, bonus payable to senior management and middle-level management under management incentive schemes for year of 2011 amounting to RMB291.51 million, which will be paid by the Group from 2015 to 2017.

Other non-current liabilities: As at the end of the reporting period, the Group's balance of other non-current liabilities amounted to RMB277.67 million, representing an increase of RMB100.93 million or 57.11% as compared with the end of last year, mainly due to relevant government grant received by the Group for the purchase and construction of fixed assets.

Exchange fluctuation reserve: As at the end of the reporting period, the Group's exchange fluctuation reserve was a loss of RMB255.15 million, representing an increase of RMB119.41 million or 87.97% as compared with the end of last year, mainly due to the increase in exchange fluctuation reserve from the Group's overseas associates as a result of the appreciation of Renminbi.

Management Discussion and Analysis

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

Revenue: During the reporting period, the Group's revenue was RMB117,640.99 million, representing an increase of RMB41,200.13 million or 53.9% from last year, mainly due to the increases in sales volume and selling price of products.

Operating cost: During the reporting period, the Group's operating cost was RMB106,981.00 million, representing an increase of RMB38,819.59 million or 56.95% from last year, mainly due to the increase in sales volume of products and the purchase price of raw materials.

Operating taxes and surcharges: During the reporting period, the operating taxes and surcharges of the Group was RMB521.79 million, representing an increase of RMB219.80 million or 72.78% as compared with the same period last year, mainly due to the fact that foreign invested enterprises were required to pay urban maintenance and construction tax as well as education supplementary tax since 1 December 2010.

Administrative expenses: During the reporting period, the Group's administrative expenses was RMB1,843.78 million, representing an increase of RMB626.90 million or 51.52% as compared with the same period last year, mainly due to the increase in labour cost of the Group and provision for bonus payable to senior management and middle-level management under management incentive scheme for 2011 during the reporting period.

Finance (gains)/costs: During the reporting period, the Group's finance gains was RMB0.84 million, while finance costs amounted to RMB388.25 million during the same period of last year, mainly attributable to the increase in interest income from bank deposits as a result of the sufficient cash inflow from operating activities during the reporting period and the increase in balance of proceeds in 2010, as well as the increase in exchange gains from foreign currencies borrowings following the appreciation of Renminbi.

Loss from assets impairment: During the reporting period, the Group's loss from assets impairment was RMB486.57 million, representing an increase of RMB472.25 million or 3297.84% as compared with the same period last year, mainly due to the increase of RMB418.84 million in provision for write-down of inventories to net realisable value.

Fair value gains: During the reporting period, the Group recorded a fair value gain of RMB297.54 million, representing an increase of RMB491.49 million from the same period last year, mainly attributable to reversal of unrealised losses from outstanding commodity derivative contracts which were not quailified for hedge accounting carried forward from the end of last year.

Non-operating income: During the reporting period, the Group's non-operating income was RMB124.32 million, representing a decrease of RMB58.71 million or 32.08% as compared with the same period last year, mainly due to decreased subsidy income for imported copper concentrate as the result of adjusted subsidy policy.

Non-operating expenses: During the reporting period, the Group's non-operating expenses were RMB160.42 million, representing an increase of RMB48.79 million or 43.71% as compared with the same period from last year, mainly due to the increase of RMB40.25 million in net loss from the disposal of fixed assets (amounting to RMB132.95 million) during the reporting period as compared with the same period last year.

4. Technological Innovations

During the reporting period, 113 technological outcomes of the Group were granted patents. As of the end of the reporting period, a total of 543 technological outcomes of the Group were granted patents.

During the reporting period, the Company undertook the "twelfth five-year plans" technology supporting projects of Ministry of Science and Technology — "Meteorological Disaster Forecast and Damage Control for Gangue Reservoir of Key Mines (重點礦山尾礦庫災害氣象預報及危害防治)" and one Hi-tech industrialization project of Jiangxi Province — "Recycling of Medium — and Low-Concentrate Metal Resources from Acid Waste Water (礦山酸性廢水中低濃度金屬資源回收)".

During the reporting period, the Company carried forward science and technology projects newly-launched and carried over from the previous years smoothly as scheduled. It completed the reviewing or conclusion for 45 science and technology projects and the provincial-level identification for 7 achievements in scientific research, among which, 4 achievements, namely the project "Development and Industrialization of the Silver Electrolysis Technology through Non-copper Ions under High-density Current (無銅離子高電流密度銀電解工藝的開發與產業化)" led by the Company, the "Research on the Application of Key Technologies on Forecasting and Prevention of Meteorological Disasters during Slicing Drift Mining (充填採礦災變預測與防治關鍵技術及應用研究)", Key Technologies and Industrialization of Extracting Accompanying Pyrite Resources from Overall Cleaning (伴生硫鐵礦資源整體清潔利用關鍵技術與產業化) and Real-time Data Integration and Intelligent Optimization of Control over Copper Smelting Process (銅冶煉過程管控實時數據融合及智能優化), were awarded one first prize, two second prizes and one third prize of Jiangxi provincial scientific and technological progress.

Management Discussion and Analysis

5. Energy Saving and Emission Reduction

In 2005, the Company was conferred the highest grade of social reward in China's environmental protection field - 2005 Green Oriental Enterprise Environmental Prize of China Environment Award. In 2006, the Company was listed as the Pilot Enterprise of Recycling Economy (循環經濟示範試點企業) in the Eleventh Five-Year Plan for Economic and Social Development for the People's Republic of China (國民經濟和社會發展第十一個五年規劃綱要). In 2010, the Company was titled as one of the "Energy-efficient and Environment-friendly Pilot Enterprises (「資源節約型，環境友好型」試點企業)" by Ministry of Industry and Information Technology.

The Group has always attached importance to environmental protection. In 2011, the Group continued to increase environmental investment, and developed environmental-protection projects such as Guixi Smelter water-conservation and emission-reduction comprehensive wastewater treatment, Dexing Copper Mine Fujiawu East Gate Pump Station and Dawutou Pump Station power supply double-circuit transformation, Fujiawu Acid Reservoir decontaminating and diverting improvement project, Yixiantian HDS Treatment Plant capacity-expansion transformation, the second acid water pipeline from Fujiawu to Baitai, striping-mining Bailingwan Dump decontaminating and diverting project of Yinshan Mining, Bailingwan Dump retaining dam project, Nanshan Lead and Zinc Dump Pit sump project.

During the reporting period, the Group recovered 39,332 tonnes of copper metal, produced 1,887 tonnes of arsenic trioxide, generated 280.12 million KWh of electricity by utilising residual heat and produced 248,000 tonnes of sulphate calcine (iron concentrates) through comprehensive utilisation of waste water, waste gas and solid waste.

6. Major Suppliers and Customers

During the reporting period, the purchase attributable to the Group's top five suppliers amounted to RMB26,602.82 million in total, accounting for 16.24% of the total purchases for the year.

During the reporting period, the Group's top five customers contributed RMB28,619.17 million in the total sales of the Group, accounting for 24.33% of the total turnover for the year.

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

8. Has the Company compiled and disclosed the profit forecast for the new year? No.

Management Discussion and Analysis

9. 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 2011

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	286,880	57.14	864,563	350,591	3,159,451	2,645
JCC Finance Company Limited	Provision of guarantee, deposit and loan to members of the Group	300,000	80	12,905,427	712,804	452,826	261,136
Jiangxi Copper Products Company Limited	Sales and processing of copper products	225,000	100	407,746	371,053	293,420	47,836
Jiangxi Copper Alloy Materials Company Limited	Production and sales of copper and copper alloy rods and wires	199,500	100	568,580	486,066	1,094,113	128,286
JCC Copper Products Company Limited	Processing and sales of hardware products	186,391	98.89	499,768	231,740	2,095,333	4,527
JCC Recycling Company Limited	Purchase and sales of scrap metals	6,800	99.51	9,667	8,403	98,091	4,727
Jiangxi Copper Shenzhen Trading Company Limited	Sale of copper products	660,000	100	6,953,303	643,690	30,189,945	–6,614
Loyal Sky Industrial Company Limited	Non-ferrous metal trading	US$2,001.3	100	2,466,228	39,428	5,202,779	146,078
Jiangxi Copper Shanghai Trading Company Limited	Sale of copper products	200,000	100	1,343,276	283,937	17,923,021	19,473
Jiangxi Copper Beijing Trading Company Limited	Sale of copper products	6,000	100	346,229	68,325	6,311,808	3,400
Sure Spread Company Limited	Import and export trading and related technological service	HK$50,000	100	3,272,567	1,434	8,079,583	–64,538

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	879,922	557,131	488,357	114,613
JCC Dongtong Mining Company Limited	Production and sales of non-ferrous metals, precious metal and non-metals	9,000	100	251,436	175,876	132,926	5,579
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	81,469	38,266	131,386	156
JCC (Dongxiang) Recycling Company Limited	Recovery and sales of disused metal	500	89.99	565	514	13,260	—
Jiangxi Copper Yates Copper Foil Company Limited	Production and sales of copper foil products	453,600	89.77	1,114,570	262,837	733,484	–105,217
Jiangxi Copper (Longchang) Precise Pipe Company Limited	Production and sale of screwed conduit, externally finned copper pipe and other copper pipes	890,529	92.04	1,299,364	873,619	2,213,477	–216
Jiangxi Copper Taiyi Special Electrical Materials Company Limited	Design, production and sales of various kinds of copper wires and enamelled wires, provision of after sale maintenance and consultancy service	US$16,800	70	500,897	66,994	994,756	61
Thermoelectric Electronic (Jiangxi) Company Limited	Research and development and production of thermoelectric semiconductors and appliances and provision of related services	70,000	95	76,532	70,292	23,488	250
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited	Metallurgy and chemical, manufacture and maintenance of equipments	20,300	100	171,962	43,333	388,843	5,220
JCC (Guixi) New Metallurgical and Chemical Company Limited	Steel smelting, new chemical technology and new products development	2,000	100	61,350	55,224	46,453	9,864
JCC (Guixi) Logistics Company Limited	Provision of transportation services	40,000	100	159,139	109,581	241,751	7,315
JCC Dexing Alloy Materials Manufacturing Company Limited	Production and sales of casting products, maintenance of mechanical and electrical equipment, installation and debugging of equipments	66,380	100	209,565	124,214	310,495	6,246
JCC (Dexing) Construction Company Limited	Development and sales of building materials for various projects including mine projects	20,000	100	181,246	65,693	297,590	4,003

Management Discussion and Analysis

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC (Dexing) Explosion Company Limited	Production and sales of materials for various projects including blasting projects	1,000	100	25,640	13,005	28,702	1,506
JCC Exploration Company Limited	Geographical investigation and survey and construction, engineering measurement	15,000	100	37,739	21,152	65,175	–881
Jiangxi Copper Corporation Chemical Company Limited	Sulphuric acid and related by-products	42,630	100	135,990	89,157	100,627	16,139
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited	Sulphuric acid and related by-products	181,500	70	292,740	267,491	343,712	64,411
JCC Jingxiang Engineering Company Limited	Contract for mining project	20,296	100	61,621	33,020	63,482	209
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	10,525	3,854	40,923	241
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited	Sales of beneficiation pharmacy and fine chemical products and other industrial and civilian products	10,200	100	19,805	17,283	37,702	783
Hangzhou Tongxin Company Limited	Wholesale and retail of metal materials, mining products and chemical products	2,000	100	9,640	3,154	186	–19
Shanghai Jiangxi Copper International Logistics Co., Ltd.	Transportation services	5,000	100	13,158	4,389	2,891	–611
Jiangxi Copper Construction Supervision Company Limited	Construction project management and provision of relevant technical advisory services	3,000	100	3,469	84	—	–2,858
JCC Guangzhou Copper Products Company Limited	Production of copper rods/wires and relevant products	300,000	100	314,164	301,576	—	18
JCC International Trading Company Limited	Trading of metal products	600,000	100	4,072,603	763,200	30,132,390	189,330
Shanghai Shengyu Real Estate Company Limited	Construction	169,842	100	190,424	169,809	—	–35
Jiangxi Copper Corporation (Dexing) Chemical Company Limited	Sulphuric acid and related by-products	336,550	99	354,998	336,550	—	—
JCC (Yugan) 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	28,000	100	32,604	27,888	—	–112

Management Discussion and Analysis

2) Production and Operation of the Associates and Jointly Controlled Entities as at 31 December 2011

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	3,250,000	40%	4,801,140	2,663,064	—	123,007
MCC-JCC Aynak Minerals Company Limited	Exploration and sale of copper products	US$291,298	25%	1,860,656	1,821,870	—	—
Jiangxi Copper Ever Profit Qing Yuan Copper Company Limited	Manufacturing and sales of copper products	140,000	40%	208,448	(24,143)	128,349	(24,536)
Asia Development Sure Spread Company Limited	Import and export of copper products	JPY200,000	49%	11,872	11,872	—	—
Zhaojue Fenye Smelting Company Limited	Production and sale of electro-deposited copper	10,000	47.86%	12,336	8,491	—	—
Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd.	Recovery of industrial waste water and sale of products	28,200	50%	56,998	53,464	40,421	14,032

Management Discussion and Analysis

10. Principal Operations and Performance of the Group

(The following financial data is mainly extracted from the consolidated financial statements prepared under the PRC GAAP)

(1) Principal operations by industry and product

Unit: '000 Currency: RMB

Principal operations by industry

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	67,069,672	63,138,972	5.86	68.55	71.30	Decreased by 1.51 percentage points
Copper rods and wires	26,786,943	24,213,045	9.61	31.97	33.79	Decreased by 1.23 percentage points
Copper processing products	5,988,714	5,885,679	1.72	14.58	17.24	Decreased by 2.24 percentage points
Precious metals (gold and silver)	11,653,079	9,134,061	21.62	64.05	62.38	Increased by 0.81 percentage point
Chemical products (sulphuric and sulphuric concentrates)	2,304,610	1,301,591	43.52	56.19	52.78	Increased by 1.26 percentage points
Rare metals	840,585	696,305	17.16	28.50	167.43	Decreased by 43.04 percentage points
Other non-ferrous metals	1,753,150	1,796,519	-2.47	101.85	105.53	Decreased by 1.83 percentage points
Other products	889,385	547,167	38.48	50.80	123.11	Decreased by 19.94 percentage points
Subtotal	117,286,138	106,713,339	9.01	54.31	57.32	Decreased by 1.74 percentage points
Other operating income	354,851	267,660	24.57	-17.92	-18.52	Increased by 0.55 percentage point
Total	117,640,989	106,980,999	9.06	53.90	56.95	Decreased by 1.77 percentage points

1) Copper cathode

During the reporting period, operating revenue from copper cathodes increased by RMB27,277.80 million or 68.55% compared with last year resulting from the increase in sales volume and market price of copper cathodes. Operating costs of copper cathodes increased by RMB26,280.50 million or 71.03% as compared with last year due to the increase in purchase price of outsourced raw materials as well as sales volume. The operating profit of copper cathodes increased by RMB997.30 million or 34.00% as compared with last year. As a result of the increase in outsourced raw materials and production cost as well as the fluctuation in market price, operating profit margin for the year decreased from 7.37% last year to 5.86% this year.

2) Copper rods and wires

During the reporting period, operating revenue from copper rods and wires for the year increased by RMB6,488.65 million or 31.97% over last year, due to the increase in selling price of copper rods and wires. Operating costs of copper rods and wires increased by RMB6,115.62 million or 33.79% as compared with last year, due to the increase in purchase price of outsourced raw materials. Operating profit of copper rods and wires increased by RMB373.03 million or 16.95% as compared with last year. As a result of the increase in outsourced raw materials and production cost as well as the fluctuation in market price, operating profit margin of copper rods and wires for the year decreased from 10.84% last year to 9.61% this year.

3) Copper processing products other than copper rods and wires

During the reporting period, following the expansion in the Group's processing capacity and the increase in selling price of copper processing products, operating revenue of copper processing products other than copper rods and wires increased by RMB761.85 million or 14.58% for the year as compared with last year. Operating costs increased by RMB865.60 million or 17.24% as compared with last year due to the increase in both the quantity and price of copper cathode materials. Operating profit decreased by RMB103.75 million or 50.17% as compared with last year. Due to long processing cycle of copper processing products other than copper rods and wires and significant decrease in prevailing market price of copper from September, the increase rate of operation costs is higher than operation revenue, accordingly, operating profit margin for the year slightly decreased from 3.96% last year to 1.72%.

4) Precious metals (gold and silver)

During the reporting period, operating revenue of precious metals increased by RMB4,549.57 million or 64.05% as compared with last year due to the increase in sales volume and selling price. Operating costs of precious metal increased by RMB3,508.78 million or 62.38% as compared with last year due to the increase in price and the sales volume of outsourced raw materials of precious metals. Operating profit of precious metals increased by RMB1,040.79 million or 70.41% as compared with last year while operating profit margin for the year increased from 20.81% last year to 21.62% as a result of surge in market price of precious metals.

5) Chemical products (sulphuric acid and sulphuric concentrate)

During the reporting period, operating revenue from chemical products increased significantly by RMB829.07 million or 56.19%, due to the increase in the selling price as compared with last year. Operating costs of chemical products for the year increased by RMB449.66 million or 52.78% as compared with last year due to an increase in production cost following the surge in prices of production inputs. Operating profit of chemical products increased by RMB379.41 million or 60.84% as compared with last year while operating profit margin for the year increased from 42.26% last year to 43.52%.

6) Rare metals

During the reporting period, the surge in selling prices resulted in an increase of RMB186.44 million or 28.5% in its operating revenue as compared with the same period last year. Operating costs of rare metals increased by RMB435.93 million or 167.43%. As a result, operating profit of rare metals saw a year-on-year decline of RMB249.49 million or 63.36% as compared with last year while operating profit margin for the year decreased from 60.20% last year to 17.16%.

7) Other non-ferrous metals

During the reporting period, the Group enlarged trading of other non-ferrous metals which mainly include aluminum, zinc and lead. The total operating revenue was RMB1,753.15 million while the total operating cost was RMB1,796.52 million. Total operating loss was RMB43.37 million while operating profit margin was -2.47%.

8) Other products

During the reporting period, the Group's operating revenue of other products increased by RMB299.63 million or 50.80% as compared with last year; operating costs increased by RMB301.93 million or 123.11% as compared with last year. Operating profit decreased by RMB2.3 million or 0.67% as compared with last year; and operating profit margin for the year decreased from 58.42% last year to 38.48%.

(2) Principal operation by geographical areas

Unit: 0.00 Currency: RMB

Geographical areas	Operating revenue	Increase/ (decrease) in operating revenue from last year *(%)*
Mainland China	110,861,020,402	55.80
Hong Kong	5,306,342,622	15.29
Netherlands	500,564,922	100.00
Taiwan	250,166,610	6.74
Others	368,042,949	2,689.31

11. Investment of the Group

Unit:0'000 Currency: RMB

Investment during the reporting period	405,514
Increase/decrease in investment	-68,816
Investment during the same period last year	474,330
Extent of increase/decrease in investment *(%)*	-14.51

Management Discussion and Analysis

1. Asset Management on Trust and Entrusted Loan

   (1) Asset Management on Trust

   The Company was not involved in asset management on trust during the year.

   (2) Entrusted Loan

   The Company was not involved in any entrusted loans during the year.

2. 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 (including the cash portion of 217,940)	7,026	181,677	36,263	Allocate to projects undertaken by the Group during the fund raising. The balance of proceeds from issuance of shares after the completion of projects are intended to be permanently allocated to supplement the working capital
2010	Bonds with warrants	674,360	88,238	540,362	133,998	Allocate to projects undertaken by the Group during the fund raising
Total	/	1,070,834	95,264	722,039	170,261	/

Management Discussion and Analysis

3. 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 of Chengmenshan Copper Mine	No	49,800	33,799	Yes	68%	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.	Achieved expected goal	Yes
Technology renovation project for conversion of the open-pitting mining to underground mining of Yongping Copper Mine	No	37,852	36,455	Yes	96%	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.	Achieved expected goal	Yes
Renovation project of open-pit mining and milling technology for Fujiawu Mine	No	30,056	23,694	Yes	85%	Extend the service life of Dexing Copper Mine	Achieved expected goal	Yes
Project for remaining heat re-cycling and comprehensive utilization of Jiangxi Copper	Yes	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	100%	Increase the production of gold and silver	Achieved expected goal	Yes
Stove mining project expansion of Jiangxi Copper	No	18,953	18,687	Yes	100%	Increase the rate of copper recovery by nearly 1% and approximately 2,000 tonnes of copper can be recovered from slag per annum	Achieved expected goal	Yes
Technology renovation project for expansion of the processing capacity of Wushan Copper Mine to 5,000 tonnes per day	No	12,024	11,329	Yes	100%	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 goal	Yes
Supplemental working capital	No	22,567	22,567	Yes	100%	Can be allocated flexibly with working capital	Reduce financial costs	Yes
JCC's subscription of non-public issue of 57,039,479 ordinary A shares of the Company by non-cash assets amounting to RMB1,785.34 million	No	178,534	178,534	Yes	100%	Increase resource reserves of the Company and perfect the industrial chain of the Company	Increase copper reserves by 1,530,000 tonnes and gold by 62 tonnes	Yes
2) Projects financed by proceeds from exercise of warrants								
Technical renovation engineering of enlarging production scale of Dexing Copper Mine	No	258,000	196,916	Yes	76.3%	Upon completion of the expansion, Dexing Copper Mine could increase its mining and milling capacity of ores from 100,000 tonne 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 per annum, which will increase the self-sufficiency of raw materials of the Group and bode well for investment profit.	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
Tender and development of the exploration rights of copper mine in Afghanistan	No	120,000	47,086	No	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	N/A
Acquisition of equity interests in Northern Peru Copper Corp.	No	130,000	130,000	No	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	N/A
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	Yes
Total	/	1,070,834	900,573	/	/		/	/

1) Expansion project of Phase II of Chengmenshan Copper Mine

The Company intended to invest a total of 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 RMB47.22 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB337.99 million, representing 67.87% 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 RMB5.82 million. As at the end of the reporting period, the accumulated amount invested by proceeds from non-public issue of A Shares amounted to RMB364.55 million, completed total investment of RMB373.57 million, representing 96.40% of the planned investment amount in the project.

Management Discussion and Analysis

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, RMB17.09 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 RMB236.94 million, the accumulated investment amounted to RMB895.76 million, representing 85.10% 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 a total of RMB272.61 million in the project, of which RMB251.33 million from proceeds from non-public issue of A Shares has been used. The project was completed in 2008.

5) 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. The accumulated amount financed by the raised proceeds in the project amounted to RMB100.13 million. Such project was completed in 2010.

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. The accumulated amount financed by the raised proceeds in the project amounted to RMB186.87 million. Such project was completed in 2010.

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 RMB0.13 million. As at the end of the reporting period, the accumulated amount financed by the raised proceeds amounted to RMB113.29 million, completed accumulated investment of RMB250.37 million. Such project was completed during the year.

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, completely invested by proceeds from exercise of warrants. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB229.65 million. As at the end of the reporting period, the accumulated investment recorded RMB1,969.16 million, accounting for 76.32% 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 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. During the reporting period, the actual amount invested by proceeds from exercise of warrants amounted to RMB412.73 million in the project. As at the end of the reporting period, the accumulated amount invested by proceeds from exercise of warrants in such project amounted to RMB470.86 million. Due to relocation of historical relics, there was delay from the expected commissioning date.

10) Acquisition of 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 invested by proceeds from exercise of warrants was RMB240.00 million. As at the end of the reporting period, the accumulated amount invested by proceeds from exercise of warrants in such project amounted to RMB1,300.00 million. Due to environment assessment and land procurement, there was delay from the expected commissioning date.

Management Discussion and Analysis

4. Progress of projects financed by non-raised proceeds

Unit:0'000 Currency: RMB

Project name	Proceeds for project	Progress of project	Earnings from projects
No.5 Mine Exploitation Project	13,000	84%	Under construction, no earnings realised yet
300,000-Tonne Copper Smelting Project	309,953	86%	Achieved expected production capacity
5,000-Tonne per Day Milling Technical Renovation at Jiuqu Copper-gold Mine	550,000	100%	Achieved expected production capacity
Newly-established gangue reservoir for Wushan Copper Mine	32,778	58%	Under construction, no earnings realised yet
Liujiagou Gangue Reservoir for Chengmenshan Copper Mine	31,831	59%	Under construction, no earnings realised yet
Donggou Dump Pit Project for Chengmenshan Copper Mine	19,707	63%	Under construction, no earnings realised yet
Level 31 to 33, Dongfang Xintiandi Building A	30,149	98%	Achieved expected target
Phase II of Longchang Copper Pipe Project	102,448	13%	Under construction, no earnings realised yet
400,000 Tonne Copper Rods Project	43,000	22%	Under construction, no earnings realised yet
Dexing 600,000 Tonne Pyrites Project	33,318	28%	Under construction, no earnings realised yet
300,000 Tonne Copper Smelting Improvement Project	13,656	52%	Under construction, no earnings realised yet
Comprehensive Management Project for Water Usage, Emission Reduction and Water Waste	19,050	14%	Under construction, no earnings realised yet
Renovation at Part of the Sizhou plant's Floatation equipments	15,807	37%	Under construction, no earnings realised yet
Renovation project of environment protection and energy saving technology	31,700	4%	Under construction, no earnings realised yet
Poly Plaza D Building	60,058	100%	Achieved expected target
Total	1,306,455	/	/

1) 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 RMB33.29 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB108.69 million, representing 84% of the planned investment amount in the project.

2) 300,000-Tonne 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 RMB38.05 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB2,665.6 million, representing 86% of the planned investment amount in the project.

3) 5,000-Tonne per Day Milling Technical Renovation at Yinshan Jiuqu Copper-gold Mine

The Company intended to invest a total of RMB550.00 million in the project. During the reporting period, the actual investment in the project amounted to RMB375.47 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB550.00 million, representing 100% 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.

4) 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 RMB89.59 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB190.11 million, representing 58% of the planned investment amount in the project.

5) 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 RMB118.89 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB187.80 million, representing 59% of the planned investment amount in the project.

Management Discussion and Analysis

6) 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 RMB124.15 million, representing 63% of the planned investment amount in the project.

7) Level 31 to 33, Dongfang Xintiandi Building A

The Company intended to invest a total of RMB301.49 million in the project. During the reporting period, the actual investment in the project amounted to RMB296.54 million. As at the end of reporting period, the accumulated amount invested in the project amounted to RMB 292.92 million, representing 97.16% of the planned investment amount in the project. Dongfang Xintiandi Building A is a commercial building located in Shenzhen. It is the office building of members of the group, Jiangxi Copper Shenzhen Trading Company Limited (深圳江銅營銷有限公司) and Loyal Sky Industrial Company Limited (鴻天實業有限公司).

8) Phase II of Longchang Copper Pipe Project

The Company intended to invest a total of RMB1,024.48 million. During the reporting period, the actual investment in the project amounted to RMB105.79 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB133.18, representing 13% of the planned invested amount in the project. Upon completion, the project could produce 38,000 tonnes of copper pipes per year.

9) 400,000 Tonne Copper Rods Project

The Company intended to invest a total of RMB430.00 million. During the reporting period, the actual investment in the project amounted to RMB95.23 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB94.60 million, representing 22% of the planned invested amount in the project. Upon completion, the project in Zengcheng of Guangdong could produce 400,000 tonnes of copper rods per year.

10) Dexing 600,000 Tonne Pyrites Project

The Company intended to invest a total of RMB333.18 million. During the reporting period, the actual investment in the project amounted to RMB94.09 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB93.29 million, representing 28% of the planned invested amount in the project.

11) 300,000 Tonne Copper Smelting Improvement Project

The Company intended to invest a total of RMB136.56 million. During the reporting period, the actual investment in the project amounted to RMB66.04 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB71.01 million, representing 52% of the planned invested amount in the project.

12) Comprehensive Management Project for Water Usage, Emission Reduction and Water Waste

The Company intended to invest a total of RMB190.50 million. During the reporting period, the actual investment in the project amounted to RMB26.75 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB27.30 million, representing 14% of the planned invested amount in the project.

13) Renovation at Part of the Sizhou plant's Floatation equipments

The Company intended to invest a total of RMB158.07 million. During the reporting period, the actual investment in the project amounted to RMB11.95 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB58.49 million, representing 37% of the planned invested amount in the project.

14) Renovation project of environment protection and energy saving technology

The Company intended to invest a total of RMB317.00 million. During the reporting period, the actual investment in the project amounted to RMB11.92 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB12.68 million, representing 4% of the planned invested amount in the project.

15) Poly Plaza D Building

The Company intended to invest a total of RMB600.58 million. During the reporting period, the actual investment in the project amounted to RMB13.52 million. As at the end of the reporting period, the accumulated amount invested in the project amounted to RMB600.58 million, representing 100% of the planned invested amount in the project. Poly Plaza D Building is a commercial building located in Shanghai. It is the office building of members of the group, Shanghai International Trading (上海國貿) and Jiangxi Copper Shanghai Trading Company Limited (上海江銅營銷有限公司).

Management Discussion and Analysis

12 Results of the Board's Discussion on Reasons for and Effects of Changes in Accounting Policies and Accounting Estimates of the Company

During the reporting period, there were no changes in accounting policies and accounting estimates of the Company.

Report of the Board

(1) Changes in Share Capital

1. Statement of changes in share capital

Unit: Share

	Before the change		After the change	
	Number	Percentage (%)	Number	Percentage (%)
1. Shares not subject to trading moratorium	3,462,729,405	100.00	3,462,729,405	100.00
1) Ordinary shares denominated in RMB	2,075,247,405	59.93	2,075,247,405	59.93
2) Overseas listed foreign shares	1,387,482,000	40.07	1,387,482,000	40.07
2. Total number of shares`	3,462,729,405	100.00	3,462,729,405	100.00

2. Changes in shares subject to trading moratorium

During the reporting period, there is no change in shares subject to trading moratorium of the Company.

Report of the Board

(2) Issue and listing of shares

1. Issue of shares during the last three years

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 and the exercise price was RMB15.33 per share. All the additional shares from the exercise of such warrants were listed on the market on the first trading day after the exercise date.

2. The total number of shares and shareholding structure of the Company

During the reporting period, there were no changes in total number of shares and shareholding structure of the Company due to issue of bonus shares or rights issue.

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 2011	216,943 shareholders in total, of which 215,908 are holders of A shares and 1,035 are holders of H shares	The number of shareholders at the end of the month prior to the date of this annual report	211,827 shareholders in total, of which 210,801 are holders of A shares and 1,026 are holders of H shares

Shareholdings of the top ten shareholders

Unit: Share

Name of shareholder	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Increase/decrease during the reporting period	Number of shares subject to trading moratorium held	Number of shares pledged or frozen
JCC	State-owned legal person	38.77	1,342,479,893	0	0	No
HKSCC Nominees Limited ("HKSCC")	Unknown	37.72	1,306,228,612	-5,248,001	0	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	0.42	14,599,757	3,600,000	0	Unknown
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	0.37	12,707,558	-8,627,996	0	Unknown
DA ROSA JOSE AUGUSTO MARIA	Unknown	0.29	10,000,000	10,000,000	0	Unknown
Industrial and Commercial Bank of China — SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 —上證50交易型開放式指數證券投資基金)	Unknown	0.25	8,538,717	8,538,717	0	Unknown
Agricultural Bank of China — INVESCO Great Wall of Resource Monopolies and Equity Securities Investment Fund (中國農業銀行 — 景順長城資源壟斷股票型證券投資基金)	Unknown	0.20	6,901,043	6,901,043	0	Unknown
Shenyin & Wanguo Securities Co., Ltd. — Client Account of Collateral Securities for Margin Trading (申銀萬國證券股份有限公司客戶信用交易擔保證券賬戶)	Unknown	0.19	6,538,523	6,538,523	0	Unknown
Bank of Communications — E Fund 50 Index Securities Investment Fund (交通銀行 — 易方達50指數證券投資基金)	Unknown	0.18	6,062,781	-2,100,000	0	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	0.17	5,757,329	-4,368,601	0	Unknown

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

Unit: Share

Name of shareholder	Number of shares not subject to trading moratorium	Class and number of shares
JCC	1,342,479,893	Ordinary shares denominated in RMB (A share) 1,282,074,893 Overseas listed foreign shares (H share) 60,405,000
HKSCC	1,306,228,612	Overseas listed foreign shares (H share)
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)	14,599,757	Ordinary shares denominated in RMB (A share)
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)	12,707,558	Ordinary shares denominated in RMB (A share)
DA ROSA JOSE AUGUSTO MARIA	10,000,000	Overseas listed foreign shares (H share)
Industrial and Commercial Bank of China — SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	8,538,717	Ordinary shares denominated in RMB (A share)
Agricultural Bank of China - INVESCO Great Wall of Resource Monopolies and Equity Securities Investment Fund (中國農業銀行 — 景順長城資源壟斷股票型證券投資基金)	6,901,043	Ordinary shares denominated in RMB (A share)
Shenyin & Wanguo Securities Co., Ltd. — Client Account of Collateral Securities for Margin Trading (申銀萬國證券股份有限公司客戶信用交易擔保證券賬戶)	6,538,523	Ordinary shares denominated in RMB (A share)
Bank of Communications — E Fund 50 Index Securities Investment Fund (交通銀行 — 易方達50指數證券投資基金)	6,062,781	Ordinary shares denominated in RMB (A share)
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)	5,757,329	Ordinary shares denominated in RMB (A share)

The explanation of the connected relationship or parties acting in concert among the aforesaid shareholders	(1)	JCC, the controlling shareholder of the Company, and the other holders of shares not subject to trading moratorium are neither connected persons nor 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;
	(2)	The Company is not aware of any connected relationship among the holders of shares not subject to trading moratorium, nor aware of any parties acting in concert as defined in "Management Method of the Information Disclosure in relation to the Changes in Shareholdings of Shareholders of Listed Companies" issued by CSRC.

(1) HKSCC held a total of 1,306,228,612 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 37.72% of the total issued share capital of the Company. HKSCC is a member of Central Clearing and Settlement System, providing registration and custodial services for customers.

(2) The 60,405,000 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 1,366,633,612 shares as nominee, representing approximately 39.47% of the issued share capital of the Company.

