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)

2012 Annual Report

Important Notice

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

2. Mr. Li Yihuang, a director, did not attend the meeting owing to other businesses, but had entrusted Mr. Li Baomin, the chairman, to attend and vote on his behalf. Except Mr. Li Yihuang, all the other Directors attended the Board meeting which approved, inter alia, results for the year ended 31 December 2012.

3. The consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 prepared in accordance with PRC Accounting Standards for Business Enterprises ("PRC GAAP") and International Financial Reporting Standards ("IFRSs") have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP (domestic auditor) and Deloitte Touche Tohmatsu (overseas auditor) respectively with standard unqualified audit report issued.

4. The Company's Chairman, Li Baomin, the principal accounting responsible person, Gan Chengjiu, and Manager of Finance Department (accounting chief), Jiang Liehui, hereby warrant the truthfulness, accuracy and completeness of the financial report as set out in this annual report.

5. Proposal of profit distribution plan or transfer of capital reserve to share capital during the reporting period after consideration by the board: The board has recommended distributing to all shareholders a final dividend of RMB0.5 per share (inclusive of tax) for 2012. The Board of the Company did not recommend transfer of capital reserve to share capital or issue of bonus shares.

6. This annual report contains forward-looking statements that involve future plans and development strategies which do not constitute a commitment by the Company to its investors. Investors should be aware of the investment risks.

7. Unless as otherwise specified, financial data involved in this report were extracted from audited consolidated financial statements of the Group prepared in accordance with the PRC Accounting Principles.

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

   No

9. Is there any external guarantee made in violation of the required decision-making procedures?

   No

Contents

Corporate Profile

(1) Corporate information

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

(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	0701-3777736	0701-3777733
Facsimile	0701-3777013	0701-3777013
E-mail	jccl@jxcc.com	jccl@jxcc.com

(3) Basic information

Registered address of the Company	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the registered address of the Company	335424
Office address of the Company	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code of the office address of the Company	335424
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 ("CSRC") for publishing the annual report	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

(5) Information on the Company's shares

Class of shares	Securities' information of the Company 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		DTC: JIXAY

(6) Change of registration of the Company during the reporting period

(1) Basic information

Date of registration	27 July 2012
Institution for registration	Administration for Industry and Commerce of Jiangxi Province
Business license registration number	360000521000033
Taxation registration number	360681625912173
Organization code	62591217-3

(2) Relevant index of first registration of the Company

For details of first registration of the Company, please refer to the basic information of the Company as in the 1997 annual report on the Stock Exchange.

Corporate Profile

(3) Change in principle businesses since the listing of the Company

The Company's principle businesses include: 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 businesses; import and export agency business (added in 2012).

(4) Change in previous controlling shareholder since the listing of the Company

The controlling shareholder of the Company, namely Jiangxi Copper Corporation ("JCC"), has not been changed since its listing.

(7) Other relevant information

Auditor appointed by the Company (Domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special general partnership)
	Office address	30th Floor Bund Center 222 Yan An Road (East) Shanghai People's Republic of China
	Name of auditor as signatory	Yang Haijiao (楊海蛟) Hu Ke (胡科)
Auditor appointed by the Company (Overseas)	Name	Deloitte Touche Tohmatsu
	Office address	35th Floor One Pacific Place 88 Queensway Hong Kong
Sponsor engaged by the Company to continuously perform its supervisory function during the reporting period	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floor China World Tower 2 No. 1 Jianguomenwai Avenue Beijing China
	Name of sponsor representatives as signatories	Xu Kang (徐康), Du Yiqing (杜禕清)
	Period of continuously performing supervisory function	September 2008 ~ December 2009

Corporate Profile

Other basic 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 major assets owned and controlled by the Group mainly include:

— Six mines under production: 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, Guangzhou Copper Production Company Limited (廣州銅材有限公司), 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.

— Three sulphuric acid plants with advanced technology: JCC-Wengfu Chemical Company Limited, Jiangxi Copper Group Chemical Company Limited and Jiangxi Copper (Dexing) 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 2012, the Company had 100% ownership in the proven resource reserve of approximately 10,520,000 tonnes of copper metal, 340 tonnes of gold, 9,664 tonnes of silver, 246,000 tonnes of molybdenum, 102,990,000 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 42.4 tonnes of gold. In 2012, 210,500 tonnes of copper concentrates (containing copper) were produced from the mines of the Group.