Report of the Board

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2011, 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 the 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)
Deutsche Bank Aktiengesellschaft	H shares	*(note 3)*	85,027,934(L)	6.12%(L)	2.46%(L)
			71,260,466(S)	5.13%(S)	2.06%(S)
			1,007,000(P)	0.07%(P)	0.03%(P)
JPMorgan Chase & Co.	H shares	*(note 4)*	84,131,667(L)	6.06%(L)	2.43%(L)
			2,805,338(S)	0.20%(S)	0.08%(S)
			62,783,149(P)	4.52%(P)	1.81%(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 Deutsche Bank Aktiengesellschaft on 27 October 2011, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	8,359,284(L)
	3,184,216(S)
Investment manager	2,788,500 (L)
Person having a security interest in shares	72,873,150(L)
	68,076,250(S)
Custodian corporation / approved lending agent	1,007,000(L)

Pursuant to the said notice, such interests include (i) 90,000 H shares in short positions held in physically settled derivatives listed or traded on the Stock Exchange or traded on a Futures Exchange; and (ii) 2,727,000 H shares in long position and 149,000 H shares in short positions, both of which were held in cash settled unlisted derivatives.

Note 4 : According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 14 December 2011, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	13,154,518(L)
	2,805,338(S)
Investment manager	8,194,000(L)
Custodian corporation / approved lending agent	62,783,149(L)

Pursuant to the said notice, such interests include (i) 421,000 H shares in long positions and 742,000 H shares in short positions, both of which were held in physically settled derivatives listed or traded on the Stock Exchange or traded on a Futures Exchange; (ii) 447,000 H shares in short positions were held in cash settled derivatives listed or traded on the Stock Exchange or traded on Futures Exchange; (iii) 21,680 H shares in short position which were held in physically settled unlisted derivatives; and (iv) 2,000,000 H shares in long position 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 2011.

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 1979
Registered capital	2,656,150,000
Principal operations or management activities	Non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing

Report of the Board

(3) Particulars of the ultimate controller

Legal person

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

(4) Changes in Controlling Shareholder and the Ultimate Controller

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

The Chart of the Equity and Controlling Relationship between the Company and its ultimate controller

State-owned Assets Supervision and Administration Commission of Jiangxi Province

100.00%

Jiangxi Copper Corporation

38.77%

Jiangxi Copper Company Limited

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.

(4) DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholdings of Directors, Supervisors and Senior Management and their Remunerations

Name	Position	Sex	Age	Commencement 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	49	24 January 2007	97.552	No
Li Baomin	Vice Chairman	Male	54	3 April 2007	97.552	No
Gan Chengjiu	Executive Director/ Chief financial officer	Male	49	26 June 2009	97.552	No
Hu Qingwen	Executive Director	Male	48	26 June 2009	97.552	No
Shi Jialiang	Executive Director	Male	65	26 June 2009	5	No
Gao Jianmin	Executive Director	Male	52	24 January 1997	20	No
Liang Qing	Executive Director	Male	58	12 June 2002	20	No
Gao Dezhu	Independent Non-executive Director	Male	71	26 June 2009	10	No
Wu Jianchang	Independent Non-executive Director	Male	73	6 June 2008	10	No
Zhang Rui	Independent Non-executive Director	Female	49	15 June 2006	10	No
Tu Shutian	Independent Non-executive Director	Male	48	15 June 2006	10	No
Hu Faliang	Chairman of the Supervisory Committee	Male	52	6 June 2008	63.25	No
Wu Jinxing	Supervisor	Male	49	26 June 2009	63.25	No
Lin Jinliang	Supervisor	Male	47	26 June 2009	63.25	No
Xie Ming	Supervisor	Male	55	26 June 2009	63.25	No
Wan Sujuan	Supervisor	Female	58	26 June 2009	5	No
Long Ziping	Deputy General Manager	Male	51	31 March 2009	68.25	No
Wu Jimeng	Deputy General Manager	Male	53	31 March 2009	68.25	No
Dong Jiahui	Deputy General Manager	Male	49	31 March 2009	68.25	No
Wang Chiwei	Deputy General Manager	Male	58	24 May 2001	68.25	No
Jiang Chunlin	Deputy General Manager	Male	43	25 August 2010	68.25	No
Fan Xiaoxiong	Chief Engineer	Male	49	27 October 2010	68.25	No
Wu Yuneng	Deputy General Manager	Male	49	25 March 2011	56.6475	No
Pan Qifang	Secretary to the Board	Male	47	19 April 2006	28	No
Tung Tat Chiu, Michael	Secretary to the Board	Male	49	24 January 1997	5	No
Total	/	/	/	/	1,232,355.5	/

Report of the Board

Li Yihuang, a professor-grade senior engineer, is the deputy to the 11th National People's Congress, a committee member of the 11th Jiangxi Provincial Party Committee 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 Metallurgical 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, is currently the Chairman of the Labour Union and executive Director of the Company. Mr. Hu is a university postgraduate and 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 extensive 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 since 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, was appointed as an independent non-executive Director of the Company since June 2008, is a professor-grade senior engineer. 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, 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 has a thorough study of and 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.

Hu Faliang, a senior economist, graduated from Zhejiang Metallurgy Economy Tertiary School with a major in planning and statistics. He is currently the secretary of the Disciplinary Committee 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 the Chairman of the Labour Union of the Company. 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 Vice Chief Financial Officer, an 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 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. 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 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.

Report of the Board

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 Jiangxi Copper Corporation and Supervisor of the Company. He has extensive experience in smelting and management.

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.

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.

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.

Wu Yuneng is graduated from Jiangxi Institute of Economic Administrators majoring in industrial management engineering. Mr. Wu is an economist, and was the general manager of Baoxin Cable Company under Jiangtong Southern Company (江銅南方公司寶興電纜公司), the general manager of Jiangtong Southern Company (江銅集團南方總公司) and the general manager of Jiangxi Copper Trading Company Limited (江銅營銷有限公司), a subsidiary of Jiangxi Copper Company Limited. Mr. Wu has extensive experience in business management and marketing.

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.

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

(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.

Report of the Board

(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.

(IV) Change in Directors, Supervisors and Senior Management

Name	Position held	Change	Reasons for the changes
Wu Yuneng	Deputy General Manager	Appointment	Due to job requirement

(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 2011, 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 2011 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.

(VII) Particulars of Employees

Number of total in-service employees	22,500
Number of retired employees for whom the Company has to pay retirement benefits	0

Composition by expertise

Types of expertise	Number
Production personnel	16,680
Technicians	1,343
Management personnel and salesmen	3,264
Others	1,213

Education

Education level	Number
Post-secondary or above	6,125
Technical secondary or senior secondary	9,990
Junior secondary or below	6,385

1. Arrangement for employees' retirement insurance:

The Company, through JCC, has provided pension 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 pension 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 pension benefits to retired employees. During the reporting period, the pension cost of the Company was approximately RMB265.72 million.

(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
10th meeting of the fifth Board	29 March 2011	To consider and approve the annual report and the annual remuneration and bonus for the Directors, Supervisors and senior management	Shanghai Securities News B209	30 March 2011
11th meeting of the fifth Board	26 April 2011	To consider the first quarterly report of the Company	Shanghai Securities News B31	27 April 2011
12th meeting of the fifth Board	25 August 2011	To consider the 2011 interim report	Shanghai Securities News B224	26 August 2011
13th meeting of the fifth Board	30 September 2011	To consider the amendments to the connected transactions	Shanghai Securities News B40	10 October 2011
14th meeting of the fifth Board	25 October 2011	To consider the third quarterly report	Shanghai Securities News B164	26 October 2011

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

During the reporting period, the Board of the Company distributed the 2010 final dividend and the 2011 interim dividend to shareholders on the basis of cash dividend of RMB2 (tax inclusive) and RMB2 for every ten shares, respectively, pursuant to the resolutions passed at the 2010 annual general meeting and the 2011 first extraordinary general meeting.

(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 RMB0.5 per share (inclusive of tax) for 2011 (Final dividends for 2010 and interim dividends for 2011: RMB0.2 per share (inclusive of tax)). The Board of the Company did not recommend transfer of capital reserve to share capital or issue of bonus shares.

Withholding of Enterprise Income Tax for Non-resident Enterprise Shareholders

Pursuant to the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) and the relevant implementation 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 Shares 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 whose names appeared on the H Shares 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 organizations) will be treated as being held by non-resident enterprise Shareholders and will therefore be subject to the withholding of the enterprise income tax.

Withholding of Personal Income Tax for Individual H Shareholders

Pursuant to the State Administration of Taxation Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(國稅函[2011]348號) dated 28 June 2011, and the letter entitled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" dated 4 July 2011 issued by the Stock Exchange, the Company is required to withhold and pay the individual income tax in respect of the 2011 final dividends paid to the individual H Shareholders (the "Individual H Shareholders"), as a withholding agent on behalf of the same. However, the Individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the Individual H Shareholders are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau).

Pursuant to the aforesaid changes in the tax regulations, when the 2011 final dividends is to be distributed to the holders of H Shares whose names appear on the register of members of the Company as at 27 June 2012, the Company will base on the tax rate of 10% to withhold 10% of the dividend to be distributed to the Individual H Shareholders as individual income tax.

For non-resident enterprise holders of H Shares, the Company will withhold 10% of the dividend as enterprise income tax according to the relevant tax regulations in line with its previous practice.

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 laws, and withhold and pay the enterprise income tax and individual income tax on behalf of the relevant Shareholders based on the H Shares register of members of the Company as of 27 June 2012. 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.

Should the holders of H Shares of the Company have any doubts in relation to the aforesaid arrangements, they are recommended to consult their tax advisors regarding the relevant tax impacts in mainland China, Hong Kong and other countries (regions) on the possession and disposal of H Shares of the Company.

(7) DIVIDEND DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL OR ISSUE OF BONUS SHARES BY THE COMPANY IN THE LAST THREE YEARS

Unit: '000 Currency: RMB

Year	Number of bonus shares issued for every 10 shares *(Share)*	Dividend for every 10 shares *(RMB)* *(inclusive of tax)*	Number of shares transferred to capital reserve for every 10 shares *(Share)*	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 *(%)*
2008	0	0.8	0	241,827	2,285,101	10.58
2009	0	1	0	302,283	2,349,254	12.87
2010	0	2	0	692,546	4,907,141	14.11

(8) 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.

(9) 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 in 2011.

(10) The Establishment and Implementation of the Management System of Registration of the Holders of Insider Information

The Company has established the Registration and Filing System for Insider Information in 2009. During the reporting period, the Company carried forward registration and filing of the holders of insider information under relevant requirements of such system.

On 27 March 2012, pursuant to the requirements of regulatory authorities, the Company established the Management System for Insider Information based on the Registration and Filing System for Insider Information.

(11) Have the Company and its subsidiaries been listed as heavily polluting enterprises by environmental protection authorities? No.

The Company has no material environmental protection problems.

The Company has no other material social security problems.

Report of the Supervisory Committee

(I) WORK OF THE SUPERVISORY COMMITTEE

Meetings held	2
Meeting of the Supervisory Committee	Topic for discussion
5th meeting of the fifth session of the Supervisory Committee	To consider and approve (among others) 2010 work report of the Supervisory Committee, 2010 annual financial report and 2010 profit distribution plan
6th meeting of the fifth session of the Supervisory Committee	To consider and approve the financial report for the first half of 2011 and the profit distribution plan for the first half of 2011

(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 2011 financial statements prepared under PRC GAAP and IFRSs, as audited by the domestic and overseas accounting firms, give an objective and fair view of the Company's financial condition and operating results.

Report of the Supervisory Committee

(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 account as disclosed.

(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.

(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 rules for listed companies. 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 AND OPINIONS OF THE SUPERVISORY COMMITTEE ON THE INTERNAL CONTROL SELF-ASSESSMENT REPORT

The Supervisory Committee is of the opinion that the internal control of the Company, attributable to its reasonable and complete design, has been effectively implemented, ensuring the truthfulness, completeness and reliability of relevant information contained in the financial report and effectively preventing major risks incurred by misstatements. Accordingly, the Supervisory Committee approved the internal control self-assessment report issued by the Board.

Corporate Governance Report

(I) CORPORATE GOVERNANCE

1. Special Activities on Corporate Governance

During the reporting period, the Company further improved its corporate governance by formulating the Working Rules of the Secretary to the Board, the Management System of Investor Relations in strict compliance with domestic and overseas laws, regulations and provisions including the Company Law, the Securities Law, documents including [2008] No. 27 Doc. issued by CSRC and Gan Zheng Jian Fa [2008] No. 221 issued by CSRC Jiangxi Branch, Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules and the Model Code.

2. Corporate Governance Practices

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 who are related to the controlling shareholder or 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 biographies of the members of the Board, please refer to the section headed "Directors, Supervisors and Senior Management" of this annual report.

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 reappointment. The term of office of the members of the current session of the Board commenced from 26 June 2009 and will expire upon the convening of the 2011 annual general meeting.

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

The 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:

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 Relevant Work Rules of the Audit Committee and the Summary Report on Fulfilment of Duties of the Audit Committee of the Board:

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

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

    (1) On 25 March 2011 and 23 August 2011, we convened two meetings, each of which was attended by all members of the Audit Committee. At one meeting, we reviewed and confirmed the audited 2010 annual report which was reviewed by the accountants, 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 meeting, we reviewed and confirmed the 2011 interim report prepared in accordance with the International Financial Reporting Standards which was reviewed by the accountants and listened to the report on 2011 annual audit work arrangements by the accountants;

    (2) Before the auditors conducted auditing, we have reviewed the annual financial statements for 2011 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 2011, operating results and cash flow for 2011 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 fully reflected the financial position of the Company as at 31 December 2011 and its operating results for 2011 and were in line with actual situation of the Company;

(6) As Ernst & Young Hua Ming and Ernst & Young Certified Public Accountants have been the the domestic and overseas auditors of the Company for over 5 years, to comply with the requirement under the document, namely "Gan Guo Zi Ping Jia Zi [2006] No.319"issued by the State-owned Assets Supervision & Administration Commission of Jiangxi Province, which stated that "no intermediaries can undertake the same enterprise financial audit for less than two consecutive years or more than 5 consecutive years.", the Company therefore proposed to appoint Deloitte Touche Tohmatsu CPA Ltd. and Deloitte Touche Tohmatsu as the new domestic and overseas auditors of the Company.

Members of Independent Audit Committee: **Zhang Rui, Tu Shutian, Wu Jianchang, Gao Dezhu**

23 March 2012

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 specific 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.

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 and bonus proposal for Directors, Supervisors and senior management for the year of 2010 was approved, the abolishment of the Share Appreciation Rights Scheme for the Senior Management of Jiangxi Copper was approved and the long-term incentive pilot program of Jiangxi Copper Company Limited was considered and approved, and recommendations were made to the Board in respect of the above matters.

Members of Remuneration Committee: **Tu Shutian, Wu Jianchang, Zhang Rui, Gao Dezhu**

23 March 2012

Corporate Governance Report

(4) Supervisory Committee

The Supervisory Committee of the Company consists of 5 Supervisors, including 2 employees' representative supervisors. The Supervisors serve for a term of office of three years and are eligible for re-election. The current Supervisory Committee is the fifth Supervisory Committee since the incorporation of the Company, with a term of office commencing from 26 June 2009 and ending 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 and operating results 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.

Corporate Governance Report

3. Business Competition and Connected Transactions

(1) Business Competition

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

(2) Connected Transactions

The Company was established in 1997 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 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.

(II) FULFILMENT OF DUTIES BY DIRECTORS

1. Attendance of Directors at the Board meetings

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	No	5	5	2	0	0	No
Li Baomin	No	5	5	2	0	0	No
Gao Jianmin	No	5	5	3	0	0	No
Liang Qing	No	5	5	3	0	0	No
Wu Jianchang	Yes	5	4	4	1	0	No
Gao Dezhu	Yes	5	5	5	0	0	No
Shi Jialiang	No	5	5	5	0	0	No
Gan Chengjiu	No	5	4	2	1	0	No
Hu Qingwen	No	5	5	2	0	0	No
Zhang Rui	Yes	5	5	5	0	0	No
Tu Shutian	Yes	5	5	5	0	0	No

Board meetings convened during the year	5
By telecommunication	2
Meetings held on site and by telecommunications	3

In 2011, 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 contents of the resolutions and all other relevant documents, and reminded them to give their opinions. Although the Company failed to fully comply with provision A.1.1 of the code provisions of the Code as set out in Appendix 14 to the Listing Rules 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.

Save as disclosed above, the Company had complied with the code provisions of the Code set out in Appendix 14 to the Listing Rules during the reporting period.

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 Transaction by Directors

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

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

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

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

General proposal for the establishment of internal control

To ensure that the construction of the internal control system goes well, on September 28, 2010, the Group issued the Measures for the Administration of Construction Projects for the Internal Control System of Jiangxi Copper Company Limited and notifications on relevant work arrangement, making clear stipulations on the implementation scope, implementation time, organizational institutions and division of responsibilities for the internal control construction of the Group. It has set up a leading group for the internal control project with Li Yihuang, chairman of the Board as the leader, and Wang Chiwei, the deputy general manager as the deputy leader; set up an office for the internal control project with the general manger of the risk control and internal audit department as the leader, and set up 9 working groups comprising various functional departments. The Group's internal control construction project is divided into 5 stages, i.e. planning, risk identification and evaluation, the establishment of internal control system as well as internal control inspection, supervision and report. The planning stage was completed in September 2010; and the risk identification and assessment stage was completed between October 2010 and March 2011; the internal control system establishment stage was completed between November 2010 and September 2011; the internal control inspection, supervision and report stage was completed between October 2011 and March 2012. The entire project is carried forward by irregularly holding leading group meetings, project office meetings and working groups' meetings and conducting multiple communications and discussions with relevant functional departments in the project process to confirm the work results. The management approved the Internal Control Manual of Jiangxi Copper Company Limited in September 2011 and came into force as of October 1, 2011.

Particulars of the work plan for establishment of comprehensive internal control system and its implementation

In 2011, by establishing and improving the internal control system, the Group trimmed and updated the Company's management system according to the requirements of the Basic Standards for Enterprise Internal Control and its supporting guidance issued by five ministries and commissions including the Ministry of Finance. It covers various aspects such as internal environment, laws, plans, finance, internal audit, risk management, project management, R&D, safety and environmental protection, inventory management and financial derivatives, and had revised, improved and added 70 management systems related to internal control by the end of 2011.

Particulars of the deployment of departments for inspection and supervision of internal control

The Group set up the risk control and internal audit department based on the original audit department at the beginning of 2009, which is responsible for internal audit, internal control and risk management businesses. In 2011, main production and operation units of the Group set up special organs or full-time or part-time posts for internal control and supervision to perform the above-mentioned corresponding functions. The Group has included the internal control inspection and supervision organs of secondary units in the assessment system.

Particulars of self-evaluation on internal supervision and internal control	In 2011, the risk control and internal audit department of the Group completed 124 audit projects with assets involved in audit amounting to RMB2,649.28 million, and the total budget and settlement amount involved in audit were RMB1,767.03 million. 250 audit opinions and recommendations were proposed and 175 of them were adopted. It is suggested that the audited units revise and improve 53 systems.
Particulars of arrangements for internal control by the Board	The Group carried out a group-wide internal control self-assessment according to the Implementation Plan for Internal Control Assessment in 2011 approved by the board of directors, assessing whether the internal control design and operation of the Group from 1 January 2011 to 31 December 2011 are effective. The units included in the assessment accounted for 93.5% of the Group's assets and 97% of the Group's sales revenue. 17 business processes included in the assessment have basically covered all aspects of the Group. In 2011, the internal control self-assessment was conducted in three stages, i.e. filling in self-assessment questionnaire, self-assessment testing of the unit and internal control inspection. According to the aforesaid self-assessment questionnaire, the Internal Control Assessment Report and the internal control inspection conditions, the Internal Control Self-Assessment Report of the Board of Directors of Jiangxi Copper Company Limited for 2011 is finally formulated and submitted to the independent audit committee and the board of directors for review.
Particulars of the establishment and operation of the internal control system in relation to the financial report	Since the construction of the internal control system is initiated, the Group has trimmed and revised relevant financial systems, administrative measures and detailed rules for implementation: 18 still in use, 8 revised, 4 added.
Particulars of the defects of internal control and rectification	According to the internal control assessment conditions, the Group has found out 1,017 internal control deficiencies, 964 of which completed rectification with no major deficiencies detected.

(V) Appraisal of Middle- and High-grade Management Personnel and Incentive Scheme

As at the end of the reporting period, the Company made an incentive provision of RMB416,442,900 for the middle- and high-grade management personnel. In particular, RMB291,510,030 was included as non-current liabilities and is payable between 2015 and 2017. The actual amount of payment shall be subject to adjustment in line with the growth rate of the Group's net assets.

(VI) Relevant Reports on Internal Control Disclosure of the Company

1. Has the Company disclosed a self-evaluation report on internal control?

   Yes.

2. Has the Company disclosed internal control audit report on financial statements issued by the auditors?

   Yes.

3. Has the Company disclosed a social responsibility report?

   Yes.

The website for disclosure of the above reports: www.sse.com.cn

(VII) 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.

1. There was no correction of material accounting errors during the reporting period

2. There was no supplement to material information omitted during the reporting period

3. There was no amendment to the forecast of results during the reporting period

General Meetings

(I) ANNUAL GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure newspapers for publishing resolutions	Publication date of resolutions
2010 Annual General Meeting	9 June 2011	Shanghai Securities News B145	10 June 2011

(II) EXTRAORDINARY GENERAL MEETING

Session of the meeting	Date of convening	Information disclosure newspapers for publishing resolutions	Publication date of resolutions
First Extraordinary General Meeting	6 December 2011	Shanghai Securities News B1	7 December 2011

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	002392	LISHENG PHARMA	1,050,075	23,335	725,252	31	-441,498
2	Stock	002405	NAVINFO	1,705,651	79,953	1,605,456	69	-2,023,050
Profit and loss on securities disposed during the reporting period				/	/	/	/	10,813
Total				2,804,126	/	2,330,708	100	-2,443,741

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

(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.

(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.

During the reporting period, such share appreciation rights scheme became invalid and was automatically repealed, due to the fact that the operating results of the Company failed to meet the requirements for implementing such share appreciation rights.

Significant Events

(VI) MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

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

Currency: RMB

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions	Amount of connected transactions	As a percentage of similar types of transactions (%)	Settlement method of connected transactions
JCC and its subsidiaries	Controlling shareholder	Purchase of goods	Copper concentrate *(tonne)*	Market price	49,376	27,699,892	0.16	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Purchase of goods	Sulphuric acid	Market price		28,381,899	5.24	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Purchase of goods	Ancillary industrial products and other products	Market price or cost plus tax		195,822,107	31.29	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Welfare and medical services	Staff welfare and medical services	Based on 18% of staff salaries		72,116,501	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Retirement insurance	Pension contributions	Based on 20% of staff salaries		240,604,893	100	Monthly settlement
JCC and its subsidiaries	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		15,509,925	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Construction service	Construction fixed rates of Jiangxi Province		3,362,817	0.91	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Acceptance of use of rights of patent and trademark	Land use rental	Valuation price		39,997,643	100	Payable at year-end
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Futures agency fee	Market price		59,926,213	82.72	Payment upon completion of transaction

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions	Amount of connected transactions	As a percentage of similar types of transactions *(%)*	Settlement method of connected transactions
JCC and its subsidiaries	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		15,116,407	100	Monthly or quarterly payment
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Other management fee	Shared according to the proportion of assets		3,166,036	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Technical education services	Shared according to the proportion of staff		16,482,933	100	Monthly payment
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Overseas office service	Market price		1,692,466	100	Monthly payment
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Acceptance of repair and maintenance services	Industry standards		53,456,243	14.50	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Acceptance of processing service	Market price		15,223,418	0.01	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Acceptance of transportation services	Passenger and cargo rates of Jiangxi Province		1,669,204	0.77	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Acceptance of services	Labour services, such as loading and transportation services of goods	Market price		51,901,363	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (purchase)	Acceptance of environmental sanitation and greenery services	Shared according to the proportion of staff		6,082,137	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Copper rods and wires *(tonne)*	Market price	56,453	647,312,277	2.42	Payment upon acceptance

Significant Events

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions	Amount of connected transactions	As a percentage of similar types of transactions (%)	Settlement method of connected transactions
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Brass wires *(tonne)*	Market price	54,373	58,252,672	0.97	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Copper cathode *(tonne)*	Market price	57,994	180,239,332	0.27	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Sulphuric acid	Market price		161,513	0.01	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Lead concentrate *(tonne)*	Market price		67,114,495	100	Payment upon acceptance
JCC and its subsidiaries	Controlling shareholder	Sale of goods	By-products	Market price		97,505,411	100	Monthly payment
JCC and its subsidiaries	Controlling shareholder	Sale of goods	Sales of Ancillary industrial products	Market price		12,753,954	1.43	Monthly payment
JCC and its subsidiaries	Controlling shareholder	Loans	Provision of loans	Determined by Finance Company according to the benchmark lending rate promulgated by the People's Bank of China or the credit terms no less favourable than the similar terms offered to JCC by other domestic financial institutions or credit cooperatives		1,187,510,201	100	Monthly or quarterly payment
JCC and its subsidiaries	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		43,480,883	100	Monthly or quarterly payment

Related party	Connection	Class of connected transactions	Content of connected transactions	Pricing policy for connected transactions	Price of connected transactions	Amount of connected transactions	As a percentage of similar types of transactions (%)	Settlement method of connected transactions
JCC and its subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity supply	Cost plus tax		26,482,829	7.33	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Provision of services	Construction service	Industry standards		47,334,430	0.87	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Provision of services	Provision of equipment and design and installation services	Industry standards		24,949,563	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Provision of services	Provision of repair and maintenance services	Industry standards		3,198,311	1.48	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Provision of services	Provision of processing service	Industry standards		18,054	–	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Provision of services	Provision of transportation services	Passenger and cargo rates of Jiangxi Province		3,296,809	1.51	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Water supply	Cost plus tax		627,939	0.57	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Rental from provision of public utilities	Shared on the cost basis according to the proportion of staff		876,000	100	Monthly settlement
JCC and its subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Gas supply	Contract price		55,305	2.1	Monthly settlement
Total	/	/	/	/	/	3,249,382,075		/

Significant Events

Independent non-executive Directors of the Company have reviewed the abovementioned connected transactions: such transactions have been entered into by the Company (i) in the ordinary and usual course of the Company's business; (ii) on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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.

In addition, the Company conducted transactions with its associates, Jiangxi Copper EPI (Qingyuan) Limited, Zhaojue Fengye Smelting Company Limited and its joint venture Jiangxi JCC-BioteQ Environmental Technologies Company Limited, which amounted to RMB149,363,000, RMB1,617,000 and RMB40,629,000, respectively.

(VII) MATERIAL CONTRACTS AND THEIR PERFORMANCE

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

(1) Custody

The Company did not have custody during the year.

(2) Contracts

The Company did not have contracts during the year.

(3) Leases

The Company did not have leases during the year.

2. Guarantees

The Company did not have guarantees during the year.

3. Other Material Contracts

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

(VIII) PERFORMANCE OF UNDERTAKINGS

The Company, the controlling shareholder and the ultimate controller had no undertakings during the year or subsisted to the reporting period.

(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	499
Years of audit services provided by the domestic auditors	5
Name of overseas auditors	Ernst & Young Certified Public Accountants
Remuneration for overseas auditors	450
Years of audit services provided by the overseas auditors	5

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

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

(XI) EXPLANATION ON OTHER SIGNIFICANT EVENTS

The Company had no other significant events during the year.

Significant Events

(XII) ASSETS PLEDGED OF THE GROUP

As at 31 December 2011, assets of the Group amounting to the net book value of RMB1,490.09 million were pledged for securing certain bank loans, including the restricted deposits for securing borrowings of RMB1,318.18 million (as of 31 December 2010: RMB1,285.95 million), the discounted but undue bank and commercial accepted notes of RMB33.15 million (as of 31 December 2010: RMB401.53 million), inventories with net value of RMB68.00 million (as of 31 December 2010: RMB92.00 million), machineries and equipments with net carrying value of RMB35.76 million (as of 31 December 2010: RMB39.39 million) and buildings with net carrying value of RMB35.00 million (as of 31 December 2010: RMB40.88 million).

(XIII) FOREIGN EXCHANGE RISK

The reporting currency of the Group is Renminbi. Where any transactions in foreign currencies of the Company are incurred, amounts in foreign currencies are translated into RMB at the middle market exchange rates at the beginning of the transaction month. Year-end balances in foreign currency account are retranslated at the market exchange rates at the year end.

Although currently RMB is an inconvertible currency in the PRC, The Chinese government is taking initiatives for exchange reform and adjustments to exchange rate. Exchange rate fluctuations will have an impact on the Group's balance of foreign exchange revenue and spending or dividends payable denominated in Hong Kong dollars or other currencies. However, the Group believes that it is able to obtain sufficient foreign exchange to satisfy its foreign exchange spending.

The Group's operations are mainly in the PRC. Except for export sales, which are mainly transacted in US dollars, the Group currently receives its sales revenue mainly in Renminbi. The Group's exposure to exchange rate fluctuations results primarily from the sales of products and purchase of raw materials in foreign currencies.

(XIV) CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any material contingent liabilities.

(XV) INFORMATION DISCLOSURE INDEX

Items	Newspaper name for publication and page number	Date of publication	Website for publication and retrieve path
Announcement on Estimated Profit Growth for 2010	Shanghai Securities News B26	31 January 2011	
Announcement on the Approval of the Company as High-tech Enterprise	Shanghai Securities News B23	25 February 2011	
10th Meeting of the 5th Session of the Board	Shanghai Securities News B209	30 March 2011	
Notice of 2010 Annual General Meeting	Shanghai Securities News B135	21 April 2011	
First Quarterly Report	Shanghai Securities News B145	27 April 2011	
Announcement on the Resolutions of the General Meeting and the Distribution of H Share Dividend	Shanghai Securities News B31	10 June 2011	
Announcement on Estimated Profit Growth for the First Half of the Year	Shanghai Securities News B24	13 July 2011	
Interim Report	Shanghai Securities News B224	26 August 2011	http://www.jxcc.com; http://www.hkex.com.hk; http://www.sse.com.cn
Announcement on the Payment of Interest of JCC "08 JCC Bonds"	Shanghai Securities News B18	16 September 2011	
Announcement on Connected Transaction	Shanghai Securities News B40	10 October 2011	
Notice of the First Extraordinary General Meeting	Shanghai Securities News B1	21 October 2011	
Third Quarterly Report	Shanghai Securities News B164	26 October 2011	
Announcement on the Resolutions of the First Extraordinary General Meeting and the Distribution of H Share Dividend	Shanghai Securities News B44	7 December 2011	
Explanations of Jiangxi Copper on the Media's Report Regarding the Environmental Protection Problems of the Dexing Subsidiary of the Company	Shanghai Securities News 29	10 December 2011	

Auditor's Report

ERNST & YOUNG
Quality In Everything We Do

ERNST & YOUNG HUA MING (2010) SHEN ZI NO.60654279_B02

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 2011, 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.

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. 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.

Auditor's Report

OPINION

ERNST & YOUNG HUA MING (2010) SHEN ZI NO.60654279_B02

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 2011 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

Du Lei
Certified Public Accountant

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

March 27, 2012

Consolidated Balance Sheet

31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 5*	31 December 2011	31 December 2010
Current assets:			
Cash and bank	1	**15,846,293,599**	6,303,250,047
Held for trading financial assets	2	**76,052,816**	14,406,685
Notes receivable	3	**5,364,361,561**	2,813,712,129
Accounts receivable	4	**2,232,532,085**	2,355,465,054
Advances to suppliers	5	**2,884,705,470**	1,789,849,361
Interest receivable		**145,137,760**	28,519,938
Other receivables	6	**1,794,930,768**	1,373,298,799
Inventories	7	**14,097,060,598**	18,269,952,817
Available-for-sale financial assets	9	**2,770,005,500**	520,000,000
Other current assets	8	**980,405,091**	1,397,939,205
Total current assets		**46,191,485,248**	34,866,394,035
Non-current assets:			
Available-for-sale financial assets	9	**510,080,000**	710,080,000
Long-term equity investments	10	**1,557,306,680**	968,366,202
Fixed assets	11	**14,792,339,191**	14,165,886,555
Construction in progress	12	**3,300,071,456**	2,537,683,870
Intangible assets	13	**1,285,889,337**	1,208,545,233
Exploration cost	14	**206,367,370**	203,233,460
Deferred tax assets	15	**306,089,392**	184,584,288
Total non-current assets		**21,958,143,426**	19,978,379,608
TOTAL ASSETS		**68,149,628,674**	54,844,773,643

Consolidated Balance Sheet

31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**31 December 2011**	31 December 2010
Current liabilities:			
Short-term borrowings	18	**9,130,730,768**	3,595,708,305
Held for trading financial liabilities	19	**1,098,665,095**	1,220,580,750
Notes payable	20	**3,300,143,866**	2,247,927,604
Accounts payable	21	**2,276,258,140**	2,857,078,517
Advances from customers	22	**784,651,943**	472,908,972
Employee benefits payable	23	**895,179,465**	434,094,247
Taxes payable	24	**1,536,161,216**	867,544,810
Interest payable		**69,475,725**	37,395,492
Other payables	25	**832,160,732**	770,580,125
Non-current liabilities due within one year	26	**680,644,926**	2,009,689
Other current liabilities	27	**1,416,294,455**	1,598,364,998
Total current liabilities		**22,020,366,331**	14,104,193,509
Non-current liabilities:			
Long-term borrowings	28	**173,622,050**	712,728,248
Employee benefits payable	23	**291,510,030**	—
Bonds payable	29	**5,422,250,407**	5,178,185,211
Long-term payables	30	**14,446,807**	15,006,993
Provisions	31	**129,530,869**	117,724,831
Deferred tax liabilities	15	**14,237,896**	2,784,614
Other non-current liabilities	32	**277,669,327**	176,744,322
Total non-current liabilities		**6,323,267,386**	6,203,174,219
Total liabilities		**28,343,633,717**	20,307,367,728

Consolidated Balance Sheet

31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 5*	**31 December 2011**	31 December 2010
Owners' equity:			
Share capital	33	**3,462,729,405**	3,462,729,405
Capital reserve	34	**11,648,640,617**	11,551,359,186
Special reserve	35	**276,626,510**	239,154,624
Surplus reserve	36	**11,125,960,054**	8,769,497,778
Retained earnings	37	**13,044,111,354**	10,236,227,824
Exchange fluctuation reserve		**(255,147,259)**	(135,742,768)
Equity attributable to owners of the Company		**39,302,920,681**	34,123,226,049
Minority interests	38	**503,074,276**	414,179,866
Total owners' equity		**39,805,994,957**	34,537,405,915
TOTAL LIABILITIES AND OWNERS' EQUITY		**68,149,628,674**	54,844,773,643

The financial statements have been signed by:

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

Consolidated Income Statement

For the year ended 31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2011**	2010
1. Revenue	39	**117,640,988,933**	76,440,859,303
Less: Cost of sales	39	**106,980,998,573**	68,161,407,535
Taxes and surcharges	40	**521,792,416**	301,989,565
Distribution and selling costs	41	**437,010,771**	345,648,364
General and administrative expenses	42	**1,843,781,178**	1,216,877,260
Financial expenses	43	**(841,802)**	388,248,195
Provision for impairment of assets	44	**486,569,683**	14,316,702
Add: Gains/(losses) from changes in fair value	45	**297,544,627**	(193,953,486)
Investment incomes	46	**37,751,955**	90,047,967
Include: Share of gains/(losses) of the associates and a jointly controlled entity		**55,681,529**	(12,515,751)
2. Operating profit		**7,706,974,696**	5,908,466,163
Add: Non-operating income	47	**124,321,194**	183,027,300
Less: Non-operating expenses	48	**160,419,673**	111,625,196
Include: Losses on disposal of non-current assets		**132,953,582**	92,700,761
3. Total profit		**7,670,876,217**	5,979,868,267
Less: Income tax	49	**1,060,392,202**	1,015,027,384
4. Net profit		**6,610,484,015**	4,964,840,883
Attributable to owners of the Company		**6,549,449,240**	4,907,141,378
Minority interests		**61,034,775**	57,699,505
5. Earnings per share			
— Basic	50	**1.89**	1.56
— Diluted	50	**1.89**	1.48
6. Other comprehensive loss	51	**(22,123,060)**	(113,696,447)
7. Total comprehensive income		**6,588,360,955**	4,851,144,436
— Attributable to owners of the Company		**6,527,326,180**	4,794,474,719
— Attributable to minority interests		**61,034,775**	56,669,717

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011
(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 2011	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
2. Changes during the year									
(1). Net profit	—	—	—	—	6,549,449,240	—	6,549,449,240	61,034,775	6,610,484,015
(2). Other comprehensive loss	—	97,281,431	—	—	—	(119,404,491)	(22,123,060)	—	(22,123,060)
Total comprehensive incomes	—	97,281,431	—	—	6,549,449,240	(119,404,491)	6,527,326,180	61,034,775	6,588,360,955
(3). Owners capital contribution and reduction									
1. Capital contribution	—	—	—	—	—	—	—	66,315,499	66,315,499
2. Capital withdraw	—	—	—	—	—	—	—	(30,534,187)	(30,534,187)
(4). Profit appropriation									
1. Appropriations to surplus reserve	—	—	—	2,356,462,276	(2,356,462,276)	—	—	—	—
2. Appropriations to employee bonus and welfare fund	—	—	—	—	(11,672)	—	(11,672)	(3,896)	(15,568)
3. Distribution to owners	—	—	—	—	(1,385,091,762)	—	(1,385,091,762)	(8,153,024)	(1,393,244,786)
(5). Special reserve									
1. Accrued during the year	—	—	209,850,065	—	—	—	209,850,065	235,243	210,085,308
2. Used during the year	—	—	(172,378,179)	—	—	—	(172,378,179)	—	(172,378,179)
Changes during the year	—	97,281,431	37,471,886	2,356,462,276	2,807,883,530	(119,404,491)	5,179,694,632	88,894,410	5,268,589,042
3. Balance at 31 December 2011	3,462,729,405	11,648,640,617	276,626,510	11,125,960,054	13,044,111,354	(255,147,259)	39,302,920,681	503,074,276	39,805,994,957

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 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 Cash Flow

For the year ended 31 December 2011
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2011**	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**131,738,930,601**	87,286,073,743
Cash received from refunds of taxes		**53,728,543**	37,650,582
Cash received relating to other operating activities	52	**534,435,328**	237,252,973
Sub-total of cash inflows		**132,327,094,472**	87,560,977,298
Cash paid for goods and services		**118,807,252,441**	83,497,943,131
Cash paid to and on behalf of employees		**1,910,708,398**	1,607,832,629
Cash paid for all types of taxes		**3,446,759,166**	2,949,123,038
Cash paid relating to other operating activities	52	**1,529,942,370**	1,479,484,701
Sub-total of cash outflows		**125,694,662,375**	89,534,383,499
Net cash flows from operating activities	53(1)	**6,632,432,097**	(1,973,406,201)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from retrieve of investments		**35,236,603,400**	1,034,537,148
Cash received from investment income		**192,194,351**	32,763,949
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**28,981,088**	16,392,327
Cash received from disposal of subsidiaries		**366,274**	—
Cash received relating to other investing activities	52	**120,195,552**	26,679,074
Sub-total of cash inflows		**35,578,340,665**	1,110,372,498
Cash paid for acquisition of fixed assets intangible assets and other long-term assets		**2,612,143,725**	2,567,875,262
Cash paid for acquisition of investments		**37,934,931,127**	2,170,000,000
Cash paid relating to other investing activities		**4,355,000**	5,426,806
Sub-total of cash outflows		**40,551,429,852**	4,743,302,068
Net cash flows from investing activities		**(4,973,089,187)**	(3,632,929,570)

Consolidated Statement of Cash Flow

For the year ended 31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 5	**2011**	2010
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contributions		**66,315,499**	6,738,966,380
Including: Cash received from capital contributions from minority shareholders by subsidiaries		**66,315,499**	1,000,000
Cash received from borrowings		**29,519,264,697**	9,454,372,239
Cash received from other financing activities	52	**2,318,661,738**	1,448,402,100
Sub-total of cash inflows		**31,904,241,934**	17,641,740,719
Cash repayment of borrowings		**23,239,377,357**	8,135,481,738
Cash paid for distribution of dividends or profits and for payment of interest expenses		**1,752,658,556**	442,579,320
Including: Cash paid for dividends to minority interests for distribution of dividends or profits by subsidiaries		**8,153,024**	5,747,829
Acquisition of non-controlling shareholders		**30,534,187**	—
Cash paid relating to other financing activities	52	**1,318,176,998**	1,285,947,088
Sub-total of cash outflows		**26,340,747,098**	9,864,008,146
Net cash flows from financing activities		**5,563,494,836**	7,777,732,573
EFFECT OF EXCHANGES RATE CHANGES		**(4,737,813)**	(9,655,215)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**7,218,099,933**	2,161,741,587
Add: Cash and cash equivalents balance at beginning of year		**3,864,367,814**	1,702,626,227
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	53(2)	**11,082,467,747**	3,864,367,814

Balance Sheet

31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

ASSETS	*Note 6*	**31 December 2011**	31 December 2010
Current assets:			
Cash and bank		**14,786,585,446**	4,779,877,828
Held for trading financial assets		**27,353,254**	—
Notes receivable		**2,126,578,773**	2,392,394,368
Accounts receivable	1	**1,649,126,324**	1,423,599,897
Advances to suppliers		**1,378,051,991**	1,077,803,712
Interest receivable		**77,630,517**	—
Other receivables	2	**825,879,476**	471,182,659
Inventories		**10,603,730,184**	14,045,269,880
Other current assets		**916,782,327**	641,186,558
Total current assets		**32,391,718,292**	24,831,314,902
Non-current assets:			
Available-for-sale financial assets		**398,080,000**	398,080,000
Long-term equity investments	3	**7,742,374,939**	5,761,869,200
Fixed assets		**11,956,366,296**	11,849,255,387
Construction in progress		**1,876,246,565**	1,632,870,028
Intangible assets		**1,220,470,981**	1,153,091,695
Exploration costs		**206,367,370**	203,233,460
Deferred tax assets		**202,331,791**	92,869,615
Total non-current assets		**23,602,237,942**	21,091,269,385
TOTAL ASSETS		**55,993,956,234**	45,922,584,287

Balance Sheet

31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

LIABILITIES AND OWNERS' EQUITY	*Note 6*	31 December 2011	31 December 2010
Current liabilities:			
Short-term borrowings		**3,605,638,320**	650,175,423
Held for trading financial liabilities		**9,254,987**	875,158,508
Notes payable		**3,059,183,180**	306,036,729
Accounts payable		**2,041,457,719**	2,719,028,472
Advances from customers		**201,994,719**	181,003,623
Employee benefits payable		**731,132,105**	335,021,349
Taxes payable		**1,160,846,855**	727,333,910
Interest payable		**25,838,427**	18,196,939
Other payables		**780,875,653**	741,662,933
Non-current liabilities due within one year		**292,009,689**	2,009,689
Total current liabilities		**11,908,231,654**	6,555,627,575
Non-current liabilities:			
Long-term borrowings		**—**	290,000,000
Employee benefits payable		**224,569,520**	—
Bonds payable		**5,422,250,407**	5,178,185,211
Long-term payables		**14,446,807**	15,006,993
Provision		**114,892,346**	105,537,581
Deferred tax liabilities		**1,376,640**	—
Other non-current liabilities		**207,436,586**	132,928,613
Total non-current liabilities		**5,984,972,306**	5,721,658,398
Total liabilities		**17,893,203,960**	12,277,285,973
Owners' equity:			
Share capital		**3,462,729,405**	3,462,729,405
Capital reserve		**12,416,493,304**	12,497,857,494
Special reserve		**247,964,598**	217,210,378
Surplus reserve		**11,003,094,637**	8,646,632,361
Retained earnings		**10,970,470,330**	8,820,868,676
Total owners' equity		**38,100,752,274**	33,645,298,314
TOTAL LIABILITIES AND OWNERS' EQUITY		**55,993,956,234**	45,922,584,287

Income Statement

For the year ended 31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2011**	2010
1. Revenue	4	**70,493,325,300**	58,864,866,400
Less: Cost of sales	4	**61,156,651,257**	51,914,008,740
Taxes and surcharges		**447,314,020**	266,551,578
Distribution and selling costs		**263,301,892**	196,834,837
General and administrative expenses		**1,354,705,953**	895,750,562
Financial (income)/expenses		**(4,109,735)**	332,739,452
Provision for impairment of assets		**350,709,751**	2,004,853
Add: Gains/(losses) from changes in fair value		**184,322,454**	(102,741,155)
Investment (losses)/income	5	**(350,134,820)**	227,425,223
Include: Share of gains/(losses) of the associates and a jointly controlled entity		**55,681,529**	(12,515,751)
2. Operating profit		**6,758,939,796**	5,381,660,446
Add: Non-operating income		**80,807,116**	142,947,053
Less: Non-operating expenses		**141,907,522**	97,041,677
Include: Losses on disposal of non-current assets		**118,910,181**	88,560,156
3. Total profit		**6,697,839,390**	5,427,565,822
Less: Income tax		**806,683,698**	887,428,646
4. Net profit		**5,891,155,692**	4,540,137,176
5. Other comprehensive loss		**(81,364,190)**	(78,607,560)
6. Total comprehensive income		**5,809,791,502**	4,461,529,616

Statement of Changes in Equity

For the year ended 31 December 2011
(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 2011	3,462,729,405	12,497,857,494	217,210,378	8,646,632,361	8,820,868,676	33,645,298,314
2. Changes during the year						
(1). Net profit	—	—	—	—	5,891,155,692	5,891,155,692
(2). Other comprehensive loss	—	(81,364,190)	—	—	—	(81,364,190)
Total comprehensive (loss)/income	—	(81,364,190)	—	—	5,891,155,692	5,809,791,502
(3). Profit appropriation						
1. Appropriations to surplus reserve	—	—	—	2,356,462,276	(2,356,462,276)	—
2. Distribution to owners	—	—	—	—	(1,385,091,762)	(1,385,091,762)
(4). Special reserve						
1. Accrued during the year	—	—	189,347,208	—	—	189,347,208
2. Used during the year	—	—	(158,592,988)	—	—	(158,592,988)
Changes during the year	—	(81,364,190)	30,754,220	2,356,462,276	2,149,601,654	4,455,453,960
3. Balance at 31 December 2011	3,462,729,405	12,416,493,304	247,964,598	11,003,094,637	10,970,470,330	38,100,752,274

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 Cash Flow

For the year ended 31 December 2011

(Expressed in Renminbi Yuan)

(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2011**	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		**82,256,429,407**	68,698,376,856
Cash received from refunds of taxes		**33,166,321**	11,441,388
Cash received relating to other operating activities		**387,666,916**	203,911,377
Sub-total of cash inflows		**82,677,262,644**	68,913,729,621
Cash paid for goods and services		**64,841,259,080**	65,190,476,492
Cash paid to and on behalf of employees		**1,374,072,496**	1,184,161,999
Cash paid for all types of taxes		**2,901,516,677**	2,343,201,374
Cash paid relating to other operating activities		**844,873,163**	428,673,766
Sub-total of cash outflows		**69,961,721,416**	69,146,513,631
Net cash flows from operating activities	6	**12,715,541,228**	(232,784,010)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from retrieve of investments		**59,609,253**	1,794,300
Cash received from investment income		**53,558,049**	195,322,955
Cash received from disposal of fixed assets, intangible assets and other long-term assets, net		**27,383,503**	12,854,187
Cash received relating to other investing activities		**89,945,551**	21,989,074
Sub-total of cash inflows		**230,496,356**	231,960,516
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets		**1,591,653,892**	1,583,498,521
Cash paid relating to acquisition of investments		**2,925,920,461**	2,122,290,211
Sub-total of cash outflows		**4,517,574,353**	3,705,788,732
Net cash flows from investing activities		**(4,287,077,997)**	(3,473,828,216)

Statement of Cash Flow

For the year ended 31 December 2011
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

	Note 6	**2011**	2010
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from capital contribution		**—**	6,737,966,380
Cash received from borrowings		**10,893,597,105**	1,738,814,112
Sub-total of cash inflows		**10,893,597,105**	8,476,780,492
Cash repayment of borrowings		**7,771,673,046**	1,096,870,576
Cash paid for distribution of dividends or profits and payment of interest expenses		**1,543,679,672**	381,095,212
Sub-total of cash outflows		**9,315,352,718**	1,477,965,788
Net cash flows from financing activities		**1,578,244,387**	6,998,814,704
EFFECT OF EXCHANGES RATE CHANGES		**—**	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**10,006,707,618**	3,292,202,478
Add: Cash and cash equivalents balance at beginning of year		**4,779,877,828**	1,487,675,350
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	**14,786,585,446**	4,779,877,828

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 RMB2,664,038,200 after the issue of A shares.

According to the approval of the Company's annual general meeting of 2004 and pursuant to the sanction document of ZhengJianGuoHeZi [2004] 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 RMB2,895,038,200.

The Company has been recognized as one of the twenty-second batch share reform companies by China Securities Regulatory Commission and its share reform plan was implemented on 17 April, 2006 upon approval of the Gan State-owned Assets Ownership Letter [2006] No.76 issued by the SASAC of 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 RMB3,022,833,727.

According to the approval of the Company's annual general meeting of 2008 and pursuant to the sanction document of ZhengJianGuoHeZi (2008)1102 issued by the CSRC, the Company issues 6,800,000,000 detachable convertible bonds of per value of RMB100 each on 22 September 2008. The bonds and warrants were listed on Shanghai Stock Exchange. 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 (29) and (33).

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

1. Company Information *(Continued)*

The Company mainly engages in smelting, protracting and refining of non-ferrous 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 27 March 2012 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 2011 present truthfully and completely the financial position of the Group and the Company as at 31 December 2011, and of its financial performance and its cash flows for 2011 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.

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.

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

(5) Business combinations *(Continued)*

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.

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.

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

(6) Consolidated financial statements

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2011. 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.

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.

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

(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 arising from settlements and monetary items translation 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.

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.

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

(9) Inventories

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

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

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.

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

(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.

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.

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

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

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

When the equity method is adopted, the Group recognizes its share of post-acquisition result in the invested enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. When the Group recognizes its share of net profit of the invested enterprise, it shall adjust the financial statements of the invested entity to conform to its own accounting period and accounting policies, and make appropriate adjustments based on the fair values of the invested entity's individual separately identifiable assets etc, determine at the time of acquisition. Moreover, profits and losses arising from intra-group transactions between the enterprise (including its consolidated subsidiaries) and its associates or joint ventures shall be eliminated to the extent of the enterprise's interest in the investees, and on that basis the investment income or losses is 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).

(Expressed in Renminbi Yuan)

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).

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.

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.

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.

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

(15) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

The subsequent measurement of the financial assets depends on their classification as follows:

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

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

These financial assets are subsequently measured at fair value with all realized and unrealized changes recognized in the profit or loss for the current period. Dividends or interest earned on financial assets at fair value through profit or loss shall be charged to the profit or loss for the current period.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses arising from amortization, impairment or derecognition are recognized in the income statement.

(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.

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

(15) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

The subsequent measurement of the financial assets depends on their classification as follows: *(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.

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

(15) Financial instruments *(Continued)*

Classification and measurement of financial assets *(Continued)*

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

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

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

(b) Other financial liabilities

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

Financial guarantee contracts

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

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

(15) Financial instruments *(Continued)*

Derivative financial instruments

The Group uses derivative financial instruments to hedge its commodity price risk and other risks. 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. Certain derivative instruments are not designated as hedging instruments 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.

Bonds with warrants

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

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

(15) Financial instruments *(Continued)*

Fair value of financial instruments

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

For investments where there is no active market, fair value is determined using valuation techniques. These techniques include using recent arm's length market transactions; reference to the current fair value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing model, etc.

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.

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

(15) Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

(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.

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.

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:

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 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 recognized in other comprehensive income remain in other comprehensive income until the forecast transaction affects profit or loss.

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.

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.

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.

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.

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.

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) 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.

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

(26) Income tax

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

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

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

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

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

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

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:

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

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

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

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

(26) 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.

(27) 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 [2010] No. 8 “Accounting Standards for Business Enterprises Interpretation No 3” (“Interpretation 3”) issued by the MOF on 21 June 2010, 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.

(28) Distribution of profits

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

(29) 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.

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

(30) 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.

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.

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

(30) Significant accounting estimates *(Continued)*

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.

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

(30) 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.

(Expressed in Renminbi Yuan)

3. Taxation

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

Value Added Tax	According to the Provisional Regulations of PRC on Value Added Tax ("VAT"), sales of goods are subject to VAT. Output VAT is calculated at 17% on revenue from principal operations except for gold (which is free of VAT), sulphuric concentrate, molybdenum and water-supply income (which is at 13% on revenue). The input VAT paid when purchasing raw material, works in progress, heat and power can be credited against the output VAT .The group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.
Business Tax	Business tax is calculated and paid at 3% or 5% of the operating income.
Income Tax — parent company	The provision for PRC current income tax is based on a statutory rate 15% (15% for 2010) 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"), 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 2010).
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 RMB5 to 7 per ton for Copper Ore, and RMB10 per ton for Lead and Zinc Ore.

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% 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.

(Expressed in Renminbi Yuan)

3. Taxation *(Continued)*

(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 GR201136000054 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.
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), since 1 January 2008 for Shenzhen Trading and Shanghai Trading, 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 and Shanghai Trading are registered in Shenzhen Special Economic Zone and Shanghai Pudong Special Zone. The applicable income tax rate for them is 24% for 2011 (22% for 2010).

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 since 1 July 2011, the effective income tax rate is 25 %(12.5% for 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 since 2009, its applicable income tax rate is 12.5% for 2011.

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 since 2010, their applicable income tax rates are 12.5% for 2011.

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	286,880	163,930	57.14%	—	57.14%	57.14%	(a)(d)
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)
Shenzhen Trading	Shenzhen June 2006	Sale of copper products	RMB	660,000	660,000	100%	—	100%	100%	(a)(e)
Loyal Sky Industrial Company Limited ("Loyal Sky")	Hongkong September 2002	Trading of copper products and non-ferrous metals	USD	2,001.3	2,001.3	—	100%	100%	100%	(a)
Shanghai Trading	Shanghai Pudong June 2006	Sale of copper products	RMB	200,000	200,000	100%	—	100%	100%	(a)
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading")	Beijing July 2006	Sale of copper products	RMB	60,000	60,000	100%	—	100%	100%	(a)(f)
Sure spread	Hongkong January 2005	International trading and provision of related technical service	HKD	50,000	89,205	—	100%	100%	100%	(b)
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)

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 NanchangJune 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	890,529	781,957	92.04%	—	92.04%	92.04%	(b)(g)
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)
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)

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	66,380	92,684	100%	—	100%	100%	(b)(h)
JCC (Dexing) Construction Company Limited ("Dexing Construction")	Jiangxi Dexing July 2005	Provision of construction and installation services; development and sale of construction materials	RMB	20,000	45,751	100%	—	100%	100%	(b)
JCC Dexing Explosion Company Limited ("Dexing Explosion")	Jiangxi Dexing February 2003	Production and sale of engineering, blasting engineering, etc	RMB	1,000	3,414	—	100%	100%	100%	(b)
JCC Geology Exploration Company Limited ("Geology Exploration")	Jiangxi Dexing September 2004	Provision of services relating to mine exploration and development	RMB	15,000	18,145	100%	—	100%	100%	(b)
Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	Jiangxi Dexing October 2004	Manufacture sales of sulphuric acid and lay product	RMB	42,630	47,485	100%	—	100%	100%	(b)
Wengfu Chemical	Jiangxi Shangrao May 2005	Manufacturing and sale of sulphuric acid and by-products	RMB	181,500	127,050	70%	—	70%	70%	(a)
Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	Jiangxi Ruichang September 2003	Providing mining services	RMB	20,296	31,790	100%	—	100%	100%	(b)
JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	Jiangxi Ruichang March 2003	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	RMB	2,602	3,223	100%	—	100%	100%	(b)
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Yanshan Concentration")	Jiangxi Qianshan October 2000	Sales of beneficiation drugs, fine chemicals and other products	RMB	10,200	14,456	100%	—	100%	100%	(b)

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*			
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)
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)
Jiangxi Copper Shanghai International Logistics Company Limited ("International Logistics")	Shanghai Pudong June 2011	Transportation	RMB	5,000	5,000	100%	—	100%	100%	(a)
Jiangxi Copper Dexing Chemical Company Limited ("Dexing Chemical")	Jiangxi Dexing April 2011	Manufacturing and sale of sulphuric acid and by-products	RMB	336,550	100,000	99%	—	99%	99%	(a)
Jiangxi Copper Yugan Forge & Alloy Company Limited ("Yugan Forge & Alloy")	Jiangxi Dexing January 2011	Manufacturing and sale of grinding pebbles and ductile iron ball parameters and machinery processing	RMB	28,000	28,000	—	100%	100%	100%	(a)

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

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

(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 RMB83,930,000 in the subsidiary on August 19th 2011, which raised the investment up to RMB163,930,000 with 57.14% shareholding. The registered capital of the subsidiary changed from RMB140,000,000 to RMB286,880,000 after the capital injection.

(e) The company injected the capital of RMB330,000,000 in the subsidiary on December 6th 2011, which raised the investment up to RMB660,000,000. The registered capital increased from RMB330,000,000 to RMB660,000,000.

(f) The company injected the capital of RMB50,000,000 in the subsidiary on February 14th 2011, which raised the investment up to RMB60,000,000 with 100% shareholding. The registered capital of the subsidiary changed from RMB10,000,000 to RMB60,000,000 after the capital injection.

(g) The company injected the capital of RMB607,000,000 in the subsidiary unilaterally on April 11th 2011, which raised the investment up to RMB781,960,000. The registered capital of the subsidiary changed from RMB300,000,000 to RMB890,530,000 after the capital injection. The ultimate shareholding percentage of the company increased from 75% to 92.04%.

(h) The company injected the capital of RMB20,000,000 in the subsidiary on January 1th 2011, which raised the investment up to RMB92,680,000 with 100% shareholding. The registered capital of the subsidiary changed from RMB46,380,000 to RMB66,380,000 after the capital injection.

(2) Changes in the scope of consolidation

The scope is consistent with previous year, except for the newly established subsidiaries International Logistics, Dexing Chemical and Yugan Forge & Alloy.

(Expressed in Renminbi Yuan)

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

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

Closed consolidated subsidiaries in 2011:

	Net assets at the closing date	Net profit from the beginning of the year to closing date
Xiamen Trading	—	366,274

(4) Translation rate used over the overseas subsidiaries:

	Average exchange rate		Exchange rate at year end	
	2011	2010	**2011**	2010
USD	**6.4618**	6.7255	**6.3009**	6.6227
HKD	**0.8308**	0.8657	**0.8107**	0.8509

(Expressed in Renminbi Yuan)

5. Notes to Consolidated Financial Statements

(1) Cash and bank

	31 December 2011			31 December 2010		
	Original Currency	**Exchange Rate**	**RMB Equivalent**	Original Currency	Exchange Rate	RMB Equivalent
Cash on Hand						
— RMB			**113,458**			191,726
— HKD	**4**	**0.8107**	**3**	99	0.8509	84
— JPY	**—**	**0.0811**	**—**	3,366	0.0813	274
— GBP	**—**	**9.7116**	**—**	2	10.2182	20
			113,461			192,104
Cash in Bank						
— RMB			**9,661,728,381**			3,599,029,998
— USD	**223,952,007**	**6.3009**	**1,411,099,201**	35,999,023	6.6227	238,410,727
— HKD	**11,045,953**	**0.8107**	**8,954,954**	30,714,970	0.8509	26,135,368
— AUD	**89,191**	**6.4093**	**571,653**	89,301	6.7139	599,558
— JPY	**691**	**0.0811**	**56**	722	0.0813	59
— EUR	**5**	**8.1625**	**41**			—
			11,082,354,286			3,864,175,710
Others						
— RMB			**4,763,825,852**			2,438,882,233
			15,846,293,599			6,303,250,047

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

(1) Cash and bank *(Continued)*

As at 31 December 2011 the amount of restricted cash is RMB4,763,825,852 (31 December 2010: RMB2,438,882,233) (Note 5 (17)), including:

— As at 31 December 2011, time deposits amounting to RMB1,318,176,998 were pledged to secure current bank borrowings amounting to USD 204,356,533 with equivalent to RMB1,288,673,250 for period from one to two years (31 December 2010: RMB1,285,947,088). More details are given in Note 5 (18) and (28).

— As at 31 December 2011, no deposit was guaranteed for issuing bank accepted bills (31 December 2010: RMB132,342,631).

— As at 31 December 2011, deposit amounting to RMB1,198,034,803 which was security for a letter of credit issued (31 December 2010: RMB201,770,000).

— As at 31 December 2011, deposit amounting to RMB214,000,000 which was security for a letter of guarantee issued (31 December 2010:Nil).

— As at 31 December 2011, required mandatory reserve deposits and other restricted deposits amounting to RMB2,033,614,051 (31 December 2010: RMB818,822,514) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

As at 31 December 2011, the amount of cash deposit out of PRC is RMB621,306,682 (31 December 2010: RMB621,306,682).

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 4 months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

(Expressed in Renminbi Yuan)

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

(2) Held for trading financial assets

		31 December 2011	31 December 2010
Equity investment		**2,330,708**	4,843,656
Not under hedge accounting	*Note 5 (19)*		
— Forward currency contracts		**1,488,841**	5,157,779
— commodity derivative contracts		**52,312,413**	4,405,250
Under hedge accounting	*Note 5 (19)*		
Fair value hedge			
— commodity derivative contracts		**1,745,200**	—
— provisional price arrangement		**18,175,654**	—
		76,052,816	546,136,140

(3) Notes Receivable

	31 December 2011	31 December 2010
Bank accepted bills	**5,055,640,910**	2,568,197,049
Commercial accepted bills	**308,720,651**	245,515,080
	5,364,361,561	2,813,712,129

The terms of notes receivable are all within one year.

As at 31 December 2011 and 2010, no bills have been transfer to the accounts receivable due to uncollectablity.

As at 31 December 2011, the amount of RMB33,149,100 bank accepted bills and have been discounted to obtain short-term bank borrowings (31 December 2010: RMB276,422,538); the amount of RMB2,965,922,923 letter of credit has been pledged to obtain short-term bank borrowings (31 December 2010:Nil); and no commercial accepted bills have been discounted to obtain short- term bank borrowings (31 December 2010: RMB125,111,904). More details are given in Note 5 (17) and (18).

(Expressed in Renminbi Yuan)

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

(4) 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 2011	31 December 2010
Within 1 year	**2,216,416,058**	2,349,179,629
1–2 years	**18,387,957**	3,682,766
2–3 years	**22,348,028**	38,448,160
Over 3 years	**139,361,318**	129,912,576
	2,396,513,361	2,521,223,131
Less: Bad debt provision	**(163,981,276)**	(165,758,077)
	2,232,532,085	2,355,465,054

	31 December 2011			
	Balance	**%**	**Bad debt provision**	**%**
Significant and individually accrued bad debt provision	**91,871,008**	**3.83%**	**63,616,791**	**69.25%**
Accrued bad debt provision by group				
Within 1 year	**2,188,161,841**	**91.31%**	**—**	**—**
1–2 years	**18,387,957**	**0.77%**	**3,579,284**	**19.47%**
2–3 years	**2,566,077**	**0.11%**	**1,258,723**	**49.05%**
Over 3 years	**75,744,527**	**3.16%**	**75,744,527**	**100.00%**
	2,376,731,410	**99.18%**	**144,199,325**	**6.07%**
Insignificant but individually accrued bad debt provision	**19,781,951**	**0.82%**	**19,781,951**	**100.00%**
	2,396,513,361	**100.00%**	**163,981,276**	**6.84%**

(Expressed in Renminbi Yuan)

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

(4) 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%

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

	Beginning balance	Addition	Deduction		Ending balance
			Reversal	Write-off	
2011	**165,758,077**	**5,341,060**	**(973,792)**	**(6,144,069)**	**163,981,276**
2010	161,491,197	7,609,950	(3,157,647)	(185,423)	165,758,077

For the year ended 31 December 2011, the amount of RMB973,792 has been reversed due to the recovery of the account receivable in 2011 (2010: RMB3,157,647).

For the year ended 31 December 2011, the amount of RMB6,144,069 has been realized due to the write-off of the account receivable in 2011 (2010: RMB185,423).

(Expressed in Renminbi Yuan)

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

(4) Accounts Receivable *(Continued)*

As at 31 December 2011, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB3,230,980 (31 December 2010: RMB11,004,093). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2011, the balance of top five debtors is as below:

	Relationship	Balance	Aging	%
First	JCC's affiliate	115,346,698	Within 1 year	4.81%
Second	Third party	108,669,590	Within 1 year	4.53%
Third	JCC's affiliate	104,204,788	Within 1 year	4.36%
Fourth	JCC's affiliate	101,427,722	Within 1 year	4.23%
Fifth	Third party	91,871,008	Within 1 year and over 3 years	3.83%
		521,519,806		21.76%

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%

(Expressed in Renminbi Yuan)

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

(5) Advances to suppliers

The ageing analysis of advances to suppliers is as below:

	31 December 2011		31 December 2010	
	Balance	**%**	Balance	%
Within 1 year	**2,822,781,533**	**97.86%**	1,667,616,877	93.17%
1-2 years	**19,984,861**	**0.69%**	73,715,780	4.12%
2-3 years	**18,728,561**	**0.65%**	25,522,273	1.43%
Over 3 years	**23,210,515**	**0.80%**	22,994,431	1.28%
	2,884,705,470	**100.00%**	1,789,849,361	100.00%

As at 31 December 2011, the balances aging over one year are mainly advances to suppliers for outstanding purchase of project and equipment.

As at 31 December 2011, the Group's balance due from a shareholder who holds more than 5% of the voting power of Company was RMB169,089 (31 December 2010: RMB135,265). 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 2011, the balance of top five debtors is as below:

	Relationship	**Balance**	**Aging**	**Outstanding reason**
First	Third party	277,089,756	Within 1 year	Purchased raw material in transit
Second	Third party	249,217,663	Within 1 year	Purchased raw material in transit
Third	Third party	176,275,389	Within 1 year	Purchased raw material in transit
Fourth	Third party	145,325,365	Within 1 year	Purchased raw material in transit
Fifth	Third party	66,820,742	Within 1 years	Purchased raw material in transit
		914,728,915		

(Expressed in Renminbi Yuan)

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

(5) Advances to suppliers *(Continued)*

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		

(6) Other receivables

The ageing analysis of other receivables is as below:

	31 December 2011	31 December 2010
Within 1 year	**1,785,928,480**	1,364,981,036
1–2 years	**7,111,617**	5,429,671
2–3 years	**1,673,832**	2,096,160
Over 3 years	**32,527,603**	32,008,717
	1,827,241,532	1,404,515,584
Less: bad debt provision	**(32,310,764)**	(31,216,785)
	1,794,930,768	1,373,298,799

(Expressed in Renminbi Yuan)

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

(6) Other receivables *(Continued)*

	31 December 2011			
	Balance	**%**	**Bad debt provision**	**%**
Accrued bad debt provision by group				
Within 1 year	**1,785,928,480**	**97.74%**	**—**	**—**
1-2 years	**7,111,617**	**0.39%**	**1,014,671**	**14.27%**
2-3 years	**1,673,832**	**0.09%**	**813,482**	**48.60%**
Over 3 years	**32,527,603**	**1.78%**	**30,482,611**	**93.71%**
	1,827,241,532	**100.00%**	**32,310,764**	**1.77%**

	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%

As at 31 December 2011 and 2010, there was no significant amount and need to accrue bad debt provision individually.

As at 31 December 2011, the Group's balance of deposits for commodity derivative contracts is RMB1,051,908,501 (31 December 2010: RMB1,099,513,300).

(Expressed in Renminbi Yuan)

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

(6) Other receivables *(Continued)*

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

	Beginning balance	Addition	Deduction Reversal	Deduction Write-off	Ending balance
2011	**31,216,785**	**1,207,521**	**(31,597)**	**(81,945)**	**32,310,764**
2010	28,900,190	2,473,992	(157,397)	—	31,216,785

For the year ended 31 December 2011, the amount of RMB31,597 has been reversed due to the recovery of the other account receivable (2010: RMB157,397).

For the year ended 31 December 2011, the amount of RMB81,945 has been realized due to the write-offs of the other account receivable (2010: RMB Nil).

As at 31 December 2011, the amount of RMB402,656 was due from a shareholder who holds more than 5% of the voting power of the Company (2010: RMB Nil). More details are disclosed in Note 7(7) Related party relationship and transaction.

As at 31 December 2011, the balance of top five debtors is as below:

	Relationship	Balance	Aging	%
First	JCC's affiliate *(Note 7 (7))*	574,820,479	Within 1 year	31.46%
Second	Third party	183,966,012	Within 1 year	10.07%
Third	Third party	112,791,821	Within 1 year	6.17%
Fourth	Third party	100,410,360	Within 1 year	5.50%
Fifth	Third party	88,758,716	Within 1 year	4.85%
		1,060,747,388		58.05%

(Expressed in Renminbi Yuan)

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

(6) Other receivables *(Continued)*

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%

(7) Inventories

	31 December 2011	31 December 2010
Raw materials	**3,865,911,551**	7,385,169,505
Work in process	**6,355,144,983**	8,077,289,586
Finished goods	**4,351,600,852**	2,862,842,203
	14,572,657,386	18,325,301,294
Less: Provisions	**(475,596,788)**	(55,348,477)
	14,097,060,598	18,269,952,817

As at 31 December 2011, certain of the Group's inventories with a net book value of RMB68,000,000 (2010: RMB92,000,000) was pledged to secure short term bank borrowings of RMB35,000,000 for a period of one year. More details are given in Note 5 (17) and (18).

As at 31 December 2011, certain of the Group's inventories with a net book value of RMB59,427,769 (2010: RMB64,684,780) was pledged as deposits for commodity derivative contract amounting to RMB39,591,809. More details are given in Note 5 (17).

(Expressed in Renminbi Yuan)

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

(7) Inventories *(Continued)*

As at 31 December 2011, inventories of the Group included fair value gains inventories designated as hedged items amounted to RMB18,890,904 (2010: RMB780,456,113), among which, fair value gains of the hedges items amounted to RMB18,890,904 (2010: RMB551,967,145) were hedged by provisional price arrangement, and no fair value gains of the hedges items (2010: RMB224,488,968) were hedged by commodity derivative contracts.

The movement of inventories provision is as below:

2011

	Beginning balance	Addition	Deduction: Reversal	Deduction: Realization	Ending balance
Raw materials	**2,073,140**	**167,831,075**	**(695,025)**	**—**	**169,209,190**
Materials for consigned processing	**—**	**826,300**	**—**	**—**	**826,300**
Work in process	**—**	**159,481,682**	**—**	**—**	**159,481,682**
Finished goods	**—**	**62,810,209**	**—**	**—**	**116,085,546**
Commodity	**53,275,337**	**35,714,797**	**—**	**(5,720,727)**	**29,994,070**
	55,348,477	**426,664,063**	**(695,025)**	**(5,720,727)**	**475,596,788**

2010

	Beginning balance	Addition	Deduction: Reversal	Deduction: Realization	Ending balance
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

In the year 2011, Inventory provision amounting to RMB695,025 has been reversed due to the rise of the market price in 2011 (2010: Nil).

The amount of RMB5,720,727 has been realized as the relevant work in process was put into use and the finished goods were sold out in 2011 (2010: RMB8,509,835).

(Expressed in Renminbi Yuan)

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

(8) Other current financial assets

		31 December 2011	31 December 2010
Short term loans to related parties	(i)	**842,510,201**	553,881,291
Deductable input of VAT		**137,894,890**	844,057,914
		980,405,091	1,397,939,205

(i) As at 31 December 2011, loans to related parties are provided by Finance Company, a subsidiary of the Group. The short term loans' interest rates range from 2.15% to 6.56% per annum (2010: 2.67% to 5.84%) among which the rate of the USD loans is 2.15% to 3.36% and the loans will be repaid from 30 January 2012 to 13 December 2012. All of the above loans were guaranteed by JCC and undue. More details are disclosed in Note 7 "Related Party Relationship and Transaction".

(9) 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	37,282,205,500	(35,232,200,000)	2,870,005,500
Subtotal		1,235,690,000	37,282,205,500	(35,232,200,000)	3,285,695,500
Less: Impairment provision		(5,610,000)	—	—	(5,610,000)
Total		1,230,080,000	37,282,205,500	(35,232,200,000)	3,280,085,500
Less: Current portion of available-for-sale financial investment — Financial Products		(520,000,000)	(37,182,205,500)	34,932,200,000	(2,770,005,500)
Total of non-current portion		710,080,000	100,000,000	(300,000,000)	510,080,000

(Expressed in Renminbi Yuan)

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

(9) Available-for-sale financial investments

As at 31 December 2011, 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 2011, Finance Company, a subsidiary of the Group, holds bank financial products amounting to RMB2,870,005,500(31 December 2010: RMB820,000,000) with annual target return rate from 5.9% to 10.2%(2010: from 4.3% to 8.8%). The above financial products will expire between 13 January 2012 and 22 February 2013.

(10) Long-term equity investments

2011

		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 ")	1,300,000,000	1,060,000,000	240,000,000	–	1,300,000,000	(56,037,760)	49,202,873	–	(125,352,264)	(102,587,185)	–	–	1,065,225,664
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL")	470,860,187	58,134,560	412,725,627	–	470,860,187	(1,272,703)	–	–	(1,845,366)	(12,274,733)	–	–	455,467,385
Jiangxi Copper Ever profit Qing Yuan Copper Company Limited ("QingYuan")	56,000,000	56,000,000	–	–	56,000,000	(55,842,674)	(157,326)	–	–	–	–	–	–
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	6,186,812	6,186,812	–	–	6,186,812	–	–	–	(564,581)	195,240	–	–	5,817,471
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	10,796,201	6,635,982	–	–	(4,800,000)	–	–	26,732,183
Cost Method:													
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	13,056,216	13,056,216	–	–	13,056,216	–	–	–	–	–	(13,056,216)	–	–
Total		1,211,541,565	652,725,627	–	1,864,267,192	(102,356,936)	55,681,529	–	(127,762,211)	(119,466,678)	(13,056,216)	–	1,557,306,680

Notes to the Financial Statements

For the year ended 31 December 2011
(Expressed in Renminbi Yuan)
(Prepared in accordance with PRC GAAP and regulations)

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

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

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

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

(10) 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	3,250,000
MCC-JCL	25%	Afghanistan	Manufacture and sale of copper products	USD	291,298
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

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

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

2011

	Total Assets *RMB'000*	**Total Liabilities** *RMB'000*	**Net Assets** *RMB'000*	**Revenue** *RMB'000*	**Net (loss) / profit** *RMB'000*
Associates					
Jiangxi Copper Minerals	**4,801,140**	**2,138,076**	**2,663,064**	**—**	**123,007**
MCC-JCL	**1,860,656**	**38,786**	**1,821,870**	**—**	**—**
Qing Yuan	**208,448**	**232,591**	**(24,143)**	**128,349**	**(24,536)**
Asia Sure Spread	**11,872**	**—**	**11,872**	**—**	**—**
Fengye	**12,336**	**3,845**	**8,491**	**—**	**—**
A jointly controlled entity					
Jiangtong Bioteq	**56,998**	**3,534**	**53,464**	**40,421**	**14,032**

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

As at 31 December 2011, the associates and jointly controlled entity could transfer funds to the Group without restrictions.

(Expressed in Renminbi Yuan)

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

(11) Fixed Assets

2011

	Buildings	Equipment and machinery	Vehicles	Office equipment	Total
Original cost					
1 January 2011	7,464,833,456	14,437,211,168	1,463,044,515	77,227,100	23,442,316,239
Additions	4,384,606	17,095,728	22,614,703	2,584,902	46,679,939
Transferred from construction in progress	1,202,756,974	621,211,324	50,436,972	52,415,449	1,926,820,719
Disposals	(48,344,035)	(603,211,651)	(214,846,887)	(6,285,587)	(872,688,160)
31 December 2011	8,623,631,001	14,472,306,569	1,321,249,303	125,941,864	24,543,128,737
Accumulated depreciation					
1 January 2011	(2,852,915,967)	(5,731,729,147)	(632,275,097)	(39,608,450)	(9,256,528,661)
Additions	(232,758,665)	(748,099,473)	(153,917,284)	(6,224,514)	(1,140,999,936)
Disposals	10,346,479	494,449,012	190,955,411	4,707,308	700,458,210
31 December 2011	(3,075,328,153)	(5,985,379,608)	(595,236,970)	(41,125,656)	(9,697,070,387)
Impairment provision					
1 January 2011	(939,497)	(18,859,210)	(50,295)	(52,021)	(19,901,023)
Additions(i)	(19,733,394)	(33,039,130)	(152,824)	(2,132,105)	(55,057,453)
Realization	4,252,932	16,674,000	—	312,385	21,239,317
31 December 2011	(16,419,959)	(35,224,340)	(203,119)	(1,871,741)	(53,719,159)
Net book value					
31 December 2011	5,531,882,889	8,451,702,621	725,809,214	82,944,467	14,792,339,191
1 January 2011	4,610,977,992	8,686,622,811	830,719,123	37,566,629	14,165,886,555

(i) As at 31 December 2011, the Group provides impairment for obsolete or scrapped fixed assets.

(Expressed in Renminbi Yuan)

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

(11) Fixed Assets *(Continued)*

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

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

(11) Fixed Assets *(Continued)*

As at 31 December 2011, buildings with net book value of RMB35,001,803 (31 December 2010: RMB40,875,592) and equipment and machinery with net book value of RMB35,757,948 (31 December 2010: RMB39,393,005) were restricted for use. More details are given in Note 5 (17).

As at 31 December 2011, the Group is in the process of obtaining the property ownership certificate for certain of the Group's buildings with original cost of RMB14,003,980 (31 December 2010: RMB14,003,980) and net book value of RMB13,373,801 (31 December 2010: RMB13,688,890.

As at 31 December 2011, there was no fixed assets leased out under operating lease.

(Expressed in Renminbi Yuan)

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

(12) Construction in progress

2011

	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	254,256,591	61,989,584	(189,908,294)	126,337,881	68%	Proceeds from issuance of shares ("Proceeds")
Technical renovation engineering of enlarging production scale of Dexing Mining	2,537,870,000	580,241,480	338,816,746	(136,709,191)	782,349,035	76%	Self-funding and Proceeds
Extension of Open-pitting Mining project	387,540,000	846,220	1,291,160	—	2,137,380	97%	Self-funding and Proceeds
Fujiawu Mine Development and Construction Project	1,052,540,000	23,434,993	16,397,499	(39,832,492)	—	85%	Self-funding and Proceeds
Technical improvement of the ninth copper concentrate 5000t/d retreating project	550,000,000	173,615,895	375,465,902	(31,575,594)	517,506,203	100%	Self-funding
Oriental New World Plaza A Building F31 - F33	301,490,060	—	296,542,658	—	296,542,658	98%	Self-funding
Tailings storehouse Project	327,780,000	102,415,499	89,593,202	(214,215)	191,794,486	58%	Self-funding
Liujia gou tailings storehouse in Chengmenshan Copper Mine	318,310,000	68,562,736	118,894,802	(80,000,000)	107,457,538	59%	Self-funding
Phase II of Longchang Copper Pipe	1,024,482,400	30,181,051	105,787,020	—	135,968,071	13%	Self-funding
No.5 Mine exploitation Project	130,000,000	75,402,891	33,285,005	(12,736,684)	95,951,212	84%	Self-funding
400 Kiloton Copper Rod Line Project	430,000,000	—	95,231,797	—	95,231,797	22%	Self-funding
Dexing 600 Kiloton Pyritic Project	333,184,500	—	94,088,083	—	94,088,083	28%	Self-funding
East ditch waste-rock yards in Chengmenshan Copper Mine	197,070,000	92,916,920	31,239,171	(52,000,000)	72,156,091	63%	Self-funding
Reformation project of smelting capacity of system two	136,560,000	5,561,386	66,044,660	—	71,606,046	52%	Self-funding
Detailed exploration project of Crossing Mu mineral in Yongping Mine	53,360,000	19,256,806	18,935,676	—	38,192,482	71%	Self-funding
No.4 tailings plant relocation	96,650,000	12,183,542	36,139,613	(3,334,946)	44,988,209	91%	Self-funding
Sizhou plant production system improvement	158,070,000	23,536,836	11,947,478	—	35,484,314	37%	Self-funding
Water conservation and wastewater treatment project	190,500,000	—	26,752,115	—	26,752,115	14%	Self-funding
Land consolidation for 5000 tons/day mining technical	45,000,000	—	26,686,547	—	26,686,547	59%	Self-funding
Facility coordination for Expansion project of phase II	73,000,000	55,713,951	17,688,262	(51,400,000)	22,002,213	100%	Self-funding
Landslide controlling project for the east of Dashan plant	26,700,000	3,439,903	17,903,332	—	21,343,235	80%	Self-funding
Underground geography exploration in No.9 district of north part of Yinshan	32,990,000	—	20,108,804	—	20,108,804	61%	Self-funding
Additional geography exploration project in Wushan	33,219,000	15,694,455	4,023,559	—	19,718,014	59%	Self-funding
Environmental protection and energy-saving technological transformation project	317,000,000	—	11,921,745	—	11,921,745	4%	Self-funding
Poly Plaza D Building	600,576,865	586,276,865	13,517,131	(599,793,996)	—	100%	Self-funding
300K ton Copper Smelting Project	3,099,530,000	89,372,735	38,048,279	(127,421,014)	—	86%	Self-funding
Others	Not applicable	324,773,115	720,868,475	(601,894,293)	443,747,297		
Total		2,537,683,870	2,689,208,305	(1,926,820,719)	3,300,071,456		

(Expressed in Renminbi Yuan)

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

(12) Construction in progress *(Continued)*

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 millformed 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	550,000,000	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
Phase II of Longchang Copper Pipe	1,024,482,400	—	30,181,051	—	30,191,051	3%	Self-funding
Reformation project of smelting capacity of system two	136,560,000	—	5,561,386	—	5,561,386	4%	Self-funding
Detailed exploration project of Crossing Mu mineral in Yongping Mine	53,360,000	188,321	19,068,485	—	19,256,806	36%	Self-funding
No.4 tailings plant relocation	53,363,500	6,134,760	6,189,380	(140,598)	12,183,542	23%	Self-funding
Sizhou plant production system improvement	158,070,000	3,786,000	43,228,414	(23,477,578)	23,536,836	30%	Self-funding
Landslide controlling project for the east of Dashan plant	26,700,000	466,000	2,973,903	—	3,439,903	13%	Self-funding
Additional geography exploration project in Wushan	33,219,000	10,095,800	5,598,655	—	15,694,455	47%	Self-funding
Others	Not applicable	287,258,478	639,286,248	(603,695,256)	322,849,470		
Total		2,762,109,750	2,567,070,265	(2,791,496,145)	2,537,683,870		

(Expressed in Renminbi Yuan)

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

(13) Intangible asset

2011

	Trademarks	Mining rights	Land use rights	Others (Software)	Total
Cost					
1 January 2011	52,626,656	945,331,851	365,207,774	22,283,361	1,385,449,642
Additions	—	—	121,078,851	9,881,115	130,959,966
Disposal	—	—	(8,415,827)	(126,872)	(8,542,699)
31 December 2011	52,626,656	945,331,851	477,870,798	32,037,604	1,507,866,909
Accumulated amortization					
1 January 2011	(25,178,089)	(110,911,474)	(31,419,276)	(9,395,570)	(176,904,409)
Additions	(1,798,560)	(32,582,593)	(10,549,054)	(2,719,056)	(47,649,263)
Disposal	—	—	2,576,100	—	2,576,100
31 December 2011	(26,976,649)	(143,494,067)	(39,392,230)	(12,114,626)	(221,977,572)
Net book value					
31 December 2011	25,650,007	801,837,784	438,478,568	19,922,978	1,285,889,337
1 January 2011	27,448,567	834,420,377	333,788,498	12,887,791	1,208,545,233

(Expressed in Renminbi Yuan)

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

(13) Intangible asset *(Continued)*

2010

	Trademarks	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)
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

As at 31 December 2011 and 2010, no intangible assets were restricted.

As at 31 December 2011, the Group is in the process of obtaining the property certificates for certain land use rights with net book value of RMB126,687,893 (31 December 2010 : RMB158,773,011).

(14) Exploration costs

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

	2011	2010
Beginning balance	**203,233,460**	187,187,500
Additions	**3,133,910**	16,045,960
Ending balance	**206,367,370**	203,233,460

(Expressed in Renminbi Yuan)

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

(15) 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 2011:

	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	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
Charge to income statements	71,085,325	(1,247,141)	117,669,486	8,251,095	(44,275,713)	(5,369,671)	(3,204,673)	1,000,916	(252,757)	143,656,867
Charge to equity	—	—		—	(22,151,763)	—	—	—	—	(22,151,763)
Ending balance	94,143,052	2,643,061	175,110,153	17,035,814	1,249,148	12,918,665	127,452	2,093,990	768,057	306,089,392

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

(Expressed in Renminbi Yuan)

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

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

Deferred tax liabilities affirmed as at 31 December 2011:

	Fair value gain arising from commodity derivative contracts	**Fair value gain from forward currency contracts**	**Others**	**Total**
Beginning balance	**1,057,260**	**1,237,867**	**489,487**	**2,784,614**
Charge to income statements	**11,042,795**	**(1,237,867)**	**1,648,354**	**11,453,282**
Ending balance	**12,100,055**	**—**	**2,137,841**	**14,237,896**

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
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

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

	2011	2010
Deductable temporary difference:		
Deferred Revenue	**106,709,663**	118,179,529
Impairment of assets	**175,954,205**	166,544,953
Accrued expenses	**18,232,066**	12,230,114
Others	**2,909,172**	—
Deductable tax loss	**453,001,475**	399,290,660
	756,806,581	696,245,256

(Expressed in Renminbi Yuan)

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

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

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

	2011	2010
2012	**67,331,627**	68,627,347
2013	**65,649,147**	65,728,555
2014	**60,277,693**	80,630,289
2015	**—**	39,860,198
2016	**195,205,312**	—
No time limit *(i)*	**64,537,696**	136,861,029
	453,001,475	391,707,418

(i) Sure spread, a subsidiary of the Group is registered in Hong Kong. Its deductable tax loss was RMB64,537,696 as at 31 December 2011. 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:

	2011	2010
Deductable temporary difference:		
Accrued expenses	**1,044,667,126**	333,268,765
Impairment of assets	**550,075,969**	124,345,625
Deferred revenue	**93,572,092**	58,564,793
Fair value loss arising from forward currency contracts	**12,024,182**	4,554,474
Fair value change arising from commodity derivative contracts	**4,993,593**	291,960,995
Unrealized profits	**66,489,895**	98,170,920
Fair value loss arising from provisional price arrangement	**849,680**	22,214,167
Others	**3,472,610**	5,818,897
Deductable tax loss	**20,336,895**	30,880,603
	1,796,482,042	969,779,239

(Expressed in Renminbi Yuan)

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

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

Temporary differences recognized as deferred tax liabilities are as follows:

	2011	2010
Taxable temporary difference:		
Fair value gain arising from commodity derivative contracts	**52,071,262**	4,405,250
Fair value gain arising from forward currency contracts	**—**	5,157,780
Others	**8,551,364**	1,957,952
	60,622,626	11,520,982

(Expressed in Renminbi Yuan)

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

(16) Provision for impairment of assets

2011

	Beginning	Addition	Reduction		Ending
			Reverse	Realization	
Accounts receivable bad debt provision	165,758,077	5,341,060	(973,792)	(6,144,069)	163,981,276
Other receivable bad debt provision	31,216,785	1,207,521	(31,597)	(81,945)	32,310,764
Inventory provision	55,348,477	426,664,063	(695,025)	(5,720,727)	475,596,788
Impairments of available-for-sale investments	5,610,000	—	—	—	5,610,000
Impairments of fixed assets	19,901,023	55,057,453	—	(21,239,317)	53,719,159
Impairments of long-term investments	13,056,216	—	—	—	13,056,216
	290,890,578	488,270,097	(1,700,414)	(33,186,058)	744,274,203

2010

	Beginning	Addition	Reduction		Ending
			Reverse	Realization	
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

(Expressed in Renminbi Yuan)

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

(17) Restricted assets

2011

	Beginning	Additions	Reductions	Ending	*Note*
Assets used for guarantees					
Cash and banks	1,620,059,719	1,110,152,082		2,730,211,801	(1)
Notes receivable	401,534,442	2,597,537,581		2,999,072,023	(2)
Inventories	156,684,780	—	(29,257,011)	127,427,769	(3)
Fixed assets	80,268,597	—	(9,508,846)	70,759,751	(4)
	2,258,547,538	3,707,689,663	(38,765,857)	5,927,471,344	

	Beginning	Additions	Reductions	Ending	
Restricted assets due to other reason					
Mandatory reserve deposits	818,822,514	1,214,791,537	—	818,822,514	(5)

2010

	Beginning	Additions	Reductions	Ending
Assets used for guarantees				
Cash and banks	1,897,392,549	—	(277,332,830)	1,620,059,719
Notes receivable	12,140,090	389,394,352	—	401,534,442
Inventories	225,493,530	—	(68,808,750)	156,684,780
Fixed assets	114,752,621	—	(34,484,024)	80,268,597
Intangible assets	2,728,917	—	(2,728,917)	—
	2,252,507,707	389,394,352	(383,354,521)	2,258,547,538

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

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

(17) Restricted assets *(Continued)*

Note 1:

— As at 31 December 2011, time deposits amounting to RMB1,318,176,998 were pledged to secure current bank borrowings amounting to USD204,356,533 with equivalent to RMB1,288,673,250 with a period from one to two years.

— As at 31 December 2011, deposit amounting to RMB1,198,034,803 which was security for issuing a letter of credit.

— As at 31 December 2011, deposit amounting to RMB214,000,000 which was security for issuing letter of guarantee

Note 2: As at 31 December 2011, mortgaged borrowings amounted to RMB2,999,072,023 were secured by the discounted unmatured bank notes and letter of credit with carrying values of RMB33,149,100 and RMB2,965,922,923 respectively.

Note 3:

— As at 31 December 2011, certain of the Group's inventories with a net book value of RMB68,000,000 was pledged to secure short term bank borrowings of RMB35,000,000.

— As at 31 December 2011, certain of the Group's inventories with a net book value of RMB59,427,769 was pledged as deposits of commodity derivative contracts of RMB39,591,809.

Note 4: Pledged borrowings amounting to RMB51,000,000 were secured by machineries with carrying value of RMB35,757,948, buildings with carrying value of RMB35,001,803. The depreciation amount of machineries and buildings were RMB3,635,057 and RMB5,873,789, individually.

Note 5: As at 31 December 2011, required mandatory reserve deposits and other restricted deposits amounting to RMB2,033,614,051 placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

(Expressed in Renminbi Yuan)

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

(18) Short-term borrowings

	31 December 2011	31 December 2010
Bank borrowing		
Including:		
Credit borrowings	**5,198,125,143**	2,113,860,042
Mortgaged borrowings *(i)*	**3,846,605,625**	1,378,348,263
Pledged borrowings *(ii)*	**86,000,000**	103,500,000
	9,130,730,768	3,595,708,305

As at 31 December 2011, the borrowings carry annual interest rates ranging from 0.94% to 7.87%. (2010: 1.20% to 6.37%).

(i) Mortgaged borrowings including:

— Mortgaged borrowings amounted to RMB2,999,072,023 were secured by the discounted unmatured bank accepted bills with the carrying value of RMB33,149,100(31 December 2010: RMB401,534,442) and letter of credit amounting to 2,965,922,923 (31 December 2010:Nil).

— Time deposits amounting to RMB847,533,602 were morgaged to secure current bank borrowings amounting to USD134,344,368, equivalent to RMB847,533,602 (31 December 2010: RMB976,813,821 mortgaged borrowings).

(ii) Pledged borrowings including:

— Pledged borrowings amounting to RMB51,000,000 was secured by machineries with original cost of RMB92,724,947 and carrying value of RMB35,757,948, and buildings with original cost of RMB57,912,399 and carrying value of RMB35,001,803.

— Pledged borrowings amounting to RMB35,000,000 was secured by inventories with carrying value of RMB68,000,000.

As at 31 December 2011, there was no balance of matured but unsettled short-term borrowings.

(Expressed in Renminbi Yuan)

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

(19) Held for trading financial liabilities

	31 December 2011	31 December 2010
Under hedge accounting *(i)*		
Cash flow hedge *(a)*		
— Commodity derivative contracts	**5,690,218**	128,633,369
Fair value hedge *(a)*		
— Commodity derivative contracts	**—**	227,751,145
— Provisional price arrangement	**—**	554,710,792
— Firm commitment	**1,986,352**	—
Not under hedge accounting *(b)*		
— Commodity derivative contracts	**111,804,626**	261,623,859
— Provisional price arrangement	**134,430**	19,470,520
— Forward currency contracts	**21,598,933**	19,097,245
— Interest rate swaps	**11,190,310**	9,293,820
Liabilities arising from gold lease valued at fair value *(ii)*	**946,260,226**	—
	1,098,665,095	2,818,945,748

(i) 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 2011, the expected delivery period of the forecasted sales for copper related products is from January to March 2012.

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

(19) Held for trading financial liabilities *(Continued)*

(i) Under hedge accounting *(Continued)*

(a) Under hedge accounting *(Continued)*

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. The Group also utilizes standardized copper cathode future to hedge the fair value change of the firm commitment.

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 (45), (46) and (51).

(b) Not under hedge accounting

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.

The Group utilizes gold future contracts to manage the risk related to the liabilities to return the same quantity and quality gold with the lease contracts (as mentioned in Note 5 (2)) and hedge the change in fair value arising from price fluctuation. As 31 December 2011, fair value losses on the gold future contracts are RMB77,344,850.

The Group utilizes forward currency contracts and interest rate swaps to hedge the risk related to foreign exchange rate risk and interest rate risk.

However, the arrangements mentioned above are not considered as an effective hedge and are not accounted for under hedge accounting. The unrealised gains or losses arising from the change in fair value are recognised directly in the income statement. Further details are given in Note 5 (45) and (46).

(Expressed in Renminbi Yuan)

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

(19) Held for trading financial liabilities *(Continued)*

(i) Liabilities arising from gold lease valued at fair value

In year 2011, the Group commenced transaction of lease of gold. The Group entered into certain gold lease contract with the banks. During the lease period, the Group might sell the leased gold to the third party. When the lease period expires, the Group shall return the gold with the same quantity and quality to the banks. The obligation to return the gold is recognized as a held-for-trading financial liabilities.

(20) Notes payable

	31 December 2011	31 December 2010
Bank accepted bills	**3,300,143,866**	2,247,927,604

The above notes payable will be due in 2012.

(21) 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 2011, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB1,231,646 (31 December 2010: RMB7,621,872). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2011, the Group has no material balance of accounts payable aged over one year.

(Expressed in Renminbi Yuan)

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

(22) Advance from customers

The balance represents advances from customer for sales of goods.

As at 31 December 2011 and 2010, the Group has no balance due to shareholder who holds more than 5% shares of the Company.

As at 31 December 2011, the Group has no material balance of advance from customers aged over one year.

(23) Employee benefit payable

2011:

	Beginning	Addition	Deduction	Ending
Payroll, bonus and allowance	345,498,879	1,601,680,900	(1,300,381,668)	646,798,111
Social insurance	70,354,302	316,438,409	(279,467,359)	107,325,352
Including:				
Medical insurance	(143,172)	29,388,624	(22,441,157)	6,804,295
Pension insurance	62,733,460	265,717,668	(237,651,049)	90,800,079
Unemployment insurance	6,483,242	11,373,656	(9,072,630)	8,784,268
Accident insurance	1,278,353	9,521,315	(9,865,838)	933,830
Maternity insurance	2,419	437,146	(436,685)	2,880
Housing fund	7,657,907	129,207,045	(127,221,225)	9,643,727
Labor union fee and employee education fee	10,424,974	43,362,022	(47,662,013)	6,124,983
Staff welfare	329,563	147,508,052	(147,141,374)	696,241
Others	(171,378)	8,664,318	(8,834,759)	(341,819)
Management incentive schemes	—	416,442,900	—	416,442,900
	434,094,247	2,663,303,646	(1,910,708,398)	1,186,689,495
Less: non-current liabilities-management incentive schemes	—	(291,510,030)	—	(291,510,030)
	434,094,247	2,371,793,616	(1,910,708,398)	895,179,465

(Expressed in Renminbi Yuan)

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

(23) Employee benefit payable *(Continued)*

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

As at 31 December 2011, there was no balance with the nature of arrears.

There was no expenditure occurred in year 2011 and 2010 with the nature of monetary staff welfare or compensation for employment termination. All the payroll unpaid(except for payable to senior management and middle-level management under management incentive schemes which was recorded in non-current liabilities) was expected to be settled in 2012.

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liability is payable from 2015 to 2017 and is indexed to the rate of growth of the Group’s net assets.

(Expressed in Renminbi Yuan)

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

(24) Taxes payable

	31 December 2011	31 December 2010
Corporate income tax	**886,061,727**	675,109,625
VAT	**369,714,345**	35,757,008
Mineral resource compensation charge	**53,834,638**	49,343,223
Urban construction tax	**38,785,177**	5,455,238
Resource tax	**37,833,809**	31,490,346
Individual income tax	**28,714,264**	9,221,729
Education surcharge	**26,437,788**	2,779,089
Business tax	**6,412,183**	2,874,728
Others	**88,367,285**	55,513,824
	1,536,161,216	867,544,810

(25) Other payables

	31 December 2011	31 December 2010
Other amount paid on behalf of the Group by JCC	**46,687,933**	310,667,313
Paid on behalf of the Group by Subsidiaries of JCC	**30,577,520**	25,676,622
Retention for contract	**193,491,394**	92,381,627
Payable for construction, machinery and materials	**356,782,262**	249,725,611
Miscellaneous repairmen and maintenance fee	**29,214,968**	18,131,578
Service charges	**40,400,568**	13,301,762
Others	**135,006,087**	60,695,612
	832,160,732	770,580,125

As at 31 December 2011, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB46,687,933 (31 December 2010: RMB310,667,313). More details are disclosed in Note 7 (7) "Related Party Relationship and Transaction".

As at 31 December 2011, the Group has no material balance of other payables aged over one year.

(Expressed in Renminbi Yuan)

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

(26) Non-current liabilities due within one year

	31 December 2011	31 December 2010
Long term borrowings *(Note 5 (28))*	**678,635,237**	—
Long term payables *(Note 5 (30))*	**2,009,689**	2,009,689
	680,644,926	2,009,689

(27) Other current liabilities

	31 December 2011	31 December 2010
Short term deposit from related parties *(i)*	**1,416,294,455**	1,348,364,998
Liabilities due from financial assets sold for repurchase *(ii)*	**—**	250,000,000
	1,416,294,455	1,598,364,998

(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 3.50% per annum (2010: 0.36% to 2.75%).

(ii) For the year of 2010, 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.

(Expressed in Renminbi Yuan)

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

(28) Long-term borrowings

		31 December 2011	
		Original Currency	**Equivalent**
			RMB
Mortgaged borrowings *(i)*	**USD**	**70,012,165**	**441,139,648**
Credit borrowings	**RMB**	**309,250,000**	**309,250,000**
	JPY	**1,256,028,000**	**101,867,639**
			852,257,287
Less: amount due within one year	**RMB**	**(290,000,000)**	**(290,000,000)**
	USD	**(45,512,165)**	**(286,767,598)**
	JPY	**(1,256,028,000)**	**(101,867,639)**
			(678,635,237)
			173,622,050

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

(Expressed in Renminbi Yuan)

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

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

As at 31 December 2011, the bank borrowing carry interest rates were ranging from 0.36% to 4.76% per annum (2010: 0.36% to 3.76%).

(i) As at 31 December 2011, time deposits amounting to RMB458,627,804 were pledged to secure long-term bank borrowings amounting to USD70,012,165, equivalent to RMB441,139,648 (31 December 2010: RMB301,413,413).

As at 31 December 2011, there was no matured but unsettled long-term borrowing.

As at 31 December 2011, the top five creditors are as bellow:

	Starting date	Ending date	Currency	Annual interest rate *(%)*	Balance as at 31 December 2011 Original Currency	Balance as at 31 December 2011 RMB
First	2010.11	2012.11	RMB	4.76%	**Not applicable**	**290,000,000**
Second	2011.04	2013.04	USD	3 month LIBOR+220bp	**24,500,000**	**154,372,050**
Third	2010.12	2012.12	USD	1 month LIBOR+60bp	**17,250,000**	**108,690,525**
Fourth	2009.11	2012.11	JPY	3.35%	**1,101,868,000**	**89,364,800**
Fifth	2010.10	2012.10	USD	1 month LIBOR+60bp	**13,682,000**	**86,208,914**
						728,636,289

(Expressed in Renminbi Yuan)

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

(28) 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

(29) Bond Payable

	1 January 2011	**Addition**	**Deduction**	**31 December 2011**
08JCC Bond (126018)	5,178,185,211	312,065,196	(68,000,000)	5,422,250,407

As at 31 December 2011, 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	500,772,488	312,065,196	(68,000,000)	5,422,250,407
Less: Bond Payable due in 1 year								–
								5,422,250,407

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

(29) Bond Payable *(Continued)*

Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight-years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year. The subscribers of each bond have been entitled to receive 25.9 warrants at nil consideration and in aggregate, 1,761,200,000 warrants have been issued. The warrants have a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. The 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.

(Expressed in Renminbi Yuan)

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

(30) Long-term payables

	Term	31 December 2011	31 December 2010
Mining right payable — Dexing & Yongping Mining *(i)*	30 year	**16,456,496**	17,016,682
Less: Amount due within one year *(Note 5(26))*		**(2,009,689)**	(2,009,689)
		14,446,807	15,006,993

(i) The amount represents the balance due to JCC as the consideration for the transfer of the mining rights. The amount is repayable in 30 annual installments of RMB1,870,000 each year and subject to payment of interest at a rate equal to the state-lending rate for a one-year fixed term borrowing up to a maximum of 15% on annual installment starting from 1 January 1998. The interest paid in 2011 is RMB118,776 (2010: RMB100,045) and interest rate announced by the state during the year is 6.35% (2010: 5.35%).

As at the 31 December 2011, the top five creditors are as below:

	Duration	Amount	Annual Rate *(%)*	Balance
First	**1998.12–2027.12**	**56,191,000**	**One year borrowing rate**	**6,456,496**

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

(Expressed in Renminbi Yuan)

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

(31) Provision

	2011	2010
Beginning balance	**117,724,831**	113,044,508
Discount rate amended	**4,772,023**	(1,692,772)
Interest accrued during the year	**7,034,015**	6,373,095
Ending balance	**129,530,869**	117,724,831

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.

(32) 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:

	2011	2010
Beginning balance	**176,744,322**	165,180,616
Addition during the year	**120,195,552**	26,679,075
Recognized as income during the period	**(19,270,547)**	(15,115,369)
Ending balance	**277,669,327**	176,744,322

As at 31 December 2011, all the deferred revenue was granted by the government related to assets.

(Expressed in Renminbi Yuan)

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

(33) Share capital

Paid in capital and registered capital of the Company is RMB3,462,729,405. The face value of each shares is RMB1.00. The shares' type and configuration is as follow:

2011

	Beginning		Increase/(Decrease)			Ending	
	No. of shares	%	Unrestricted	Exercise of warrants	Subtotal	No. of shares	%
Listed shares with restricted trading condition							
(1) State owned	–	–	–	–	–	–	–
(2) State legal person owned	–	–	–	–	–	–	–
(3) Domestic other legal owned	–	–	–	–	–	–	–
Including:							
Domestic legal person owned	–	–	–	–	–	–	–
Domestic person owed	–	–	–	–	–	–	–
Listed shares with restricted trading conditions	–	–	–	–	–	–	–
Listed shares without restricted trading conditions							
(1) A shares	2,075,247,405	59.93%	–	–	–	2,075,247,405	59.93%
(2) Domestic foreign shares	–	–	–	–	–	–	–
(3) H shares	1,387,482,000	40.07%	–	–	–	1,387,482,000	40.07%
(4) Others	–	–	–	–	–	–	–
Listed shares without restricted trading conditions	3,462,729,405	100.00%	–	–	–	3,462,729,405	100.00%
Total of share capital	3,462,729,405	100.00%	–	–	–	3,462,729,405	100.00%

(Expressed in Renminbi Yuan)

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

(33) Share capital *(Continued)*

2010

	Beginning		Increase/(Decrease)			Ending	
	No. of shares	%	Unrestricted *(Note 1)*	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%

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.

(Expressed in Renminbi Yuan)

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

(34) Capital reserves

The change of capital reserves for the year 2011 is as below:

	1 January 2011	Additions	31 December 2011
Share premium	**11,653,213,113**	**—**	**11,653,213,113**
Other capital reserves			
— Change in fair value of commodity derivative contracts	**(101,966,990)**	**97,281,431**	**(4,685,559)**
— Other Reserves	**113,063**	**—**	**113,063**
	(101,853,927)	**97,281,431**	**(4,572,496)**
	11,551,359,186	**97,281,431**	**11,648,640,617**

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

	1 January 2011	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

(Expressed in Renminbi Yuan)

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

(35) Special reserves

	2011	2010
Beginning balance	**239,154,624**	158,720,937
Accrued for the year	**209,850,065**	167,906,520
Realized for the year	**(172,378,179)**	(87,472,833)
Ending balance	**276,626,510**	239,154,624

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.

(Expressed in Renminbi Yuan)

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

(36) Surplus reserve

The change of surplus reserves for the year 2011 ended is as below:

	Statutory surplus reserve	**Discretionary surplus reserve**	**Total**
1 January 2011	**2,670,177,952**	**6,099,319,826**	**8,769,497,778**
Additions	**589,115,569**	**1,767,346,707**	**2,356,462,276**
31 December 2011	**3,259,293,521**	**7,866,666,533**	**11,125,960,054**

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

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.

In addition, the Company's articles of association also allow the Company to transfer a certain amount of profit after taxation, after appropriations to the statutory surplus reserve, to the discretionary surplus reserve. Subject to shareholders' approval, according to the Company's articles of association, the discretionary surplus reserve can be used to make up prior year losses or increase share capital.

(Expressed in Renminbi Yuan)

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

(37) Retained earnings

	2011	2010
At beginning of the year	**10,236,227,824**	7,448,675,621
Add: Net profit attributable to owners of the Company	**6,549,449,240**	4,907,141,378
Profits available for appropriation	**16,785,677,064**	12,355,816,999
Less: Appropriations to the statutory surplus reserve	**589,115,569**	454,013,718
Appropriations to the discretionary surplus reserve	**1,767,346,707**	1,362,041,153
Appropriations to the employee bonus and welfare fund	**11,672**	1,250,931
Profits available for appropriation to shareholders	**14,429,203,116**	10,538,511,197
Less: Final cash dividend approved by the Annual General Meeting of last year	**692,545,881**	302,283,373
Interim cash dividend approved by the Special General Meeting of this year	**692,545,881**	—
Retained earnings at the end of the year	**13,044,111,354**	10,236,227,824
Including: Cash dividends proposed after the balance sheet date	**1,731,364,703**	692,545,881

On 9 June 2011, a dividend of RMB0.2 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB692,545,881 was declared to the shareholders as the final dividend for year 2010. On 28 July 2011 the Company paid the cash dividend.

On 6 December 2011, a dividend of RMB0.2 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB692,545,881 was declared to the shareholders as the interim dividend for year 2011. On 26 December 2011 the Company paid the cash dividend.

The Board suggests a final dividend of RMB0.5 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB1,731,364,703 for year 2011. The dividend should be approved by the Annual General Meeting of year 2011.

(Expressed in Renminbi Yuan)

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

(38) Minority interests

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

	2011	2010
Kangtong	**150,254,391**	92,152,213
Finance Company	**142,669,920**	90,442,722
Wengfu	**78,462,222**	61,052,279
Longchang Copper Pipe	**65,663,751**	66,708,699
Yates	**26,888,189**	37,651,848
Taiyi	**20,098,102**	20,079,872
Dongxiang Alloy	**9,578,055**	9,542,984
Redian	**3,514,610**	3,525,125
Dexing Chemical	**3,365,500**	—
Copper Products	**2,579,536**	2,489,937
Sure Spread	**—**	30,534,187
	503,074,276	414,179,866

(39) Revenue and costs of sales

Revenue:

	2011	2010
Revenue from principal operations	**117,286,137,505**	76,008,513,014
Revenue from other operations	**354,851,428**	432,346,289
	117,640,988,933	76,440,859,303

Cost of sales:

	2011	2010
Cost of principal operations	**106,713,338,708**	67,832,902,280
Cost of other operations	**267,659,865**	328,505,255
	106,980,998,573	68,161,407,535

(Expressed in Renminbi Yuan)

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

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

Revenue from principal operations by product:

	2011		2010	
Products categories	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**67,069,672,322**	**63,138,972,350**	39,791,869,066	36,858,470,025
Copper rods and wires	**26,786,942,958**	**24,213,044,516**	20,298,292,927	18,097,427,238
Copper processing products	**5,988,714,290**	**5,885,679,353**	5,226,862,665	5,020,075,344
Golds	**7,917,194,297**	**6,412,751,559**	5,189,044,756	4,074,755,384
Silvers	**3,735,884,386**	**2,721,308,172**	1,914,461,149	1,550,524,383
Chemical products	**2,304,609,763**	**1,301,591,061**	1,475,534,902	851,926,635
Rare metals	**840,584,680**	**696,305,068**	654,143,123	260,372,340
Other nonferrous metals	**1,753,149,530**	**1,796,519,323**	868,544,415	874,109,240
Others	**889,385,279**	**547,167,306**	589,760,011	245,241,691
	117,286,137,505	**106,713,338,708**	76,008,513,014	67,832,902,280

Revenue from principal operations by geographical locations:

	2011		2010	
Geographical areas	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Mainland China	**110,861,020,402**	**100,297,983,660**	71,158,207,425	63,364,134,248
Hong Kong	**5,306,342,622**	**5,312,324,736**	4,602,747,799	4,243,731,385
Holland	**500,564,922**	**496,108,229**	—	—
Taiwan	**250,166,610**	**248,847,980**	234,363,009	217,546,727
Others	**368,042,949**	**358,074,103**	13,194,781	7,489,920
	117,286,137,505	**106,713,338,708**	76,008,513,014	67,832,902,280

Revenue from other operations of the Group for year 2011 and 2010 came from Mainland China.

(Expressed in Renminbi Yuan)

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

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

Revenues of the top five customers for the year 2011 as follows:

	Amount	**%**
First	**17,701,255,922**	**15.05**
Second	**4,010,095,879**	**3.41**
Third	**2,422,578,184**	**2.06**
Fourth	**2,340,019,904**	**1.99**
Fifth	**2,145,223,478**	**1.82**
	28,619,173,367	**24.33**

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 as follows:

	2011	2010
Sales of goods	**117,208,727,047**	75,965,425,449
Rendering of services	**411,391,602**	455,432,090
Others	**20,870,284**	20,001,764
	117,640,988,933	76,440,859,303

(Expressed in Renminbi Yuan)

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

(40) Taxes and surcharges

	2011	2010
Resources tax	**309,874,791**	260,114,251
Cities construction tax and education supplementary tax	**170,978,883**	18,168,890
Business tax	**39,153,008**	22,855,712
Others	**1,785,734**	850,712
	521,792,416	301,989,565

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

(41) Distribution and selling costs

	2011	2010
Carriage and storage expenses	**278,934,531**	205,546,617
Commission for commodity derivative contracts	**72,443,467**	44,767,866
Payroll, bonus and allowance	**17,686,312**	16,619,185
Agency fee	**16,160,269**	21,304,730
Others	**51,786,192**	57,409,966
	437,010,771	345,648,364

(Expressed in Renminbi Yuan)

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

(42) General and administrative expenses

	2011	2010
Payroll, bonus and allowance	**679,947,218**	192,138,784
Maintenance expenses	**368,722,411**	326,125,050
Mineral resource compensation charge	**196,059,218**	135,275,530
Taxation	**76,110,046**	109,215,349
Fee for discharge of pollution	**49,793,173**	42,067,619
Entertaining expenses	**49,085,810**	41,331,831
Amortization of intangible assets	**47,649,263**	43,011,947
Fee for land use right	**43,473,024**	36,551,121
Loss on disposal of obsolete spare parts	**35,114,275**	41,622,584
Property insurance fee	**31,219,105**	36,627,708
Travel expenses	**28,611,510**	23,083,255
Depreciation of fixed assets	**24,247,789**	28,275,413
Office expenses	**23,078,892**	18,471,176
Professional service fee	**22,640,987**	16,966,405
Meeting expenses	**21,268,388**	10,703,227
Compensation for land losses	**15,136,141**	13,054,377
Charges for technology transfer	**14,880,247**	12,189,789
Others	**116,743,681**	90,166,095
	1,843,781,178	1,216,877,260

(43) Financial (income)/expenses

	2011	2010
Interest expense	**323,494,003**	78,662,588
Interest expense of bond with warrants *(Note 5 (29))*	**312,065,196**	298,192,558
Interest expense arise from discounted notes	**95,668,171**	67,187,975
Interest income	**(557,103,685)**	(74,372,825)
Foreign exchange gains	**(236,950,496)**	(36,150,107)
Interest expenses of provisions *(Note 5 (31))*	**7,034,015**	6,373,095
Others	**54,950,994**	48,354,911
	(841,802)	388,248,195

(Expressed in Renminbi Yuan)

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

(44) Provision for impairment of assets

	2011	2010
Bad debt provision/(reversal)	**5,543,192**	6,768,898
Inventory provision	**425,969,038**	7,131,631
Impairment provision of fixed assets	**55,057,453**	416,173
	486,569,683	14,316,702

(45) Gains/(loss) from changes in fair value

	2011	2010
Fair value (loss)/gain arising from available-for-sale financial assets	**(2,464,547)**	2,039,530
Fair value loss arising from forward currency contracts	**(6,170,626)**	(13,939,466)
Fair value loss arising from interest rate swaps	**(1,896,490)**	(9,293,820)
Unsettled provisional price arrangement		
— Ineffective potion of fair value hedge *(i)*	**2,028,397**	1,520,759
— Not under hedge accounting	**19,336,090**	(6,867,100)
Unsettled commodity derivative contracts		
— Ineffective potion of cash flow hedge	**3,509,958**	(2,139,835)
— Ineffective potion of fair value hedge *(i)*	**(978,975)**	2,988,616
— Not under hedge accounting	**197,726,396**	(168,262,170)
— Fair value gain arising from gold lease	**86,454,424**	—
	297,544,627	(193,953,486)

(Expressed in Renminbi Yuan)

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

(45) Gain/loss from changes in fair value *(Continued)*

(i) Fair value hedge

2011

	Gain from changes in fair value of hedge instruments	Loss from changes in fair value of hedged items-inventory	Total
— Unsettled provisional price arrangement	572,886,446	(570,858,049)	2,028,397
— Unsettled commodity derivative contracts	227,751,145	(228,488,968)	(737,823)

	Gain from changes in fair value of hedge instruments	Loss from changes in fair value of hedged items - firm commitment	Total
— Unsettled commodity derivative contracts	1,745,200	(1,986,352)	(241,152)

2010

	Loss from changes in fair value of hedge instruments	Gain from changes in fair value of hedged items-inventory	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

(Expressed in Renminbi Yuan)

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

(46) Investment gain

	2011	2010
(Loss)/gain from commodity derivative contracts not qualified for hedge accounting	**(209,290,414)**	65,250,423
Gain of ineffective potion of fair value hedge *(i)*	**8,389,187**	3,166,142
Loss of ineffective potion of cash flow hedge	**(4,788,971)**	(411,096)
Share of gain/(loss) of a jointly controlled entity and associates	**55,681,529**	(12,515,751)
Include: gain/(loss) of a jointly controlled entity	**49,045,547**	(18,474,683)
gain of associates	**6,635,982**	5,958,932
Dividends declared from the investee as available-for-sale financial investment	**13,500,000**	13,141,264
Gain from disposal of equity from the investee under the cost method	**—**	1,794,300
Gain from disposal or liquidation of subsidiaries	**366,274**	—
Invest income from bank finance products	**173,658,302**	19,096,876
Invest income from equity investment through profit or loss	**236,048**	525,809
	37,751,955	90,047,967

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

2011

	Loss of changes in fair value of hedge instruments	**Gain of changes in fair value of hedged items**	**Total**
Type of hedged items:			
— Inventory	**(131,442,001)**	**139,831,188**	**8,389,187**

2010

	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

(Expressed in Renminbi Yuan)

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

(47) Non-operating income

	2011	2010
Net gain on disposal of fixed assets	**4,977,438**	8,279,487
VAT refund	**53,728,543**	37,650,582
Subsidy from import of copper concentrate	**30,000,000**	115,659,317
Amortization of deferred revenue *(Note 5 (32))*	**19,270,547**	15,115,369
Others	**16,344,666**	6,322,545
	124,321,194	183,027,300

(48) Non-operating expenses

	2011	2010
Net losses on disposal of fixed assets	**132,953,582**	92,700,761
Donations	**10,542,000**	1,474,392
Penalty	**6,775,766**	3,687,448
Compensation charges for accident	**—**	5,860,436
Others	**10,148,325**	7,902,159
	160,419,673	111,625,196

(Expressed in Renminbi Yuan)

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

(49) Income tax

	2011	2010
Current income tax	**1,192,595,787**	1,008,237,630
Deferred income tax	**(132,203,585)**	6,789,754
	1,060,392,202	1,015,027,384

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

	2011	2010
Profit before tax	**7,670,876,217**	5,979,868,267
Tax at the statutory income tax rate (25%)	**1,917,719,054**	1,494,967,067
Influence on tax benefit for the Company	**(669,783,939)**	(525,371,694)
Influence on different tax rates for the subsidiaries	**(1,147,957)**	(24,614,847)
Influence on tax rate change	**(754,455)**	44,396,757
Profits and losses attributable to a jointly controlled entity and associates	**(6,690,224)**	1,877,363
Tax loss not recognized as deferred tax	**48,459,061**	31,842,410
Tax losses utilized from previous periods	**(37,781,098)**	(36,429,675)
Adjustment in respect of current tax of previous periods	**(3,910,284)**	35,276,639
Expenses not deductible for tax year	**13,525,660**	7,597,608
Non-taxable revenue	**(5,218,111)**	(5,768,841)
Tax reimbursement on purchased domestic equipments	**(222,955,646)**	—
Tax effect of provision for safety fund surplus reserve	**31,049,789**	—
Deferred tax assets not recognized in previous years	**(2,119,648)**	(8,745,403)
Income tax expense at the Group's effective rate	**1,060,392,202**	1,015,027,384

(Expressed in Renminbi Yuan)

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

(50) 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:

	2011	2010
Earnings:		
Profit attributable to ordinary shareholders of the Company	**6,549,449,240**	4,907,141,378
Shares:		
Weighted average number of ordinary shares	**3,462,729,405**	3,136,086,599
Effect of dilution — weighted average number of ordinary shares: warrants attached to bonds	**—**	169,865,604
Adjusted weighted average number of ordinary shares	**3,462,729,405**	3,305,952,203
Basic earnings per share	**1.89**	1.56
Diluted earnings per share	**1.89**	1.48

(Expressed in Renminbi Yuan)

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

(51) Other comprehensive loss

	2011	2010
Gain/(Loss) from hedge instrument qualified as cash flow	**155,878,768**	(205,972,615)
Less: Reclassification into the income statement	**(36,445,574)**	124,506,197
Income tax effect	**(22,151,763)**	16,167,261
	97,281,431	(65,299,157)
Exchange fluctuation reserve	**(119,404,491)**	(48,397,290)
	(22,123,060)	(113,696,447)

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

	2011	2010
Cashes received relating to other operating activities:		
— Net profit from the settlement of commodity derivative contracts	**—**	68,005,469
— Withdraw deposits for commodity derivative contracts	**47,604,799**	—
— Interest income	**440,485,863**	47,265,642
— Non-operating income	**46,344,666**	121,981,862
	534,435,328	237,252,973

(Expressed in Renminbi Yuan)

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

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

	2011	2010
Cashes paid relating to other operating activities:		
— Payment for selling expenses and administrative expenses	**1,243,284,590**	988,033,966
— Payment for deposit for commodity derivative contracts	**—**	425,661,328
— Net loss from the settlement of commodity derivative contracts	**205,690,198**	—
— Non-operating expense	**27,466,091**	18,924,435
— Others	**53,501,491**	46,864,972
	1,529,942,370	1,479,484,701

	2011	2010
Cash received relating to other investing activities:		
— Deferred revenue	**120,195,552**	26,679,074

	2011	2010
Cash received relating to other financing activities:		
— Increase of pledged RMB deposits to obtain USD bank borrowings	**1,285,947,088**	1,448,402,100
— Sales of leased gold	**1,032,714,650**	—
	2,318,661,738	1,448,402,100

	2011	2010
Cash paid relating to other financing activities:		
— Time deposits pledged to secure bank borrowings	**1,318,176,998**	1,285,947,088

(Expressed in Renminbi Yuan)

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

(53) Supplementary information on cash flow

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

	2011	2010
Net profit for the year	**6,610,484,015**	4,964,840,883
Add: Provision for impairment of assets	**486,569,683**	14,316,702
Increase of special reserve	**37,707,129**	81,556,099
Depreciation of fixed assets	**1,140,999,936**	969,406,810
Amortization of intangible assets	**47,649,263**	43,011,947
Loss on disposal of fixed assets, intangible assets, and other long term assets	**127,976,144**	84,421,274
Financial expense	**407,092,221**	348,568,073
Investment gains	**(243,442,153)**	(22,042,498)
(Gains)/Losses on fair value change	**(297,544,627)**	193,953,486
(Increase)/Decrease in deferred tax assets	**(143,656,867)**	4,414,035
Increase/(decrease) in deferred tax liabilities	**11,453,282**	2,375,719
Deferred revenue released to income statement	**(19,270,547)**	(15,115,369)
Decrease/(Increase) in inventories	**2,947,576,164**	(6,287,412,231)
Increase in operating receivables	**(6,311,691,918)**	(5,078,451,940)
Increase in operating payables	**1,830,530,372**	2,722,750,809
Net cash inflow from operating activities	**6,632,432,097**	(1,973,406,201)

(2) Cash and cash equivalents

	2011	2010
Cash and cash equivalents		
Including: Cash	**113,461**	192,104
Bank deposits that can be readily used	**11,082,354,286**	3,864,175,710
Cash and cash equivalents at end of the year	**11,082,467,747**	3,864,367,814

(Expressed in Renminbi Yuan)

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

(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(39). 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..

Information about a major customer

Revenue from continuing operations of approximately RMB17,701,255,922 (2010: RMB6,186,606,621) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

6. Notes to Financial Statements of the Company

(1) Accounts receivable

The ageing analysis of accounts receivable is as follows:

	31 December 2011	31 December 2010
Within 1 year	**1,639,159,596**	1,423,158,786
1 to 2 years	**12,275,646**	289,521
2 to 3 years	**30,241**	76,998
Over 3 years	**121,669,918**	121,795,773
	1,773,135,401	1,545,321,078
Less: Bad debt provision	**(124,009,077)**	(121,721,181)
	1,649,126,324	1,423,599,897

(Expressed in Renminbi Yuan)

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

(1) Accounts receivable *(Continued)*

	31 December 2011			
	Balance	**%**	**Bad debt provision**	**%**
Significant and individually accrued bad debt provision	**91,871,008**	**5.18%**	**63,616,791**	**69.25%**
Accrued bad debt provision by group				
Within 1 year	**1,610,905,379**	**90.85%**	**—**	**—**
1–2 years	**12,275,646**	**0.69%**	**2,324,038**	**18.93%**
2–3 years	**30,241**	**0.00%**	**15,121**	**50.00%**
Over 3 years	**58,053,127**	**3.28%**	**58,053,127**	**100.00%**
	1,773,135,401	**100.00%**	**124,009,077**	**6.99%**

	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%

As at 31 December 2011 and 2010, there was no insignificant amount but need to individually accrue bad debt provision.

(Expressed in Renminbi Yuan)

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

(1) Accounts receivable *(Continued)*

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

			Deduction		
	1 January	Increase	Reversal	Written off	31 December
2011	**121,721,181**	**3,068,589**	**(17,700)**	**(762,993)**	**124,009,077**
2010	121,534,009	3,061,640	(2,874,468)	—	121,721,181

The amount of RMB17,700 has been reversed due to the recovery of the account receivable in 2011 (RMB2,874,468 for 2010).

The amount of RMB762,993 has been realized due to the write-offs of the account receivable in 2011(Nil for 2010).

As at 31 December 2011, top five debtors of the Company are as bellows:

	The relationship with the Company	Balance	Aging	%
First	**JCC's affiliate**	**100,234,867**	**Within 1 year**	**5.65%**
Second	**Third party**	**91,871,008**	**Within 1 year and over 3 years**	**5.18%**
Third	**Third party**	**45,856,591**	**Within 1 year**	**2.59%**
Fourth	**Third party**	**29,627,240**	**Within 1 year**	**1.67%**
Fifth	**Third party**	**22,582,257**	**Within 1 year**	**1.27%**
		290,171,963		**16.36%**

(Expressed in Renminbi Yuan)

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 3 years	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 2011, the Company's balance due from a shareholder who holds more than 5% of the voting power of the Company was RMB1,126,799 (31 December 2010: RMB1,399,366).

(2) Other receivables

The aging analysis of other receivables is as follows:

	31 December 2011	31 December 2010
Within 1 year	**820,945,526**	470,174,270
1 to 2 years	**5,573,225**	1,030,641
2 to 3 years	**747,801**	796,561
Over 3 years	**21,675,084**	21,162,329
	848,941,636	493,163,801
Less: Bad debt provision	**(23,062,160)**	(21,981,142)
	825,879,476	471,182,659

(Expressed in Renminbi Yuan)

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

(2) Other receivables *(Continued)*

	31 December 2011			
	Balance	**%**	**Bad debt provision**	**%**
Accrued bad debt provision by group				
Within 1 year	**820,945,526**	**96.70%**	**—**	**—**
1-2 years	**5,573,225**	**0.66%**	**1,014,671**	**18.21%**
2-3 years	**747,801**	**0.09%**	**372,405**	**49.80%**
Over 3 years	**21,675,084**	**2.55%**	**21,675,084**	**100.00%**
	848,941,636	**100.00%**	**23,062,160**	**2.72%**

	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%

As at 31 December 2011 and 2010, there was no significant amount and need to individually accrue bad debt provision.

(Expressed in Renminbi Yuan)

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:

			Deduction		
	1 January	**Increase**	**Reversal**	**Written off**	**31 December**
2011	**21,981,142**	**1,169,079**	**(15,583)**	**(72,478)**	**23,062,160**
2010	21,648,084	412,290	(79,232)	—	21,981,142

The amount of RMB15,583 has been reversed due to the recovery of the other receivables in 2011 (RMB79,232 for 2010).

The amount of RMB72,478 has been realized due to the write-offs in 2011 (Nil for 2010).

As at 31 December 2011, top five of the amounts of other receivables of the Company are as below:

	The relationship with the Company	**Balance**	**Aging**	**%**
First	**Third party**	**183,966,012**	**Within 1 year**	**21.67%**
Second	**JCC's affiliate**	**162,408,987**	**Within 1 year**	**19.13%**
Third	**Third party**	**81,351,863**	**Within 1 year**	**9.58%**
Fourth	**Third party**	**53,957,609**	**Within 1 year**	**6.36%**
Fifth	**Third party**	**41,219,273**	**Within 1 year**	**4.86%**
		522,903,744		**61.60%**

(Expressed in Renminbi Yuan)

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

(2) Other receivables *(Continued)*

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	75.05%
Second	Third party	18,303,745	Within 1 year	3.71%
Third	Third party	13,904,842	Within 1 year	2.82%
Fourth	Third party	8,771,853	Within 1 year	1.78%
Fifth	Third party	8,277,205	Within 1 year	1.68%
		419,371,591		85.04%

As at 31 December 2011, the Company's balance of deposit for commodity derivative contracts was RMB245,387,940 (31 December 2010: RMB372,919,289).

As at 31 December 2011 and 2010, no balance is due from a shareholder who holds more than 5% of the voting power of the Company.

(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	163,930,000	80,000,000	83,930,000	—	163,930,000	—	—	—	—	—	—	163,930,000
JCPC	246,879,928	246,879,928	—	—	246,879,928	—	—	—	—	—	—	246,879,928
Diaoquan	13,056,216	13,056,216	—	—	13,056,216	—	—	—	—	(13,056,216)	—	—
Sure Spread	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	660,000,000	330,000,000	330,000,000	—	660,000,000	—	—	—	—	—	—	660,000,000
Shanghai Trading	200,000,000	200,000,000	—	—	200,000,000	—	—	—	—	—	—	200,000,000
Beijing Trading	60,000,000	10,000,000	50,000,000	—	60,000,000	—	—	—	—	—	—	60,000,000
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

(Expressed in Renminbi Yuan)

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

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

			Investment cost			Share of net profit		Share of other equity movement 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
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
Cost method *(Continued)*:												
Guixi Logistics	72,870,695	72,870,695	—	—	72,870,695	—	—	—	—	—	—	72,870,695
Taiyi	64,705,427	64,705,427	—	—	64,705,427	—	—	—	—	—	—	64,705,427
Longchang Copper Pipe *(Note 4)*	781,957,359	174,957,359	607,000,000	—	781,957,359	—	—	—	—	—	—	781,957,359
Yates	392,766,945	392,766,945	—	—	392,766,945	—	—	—	—	—	—	392,766,945
Xiamen Trading *(Note 4)*	—	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	4,514,000	4,514,000	—	—	4,514,000	—	—	—	—	—	—	4,514,000
Qianshan Concentration	14,456,365	14,456,365	—	—	14,456,365	—	—	—	—	—	—	14,456,365
Dexing Alloy *(Note 4)*	92,683,954	72,683,954	20,000,000	—	92,683,954	—	—	—	—	—	—	92,683,954
Redian	66,500,000	66,500,000	—	—	66,500,000	—	—	—	—	—	—	66,500,000
JCCS	3,000,000	3,000,000	—	—	3,000,000	—	—	—	—	—	—	3,000,000
GZPC	300,000,000	300,000,000	—	—	300,000,000	—	—	—	—	—	—	300,000,000
JCC international trade	600,000,000	600,000,000	—	—	600,000,000	—	—	—	—	—	—	600,000,000
Shanghai Shengyu	586,276,865	586,276,865	—	—	586,276,865	—	—	—	—	—	—	586,276,865
Dexing Chemical *(Note 4)*	333,184,500	—	333,184,500	—	333,184,500	—	—	—	—	—	—	333,184,500
Equity method:												
Minmetals Jiangxi Copper	1,300,000,000	1,060,000,000	240,000,000	—	1300,000,000	(56,037,760)	49,202,873	(125,352,264)	(102,587,185)	—	—	1,065,225,664
MCC-JCL	470,860,187	58,134,560	412,725,627	—	470,860,187	(1,272,703)	—	(1,845,366)	(12,274,734)	—	—	455,467,384
Qing Yuan	56,000,000	56,000,000	—	—	56,000,000	(55,842,674)	(157,326)	—	—	—	—	—
Jiangtong Bioteq	14,100,000	14,100,000	—	—	14,100,000	10,796,201	6,635,982	—	(4,800,000)	—	—	26,732,183
Fengye	1,563,069	1,563,069	—	—	1,563,069	—	—	—	—	—	—	1,563,069
Total		6,004,479,982	2,076,840,127	(32,353,998)	8,048,966,111	(90,841,185)	55,681,529	(127,197,630)	(119,661,919)	(13,056,216)	—	7,742,374,939

(Expressed in Renminbi Yuan)

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

(4) Revenue and cost of sales

Revenue:

	2011	2010
Revenue from principal operations	**69,987,215,108**	58,406,243,228
Revenue from other operations	**506,110,192**	458,623,172
	70,493,325,300	58,864,866,400

Cost of sales:

	2011	2010
Cost of principal operations	**60,691,629,545**	51,493,276,570
Cost of other operations	**465,021,712**	420,732,170
	61,156,651,257	51,914,008,740

(Expressed in Renminbi Yuan)

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

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

Principal operations by product:

	2011		2010	
Products categories	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Copper cathodes	**33,913,397,484**	**30,434,829,883**	30,252,542,498	27,610,271,337
Copper rods and wires	**21,298,296,296**	**19,311,746,189**	18,767,666,435	17,019,866,103
Golds	**7,917,194,297**	**6,412,751,559**	5,189,044,756	4,074,755,384
Silvers	**3,374,670,836**	**2,359,275,259**	1,668,010,417	1,309,145,683
Chemical products	**2,267,621,617**	**1,209,515,019**	1,521,248,998	948,612,212
Rare metals	**808,916,101**	**636,171,453**	656,829,058	267,506,444
Other nonferrous metals	**32,185,933**	**32,185,933**	26,668,690	17,237,040
Others	**374,932,544**	**295,154,250**	324,232,376	245,882,367
	69,987,215,108	**60,691,629,545**	58,406,243,228	51,493,276,570

Principal operations by location:

	2011		2010	
Geographic areas	**Revenue**	**Cost of sales**	Revenue	Cost of sales
Mainland China	**69,484,311,255**	**60,333,398,089**	58,122,536,070	51,253,159,918
Hong Kong	**493,474,943**	**353,318,213**	277,259,299	236,186,652
Other	**9,428,910**	**4,913,243**	6,447,859	3,930,000
	69,987,215,108	**60,691,629,545**	58,406,243,228	51,493,276,570

The Company's revenue from other operations incomes in year 2011 and 2010 were all generated in Mainland China.

(Expressed in Renminbi Yuan)

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

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

Top five customers for the year 2011:

	Revenue	**%**
First	**2,422,578,184**	**3.44**
Second	**1,489,018,277**	**2.11**
Third	**990,983,428**	**1.41**
Fourth	**880,059,087**	**1.25**
Fifth	**821,145,413**	**1.16**
	6,603,784,389	**9.37**

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

Revenue is as follows:

	2011	2010
Sales of goods	**69,987,215,108**	58,406,243,228
Sales of services income	**485,239,908**	438,621,409
Others	**20,870,284**	20,001,763
	70,493,325,300	58,864,866,400

(Expressed in Renminbi Yuan)

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

(5) Investment (loss)/income

	2011	2010
Ineffective portion of cash flow hedge	**(709,284)**	(2,713,380)
Ineffective portion of fair value hedge	**6,796,061**	3,394,223
(Loss)/gain from commodity derivative contracts not qualified for hedge accounting	**(471,848,037)**	54,539,222
Share of loss of a jointly-controlled entity and associates	**55,681,529**	(12,515,751)
Dividends declared from the investees under cost method	**13,200,245**	169,872,955
Interest income from entrusted loans	**23,489,342**	—
Gains from sale of subsidiaries	**9,389,050**	—
Gains from liquidation disposal of subsidiaries	**366,274**	2,603,654
Dividends declared from available-for-sales financial assets	**13,500,000**	9,450,000
Gain from disposal of equity from the investee under the cost method	**—**	1,794,300
Others	**—**	1,000,000
	(350,134,820)	227,425,223

(Expressed in Renminbi Yuan)

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:

	2011	2010
Net profit	**5,891,155,692**	4,540,137,176
Add: Provision for impairment of assets	**350,709,751**	2,004,853
Increase of special reserve	**30,754,220**	69,417,124
Depreciation for fixed assets	**933,345,041**	767,687,092
Amortization of intangible assets	**45,512,262**	41,412,148
Loss from disposal of fixed assets, intangible assets and other long-term assets	**118,254,702**	80,730,248
Financial expense	**550,724,258**	313,398,637
Investment income	**(115,626,439)**	(172,205,158)
(Gains)/Losses on fair value change	**(184,322,454)**	102,741,155
(Increase)/Decrease in deferred tax assets	**(115,373,541)**	36,123,543
Increase in deferred tax liabilities	**1,376,640**	—
Deferred revenue released to income statement	**(15,437,579)**	(7,944,753)
Decrease/(increase) in inventories	**2,438,476,717**	(4,726,231,198)
Increase in operating receivables	**(201,034,576)**	(3,043,249,494)
Increase in operating payables	**2,987,026,534**	1,763,194,617
Net cash inflow from operating activities	**12,715,541,228**	(232,784,010)

Cash and cash equivalents

	31 December 2011	31 December 2010
Cash		
Included: Cash	**30,341**	17,706
Bank deposits that can be readily used	**14,786,555,105**	4,779,860,122
Balance of cash and cash equivalents at year-end	**14,786,585,446**	4,779,877,828

(Expressed in Renminbi Yuan)

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%	RMB2,656,150,000

The Company's holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission ("SASAC") of 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 (10).

(4) Other related parties

Name	Relationship
JCC's affiliates	Controlled by parent company

(Expressed in Renminbi Yuan)

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

(5) Significant transactions with related parties

The Group had the following significant transactions with related parties, except for transactions mentioned in the other part of the financial statement:

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

	2011	2010
Sales:		
Sale of copper rods and wire	**647,312,277**	535,889,651
Sale of copper cathode	**180,239,332**	43,824,469
Sale of by-products	**97,505,411**	61,958,229
Sale of lead concentrate	**67,114,495**	—
Sale of brass wires	**58,252,672**	30,865,569
Sale of auxiliary industrial products	**12,753,954**	32,667,933
Sale of sulfuric acid	**161,513**	1,435,235
Purchases:		
Purchase of auxiliary industrial products and other products	**195,822,107**	224,142,359
Purchase of copper concentrate	**27,699,892**	43,892,750
Purchase of copper waste	**—**	400,213,570
Purchase of sulfuric acid	**28,381,899**	—

	2011	2010
Services provided by the Group:		
Loans provided	**1,187,510,201**	1,811,881,290
Interest charges for loans provided	**43,480,883**	28,959,099
Construction services	**47,334,430**	—
Repair and maintenance services	**3,198,311**	30,239,482
Design and install services	**24,949,563**	—
Supply of electricity	**26,482,829**	14,089,299
Vehicle transportation services	**3,296,809**	4,316,048
Supply of water	**627,939**	1,039,077
Rentals for public facilities	**876,000**	876,000
Supply of gas	**55,305**	21,070
Processing services	**18,054**	—

(Expressed in Renminbi Yuan)

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

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

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

	2011	2010
Services provided to the Group:		
Pension contributions	**240,604,893**	173,340,458
Brokerage agency services for commodity derivative contracts	**59,926,213**	35,376,045
Repair and maintenance services	**53,456,243**	48,707,197
Labour service	**51,901,363**	12,805,166
Rental expense for land use rights	**39,997,643**	39,438,353
Rentals for public facilities	**15,509,925**	19,308,819
Processing charges	**15,223,418**	16,818,513
Interest paid for deposits from customers	**15,116,407**	8,640,064
Sanitation and greening service	**6,082,137**	10,978,110
Construction services	**3,362,817**	16,868,480
Other management fee	**3,166,036**	4,590,313
Vehicle transportation services	**1,669,204**	1,627,640
Social welfare and support services provided to the Group:		
— welfare and medical services	**72,116,501**	72,612,079
— technical training services	**16,482,933**	10,921,138
— overseas office services	**1,692,466**	—

(Expressed in Renminbi Yuan)

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

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

(ii) Significant transactions with Qing Yuan:

	2011	2010
Sale of goods and by-products:		
Sale of copper rods	**102,564**	—
Services provided by the Group:		
Construction services	**20,797,220**	—
Process services	**3,048**	—
Project exploration services	**—**	800,000
Purchase of raw material:		
Purchase of copper cathode	**83,892,703**	—
Purchase of crude copper	**1,530,310**	249,005,964
Services provided to the Group:		
Processing charges	**43,037,450**	48,732,959

(iii) Significant transactions with Minmetals Jiangxi Copper:

	2011	2010
Service provided by the Group:		
Interest charge for loans provided	**—**	885,000

(Expressed in Renminbi Yuan)

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

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

(iv) Significant transactions with Jiangtong Bioteq:

	2011	2010
Services provided by the Group:		
Construction services	**207,972**	458,954
Purchase of materials and by-products		
Purchase of cupric sulfide	**40,421,369**	34,074,757

(v) Significant transactions with Fengye:

	2011	2010
Sale of goods and by-products		
Sale of sulfuric acid	**1,616,771**	2,047,200

(vi) Other transactions with related parties:

	2011	2010
Remuneration of key management:		
Short term employee benefits	**11,659,000**	9,289,000
Post-employment benefits	**457,000**	416,000
Performance related bonuses	**63,110,000**	647,000
	75,226,000	10,352,000

For the year 2011, the amount of sales and services provided to related parties accounts for 1.05% (For the year 2010: 3.33%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounts for 0.95% (For the year 2010: 2.06%) of the total purchase amount of the Group.

As at 31 December 2011, all of the irrevocable operating lease contracts were signed with JCC. Further details are given in Note 9.

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.

(Expressed in Renminbi Yuan)

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

(7) Significant balance due from/to related parties

		31 December 2011	31 December 2010
Accounts receivable	JCC	**3,230,980**	11,004,093
	JCC's affiliates	**386,866,510**	204,195,711
	Fengye	**743,668**	743,668
		390,841,158	215,943,472
Notes receivable	JCC's affiliates	**17,039,892**	10,291,927
Other receivables	JCC	**402,656**	—
	JCC's affiliates		
	— deposits of commodity derivative contracts	**574,820,479**	892,144,398
	— others	**2,266,843**	1,853,347
	Qing Yuan	**8,233,024**	—
	Fengye	**2,166,090**	1,416,090
		587,889,092	895,413,835
Interest receivables	JCC's affiliates	**1,533,031**	812,022
Advances to supplier	JCC	**169,089**	135,265
	JCC's affiliates	**579,251**	266,195
	Qing Yuan	**201,209,537**	93,985,962
		201,957,877	94,387,422
Other current assets	JCC's affiliates	**842,510,201**	553,881,291

(Expressed in Renminbi Yuan)

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

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

		31 December 2011	31 December 2010
Accounts payable	JCC	**1,231,646**	7,621,872
	JCC's affiliates	**22,821,670**	67,442,496
		24,053,316	75,064,368
Advances from customers	JCC's affiliates	**7,940,355**	10,359,025
	Qing Yuan	**16,258,803**	—
	Jiangtong Bioteq	**14,582**	—
		24,213,740	10,359,025
Other payables	JCC	**46,687,933**	310,667,313
	JCC's affiliates	**30,577,520**	25,676,622
	Jiangtong Bioteq	**656,558**	—
		77,922,011	336,343,935
Interest payable	JCC	**422,651**	640,113
	JCC's affiliates	**987,247**	863,179
		1,409,898	1,503,292
Other current liabilities	JCC	**688,122,419**	295,961,683
	JCC's affiliates	**728,172,036**	1,052,403,315
		1,416,294,455	1,348,364,998
Non-current liabilities due within one year	JCC	**2,009,689**	2,009,689
Long-term payables	JCC	**14,446,807**	15,006,993

(Expressed in Renminbi Yuan)

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

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

The amounts due from/to related parties 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 arisen from loans to related parties provided by the Company (Note 5 (8); ii) other current liabilities arise from deposits from related parties to Finance Company (Note 5 (27)); and iii) non-current liabilities due within one year and long-term payables to JCC (Note 5 (26) and (30)).

8. Contingencies

As at 31 December 2011, the Group had no contingencies which should be disclosed.

9. Commitments

(i) Operating commitments

As at 31 December 2011, the minimum lease payment signed regarding to non-cancellable operating lease contracts subsequent to the balance sheet date are as follows:

	31 December 2011	31 December 2010
Within 1 year, inclusive	**20,767,000**	21,707,358
1 to 2 years, inclusive	**15,000,000**	16,458,796
2 to 3 years, inclusive	**15,000,000**	16,458,796
Above 3 years	**180,000,000**	211,115,184
	230,767,000	265,740,134

(Expressed in Renminbi Yuan)

9. Commitments *(Continued)*

(ii) Capital commitments

	31 December 2011	31 December 2010
Contracted for but not provided		
Acquisition of property, plant and equipment and exploration rights	**291,658,018**	625,444,453
Investments in associates *(i)*	**1,615,413,558**	2,192,677,226
	1,907,071,576	2,818,121,679

(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 USD4,390,835,000 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 27 March 2012, according to the fifteenth Meeting of the Fifth Session of the Board, the profit distribution plan has been approved to distribute cash dividend amounting to RMB1,731,364,703.

(Expressed in Renminbi Yuan)

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 2011				
	Financial assets at fair value through profit or loss hold for trading	Derivative financial instruments qualified for hedging	Loans and receivables	Available-for-sale financial assets	Total
Cash and bank	—	—	15,846,293,599	—	15,846,293,599
Held for trading financial assets	56,131,962	19,920,854	—	—	76,052,816
Notes receivables	—	—	5,364,361,561	—	5,364,361,561
Accounts receivables	—	—	2,232,532,085	—	2,232,532,085
Interest receivables	—	—	145,137,760	—	145,137,760
Other receivables	—	—	1,794,930,768	—	1,794,930,768
Financial assets included in other current assets	—	—	842,510,201	—	842,510,201
Available-for-sale financial assets	—	—	—	3,280,085,500	3,280,085,500
	56,131,962	19,920,854	26,225,765,974	3,280,085,500	29,581,904,290

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(1) Financial instrument by category *(Continued)*

Financial liabilities

	31 December 2011			
	Financial liabilities at fair value through profit or loss	Derivatives designated as hedge instruments in hedge relationship	Other financial liabilities	Total
Short-term borrowings	—	—	9,130,730,768	9,130,730,768
Held for trading financial liabilities	1,092,974,877	5,690,218	—	1,098,665,095
Notes payable	—	—	3,300,143,866	3,300,143,866
Accounts payable	—	—	2,276,258,140	2,276,258,140
Interest payable	—	—	69,475,725	69,475,725
Other payables	—	—	832,160,732	832,160,732
Non-current liabilities due within one year	—	—	680,644,926	680,644,926
Other current liabilities	—	—	1,416,294,455	1,416,294,455
Long-term borrowings	—	—	173,622,050	173,622,050
Bonds payable	—	—	5,422,250,407	5,422,250,407
Long-term payables	—	—	14,446,807	14,446,807
	1,092,974,877	5,690,218	23,316,027,876	24,414,692,971

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
Held for trading financial assets	14,406,685	—	—	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	—	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

(Expressed in Renminbi Yuan)

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
Held for trading financial liabilities	309,485,444	911,095,306	—	1,220,580,750
Other payables	—	—	770,580,125	770,580,125
Non-current liabilities due within one year	—	—	2,009,689	2,009,689
Other current liabilities	—	—	1,598,364,998	1,598,364,998
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	17,014,985,182	18,235,565,932

(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 2011, 21.76% of the Group's trade receivables were due from the Group's five largest customers (2010: 27.73%).

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(2) Credit risk *(Continued)*

Aging analysis of accounts receivable that are not considered to be impaired is as follows:

31 December 2011		**Accounts receivable**
Neither past due nor impaired		**1,214,052,338**
Past due but not impaired	**Within 1 year**	**974,109,503**
	1 to 2 years	**491,536**
	2 to 3 years	**48,631**
	Over 3 years	**—**
Total		**2,188,702,008**

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

As at 31 December 2011, 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 2011, no past due but not impaired balance in notes receivables, interest receivables, other receivables, other current assets and available-for-sale financial assets.

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(3) Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain the balance between durative 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 2011		
	Within 1 year	1-5 years	Total
Cash and bank	15,846,293,599	—	15,846,293,599
Held for trading financial assets*(i)*	73,722,108	—	73,722,108
Notes receivables	5,364,361,561	—	5,364,361,561
Accounts receivables	2,396,513,361	—	2,396,513,361
Other receivables	1,827,241,532	—	1,827,241,532
Interest receivables	306,863,872	—	306,863,872
Financial assets included in other current assets	841,510,201	—	841,510,201
Available-for-sale financial assets*(i)*	2,770,005,500	100,000,000	2,870,005,500
	29,426,511,734	100,000,000	29,526,511,734

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(3) Liquidity risk *(Continued)*

Financial assets *(Continued)*

	31 December 2010		
	Within 1 year	1-5 years	Total
Cash and bank	6,303,250,047	—	6,303,250,047
Held for trading financial assets *(i)*	9,563,029	—	9,563,029
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	553,881,291	—	553,881,291
Available-for-sale financial assets *(i)*	520,000,000	300,000,000	820,000,000
	14,154,665,149	300,000,000	14,454,665,149

(i) Held for trading and available for sale financial assets do not include equity investment.

Financial liabilities

	31 December 2011			
	Within 1 year	**1-5 years**	**Above 5 years**	**Total**
Long-term borrowings	**678,635,237**	**154,372,050**	**19,250,000**	**852,257,287**
Short term borrowings	**9,130,730,768**	**—**	**—**	**9,130,730,768**
Held for trading financial liabilities	**1,098,665,095**	**—**	**—**	**1,098,665,095**
Notes payables	**3,300,143,866**	**—**	**—**	**3,300,143,866**
Accounts payables	**2,276,258,140**	**—**	**—**	**2,276,258,140**
Interest payables	**224,859,282**	**273,386,247**	**415,800**	**498,661,329**
Other payables	**832,160,732**	**—**	**—**	**832,160,732**
Other current liabilities	**1,416,294,455**	**—**	**—**	**1,416,294,455**
Long term payables	**1,870,000**	**7,480,000**	**22,440,000**	**31,790,000**
Bond payables	**—**	**6,800,000,000**	**—**	**6,800,000,000**
	18,959,617,575	**7,235,238,297**	**42,105,800**	**26,236,961,672**

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(3) Liquidity risk *(Continued)*

Financial liabilities *(Continued)*

	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
Held for trading financial liabilities	1,220,580,750	—	—	1,220,580,750
Notes payables	2,247,927,604	—	—	2,247,927,604
Accounts payables	2,857,078,517	—	—	2,857,078,517
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	1,598,364,998	—	—	1,598,364,998
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
	12,424,758,514	988,229,608	6,912,045,100	20,325,033,222

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.

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 borrowings with floating interest rates. The Group also does not use interest rate swap contracts 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 2011	**Increase/ (decrease) in basis points**	**(Decrease)/ increase in profit before tax** *RMB'000*
RMB	**+100**	**63,044**
RMB	**-100**	**(63,044)**

Year 2010	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax *RMB'000*
RMB	+100	(43,084)
RMB	-100	43,084

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 Group also does not use forward contracts to hedge its foreign currency risk.

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 2011		
If RMB strengthens against USD	**(5%)**	**383,373**
If RMB weakens against USD	**5%**	**(380,373)**
Year 2010		
If RMB strengthens against USD	(5%)	229,427
If RMB weakens against USD	5%	(229,427)

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.

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.

	Increase/ (decrease) in market price of copper cathodes	**(Decrease)/ increase in profit before tax** *RMB'000*	**(Decrease)/ increase in equity** *RMB'000*
Year 2011			
RMB	**30%**	**86,385**	**(74,107)**
RMB	**(30%)**	**(86,385)**	**74,107**

	Increase/ (decrease) in market price of copper cathodes	(Decrease)/ increase in profit before tax *RMB'000*	(Decrease)/ increase in equity *RMB'000*
Year 2010			
RMB	30%	(1,076,774)	(1,026,738)
RMB	(30%)	1,032,468	1,006,541

(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.

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 2011, 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 2011, 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 2011, the fair value of bonds payable was RMB5,679,360,000, which was different from its carrying amount by RMB257,109,593.

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).

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(5) Fair value *(Continued)*

Year 2011

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity investment	**2,330,708**	**—**	**—**	**2,330,708**
Commodity derivative contracts	**54,057,613**	**—**	**—**	**54,057,613**
Provisional price arrangement	**—**	**18,175,654**	**—**	**18,175,654**
Forward currency contracts	**—**	**1,488,841**	**—**	**1,488,841**
Bank financing products	**—**	**2,870,005,500**	**—**	**2,870,005,500**
	56,388,321	**2,889,669,995**	**—**	**2,946,058,316**

	Level 1	Level 2	Level 3	Total
Financial liability				
Liabilities arise from gold lease valued at fair value	**—**	**946,260,226**	**—**	**946,260,226**
Commodity derivative contracts	**117,494,844**	**—**	**—**	**117,494,844**
Provisional price arrangement	**—**	**134,430**	**—**	**134,430**
Interest rate swaps	**—**	**11,190,310**	**—**	**11,190,310**
Forward currency contracts	**—**	**21,598,933**	**—**	**21,598,933**
Firm commitment	**—**	**1,986,352**	**—**	**1,986,352**
	117,494,844	**981,170,251**	**—**	**1,098,665,095**

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(6) Assets and liabilities measured at fair value

Year 2011

	31 December 2010	Recognized in fair value change (loss)/ gain	Recognized in other comprehensive loss	31 December 2011
Cash flow hedge				
Commodity derivative contracts	(128,633,369)	3,509,958	119,433,193	(5,690,218)
Fair value hedge				
Commodity derivative contracts	(227,751,145)	229,496,345	—	1,745,200
Provisional price arrangement	(554,710,792)	572,886,446	—	18,175,654
Firm commitment	—	(1,986,352)	—	(1,986,352)
Inventories	780,456,113	(799,347,017)	—	(18,890,904)
	(2,005,824)	1,049,422	—	(956,402)
Not under hedge accounting:				
Commodity derivative contracts	(257,218,609)	197,726,396	—	(59,492,213)
Provisional price arrangement	(19,470,520)	19,336,090	—	(134,430)
Available-for-sale financial assets	4,843,656	(2,464,547)	—	2,330,708
Liabilities arise from gold lease				
Valued at fair value	—	86,454,424	—	(946,260,226)
Interest rate swaps	(9,293,820)	(1,896,490)	—	(11,190,310)
Forward currency contracts	(13,939,466)	(6,170,626)	—	(20,110,092)
	(295,078,759)	292,985,247	—	(1,034,856,563)
Total	(425,717,952)	297,544,627	119,433,193	(1,041,503,183)

(Expressed in Renminbi Yuan)

11. Financial instrument and risk *(Continued)*

(7) Financial Assets and liabilities in foreign currency

Year 2011

	31 December 2010	Recognized in fair value change (loss)/ gain	Recognized in other comprehensive loss	31 December 2011
Financial assets/ (liabilities)				
Commodity derivative contracts	(510,989,319)	348,755,767	112,538,593	(49,694,959)
Including: — Cash flow hedge	(120,914,168)	(17,236,345)	112,538,593	(25,611,920)
— Fair value hedge	(101,002,641)	101,002,641	—	—
— Not under hedge accounting	(289,072,510)	264,989,471	—	(24,083,039)
Provisional price arrangement	(574,181,312)	592,222,536	—	18,041,224
Interest rate swaps	(9,293,820)	(1,896,490)	—	(11,190,310)
Forward currency contracts	(13,939,466)	(6,170,626)	—	(20,110,092)
Loan and receivables	1,393,453,854	N/A	N/A	893,274,536
Total	285,049,937	932,911,187	112,538,593	830,320,399
Financial liabilities	4,873,589,925	N/A	N/A	10,100,004,159

12. Comparative amount

Certain items and balances in the financial statements have been revised to comply with the current year's presentation.

Supplementary Information To The Financial Statements

For the year ended 31 December 2011
(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:

	2011
Net profit attributable to shareholders of the Company	**6,549,449,240**
Add: Non-recurring items	
Net losses on disposal of non-current assets	**127,976,144**
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	**(102,999,090)**
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 equity investment	**2,464,547**
— Fair value loss arising from forward currency contracts	**6,170,626**
— Fair value loss arising from interest rate swaps	**1,896,490**
— Investment income from equity investment	**(236,049)**
— Invest income from bank finance products	**(173,658,302)**
— Ineffective part of cash flow hedge for unsettled commodity derivative contracts	**(3,509,958)**
— Ineffective part of fair value hedge for unsettled commodity derivative contracts	**978,975**
— Not under hedge accounting of unsettled commodity derivative contracts	**(197,726,396)**
— Fair value gain arising from lease of gold	**(86,454,424)**
— Loss of ineffective part of cash flow hedge	**4,788,971**
— Gain of ineffective part of fair value hedge	**(8,389,187)**
— Gain from commodity derivative contracts not qualified for hedge accounting	**209,290,414**
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	**11,121,425**
Other non-recurring profit and loss items	
— Gain from disposal of equity from the investee under the cost method	**(366,274)**
Impact on income tax on non-recurring items	**88,544,451**
Net profit after non-recurring profit and loss items	**6,429,341,603**
Less: Impact on minority interests (after tax)	**(28,060,046)**
Net profit attributable to equity holders of the Company after non-recurring profit and loss items	**6,457,401,649**

(Expressed in Renminbi Yuan)

1. Statement of non-recurring profit and loss items *(Continued)*

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).

For 2011, non-recurring profit and loss items in non-operating income and expenses:

	2011
Non-recurring profit in non-operating income	
Net gain on disposal of fixed assets	**4,977,438**
VAT refund	**53,728,543**
Subsidy from import of copper concentrate	**30,000,000**
Amortization of deferred revenue	**19,270,547**
Others	**16,344,666**
Non-recurring loss in non-operating expenses	
Net loss on disposal of fixed assets	**132,953,582**
Penalty	**6,775,766**
Donations	**10,542,000**
Others	**10,148,325**

(Expressed in Renminbi Yuan)

2. Reconciliation between International Financial Reporting Standards ("IFRSs") and New Chinese Accounting Standard and Regulations ("PRC GAAP")

	Net profit	
	Year 2011	Year 2010
Financial statements prepared in accordance with PRC GAAP	**6,610,484,015**	4,964,840,883
Adjustment in accordance with IFRSs:		
Reversal of the safety fund expenses provided but not used under the PRC GAAP during the year	**37,707,129**	81,556,099
Financial statements prepared in accordance with IFRS	**6,648,191,144**	5,046,396,982

As at 31 December 2011 and 2010, 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 2011

	Weighted Average Return on Net Assets	Earnings Per Share *(RMB)*	
		Basic	Diluted
Net profit attributable to shareholders of the Company	**17.67%**	**1.8914**	**1.8914**
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss items	**17.42%**	**1.8648**	**1.8648**

Independent Auditors' Report

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安永

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To the shareholders of Jiangxi Copper Company Limited
(A Sino-foreign joint venture joint stock limited company 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 255 to 378, which comprise the consolidated and company statements of financial position as at 31 December 2011, 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 requirements 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.

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 auditors consider 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 at 31 December 2011, 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
27 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

(Prepared in accordance with IFRSs)

	Notes	**2011** **RMB'000**	2010 RMB'000
REVENUE	5	**117,119,197**	76,138,869
Cost of sales		**(107,347,896)**	(68,092,329)
Gross profit		**9,771,301**	8,046,540
Other income and gains	6	**1,176,626**	207,507
Selling and distribution costs		**(437,011)**	(345,648)
Administrative expenses		**(1,869,162)**	(1,230,378)
Other expenses	7	**(257,626)**	(160,038)
Finance costs	8	**(731,227)**	(444,043)
Share of profits and losses of:			
A jointly-controlled entity	21	**6,636**	5,959
Associates	22	**49,046**	(18,475)
PROFIT BEFORE TAX	9	**7,708,583**	6,061,424
Income tax expense	11	**(1,060,392)**	(1,015,027)
PROFIT FOR THE YEAR		**6,648,191**	5,046,397
Attributable to:			
Owners of the Company		**6,586,921**	4,987,575
Non-controlling interests		**61,270**	58,822
		6,648,191	5,046,397
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	14	**RMB1.90**	RMB1.59
— Diluted	14	**RMB1.90**	RMB1.51

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011
(Prepared in accordance with IFRSs)

	2011 *RMB'000*	2010 *RMB'000*
PROFIT FOR THE YEAR	**6,648,191**	5,046,397
OTHER COMPREHENSIVE INCOME		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**155,879**	(205,973)
Reclassification adjustments for (gains)/losses included in revenue in the consolidated income statement	**(36,446)**	124,507
Income tax effect	**(22,152)**	16,167
	97,281	(65,299)
Exchange differences on translation of foreign operations	**(119,404)**	(48,398)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**(22,123)**	(113,697)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,626,068**	4,932,700
Attributable to:		
Owners of the Company	**6,564,798**	4,874,908
Non-controlling interests	**61,270**	57,792
	6,626,068	4,932,700

Consolidated Statement of Financial Position

As at 31 December 2011

(Prepared in accordance with IFRSs)

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**18,092,411**	16,703,570
Prepaid land lease payments	16	**428,375**	325,515
Intangible assets	17	**847,411**	874,757
Exploration and evaluation assets	18	**206,367**	203,233
Investment in a jointly-controlled entity	21	**26,732**	24,896
Investments in associates	22	**1,530,574**	943,470
Available-for-sale investments	23	**510,080**	710,080
Deferred tax assets	24	**306,088**	184,584
Total non-current assets		**21,948,038**	19,970,105
CURRENT ASSETS			
Inventories	26	**14,097,061**	18,269,953
Trade and bills receivables	27	**7,596,894**	5,169,177
Prepayments, deposits and other receivables	28	**4,972,772**	4,044,000
Loans to related parties	25	**842,510**	553,881
Available-for-sale investments	23	**2,770,006**	520,000
Equity investments at fair value through profit or loss		**2,331**	4,844
Derivative financial instruments	29	**73,723**	9,563
Pledged deposits	30	**4,763,826**	2,438,882
Cash and cash equivalents	30	**11,082,468**	3,864,368
Total current assets		**46,201,591**	34,874,668
Total assets		**68,149,629**	54,844,773
CURRENT LIABILITIES			
Trade and bills payables	31	**5,576,402**	5,105,006
Other payables and accruals	32	**3,233,579**	1,909,424
Derivative financial instruments	29	**152,404**	1,220,580
Held-for-trading financial liabilities		**946,260**	—
Interest-bearing bank borrowings	33	**9,809,366**	3,595,708
Deposits from customers	34	**1,416,294**	1,348,365
Repurchase agreements	35	**—**	250,000
Income tax payable		**886,062**	675,110
Total current liabilities		**22,020,367**	14,104,193
NET CURRENT ASSETS		**24,181,224**	20,770,475
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,129,262**	40,740,580

Consolidated Statement of Financial Position

As at 31 December 2011
(Prepared in accordance with IFRSs)

	Notes	**2011** ***RMB'000***	2010 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	33	**173,622**	712,728
Bonds payable	36	**5,422,250**	5,178,185
Deferred revenue - government grants	37	**277,669**	176,744
Deferred tax liabilities	24	**14,238**	2,785
Provision for rehabilitation	38	**129,531**	117,725
Employee benefit liability	39	**291,510**	—
Other long term payables	40	**14,447**	15,007
Total non-current liabilities		**6,323,267**	6,203,174
Net assets		**39,805,995**	34,537,406
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	41	**3,462,729**	3,462,729
Reserves		**34,108,827**	29,967,951
Proposed final dividend	13	**1,731,365**	692,546
		39,302,921	34,123,226
Non-controlling interests		**503,074**	414,180
Total equity		**39,805,995**	34,537,406

Approved on behalf of the board of directors:

Director *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

(Prepared in accordance with IFRSs)

	Attributable to owners of the company														
	Share capital RMB'000 (note 41)	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 dividend RMB'000 (note 13)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	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
Total comprehensive income for the year	—	—	—	—	—	—	—	—	6,586,921	(119,404)	97,281	—	6,564,798	61,270	6,626,068
Capital injection by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	66,315	66,315
Acquisition of non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(30,534)	(30,534)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(8,153)	(8,153)
2010 final dividend declared	—	—	—	—	—	—	—	—	—	—	—	(692,546)	(692,546)	—	(692,546)
2011 interim dividend declared	—	—	—	—	—	—	—	—	(692,546)	—	—	—	(692,546)	—	(692,546)
Proposed 2011 final dividend	—	—	—	—	—	—	—	—	(1,731,365)	—	—	1,731,365	—	—	—
Transfers	—	—	—	—	—	589,116	1,767,347	37,473	(2,393,936)	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	(11)	—	—	—	(11)	(4)	(15)
At 31 December 2011	3,462,729	—	12,647,502*	(934,681)*	(92,506)*	3,259,295*	7,866,667*	276,627*	11,345,758*	(255,149)*	(4,686)*	1,731,365	39,302,921	503,074	39,805,995

* These reserve accounts comprise the consolidated reserves of RMB34,108,827,000 (2010: RMB29,967,951,000) in the consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

(Prepared in accordance with IFRSs)

	Attributable to owners of the company														
	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 dividend	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 41)	*(note 36)*										*(note 13)*			
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)
2010 final dividend declared	—	—	—	—	—	—	—	—	—	—	—	(302,283)	(302,283)	—	(302,283)
Proposed 2011 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

Consolidated Statement of Cash Flows

For the year ended 31 December 2011
(Prepared in accordance with IFRSs)

	Notes	2011 RMB'000	2010 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,708,584**	6,061,424
Adjustments for:			
Finance costs	8	**635,559**	376,855
Foreign exchange (gains)/losses, net	6	**(236,951)**	(36,150)
Share of profits and losses of a jointly-controlled entity and associates	21,22	**(55,682)**	12,516
Income from available-for-sale investments	6	**(187,158)**	(34,033)
Net loss on disposal of items of property, plant and equipment	9	**127,977**	84,422
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	**(200,258)**	167,414
— Provisional price arrangement	9	**(21,364)**	5,346
— Forward currency contracts and interest rate swaps	6	**8,067**	23,233
— Held-for-trading financial liabilities	6	**(86,454)**	—
Net fair value losses/(gains) on an equity investment at fair value through profit or loss	6	**2,229**	(2,566)
Provision/(reversal of provision) for impairment of trade and other receivables	9	**5,543**	6,769
Provision for write-down of inventories to net realisable value	9	**425,969**	7,132
Provision for impairment of property, plant and equipment	9	**55,057**	416
Depreciation of property, plant and equipment	9	**1,141,000**	969,408
Amortisation of prepaid land lease payments	9	**10,549**	6,327
Amortisation of intangible assets	9	**37,100**	36,685
Gains on disposal of subsidiaries	9	**(366)**	—
Unwinding of an interest for rehabilitation provision	38	**7,034**	6,373
Deferred revenue released to the income statement	6	**(19,271)**	(15,115)
		9,333,164	7,676,456

Consolidated Statement of Cash Flows

For the year ended 31 December 2011
(Prepared in accordance with IFRSs)

	Notes	**2011** **RMB'000**	2010 RMB'000
Decrease/(increase) in inventories		**2,947,575**	(6,287,412)
Increase in trade and other receivables		**(3,730,348)**	(3,974,286)
Increase in loans to related parties		**(288,629)**	(6,745)
Increase in pledged deposits except pledged deposits to secure bank borrowings	30	**(2,292,714)**	(703,944)
Increase in trade and other payables		**1,803,098**	1,279,806
Increase in deposits from customers		**67,929**	650,941
(Decrease)/increase in repurchase agreements		**(250,000)**	198,323
Cash generated/(used in) from operations		**7,614,075**	(1,166,861)
Income tax paid		**(981,643)**	(806,544)
Net cash flows from/(used in) operating activities		**6,632,432**	(1,973,405)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(2,477,037)**	(2,404,018)
Additions to exploration and evaluation assets		**(3,134)**	(16,045)
Additions to prepaid land lease payments		**(121,080)**	(146,765)
Purchase of intangible assets		**(10,896)**	(1,048)
Proceeds from disposal of equity investments through profit or loss		**4,639**	3,269
Proceeds from disposal of available-for-sale investments		**35,419,358**	1,064,034
Dividends from a jointly-controlled entity		**4,800**	—
Proceeds from disposal of a subsidiary		**366**	—
Proceeds from disposal of items of property, plant and equipment		**23,016**	16,368
Proceeds from disposal of items of intangible assets and prepaid land lease payments		**5,967**	24
Receipt of government grants		**120,196**	26,678
Purchases of available-for-sale investments and equity investments at fair value through profit or loss		**(37,282,206)**	(1,555,427)
Purchases of equity investments through profit or loss		**(4,355)**	—
Addition of capital contribution to associates		**(652,725)**	(620,000)
Net cash flows used in investing activities		**(4,973,091)**	(3,632,930)

Consolidated Statement of Cash Flows

For the year ended 31 December 2011

(Prepared in accordance with IFRSs)

	Notes	**2011** **RMB'000**	2010 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of warrants, net of transaction costs		**—**	6,737,966
Capital injection by non-controlling shareholders		**66,315**	1,000
Acquisition of non-controlling shareholders		**(30,534)**	—
Proceeds from gold lease contracts		**1,032,714**	—
(Increase)/decrease of pledged RMB time deposits to secure USD bank borrowings	30	**(32,230)**	162,455
New bank borrowings		**29,519,265**	9,454,372
Repayment of bank borrowings		**(23,239,376)**	(8,135,481)
Interest paid		**(359,412)**	(134,548)
Dividends paid	13	**(1,385,092)**	(302,283)
Dividends paid to non-controlling shareholders		**(8,153)**	(5,748)
Net cash flows from financing activities		**5,563,495**	7,777,733
NET INCREASE IN CASH AND CASH EQUIVALENTS		**7,255,229**	2,171,398
Cash and cash equivalents at beginning of year	30	**3,864,368**	1,702,626
Effect of foreign exchange rate changes, net		**(4,738)**	(9,656)
CASH AND CASH EQUIVALENTS AT END OF YEAR	30	**11,082,468**	3,864,368

Statement of Financial Position of the Company

As at 31 December 2011

(Prepared in accordance with IFRSs)

	Notes	**2011**	2010
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	15	**13,832,613**	13,482,125
Prepaid land lease payments	16	**383,574**	283,340
Intangible assets	17	**827,451**	862,395
Exploration and evaluation assets	18	**206,367**	203,233
Investments in subsidiaries	20	**6,363,122**	4,971,729
Investment in a jointly-controlled entity	21	**14,100**	14,100
Investments in associates	22	**1,772,423**	1,119,855
Available-for-sale investments	23	**398,080**	398,080
Deferred tax assets	24	**202,331**	92,870
Total non-current assets		**24,000,061**	21,427,727
CURRENT ASSETS			
Inventories	26	**10,603,730**	14,045,270
Trade and bills receivables	27	**3,775,705**	3,815,994
Prepayments, deposits and other receivables	28	**3,207,792**	2,197,530
Derivative financial instruments	29	**27,354**	—
Cash and cash equivalents	30	**14,786,585**	4,779,878
Total current assets		**32,401,166**	24,838,672
Total assets		**56,401,227**	46,266,399
CURRENT LIABILITIES			
Trade and bills payables	31	**5,100,641**	3,025,065
Other payables and accruals	32	**2,162,314**	1,412,907
Derivative financial instruments	29	**9,255**	875,158
Interest-bearing bank borrowings	33	**3,895,638**	650,175
Income tax payable		**740,384**	592,322
Total current liabilities		**11,908,232**	6,555,627
NET CURRENT ASSETS		**20,492,934**	18,283,045
TOTAL ASSETS LESS CURRENT LIABILITIES		**44,492,995**	39,710,772

Statement of Financial Position of the Company

As at 31 December 2011

(Prepared in accordance with IFRSs)

	Notes	**2011** **RMB'000**	2010 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	33	**—**	290,000
Bonds payable	36	**5,422,250**	5,178,185
Deferred revenue - government grants	37	**207,437**	132,929
Provision for rehabilitation	38	**114,892**	105,538
Deferred tax liabilities	24	**1,377**	—
Employee benefit liability	39	**224,570**	—
Other long term payables	40	**14,447**	15,007
Total non-current liabilities		**5,984,973**	5,721,659
Net assets		**38,508,022**	33,989,113
EQUITY			
Share capital	41	**3,462,729**	3,462,729
Reserves	42	**33,313,928**	29,833,838
Proposed final dividend	13	**1,731,365**	692,546
Total equity		**38,508,022**	33,989,113

Approved on behalf of the board of directors:

Director *Director*

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited ("the Company") was registered in the People's Republic of China (the "PRC") as a joint stock limited company. The registration number of the Company's business licence is Qi He 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 shares were delisted from the LSE from 27 November 2009. The head office of the Company is located at 15 Yejin Avenue, Guixi, Jiangxi Province, the 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 portfolio fund investments included in available-for-sale investment, held-for-trading financial liabilities, 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 (the "IASB") and interpretations approved by the International Accounting Standards Committee. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as "the Group") for the year ended 31 December 2011. 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.

Total comprehensive income within a subsidiary is 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.

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 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), and amendments to IFRS 3, IAS 1 and IAS 27 included in *Improvements to IFRSs 2010*, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these IFRSs are as follows:

(a) IAS 24 (Revised) Related Party Disclosures

IAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The Group adopted IAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures have been amended accordingly. Details of the related party transactions, including the related comparative information, are included in note 46 "related party transactions" to the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(Continued)*

(b) Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. 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 has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 3 *Business Combinations*: The amendment 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 amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- IAS 27 *Consolidated and Separate Financial Statements*: The amendment 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.

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 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adpoters*[1]
IFRS 1 Amendments	Amendments to IFRS 1 *Government Loans*[4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets* [1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*[4]
IFRS 9	*Financial Instruments*[6]
IFRS 10	*Consolidated Financial Statements*[4]
IFRS 11	*Joint Arrangements*[4]
IFRS 12	*Disclosure of Interests in Other Entities*[4]
IFRS 13	*Fair Value Measurement*[4]
IAS 1 Amendments	Amendment to IAS 1 *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*[3]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets*[2]
IAS 19 Amendments	*Employee Benefits*[4]
IAS 27 (Revised)	*Separate Financial Statements*[4]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[4]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* [5]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011

2 Effective for annual periods beginning on or after 1 January 2012

3 Effective for annual periods beginning on or after 1 July 2012

4 Effective for annual periods beginning on or after 1 January 2013

5 Effective for annual periods beginning on or after 1 January 2014

6 Effective for annual periods beginning on or after 1 January 2015

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, the 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 expected to be replaced by IFRS 9 in its entirety. Before this 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 2015.

IFRIC 20 addresses the recognition of waste removal costs that are incurred in surface mining activity during the production phase of a mine as an asset, as well as the initial measurement and subsequent measurement of the stripping activity asset. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the costs incurred are accounted for in accordance with IAS 2 Inventories. To the extent that the benefit is improved access to ore and when criteria set out in the interpretation are met, the waste removal costs are recognised as a stripping activity asset under non-current assets. The Group expects to adopt the interpretation from 1 January 2013.

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 that are not classified as held for sale in accordance with IFRSs 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 results of a jointly-controlled entity are 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

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 Group elects whether it measures the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. 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 will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

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 identifiable net 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial asset,), 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where 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 depreciates them accordingly.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the expenditure is reflected in the 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 licence 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 in the income statement.

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.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial investments, 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 transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

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:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined in by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net 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.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

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, in rare circumstances, 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. 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, as these instruments cannot be reclassified after initial recognition.

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. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

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 other income in the income statement. The loss arising from impairment is recognised in the income statement in finance costs for loans and in other expenses for receivables.

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 them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method 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 finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments 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 revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments 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 investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, 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. 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. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and 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 maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

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.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

The subsequent 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.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria of IAS 39 are satisfied.

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 amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Loans and borrowings *(Continued)*

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 a 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.

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. Certain derivative instruments of the Group are not designated as hedging instruments and/or qualified for hedge accounting.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

Initial recognition and subsequent measurement *(Continued)*

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.

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).

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:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derivative financial instruments and hedge accounting *(Continued)*

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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, and assets similar in nature to cash which are not restricted as to use.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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

- when 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, when 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, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- when 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 venture, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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.

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 income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

- sales of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- service income, including sub-contracting service, is recognised when services are provided;
- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- dividend income, when the shareholders' right to receive payment has been established.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items 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 gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item.

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 into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. 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 which arise 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 the 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 described below.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. The carrying amount of provision for rehabilitation at 31 December 2011 was RMB129,531,000 (2010: RMB117,725,000). 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 2011 was RMB17,795,868,000 (2010: RMB16,703,570,000). More details are given in note 15.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and 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 2011 was RMB801,835,000 (2010: RMB834,418,000). More details are given in note 17.

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in the income statement in the period when the new information becomes available. The carrying amount of exploration and evaluation assets at 31 December 2011 was RMB206,367,000 (2010: RMB203,233,000). 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 2011 of the Group was RMB306,088,000 (2010: RMB184,584,000). More details are given in note 24.

4. SIGNIFICANT ACCOUNTING ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

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 2011 was RMB20,850,128,000 (2010: RMB19,075,441,000). More details are given in notes 15, 16, 17, 18, 21 and 22.

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 2011 was RMB4,869,972,000 (2010: RMB4,282,645,000). More details are given in notes 25, 27 and 28.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale assets. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The carrying amount of available-for-sale assets of the Group as at 31 December 2011 was RMB3,280,086,000 (2010: RMB1,230,080,000). More details are given in note 23.

5. REVENUE AND SEGMENT INFORMATION

For management purpose, the Group has only 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 resources allocation and 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 2011 and 2010. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue by category of goods is as follows:

	2011	2010
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**66,696,801**	39,591,891
— copper rods	**26,638,022**	20,196,282
— copper processing products	**5,988,714**	5,226,863
— gold	**7,917,194**	5,189,045
— silver	**3,735,884**	1,914,461
— sulphuric and sulphuric concentrate	**2,304,610**	1,475,535
— rare metals	**840,585**	654,143
— other non-ferrous metals	**1,753,150**	868,544
— others	**1,244,237**	1,022,105
	117,119,197	76,138,869

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2011	2010
	RMB'000	*RMB'000*
— Mainland China	**110,694,081**	71,288,563
— Hong Kong	**5,306,342**	4,602,748
— Holand	**500,565**	—
— Taiwan	**250,167**	234,363
— Others	**368,042**	13,195
	117,119,197	76,138,869

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 asset information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue of approximately RMB17,701,256,000 (2010: RMB6,186,607,000) was derived from sales of goods to a single customer, including sales to a group of entities which are known to be under common control with that customer. State-owned entities in Mainland China are not identified as a group of customers under common control by the directors of the Company.

6. OTHER INCOME AND GAINS

	2011	2010
	RMB'000	*RMB'000*
Fair value gains/(losses), net:		
Derivative financial instruments - transactions not qualifying as hedges - commodity derivative contracts *	**(11,563)**	(103,012)
— Unrealised gains/(losses) of the outstanding contracts	**197,727**	(168,262)
— Realised (losses)/gains from the settled contracts	**(209,290)**	65,250
Transactions qualifying as fair value hedges **	**7,410**	6,155
— Inventories hedged by commodity derivative contracts	**(88,658)**	295,379
— Fair value gains/(losses) of commodity derivative contracts as hedging instruments for fair value of inventories	**96,309**	(289,224)
— Sales firm commitment hedged by commodity derivative contracts	**(1,986)**	—
— Fair value gains of commodity derivative contracts as hedging instruments for sales firm commitment	**1,745**	—
Ineffective portion of cash flow hedges - commodity derivative contracts **	**(1,279)**	(2,551)
Fair value loss from forward currency contracts and interest rate swaps	**(8,067)**	(23,233)
Fair value gains from held-for-trading financial liabilities	**86,454**	—
Equity investment at fair value through profit or loss	**(2,229)**	2,566
Income from VAT refund	**53,728**	37,651
Interest income	**557,104**	74,373
Gains on disposal of subsidiaries	**366**	—
Subsidy income of imported copper concentrate	**30,000**	115,659
Income from available-for-sale investments	**187,158**	34,033
Deferred revenue released to the income statement *(note 37)*	**19,271**	15,115
Gain on disposal of items of property, plant and equipment	**4,977**	8,279
Foreign exchange gains, net	**236,951**	36,150
Others	**16,345**	6,322
	1,176,626	207,507

6. OTHER INCOME AND GAINS *(Continued)*

* 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).

** 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:

	2011	2010
	RMB'000	*RMB'000*
Transactions qualifying as fair value hedges:		
— Unrealised (losses)/gains of the outstanding contracts	**(979)**	2,988
— Realised gains from the settled contracts	**8,389**	3,167
	7,410	6,155
Ineffective portion of cash flow hedges:		
— Unrealised gains/(losses) of the outstanding contracts	**3,510**	(2,140)
— Realised losses from the settled contracts	**(4,789)**	(411)
	(1,279)	(2,551)

7. OTHER EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Provision for impairment of items of property, plant and equipment *(note 19)*	**55,057**	416
Loss on disposal of items of property, plant and equipment	**132,954**	92,701
Loss on disposal of obsolete spare parts	**35,114**	41,623
Compensation paid for accidents	**—**	5,860
Donations	**10,542**	1,474
Others	**23,959**	17,964
	257,626	160,038

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	RMB'000	*RMB'000*
Interest on borrowings	**323,494**	78,663
Interest on bonds with warrants *(note 36)*	**312,065**	298,192
Interest on discounted notes	**95,668**	67,188
	731,227	444,043

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Note	2011 RMB'000	2010 RMB'000
Cost of inventories sold*		**100,823,051**	65,034,424
Depreciation	15	**1,141,000**	969,408
Amortisation of prepaid land lease payments	16	**10,549**	6,327
Amortisation of intangible assets	17	**37,100**	36,685
Minimum lease payments under operating leases of land use rights	46(a)	**39,998**	39,438
Auditors' remuneration		**9,490**	8,100
Employee benefit expense (including directors' remuneration *(note 10)*):			
— Wages and salaries		**2,018,124**	1,181,504
— Pension scheme contributions		**265,718**	203,784
— Housing fund costs		**129,207**	108,551
— Other staff costs		**250,255**	185,352
Foreign exchange gains, net	6	**(236,951)**	(36,150)
Provision for impairment of trade and other receivables	27,28	**5,543**	6,769
Provision for impairment of property, plant and equipment	7,19	**55,057**	416
Income from available-for-sale investments	6	**(187,158)**	(34,033)
Provision for write-down of inventories to net realisable value		**425,969**	7,132
Fair value losses /(gains), net:			
Equity investment at fair value through profit or loss	6	**2,229**	(2,566)
Held-for-trading financial liabilities	6	**(86,454)**	—
Derivative financial instruments			
— Commodity derivative contracts	6	**(5,432)**	99,408
— Forward currency contracts and interest rate swaps	6	**8,067**	23,233
Gains on disposal of subsidiaries	6	**(366)**	—
Loss on disposal of obsolete spare parts	7	**35,114**	41,623
Net loss on disposal of items of property, plant and equipment	6,7	**127,977**	84,422

9. PROFIT BEFORE TAX *(Continued)*

* Cost of inventories sold includes the net fair value changes of the unsettled provisional price arrangements as follows:

	2011	2010
	RMB'000	*RMB'000*
Unrealised gains on ineffective portion of fair value hedge	**(2,028)**	(1,520)
— Fair value losses/(gains) on inventories as hedged items	**570,858**	(336,403)
— Fair value (gains)/losses on provisional price arrangement as hedging instruments	**(572,886)**	334,883
Unrealised (gains)/losses for arrangements not qualifying for hedge	**(19,336)**	6,866
	(21,364)	5,346

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:

	2011	2010
	RMB'000	*RMB'000*
Fees	**400**	200
Other emoluments:		
Salaries, allowances and benefits in kind	**6,656**	6,052
Performance related bonuses	**32,643**	280
Pension scheme contributions	**232**	208
	39,531	6,540
Total remuneration	**39,931**	6,740

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The emoluments paid or payable to each of the 11 (2010: 11) directors and 5 (2010: 5) supervisors were as follows:

2011	Fees	Other emoluments: Salaries, allowances and benefits in kind	Other emoluments: Performance related bonuses	Other emoluments: Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Li Yihuang	—	906	5,790	29	6,725
Li Baomin	—	906	5,790	29	6,725
Hu Qingwen	—	906	4,074	29	5,009
Gan Chengjiu	—	906	4,074	29	5,009
Shi Jialiang	—	50	—	—	50
Gao Jianmin	—	200	—	—	200
Liang Qing	—	200	—	—	200
	—	4,074	19,728	116	23,918
Independent non-executive directors:					
Zhang Rui	100	—	—	—	100
Wu Jianchang	100	—	—	—	100
Tu Shutian	100	—	—	—	100
Gao Dezhu	100	—	—	—	100
	400	—	—	—	400
Supervisors:					
Hu Faliang	—	633	4,004	29	4,666
Lin Jinliang	—	633	4,004	29	4,666
Xie Ming	—	633	2,047	29	2,709
Wan Sujuan	—	50	—	—	50
Wu Jinxing	—	633	2,860	29	3,522
	—	2,582	12,915	116	15,613
Total emoluments for 2011	400	6,656	32,643	232	39,931

During the year of 2011, certain of the performance related bonuses, amounting to RMB32,363,000 (2010: Nil), accrued for the executive directors and supervisors is subject to the approval of State-owned Assets Supervision and Administration Commission of Jiangxi Province.

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

2010	Fees	Other emoluments: Salaries, allowances and benefits in kind	Other emoluments: Performance related bonuses	Other emoluments: Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. DIRECTORS' AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the remuneration of the five highest paid employees are as below:

2011	**Salaries and other benefits**	**Performance related bonuses**	**Pension scheme contributions**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Li Yihuang	**906**	**5,790**	**29**	**6,725**
Li Baomin	**906**	**5,790**	**29**	**6,725**
Hu Qingwen	**906**	**4,074**	**29**	**5,009**
Gan Chengjiu	**906**	**4,074**	**29**	**5,009**
Dong Jiahui	**633**	**4,054**	**29**	**4,716**
	4,257	**23,782**	**145**	**28,184**

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

The five highest paid employees have acted as executive directors, supervisors and deputy general manager during the year.

11. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	2011	2010
	RMB'000	*RMB'000*
Current income tax payable:		
PRC income tax	**1,189,835**	1,002,468
HK income tax	**2,760**	5,769
	1,192,595	1,008,237
Deferred income tax *(note 24)*	**(132,203)**	6,790
Income tax charge for the year	**1,060,392**	1,015,027

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2010: 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% (2010: 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 may 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 the Jiangxi Provincial Department of Science and Technology, the Jiangxi Provincial Department of Finance, the Jiangxi Provincial State Taxation Bureau and the 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 provided it continues to meet certain criteria, with a corporate income tax rate of 15%.

(ii) Certain subsidiaries in Mainland China enjoy preferential tax rates during a transitional period from 2008 to 2012.

11. INCOME TAX EXPENSE *(Continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for each of the years ended 31 December 2011 and 2010, are as follows:

	2011		2010	
	RMB'000	**%**	*RMB'000*	%
Profit before tax	**7,708,583**	**100.00**	6,061,424	100.00
Tax at the effective statutory tax rate	**1,927,146**	**25.00**	1,515,356	25.00
Effect of different tax rates for the Company	**(666,587)**	**(8.69)**	(525,372)	(8.66)
Effect of different tax rates for subsidiaries	**(4,934)**	**(0.05)**	(24,615)	(0.41)
Reduction of income tax in respect of the Tax Benefit*	**(226,760)**	**(2.94)**	—	—
Adjustments in respect of current tax of previous periods	**(3,910)**	**(0.05)**	35,277	0.58
Profits and losses attributable to a jointly-controlled entity and associates	**(6,690)**	**(0.09)**	1,877	0.03
Impact of tax rate change	**(754)**	**(0.01)**	44,397	0.73
Tax loss not recognised	**52,850**	**0.69**	31,842	0.53
Expenses not deductible for tax	**13,527**	**0.18**	7,598	0.13
Tax losses utilised from previous periods	**(37,781)**	**(0.49)**	(36,430)	(0.60)
Non-taxable income	**(5,218)**	**(0.07)**	(5,769)	(0.10)
Tax effect of provision for safety fund surplus reserve	**21,623**	**0.28**	(20,389)	(0.34)
Deferred tax assets not recognised in previous years	**(2,120)**	**(0.03)**	(8,745)	(0.14)
Income tax expense at the Group's effective rate	**1,060,392**	**13.76**	1,015,027	16.75

* Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company, is entitled to a tax benefit ("Tax Benefit"), calculated as 40% of the current year's additions of PRC manufactured plant and equipment for production use. The Tax Benefit is, however, limited to the amount by which in enterprise income tax for the current year exceeds the amount of the preceding year.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 December 2011 includes a profit of RMB5,849,612,000 (2010: RMB4,599,478,000) which has been dealt with in the financial statements of the Company (note 42).

13. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Declared and paid during the year:		
Dividend on ordinary shares:		
Final dividend for 2010: RMB0.2 per share (2009: RMB0.1 per share)	**692,546**	302,283
Interim dividend for 2011: RMB0.2 per share (2010: Ni)	**692,546**	—
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Dividend on ordinary shares:		
Final dividend for 2011: RMB0.5 per share (2010: RMB0.2 per share)	**1,731,365**	692,546

On 9 June 2011, a dividend of RMB0.2 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB692,546,000 was declared to the shareholders as the final dividend for year 2010. On 28 July 2011, the dividend was paid to the shareholders of H shares and A shares.

On 6 December 2011, a dividend of RMB0.2 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB692,546,000 was declared to the shareholders as the interim dividend for year 2011. On 26 December 2011, the dividend was paid to the shareholders of H shares and A shares.

The directors propose to distribute a final dividend of RMB0.5 per share (tax inclusive) for the year ended 31 December 2011 (2010: RMB0.2). The total estimated dividend to be paid is approximately RMB1,731,365,000 (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.

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of the 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 the basic and diluted earnings per share amounts are based on:

	2011	2010
Profit attributable to ordinary owners of the Company *(RMB'000)*	**6,586,921**	4,987,575
Weighted average number of ordinary shares in issue	**3,462,729,405**	3,136,086,599
Effect of dilution - weighted average number of ordinary shares:		
Warrants attached to bonds	**—**	169,865,604
Diluted average number of ordinary shares in issue	**3,462,729,405**	3,305,952,203
— Basic	**RMB1.90**	RMB1.59
— Diluted	**RMB1.90**	RMB1.51

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 2010	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
Additions	4,385	17,096	22,615	2,585	2,689,210	2,735,891
Transfers	1,202,757	621,211	50,437	52,415	(1,926,820)	—
Disposals	(48,344)	(603,212)	(214,847)	(6,286)	—	(872,689)
As at 31 December 2011	8,623,628	14,472,308	1,321,251	125,941	3,300,076	27,843,204
Accumulated depreciation						
As at 1 January 2010	(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)
Charge for the year	(232,759)	(748,099)	(153,918)	(6,224)	—	(1,141,000)
Disposals	10,346	494,449	190,955	4,707	—	700,457
As at 31 December 2011	(3,075,329)	(5,985,379)	(595,238)	(41,127)	—	(9,697,073)

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 2010	(2,191)	(109,929)	(50)	(59)	—	(112,229)
Provision for the year	—	(416)	—	—	—	(416)
Reclassification	(16,536)	16,536	—	—	—	—
Write-off for the year	17,787	74,949	—	7	—	92,743
As at 31 December 2010	(940)	(18,860)	(50)	(52)	—	(19,902)
Provided for the year *(note 19)*	(19,733)	(33,039)	(153)	(2,132)	—	(55,057)
Write-off for the year	4,253	16,674	—	312	—	21,239
As at 31 December 2011	(16,420)	(35,225)	(203)	(1,872)	—	(53,720)
Net carrying amount						
As at 31 December 2011	5,531,879	8,451,704	725,810	82,942	3,300,076	18,092,411
As at 31 December 2010	4,610,974	8,686,624	830,721	37,565	2,537,686	16,703,570

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As at 1 January 2010	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
Additions	—	—	271	3	1,436,584	1,436,858
Transfers	575,626	533,346	34,126	50,110	(1,193,208)	—
Disposals	(29,815)	(511,291)	(208,621)	(3,505)	—	(753,232)
As at 31 December 2011	7,184,265	12,194,927	1,101,679	83,531	1,876,244	22,440,646
Accumulated depreciation						
As at 1 January 2010	(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)
Charge for the year	(201,013)	(593,109)	(137,101)	(2,123)	—	(933,346)
Disposals	3,396	421,495	185,545	2,738	—	613,174
As at 31 December 2011	(2,850,959)	(5,210,727)	(508,648)	(24,182)	—	(8,594,516)

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

THE COMPANY *(Continued)*

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in process	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impairment loss						
As at 1 January 2010	(1,278)	(90,011)	—	—	—	(91,289)
Write-off for the year	1,208	89,530	—	—	—	90,738
As at 31 December 2010	(70)	(481)	—	—	—	(551)
Provided for the year	(431)	(12,476)	(57)	(2)	—	(12,966)
As at 31 December 2011	(501)	(12,957)	(57)	(2)	—	(13,517)
Net carrying amount						
As at 31 December 2011	4,332,805	6,971,243	592,974	59,347	1,876,244	13,832,613
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 2011, certain of the Group's machinery with a net book value of approximately RMB35,758,000 (2010: RMB39,393,000) and certain of the Group's buildings and mining infrastructure with a net book value of approximately RMB35,002,000 (2010: RMB40,876,000) were pledged to secure short term bank borrowings (note 33).

As at 31 December 2011, 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 RMB13,374,000 (2010: RMB13,689,000).

16. PREPAID LAND LEASE PAYMENTS

The prepaid land lease payments of the Group and the Company represent leasehold interests in state-owned land in the PRC with rights to use the land under leases ranging from 25 to 50 years.

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Carrying amount at 1 January	**333,788**	*193,350*	**290,697**	175,431
Additions during the year	**121,080**	*146,765*	**118,471**	121,057
Disposed of during the year	**(5,840)**	—	**(5,840)**	—
Amortised during the year	**(10,549)**	*(6,327)*	**(10,309)**	(5,791)
Carrying amount at 31 December	**438,479**	*333,788*	**393,019**	290,697
Current portion included in prepayments, deposits and other receivables	**(10,104)**	*(8,273)*	**(9,445)**	(7,357)
Non-current portion	**428,375**	*325,515*	**383,574**	283,340

At 31 December 2011, 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 RMB126,688,000 (2010: RMB158,772,00).

At 31 December 2011, none of the Group's prepaid land lease payments (2010: nil) was pledged to secure short term bank borrowings (note 33).

17. INTANGIBLE ASSETS

THE GROUP

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As at 1 January 2010	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
Additions	—	—	9,881	9,881
Disposal for the year	—	—	(127)	(127)
As at 31 December 2011	945,331	52,627	32,040	1,029,998
Amortisation				
As at 1 January 2010	(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 the year	(32,583)	(1,799)	(2,718)	(37,100)
Disposal for the year	—	—	—	—
As at 31 December 2011	(143,496)	(26,977)	(12,114)	(182,587)
Net carrying amount				
As at 31 December 2011	801,835	25,650	19,926	847,411
As at 31 December 2010	834,418	27,449	12,890	874,757

17. INTANGIBLE ASSETS *(Continued)*

THE COMPANY

	Mining rights *RMB'000*	Trademarks *RMB'000*	Others *RMB'000*	Total *RMB'000*
Cost				
As at 1 January 2010	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
Disposal	—	—	—	—
As at 31 December 2011	945,331	52,586	6,499	1,004,416
Amortisation				
As at 1 January 2010	(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)
Provision for the year	(32,583)	(1,795)	(566)	(34,944)
Disposals	—	—	—	—
As at 31 December 2011	(143,496)	(26,970)	(6,499)	(176,965)
Net carrying amount				
As at 31 December 2011	801,835	25,616	—	827,451
As at 31 December 2010	834,418	27,411	566	862,395

18. EXPLORATION AND EVALUATION ASSETS

	THE GROUP/THE COMPANY	
	2011	2010
	RMB'000	*RMB'000*
Carrying amount at 1 January	**203,233**	187,188
Addition	**3,134**	16,045
Carrying amount at 31 December	**206,367**	203,233

The exploration and evaluation assets represent the exploration costs for the Zhushahong and Jinjiwo mining prospects.

19. IMPAIRMENT OF NON-CURRENT ASSETS

	THE GROUP	
	2011	2010
	RMB'000	*RMB'000*
Impairment losses		
— Property, plant and equipment	**55,057**	416

During the year ended 31 December 2011, total impairment charges of RMB55,057,000 (2010: RMB416,000) were provided in respect of certain technologically out-dated property, plant and equipment to be written off. The recoverable amount of the 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	
	2011	2010
	RMB'000	*RMB'000*
Unlisted investments, at cost	**6,363,122**	4,971,729

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of RMB1,796,135,000 (2010: RMB2,053,995,000) and RMB3,408,466,000 (2010: RMB1,020,374,000), respectively, are unsecured, interest-free and are repayable on demand or within one year. The carrying amounts due from/to subsidiaries approximate to their fair values.

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ 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 Sichuan Kangtong Copper Company Limited ("Kangtong")	PRC/Mainland China	RMB286,880,000	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	—	100%	International trading and provision of related t echnical 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%	—	Manufacture 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%	—	Manufacture 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	RMB660,000,000	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	RMB60,000,000	100%	—	Sale of copper products

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ 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
江西銅業集團化工有限公司 Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	PRC/Mainland China	RMB42,630,000	100%	—	Manufacture and sale of sulphuric acid and by-products
江西銅業集團銀山礦業有限責任公司JCC Yinshan Mining Company Limited ("Yinshan Mining")	PRC/Mainland China	RMB30,000,000	100%	—	Manufacture 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%	—	Manufacture 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

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operations	Nominal value of paid-up/registered capital	Proportion of nominal value of issued ordinary share capital held by the Company Directly	Indirectly	Principal activities
江西省江銅—耶兹銅箔有限公司 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	RMB890,529,000	92.04%	—	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 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
鴻天實業有限公司 Loyal Sky Industrial Company Limited ("Loyal Sky")	Hong Kong	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	RMB66,380,000	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

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ 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
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
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

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ 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
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.
上海江銅國際物流有限公司*	PRC/Mainland China	RMB5,000,000	100%	—	Provision of logistics service Jiangxi Copper Shanghai International Logistics Company Limited ("International Logistics")

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ 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(德興)化工有限公司* Jiangxi Copper Dexing Chemical Company Limited ("Dexing Chemical")	PRC/Mainland China	RMB336,550,000	99%	—	Manufacture and sale of chemical products
江西銅業集團(余幹)鑄造有限公司* Jiangxi Copper Yugan Forge & Alloy Company Limited ("Yugan Forge & Alloy")	PRC/Mainland China	RMB28,000,000	—	100%	Production and sale of alloy grinding pebbles

* The subsidiaries are acquired by establishment or investment.

The above subsidiaries were audited by Ernst & Young Hua Ming Certified Public Accountants, Shanghai Branch.

21. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Unlisted shares, at cost	**—**	—	**14,100**	14,100
Share of net assets	**26,732**	24,896	**—**	—
	26,732	24,896	**14,100**	14,100

Particulars of the jointly-controlled entity are as follows:

Name of jointly-controlled entity	Particulars of share capital held	Place of establishment and operations	Percentage of: Ownership interest	Percentage of: Voting power	Percentage of: Profit sharing	Principal activities
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

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:

	2011 **RMB'000**	2010 RMB'000
Share of the jointly-controlled entity's assets and liabilities		
Current assets	**15,842**	16,032
Non-current assets	**12,657**	9,576
Current liabilities	**(1,767)**	(712)
Non-current liabilities	**—**	—
Net assets	**26,732**	24,896
Share of the jointly-controlled entity's results		
Revenue	**20,213**	17,190
Total expense	**(11,856)**	(9,762)
Tax	**(1,721)**	(1,469)
Net profit	**6,636**	5,959

The above jointly-controlled entity was not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

22. INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2011 **RMB'000**	2010 RMB'000	**2011** **RMB'000**	2010 RMB'000
Unlisted shares, at cost	**—**	—	**1,828,423**	1,175,698
Share of net assets	**1,530,574**	943,470	**—**	—
	1,530,574	943,470	**1,828,423**	1,175,698
Provision for impairment	**—**	—	**(56,000)**	(55,843)
	1,530,574	943,470	**1,772,423**	1,119,855

The Group's trade receivable and payable balances with the associates are disclosed in note 46 to the financial statements.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

Particulars of the associates are as follows:

Name of associate	Particulars of share capital held	Place of incorporation/ 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
昭覺逢燁濕法冶煉有限公司 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.

22. INVESTMENTS IN ASSOCIATES *(Continued)*

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

	2011	2010
	RMB'000	*RMB'000*
Current assets	**678,366**	1,093,936
Non-current assets	**6,216,086**	5,353,299
Current liabilities	**(334,045)**	(858,525)
Non-current liabilities	**(2,079,254)**	(3,152,928)
Net assets	**4,481,153**	2,435,782
Share of the associates' net assets	**1,530,574**	943,470
Revenue	**128,349**	298,736
Profit for the year	**98,517**	4,407
Share of the associates' profit /(loss)	**49,046**	(18,475)

23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cost				
Balance at 1 January	**1,248,747**	730,541	**416,747**	418,541
Addition during the year	**37,282,206**	1,550,000	**—**	—
Deduction during the year	**(35,232,200)**	(1,031,794)	**—**	(1,794)
Balance at 31 December	**3,298,753**	1,248,747	**416,747**	416,747
Accumulated impairment losses				
Balance at 1 January	**(18,667)**	(20,461)	**(18,667)**	(20,461)
Addition during the year	**—**	—	**—**	—
Deduction during the year	**—**	1,794	**—**	1,794
Balance at 31 December	**(18,667)**	(18,667)	**(18,667)**	(18,667)
Carrying value				
At 31 December	**3,280,086**	1,230,080	**398,080**	398,080
Less: Current portion of available-for -sale investments	**(2,770,006)**	(520,000)	**—**	—
	510,080	710,080	**398,080**	398,080

As at 31 December 2011, the Group's available-for-sale investments included the unlisted equity investments and the portfolio fund investments.

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 investee.

The portfolio fund investments represent financial products of RMB2,870,006,000 (2010: RMB820,000,000) issued by PRC financial institutions. The due dates of the investment are from 13 January 2012 to 22 February 2013 and the target annual yield rates range from 5.9 % to 10.2% (2010: 4.3% to 8.8%).

These unlisted equity 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. These portfolio fund investments were stated at fair value.

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 2010	48,283	66,633	9,083	7,902	28,585	—	—	12,345	172,831
Deferred tax charged to other comprehensive income	—	—	—	—	16,167	—	—	—	16,167
Deferred tax credited/(charged) to the income statement *(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
Deferred tax charged to other comprehensive income	—	—	—	—	(22,152)	—	—	(22,152)	
Deferred tax credited/(charged) to the income statement *(note 11)*	71,085	117,669	(5,370)	(1,247)	(44,276)	1,001	(3,205)	7,999	143,656
At 31 December 2011	94,142	175,109	12,918	2,643	1,249	2,094	127	17,806	306,088

24. DEFERRED TAX *(Continued)*

Deferred tax assets: *(Continued)*

THE COMPANY

	Impairment of assets	Accrued expenses	Fair value loss from commodity derivative contracts	Fair value loss arising from forward currency contracts	Fair value loss from provisional price arrangement	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	43,634	53,743	16,377	—	—	9,328	123,082
Deferred tax charged to other comprehensive income	—	—	5,911	—	—	—	5,911
Deferred tax credited/ (charged) to the income statement	(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
Deferred tax charged to other comprehensive income	—	—	(5,911)	—	—	(5,911)	
Deferred tax credited/ (charged) to the income statement	52,481	88,413	(24,436)	1,368	(3,205)	751	115,372
At 31 December 2011	64,788	126,512	—	1,368	127	9,536	202,331

24. DEFERRED TAX *(Continued)*

Deferred tax liabilities:

THE GROUP

	Fair value gain from derivative financial instruments - transactions not qualifying as hedges *RMB'000*	Forward currency contract and interest rate swap *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2010	—	—	409	409
Deferred tax charged to the income statement *(note 11)*	1,057	1,238	81	2,376
At 31 December 2010	1,057	1,238	490	2,785
Deferred tax (credited)/ charged to the income statement *(note 11)*	11,043	(1,238)	1,648	11,453
At 31 December 2011	12,100	—	2,138	14,238

THE COMPANY

	Fair value gain from derivative financial instruments — transactions not qualifying as hedges *RMB'000*	Total *RMB'000*
At 1 January 2010	—	—
Deferred tax (credited)/charged to the income statement during the year	—	—
At 31 December 2010	—	—
Deferred tax charged to the income statement during the year	1,377	1,377
At 31 December 2011	1,377	1,377

24. DEFERRED TAX *(Continued)*

Deferred tax assets have not been recognised in respect of the following items:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Tax losses	**453,001**	399,291	**—**	—
Deductible temporary difference	**382,199**	296,955	**191,367**	223,802
Non-current portion	**835,200**	696,246	**191,367**	223,802

As at 31 December 2011, the Group has RMB453,001,000 (2010: RMB399,291,000) of unused tax losses available for offsetting against future profits in respect of certain subsidiaries. No deferred tax asset has been recognised due to the unpredictability of future available taxable profit of the subsidiaries to set against the unused tax losses. The available period of the unused tax losses amounting to RMB388,463,000 is from year 2012 to year 2016 (2010: RMB262,430,000, from year 2011 to year 2015). The unused tax losses amounting to RMB64,538,000 (2010: 136,861,000) arisen from a subsidiary of the Group located in Hong Kong has no fixed expiry period.

As at 31 December 2011, the Group had temporary differences of RMB382,199,000 (2010: RMB296,955,000) that have not been recognised as deferred tax assets due to the uncertainty of their utilisation.

At 31 December 2011, there was no significant unrecognised deferred tax liability (2010: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. LOANS TO RELATED PARTIES

	THE GROUP	
	2011	2010
	RMB'000	*RMB'000*
Current:		
Loans to related parties	**842,510**	553,881

Loans to related parties are all guaranteed by JCC. As at 31 December 2011, the loans were neither past due nor impaired.

As at 31 December 2011, the loans to related parties were provided by Finance Company, a subsidiary of the Company. The interest rates of the short term loans ranged from 2.15% to 6.56% per annum (2010: 2.67% to 5.84%) and such loans will be repaid from 30 January 2012 to 13 December 2012.

The directors estimate that the carrying amounts of the Group's loans approximate to their fair values, as the loans bear interest at variable rates.

26. INVENTORIES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Raw materials	**3,865,912**	7,385,170	**3,434,272**	4,851,245
Work in progress	**6,355,145**	8,077,290	**6,190,891**	7,867,633
Finished goods	**4,351,601**	2,862,841	**1,361,733**	1,376,020
	14,572,658	18,325,301	**10,986,896**	14,094,898
Less: Provision for impairment of inventories	**(475,597)**	(55,348)	**(383,166)**	(49,628)
	14,097,061	18,269,953	**10,603,730**	14,045,270

26. INVENTORIES *(Continued)*

As at 31 December 2011, certain of the Group's inventories with a net book value of approximately RMB68,000,000 (2010: RMB92,000,000) were pledged to secure short term bank borrowings (note 33).

As at 31 December 2011, certain of the Group's inventories with a net book value of approximately RMB59,428,000 (2010: RMB64,685,000) were pledged as deposit for commodity derivative contracts amounting to approximately RMB39,592,000 (2010: RMB57,162,000).

As at 31 December 2011, the effective portion of fair value hedge recognised in inventories was approximately RMB18,891,000 (2010: RMB780,455,000), among which, no fair value gains of inventories designated as hedged items (2010: RMB228,488,000) by utilising commodity derivative contracts and fair value gains of inventories designated as hedged items are RMB18,891,000 (2010: RMB 551,967,000) by utilising provisional price arrangement as hedging instruments, respectively.

27. TRADE AND BILLS RECEIVABLES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**2,396,513**	2,521,223	**1,773,135**	1,545,321
Bills receivable	**5,364,362**	2,813,712	**2,126,579**	2,392,394
	7,760,875	5,334,935	**3,899,714**	3,937,715
Less: Provision for impairment of trade receivables	**(163,981)**	(165,758)	**(124,009)**	(121,721)
	7,596,894	5,169,177	**3,775,705**	3,815,994

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 months. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

27. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,216,416**	2,349,180	**1,639,160**	1,423,158
1 to 2 years	**18,388**	3,683	**12,275**	290
2 to 3 years	**22,348**	38,448	**30**	77
Over 3 years	**139,361**	129,912	**121,670**	121,796
	2,396,513	2,521,223	**1,773,135**	1,545,321

The terms of bills receivable are all less than six months. As at 31 December 2011, the bills receivable were neither past due nor impaired.

As at 31 December 2011, the balance of bills receivable included bank-accepted notes with a net book value of RMB33,149,000 (2010: RMB276,423,000) and letters of credit with a net book value of RMB2,965,923,000 (2010: Nil) which were discounted to secure short term bank borrowings (note 33). As at 31 December 2011, no commercial accepted notes were discounted to secure short term bank borrowings (2010: RMB125,112,000).

Movements in the provision for impairment of trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**165,758**	161,491	**121,721**	121,534
Impairment losses recognised *(note 9)*	**5,341**	7,610	**3,069**	3,061
Impairment losses reversed *(note 9)*	**(974)**	(3,158)	**(18)**	(2,874)
Amount written off as uncollectible	**(6,144)**	(185)	**(763)**	—
At 31 December	**163,981**	165,758	**124,009**	121,721

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB139,361,000 (2010: RMB129,912,000). 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.

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	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Neither past due nor impaired	**1,214,052**	1,841,475	**1,251,604**	1,189,954
Past due but not impaired				
Within 1 year	**974,110**	478,730	**359,301**	208,410
1 to 2 years	**492**	68	**651**	—
2 to 3 years	**48**	—	**—**	—
Over 3 years	**—**	—	**—**	—
	2,188,702	2,320,273	**1,611,556**	1,398,364

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.

Trade receivables due from related parties included above are disclosed in note 46 to the financial statements.

28. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Prepayments	**2,894,809**	1,798,123	**1,387,500**	1,085,161
Deposits and other receivables, net of impairment provision	**1,794,930**	1,373,299	**814,376**	471,182
Entrusted loan to subsidiaries	**—**	—	**819,800**	—
Prepaid value-added tax	**137,895**	844,058	**96,982**	641,187
Interest receivables	**145,138**	28,520	**77,631**	—
	4,972,772	4,044,000	**3,196,289**	2,197,530

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	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**31,217**	28,900	**21,981**	21,648
Impairment losses recognised *(note 9)*	**1,208**	2,474	**1,169**	412
Impairment losses reversed *(note 9)*	**(32)**	(157)	**(16)**	(79)
Amount written off as uncollectible	**(82)**	—	**(72)**	—
At 31 December	**32,311**	31,217	**23,062**	21,981

Prepayments, deposits and other receivables due from related parties included above are disclosed in note 46 to the financial statements.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
(Liabilities)/assets	**2011** ***RMB'000***	2010 *RMB'000*	**2011** ***RMB'000***	2010 *RMB'000*
Commodity derivative contracts	**(63,437)**	(613,603)	**9,178**	(300,977)
— Assets	**54,058**	4,405	**9,178**	—
— Liabilities	**(117,495)**	(618,008)	**—**	(300,977)
Forward currency contracts and interest rate swaps	**(31,300)**	(23,233)	**(9,121)**	—
— Assets	**1,489**	5,158	**—**	—
— Liabilities	**(32,789)**	(28,391)	**(9,121)**	—
Provisional price arrangement	**18,042**	(574,181)	**18,042**	(574,181)
— Assets	**18,176**	—	**18,176**	—
— Liabilities	**(134)**	(574,181)	**(134)**	(574,181)
Firm commitment	**(1,986)**	—	**—**	—
	(78,681)	(1,211,017)	**18,099**	(875,158)
Including:				
Under hedge accounting				
Cash flow hedge				
— Commodity derivative contracts	**(5,690)**	(128,633)	**—**	(40,866)
Fair value hedge				
— Commodity derivative contracts	**1,745**	(227,751)	**—**	(101,268)
— Provisional price arrangement	**18,176**	(554,711)	**18,176**	(554,711)
— Firm commitment	**(1,986)**	—	**—**	—
Not under hedge accounting				
— Commodity derivative contracts	**(59,492)**	(257,219)	**9,178**	(158,843)
— Provisional price arrangement	**(134)**	(19,470)	**(134)**	(19,470)
— Forward currency contracts and interest rate swaps	**(31,300)**	(23,233)	**(9,121)**	—
	(78,681)	(1,211,017)	**18,099**	(875,158)

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 2011, the expected delivery period of the forecasted sales for copper related products was from January to March 2012.

— 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. In addition,

The Group utilises commodity derivative contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with unrecognised firm commitment to sell copper rods.

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.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Not under hedge accounting

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 cathode.

The Group utilises gold commodity derivative contracts to manage the fair value change risk of the obligation to return gold with same quantity and quality to banks under gold lease contracts. These arrangements are designed to address significant fluctuation in the fair value of the obligation which move in line with the prevailing price of gold.

In addition, the Group has entered into various forward currency contracts and interest rate swaps to manage its exposures on exchange rate and interest rate.

However, these commodity derivative contracts, forward currency contracts and interest rate swaps are not designated as hedging instrument or not qualified for hedge accounting. Accordingly, any gains or losses from changes in fair value of derivatives are taken directly to the income statement. Further details are given in note 6.

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and bank balances	**13,116,082**	4,815,533	**14,786,585**	4,779,878
Time deposits	**2,730,212**	1,487,717	**—**	—
	15,846,294	6,303,250	**14,786,585**	4,779,878
Less: Pledged deposits *(a)*	**(4,763,826)**	(2,438,882)	**—**	—
Cash and cash equivalents	**11,082,468**	3,864,368	**14,786,585**	4,779,878

(a) As at 31 December 2011, the pledged deposits include:

— Time deposits amounting to RMB1,318,177,000 (2010: RMB1,285,947,000) which were pledged to secure current bank borrowings amounting to USD204,357,000, equivalent to RMB1,288,673,000 (2010: RMB1,278,227,000) (note 33);

— Time deposits amounting to RMB1,198,035,000 which were secured for letters of credit issued (2010: RMB201,770,000);

— Time deposits amounting to RMB214,000,000 which were secured for letters of guarantee issued (2010: Nil); and

— Required reserve deposits amounting to RMB2,033,614,000 (2010: RMB818,822,000) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBC").

The required reserve deposits with the central bank and the other pledged 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 RMB1,420,626,000 (2010: RMB265,146,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between 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 approximate to their fair values.

31. TRADE AND BILLS PAYABLES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**2,276,258**	2,857,078	**2,041,458**	2,719,028
Bills payable	**3,300,144**	2,247,928	**3,059,183**	306,037
	5,576,402	5,105,006	**5,100,641**	3,025,065

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	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**2,205,939**	2,802,072	**1,976,720**	2,669,396
1 to 2 years	**33,459**	6,158	**32,117**	2,847
2 to 3 years	**3,056**	17,644	**1,323**	17,472
Over 3 years	**33,804**	31,204	**31,298**	29,313
	2,276,258	2,857,078	**2,041,458**	2,719,028

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	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Payroll and welfare	**770,246**	434,095	**634,888**	335,021
Current portion of employee benefit liability *(note 39)*	**124,933**	—	**96,244**	—
Interest payable	**69,477**	37,395	**25,838**	18,197
Other tax payables	**650,099**	192,435	**420,463**	135,012
Other payables	**832,162**	770,580	**780,876**	741,663
Advance from customers	**784,652**	472,909	**201,995**	181,004
Other long term payables due within one year *(note 40)*	**2,010**	2,010	**2,010**	2,010
	3,233,579	1,909,424	**2,162,314**	1,412,907

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.

33. INTEREST-BEARING BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
Bank borrowings — secured	**3,932,606**	1,481,848	**—**	—
Bank borrowings — unsecured	**5,198,125**	2,113,860	**3,605,638**	650,175
Current portion of long term bank loans — secured	**286,768**	—	**—**	—
Current portion of long term bank loans - unsecured	**391,867**	—	**290,000**	—
	9,809,366	3,595,708	**3,895,638**	650,175
Non-current:				
Bank borrowings — secured	**441,140**	301,413	**—**	—
Bank borrowings — unsecured	**411,117**	411,315	**290,000**	290,000
	852,257	712,728	**290,000**	290,000
Less: Current portion due within one year	**(678,635)**	—	**(290,000)**	—
	173,622	712,728	**—**	290,000
Total	**9,982,988**	4,308,436	**3,895,638**	940,175

The bank borrowings carry interest at rates ranging from 0.94% to 7.87% (2010: 0.36% to 6.37%) per annum.

33. INTEREST-BEARING BANK BORROWINGS *(Continued)*

An analysis of the bank borrowings' repayment schedule is as follows:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year or on demand	**9,809,366**	3,595,708	**3,895,638**	650,175
In the second year	**154,372**	693,478	**—**	290,000
In the third to fifth years, inclusive	**—**	—	**—**	—
After five years	**19,250**	19,250	**—**	—
	9,982,988	4,308,436	**3,895,638**	940,175

Certain of the Group's bank borrowings are secured by:

(i) Mortgaged borrowings amounting to RMB33,149,000 (31 December 2010: RMB401,534,000) were secured by the discounted unmatured bank accepted bills and commercial accepted bills with a carrying value of RMB33,149,000 (2010: RMB401,534,000);

(ii) Pledged borrowing amounting to RMB35,000,000 (2010: RMB40,000,000) was secured by inventories with a carrying value of RMB68,000,000 (2010: RMB92,000,000);

(iii) Pledged borrowings amounting to RMB51,000,000 (2010: RMB63,500,000) were secured by machineries and buildings with a carrying value of RMB70,760,000 (2010: RMB80,269,000);

(iv) Pledged borrowings amounting to USD425,319,000 and RMB276,604,000, equivalent to RMB2,965,923,000 (2010: Nil), were secured by letters of credit with carrying value of USD328,548,000 and RMB969,382,000, equivalent to RMB2,965,923,000 (2010: Nil);

(v) Time deposits amounting to RMB1,318 ,177,000 (2010: RMB1,285,947,000) were pledged to secure bank borrowings amounting to USD204,357,000 (2010: USD193,007,000), equivalent to RMB1,288,674,000 (31 December 2010: RMB1,278,227,000);

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.

34. DEPOSITS FROM CUSTOMERS

	THE GROUP	
	2011	2010
	RMB'000	*RMB'000*
Demand deposits and current accounts	**1,354,739**	1,059,419
Savings deposits	**61,555**	288,946
	1,416,294	1,348,365

As at 31 December 2011 and 2010, 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 3.50% (2010: 0.36% to 2.75%) 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	
	2011	2010
	RMB'000	RMB'000
Balance at 1 January	**5,178,185**	*4,947,993*
Interest expense capitalised	**312,065**	*298,192*
Interest paid/payable	**(68,000)**	*(68,000)*
Balance at 31 December	**5,422,250**	*5,178,185*

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 were issued. The warrants had 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 was assigned as the equity component and included in shareholders' equity.

All warrants were successfully exercised in 2010.

As at 31 December 2011, the fair value of the Group's and the Company's bonds payable was RMB5,679,360,000 (2010: RMB5,282,920,000) calculated by the quoted market price of the bonds traded on the Shanghai Stock Exchange. The difference between the carrying amount and the fair value is RMB257,110,000 as at 31 December 2011 (2010: RMB104,735,000).

37. DEFERRED REVENUE - GOVERNMENT GRANTS

	THE GROUP		**THE COMPANY**	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Balance at 1 January	**176,744**	165,181	**132,929**	118,884
Received during the year	**120,196**	26,678	**89,946**	21,990
Released to the income statement *(note 6)*	**(19,271)**	(15,115)	**(15,438)**	(7,945)
Balance at 31 December	**277,669**	176,744	**207,437**	132,929

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. The deferred revenue is released to the income statement over the expected useful lives of the facilities by equal annual instalments.

38. PROVISION FOR REHABILITATION

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
At 1 January	**117,725**	113,045	**105,538**	99,920
Interest increment	**7,034**	6,373	**6,269**	5,618
Discount rate amended	**4,772**	(1,693)	**3,085**	—
At 31 December	**129,531**	117,725	**114,892**	105,538

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. EMPLOYEE BENEFIT LIABILITY

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Employee benefit liability	**416,443**	—	**320,814**	—
Less: Current portion due within one year *(note 32)*	**(124,933)**	—	**(96,244)**	—
Non-current portion	**291,510**	—	**224,570**	—

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liability is payable from 2015 to 2017 and is indexed to the rate of growth of the Group's net assets.

40. OTHER LONG TERM PAYABLES

	THE GROUP/ THE COMPANY	
	2011	2010
	RMB'000	*RMB'000*
Payable to JCC *(i)*	**16,457**	17,017
	16,457	17,017
Less:		
Payable to JCC due within one year	**(2,010)**	(2,010)
	(2,010)	(2,010)
	14,447	15,007

The amounts are repayable as follows:

	2011	2010
Within one year	**2,010**	2,010
In the second year	**1,359**	1,406
In the third to fifth years, inclusive	**2,562**	3,921
After five years	**10,526**	9,680
	16,457	17,017

(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 RMB119,000 (2010: RMB100,000). The effective interest rate for the year ended 31 December 2011 was 6.35% (2010: 5.35%).

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.

41. SHARE CAPITAL

	Number of shares	Share capital
	Ordinary shares of RMB1 each	*RMB'000*
Balance at 31 December 2011 and 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

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors or foreign investors, listed shares subject to trading restrictions, H shares and A shares rank pari passu in all respects with each other.

42. RESERVES

THE COMPANY	Share premium	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 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
Declared 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
Balance at 1 January 2011	12,892,524	70,546	(92,506)	2,550,006	6,096,627	217,210	(33,497)	8,132,928	29,833,838
Total comprehensive income	—	—	—	—	—	—	33,497	5,870,504	5,904,001
Declared 2011 interim dividend	—	—	—	—	—	—	—	(692,546)	(692,546)
Proposed 2011 final dividend	—	—	—	—	—	—	—	(1,731,365)	(1,731,365)
Transfers	—	—	—	602,958	1,808,873	30,754	—	(2,442,585)	—
At 31 December 2011	12,892,524	70,546	(92,506)	3,152,964	7,905,500	247,964	—	9,196,736	33,313,928

42. RESERVES *(Continued)*

The Company shall appropriate to the statutory surplus reserve 10% of its 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.

43. 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.

44. 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	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within one year	**20,767**	*21,707*	**15,000**	*17,566*
In the second to fifth years, inclusive	**60,000**	*78,475*	**60,000**	*75,000*
After five years	**150,000**	*165,558*	**150,000**	*165,000*
Balance at 31 December	**230,767**	*265,740*	**225,000**	*257,566*

45. CAPITAL COMMITMENTS

At the end of the reporting period, the Group and the Company had the following capital commitments:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	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	**291,658**	625,444	**39,911**	570,600
Investment in an associate — contracted for, but not provided in the financial statements *(i)*	**1,615,414**	2,192,677	**1,615,414**	2,192,677
	1,907,072	2,818,121	**1,655,325**	2,763,277

(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 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 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.

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 (iv) other state-controlled entities in China, and paid compensation to management personnel as summarised below:

(a) Related party transactions with JCC and its affiliates:

	2011	2010
	RMB'000	*RMB'000*
Sales to related parties:		
Sales of copper rods and wire	**647,312**	535,890
Sales of copper cathodes	**180,239**	43,824
Sales of by-products	**97,505**	61,958
Sales of lead concentrate	**67,114**	—
Sales of brass wires	**58,253**	30,866
Sales of auxiliary industrial products	**12,754**	32,668
Sales of sulphuric acid	**162**	1,435
Purchases from related parties:		
Purchases of auxiliary industrial products and other goods	**195,822**	224,142
Purchases of copper concentrate	**27,700**	43,893
Purchases of copper waste	**—**	400,213
Purchases of sulphuric acid	**28,382**	—
Services provided by the Group:		
Loans provided	**1,187,510**	1,811,881
Construction services	**47,334**	—
Interest charges for financing services	**43,481**	28,959
Supply of electricity	**26,483**	14,089
Supply of equipments with design and installation service	**24,950**	—
Vehicle transportation services	**3,297**	4,316
Repair and maintenance services	**3,198**	30,239
Rentals for public facilities	**876**	876
Supply of water	**628**	1,039
Supply of gas	**55**	21
Processing services	**18**	—

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates: *(Continued)*

	2011	2010
	RMB'000	*RMB'000*
Services provided to the Group:		
Pension contributions	**240,605**	173,340
Brokerage agency services for commodity derivative contracts	**59,926**	35,376
Repair and maintenance services	**53,456**	48,707
Labour service	**51,901**	12,805
Rental for land use rights	**39,998**	39,438
Rentals for public facilities	**15,510**	19,309
Processing charges	**15,223**	16,819
Interest paid for deposits from customers	**15,116**	8,640
Sanitation and greening service	**6,082**	10,978
Construction services	**3,363**	16,868
Other management fees	**3,166**	4,590
Vehicle transportation services	**1,669**	1,628
Social welfare and support services provided to the Group:		
— welfare and medical services	**72,117**	72,612
— technical education services	**16,483**	10,921
— off-site communication services	**1,692**	—

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 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.

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Transactions with Qing Yuan, which is the Company's associate:

	2011 *RMB'000*	2010 *RMB'000*
Sales to a related party:		
Sales of auxiliary industrial products	**103**	—
Services provided to a related party:		
Construction services	**20,797**	—
Processing services	**3**	—
Exploration services	**—**	800
Purchases from a related party:		
Purchases of copper waste	**1,530**	249,006
Purchases of cathode copper	**83,893**	—
Services provided to the Group:		
Processing charges	**43,037**	48,733

(c) Commitments with JCC:

As at 31 December 2011, in addition to the transactions detailed above, the Group has future minimum lease commitments due to JCC. Further details are given in note 44.

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(d) Transactions with Jiangxi Copper Minmetals, which is the Company's associate:

	2011	2010
	RMB'000	*RMB'000*
Services provided by the Group:		
Interest charges for financing services	**—**	885

(e) Transactions with Jiang Tong Bioteq, which is the Company's jointly-controlled entity:

	2011	2010
	RMB'000	*RMB'000*
Purchases from a related party:		
Purchases of copper sulfide	**40,421**	34,075
Services provided by the Group:		
Construction services	**208**	459

(f) Transactions with Fengye, which is the Company's associate:

	2011	2010
	RMB'000	*RMB'000*
Sales to a related party:		
Sales of sulphuric acid	**1,617**	2,047

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(g) Compensation of key management personnel of the Group:

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

	2011 RMB'000	2010 RMB'000
Short term employee benefits	**11,659**	9,289
Pension scheme contributions	**457**	416
Performance related bonuses	**63,110**	647
Total compensation paid to key management personnel	**75,226**	10,352

Further details of directors' emoluments are included in note 10 to the financial statements.

(h) Outstanding balances with related parties:

The Group had the following significant outstanding balances with related parties at the end of the reporting period:

	2011 RMB'000	2010 RMB'000
Amounts due from related parties:		
Trade and bills receivables:		
JCC	**3,231**	11,004
JCC's affiliates	**403,906**	214,488
Fengye	**744**	744
	407,881	226,236
Prepayments and other receivables:		
JCC	**572**	135
JCC's affiliates	**579,200**	895,076
Fengye	**2,166**	1,416
Qing Yuan	**209,443**	93,986
	791,381	990,613
Short term loans to related parties *(note 25)*		
JCC's affiliates	**842,510**	553,881

46. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(h) Outstanding balances with related parties: *(Continued)*

	2011	2010
	RMB'000	*RMB'000*
Amounts due to related parties:		
Trade and bills payables:		
JCC	**1,231**	7,622
JCC's affiliates	**22,822**	67,442
	24,053	75,064
Other payables and accruals:		
JCC	**47,111**	313,317
JCC's affiliates	**39,505**	36,899
Qing Yuan	**16,259**	—
Jiang Tong Bioteq	**671**	—
	103,546	350,216
Deposits from customers *(note 34)*:		
JCC	**688,122**	295,962
JCC's affiliates	**728,172**	1,052,403
	1,416,294	1,348,365
Current portion of other long term payable *(note 40)*:		
JCC	**2,010**	2,010
Other long term payables *(note 40)*:		
JCC	**14,447**	15,007

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 were unsecured, interest-free and have no fixed repayment terms except for loans to related parties, deposits from customers and other long term payables to JCC as mentioned in notes 25, 34 and 40.

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:

2011

	THE GROUP				
Financial assets	**Financial assets at fair value through profit or loss** *RMB'000*	**Derivative financial instruments qualified for hedging** *RMB'000*	**Loans and receivables** *RMB'000*	**Available-for-sale financial assets** *RMB'000*	**Total** *RMB'000*
Available-for-sale investments	—	—	—	3,280,086	3,280,086
Trade and bills receivables	—	—	7,596,894	—	7,596,894
Financial assets included in prepayments, deposits and other receivables	—	—	1,940,069	—	1,940,069
Loans to related parties	—	—	842,510	—	842,510
Derivative financial instruments	53,802	19,921	—	—	73,723
Equity investments at fair value through profit or loss	2,331	—	—	—	2,331
Pledged deposits	—	—	4,763,826	—	4,763,826
Cash and cash equivalents	—	—	11,082,468	—	11,082,468
	56,133	19,921	26,225,767	3,280,086	29,581,907

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2011 *(Continued)*

	THE GROUP			
Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Derivatives designated as hedge instruments in hedge relationship**	**Financial liabilities at amortised cost**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Trade and bills payables	—	—	**5,576,402**	**5,576,402**
Financial liabilities included in other payables and accruals	—	—	**903,649**	**903,649**
Interest-bearing bank borrowings	—	—	**9,982,988**	**9,982,988**
Derivative financial instruments	**146,714**	**5,690**	—	**152,404**
Held-for trading financial liability	**946,260**	—	—	**946,260**
Bonds payable	—	—	**5,422,250**	**5,422,250**
Deposits from customers	—	—	**1,416,294**	**1,416,294**
Other long term payables	—	—	**14,447**	**14,447**
	1,092,974	**5,690**	**23,316,030**	**24,414,694**

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2010

	THE GROUP			
Financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*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

	THE GROUP			
Financial liabilities	Financial liabilities at fair value through profit or loss	Derivatives designated as hedge instruments in hedge relationship	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	—	—	5,105,006	5,105,006
Financial liabilities included in other payables and accruals	—	—	809,985	809,985
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	17,014,984	18,235,564

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2011

	THE COMPANY				
Financial assets	**Financial assets at fair value through profit or loss hold for trading**	**Derivative financial instruments qualified for hedging**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments	—	—	—	398,080	398,080
Trade and bills receivables	—	—	3,775,705	—	3,775,705
Financial assets included in prepayments, deposits and other receivables	—	—	1,723,309	—	1,723,309
Derivative financial instruments	9,178	18,176	—	—	27,354
Cash and cash equivalents	—	—	14,786,585	—	14,786,585
	9,178	18,176	20,285,599	398,080	20,711,033

Financial liabilities	**Financial liabilities at fair value through profit or loss**	**Derivatives designated as hedge instruments in hedge relationship**	**Financial liabilities at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	—	—	5,100,641	5,100,641
Financial liabilities included in other payables and accruals	—	—	808,724	808,724
Interest-bearing bank borrowings	—	—	3,895,638	3,895,638
Derivative financial instruments	9,255	—	—	9,255
Bonds payable	—	—	5,422,250	5,422,250
Other long term payables	—	—	14,447	14,447
	9,255	—	15,241,700	15,250,955

47. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2010

	THE COMPANY		
Financial assets	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Available-for-sale investments	—	398,080	398,080
Trade and bills receivables	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	Derivatives designated as hedge instruments in hedge relationship	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	—	—	3,025,065	3,025,065
Financial liabilities included in other payables and accruals	—	—	761,870	761,870
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	9,920,302	10,795,460

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 include 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 2011, the carrying amount 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 similar maturity 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 2011, 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 recognized 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 all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

48. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

THE GROUP

As at 31 December 2011

Financial assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Equity investments at fair value through profit or loss	**2,331**	**—**	**—**	**2,331**
Derivative financial instruments	**54,058**	**19,665**	**—**	**73,723**
Available-for-sale investments	**—**	**2,870,006**	**—**	**2,870,006**
	56,389	**2,889,671**	**—**	**2,946,060**

Financial liabilities:				
Held-for-trading financial liabilities	**—**	**946,260**	**—**	**946,260**
Derivative financial instruments	**117,495**	**34,909**	**—**	**152,404**
	117,495	**981,169**	**—**	**1,098,664**

As at 31 December 2010

Financial assets:	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity investments at fair value through profit or loss	4,844	—	—	4,844
Derivative financial instruments	4,405	5,158	—	9,563
Available-for-sale investments	—	820,000	—	820,000
	9,249	825,158	—	834,407

Financial liabilities:				
Derivative financial instruments	1,192,189	28,391	—	1,220,580

48. FAIR VALUE AND FAIR VALUE HIERARCHY *(Continued)*

Fair value hierarchy *(Continued)*

THE COMPANY

As at 31 December 2011

Financial assets:	**Level 1** *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Derivative financial instruments	**9,178**	**18,176**	**—**	**27,354**

Financial liabilities:				
Derivative financial instruments	**—**	**9,255**	**—**	**9,255**

As at 31 December 2010

Financial liabilities:	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Derivative financial instruments	875,158	—	—	875,158

During the years ended 31 December 2011 and 2010, there were no transfers of financial instruments measured at fair value between level 1 and level 2 and no transfers into or out of Level 3.

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise loans and borrowings, cash and cash equivalents, bonds with warrants and deposits from customers. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, other receivables, trade and bills payables, and financial liabilities in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk. The Group's accounting policies in relation to financial instruments are set out in note 3 to the financial statements.

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 investments, 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 2011, 21.76% of the Group's trade receivables were due from the Group's five largest customers (2010: 27.73%).

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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, 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.

THE GROUP

	31 December 2011			
	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	9,809,366	154,372	19,250	9,982,988
Trade and bills payables	5,576,402	—	—	5,576,402
Financial liabilities in other payables and accruals	1,057,023	273,386	416	1,330,825
Deposits from customers	1,416,294	—	—	1,416,294
Derivative financial instruments	152,404	—	—	152,404
Held-for-trading financial liabilities	946,260	—	—	946,260
Other long term payables	1,870	7,480	22,440	31,790
	18,959,619	7,235,238	42,106	26,236,963

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE GROUP *(Continued)*

	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	905,098	287,271	68,485	1,260,854
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
	12,424,757	988,229	6,912,045	20,325,031

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

THE COMPANY

	31 December 2011			
	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	**3,895,638**	**—**	**—**	**3,895,638**
Trade and bills payables	**5,100,641**	**—**	**—**	**5,100,641**
Derivative financial instruments	**9,255**	**—**	**—**	**9,255**
Financial liabilities included in other payables and accruals	**867,861**	**272,000**	**—**	**1,139,861**
Other long term payables	**1,870**	**7,480**	**22,440**	**31,790**
	9,875,265	**7,079,480**	**22,440**	**16,977,185**

	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	828,525	282,116	68,000	1,178,641
Other long term payables	—	7,480	24,310	31,790
	5,378,923	579,596	6,892,310	12,850,829

The disclosed derivative financial instruments in the above table are stated at net of undiscounted cash flows which approximate to their aggregate carrying amount since almost all of the amounts will be settled in net amount.

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 cash at bank, 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 the 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
2011		
If interest rate increases	**100**	**63,044**
If interest rate decreases	**(100)**	**(63,044)**
2010		
If interest rate increases	100	(43,084)
If interest rate decreases	(100)	43,084

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*
2011		
If RMB strengthens against USD	**(5)**	**380,373**
If RMB weakens against USD	**5**	**(380,373)**
2010		
If RMB strengthens against USD	(5)	229,427
If RMB weakens against USD	5	(229,427)

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

Financial assets and liabilities of the Group whose fair value change is 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 reasonably 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*
2011		
If market price increases 30% in copper	**86,385**	**(74,107)**
If market price decreases 30% in copper	**(86,569)**	**73,766**
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

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 2011 and 31 December 2010.

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 end of the reporting periods were as follows:

THE GROUP

	2011	2010
	RMB'000	*RMB'000*
Interest-bearing bank borrowings	**9,982,988**	4,308,436
Trade and bills payables	**5,576,402**	5,105,006
Financial liabilities included in other payables and accruals *(note 32)*	**1,798,828**	1,244,080
Deposits from customers	**1,416,294**	1,348,365
Less: Cash and cash equivalents	**(11,082,468)**	(3,864,368)
Net debt	**7,692,044**	8,141,519
Equity attributable to owners of the Company	**39,302,921**	34,123,226
Hedging reverses	**4,686**	101,967
Adjusted capital	**39,307,607**	34,225,193
Adjusted capital and net debt	**46,999,651**	42,366,712
Gearing ratio	**16%**	19%

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2012 and subject to the approval of annual general meeting.

Financial Summary

(Prepared in accordance with IFRSs)

	2011	2010	2009	2008	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
Revenue	**117,119,197**	76,138,869	51,430,623	53,693,436	43,168,883
Cost of sales	**–107,347,896**	–68,092,329	–46,452,737	–47,433,301	–36,241,571
Gross profit	**9,771,301**	8,046,540	4,977,886	6,260,135	6,927,312
Other income and gains	**1,176,626**	207,507	219,291	213,747	191,878
Selling and distribution costs	**–437,011**	–345,648	–295,943	–268,384	–189,948
Administrative expenses	**–1,869,162**	–1,230,378	–1,111,006	–1,121,882	–973,174
Other expenses	**–257,626**	–160,038	–139,612	–1,520,550	–34,602
Finance costs	**–731,227**	–444,043	–361,214	–542,870	–424,368
Share of profit and (losses) of:					
Associates	**6,636**	–18,475	–81,730	–25,145	12,489
A jointly-controlled entity	**49,046**	5,959	3,151	3,000	–314
Profit before tax	**7,708,583**	6,061,424	3,210,823	2,998,051	5,509,273
Income tax expense	**–1,060,392**	–1,015,027	–829,517	–800,535	–854,813
Profit for the year	**6,648,191**	5,046,397	2,381,306	2,197,516	4,654,460
Attributable to:					
Owners of the company	**6,586,921**	4,987,575	2,383,227	2,285,101	4,533,754
Non-controlling interests	**61,270**	58,822	–1,921	–87,585	120,706
	6,648,191	5,046,397	2,381,306	2,197,516	4,654,460

	As at 31 December				
	2011	2010	2009	2008	2007
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Total assets	**68,149,629**	54,844,773	38,427,695	34,504,921	35,130,584
Total liabilities	**-28,343,634**	–20,307,367	–15,252,590	–13,385,945	–15,108,629
	39,805,995	34,537,406	23,175,105	21,118,976	20,021,955
TOTAL EQUITY					
Attributable to:					
Owners of the company	**39,302,921**	34,123,226	22,813,886	20,752,344	19,544,424
Non-controlling interests	**503,074**	414,180	361,219	366,632	477,531
	39,805,995	34,537,406	23,175,105	211,118,976	20,021,955

Documents Available for Inspection

1. The financial statements duly signed and sealed by the legal representative, principal accounting responsible person (or chief accountant (if any)), 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(s) published on other securities markets.

Jiangxi Copper Company Limited
Chairman: **Li Yihuang**

27 March 2012