2) Currently, the Group's annual production capacity of copper cathode exceeded million tonnes, which enables the Group to become a global leading large-scale copper manufacturer. In 2012, the Group produced 1,090,000 tonnes of copper cathode.

3) The Group is one of the largest gold and silver manufacturers in the PRC. In 2012, the Group produced 25.4 tonnes of gold and 540 tonnes of silver in total.

4) The Group's current processing capacity of copper products is 720,000 tonnes. In 2013, the Group's planned construction capacity reached 920,000 tonnes. In 2012, the Group produced 582,000 tonnes of various copper products.

5) The Group is one of the largest sulphur chemical industry bases in the PRC. In 2012, the Group produced 2,518,000 tonnes of sulphuric acid and 2,050,000 tonnes of sulphuric concentrate.

6) The Group is one of the largest rare metal manufacturers in the PRC. In 2012, the Group produced 5,756 tonnes of standard molybdenum concentrates (average grade: 45%), 3,060 kg of ammonium rhenate, 50 tonnes of tellurium concentrate and 800 tonnes of bismuth concentrate.

Summary of Accounting and Financial Indicators

1. Major accounting data and financial indicators for recent 3 years of the Company at the end of the reporting period

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

Unit: Yuan Currency: RMB

Major accounting data	**2012**	2011	**Increase/decrease for the period over the same period last year** *(%)*	2010
Operating revenue	**158,556,206,525**	117,640,988,933	34.78	76,440,859,303
Net profit attributable to shareholders of the Company	**5,215,874,606**	6,549,449,240	–20.36	4,907,141,378
Net profit after non-recurring profit and loss items attributable to shareholders of the Company	**4,394,548,553**	6,457,401,649	–31.95	4,937,307,053
Net cash flows from operating activities	**6,334,192,911**	6,632,432,097	–4.50	–1,973,406,201

	End of 2012	End of 2011	**Increase/decrease for the period over the same period last year** *(%)*	End of 2010
Net assets attributable to shareholders of the Company	**42,819,959,840**	39,302,920,681	8.95	34,123,226,049
Total assets	**78,133,484,407**	68,149,628,674	14.65	54,844,773,643

(2) Major financial data (prepared in accordance with PRC GAAP)

Unit: Yuan Currency: RMB

Major financial indicator	2012	2011	Increase/decrease for the period over the same period last year *(%)*	2010
Basic earnings per share *(RMB/share)*	**1.51**	1.89	–20.11	1.56
Diluted earnings per share *(RMB/share)*	**1.51**	1.89	–20.11	1.48
Basic earnings per share after non-recurring profit and loss items *(RMB/share)*	**1.27**	1.86	–31.72	1.57
Return on net assets (weighted average) *(%)*	**12.70**	17.67	a decrease of 4.97 percentage points	18.29
Return on net assets after non-recurring profit and loss items (weighted average) *(%)*	**10.70**	17.42	a decrease of 6.72 percentage points	18.40

2. Differences between IFRSs and PRC GAAP

(1) Reconciliation of net profit attributable to owners of the Company and equity attributable to owners of the Company in the financial report prepared under IFRSs and those under PRC GAAP

Unit: '000 Currency: RMB

	Net profit attributable to owners of the Company		Equity attributable to owners of the Company	
	2012	2011	**As at 31 December 2012**	As at 31 December 2011
Under PRC GAAP	**5,215,876**	6,549,449	**42,819,960**	39,302,921
Adjustments to items and amounts under IFRSs:				
Production safety fund provided under the PRC GAAP but not used during the period	**–1,084**	37,472		
Income tax effect on production safety fund	**–45,124**		**–45,124**	
Under IFRSs	**5,169,668**	6,586,921	**42,774,836**	39,302,921

3. Non-recurring profit and loss items attributable to shareholders of the Company (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	**2012 amount**	2011 amount	2010 amount
Gains/losses from disposal of non-current assets	**–37,670,553**	–127,976,144	–84,421,274
Government grant as included in profit and loss of the current period, other than those closely relating to the normal business of enterprises and subject to a fixed amount or quantity under certain standard required by national policies	**114,917,569**	102,999,090	168,425,268
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	**689,071,621**	244,384,293	–100,978,991
Other non-recurring items included in non-operating income and expenses	**12,917,293**	–11,121,425	–12,601,890
Reversal of the bonus payable to senior management and middle-level management under management incentive schemes *(Note)*	**351,294,891**	—	—
Gains from disposal of certain equity of the invested entities calculated under the cost method	**—**	366,274	1,794,300
Impact on minority interests	**–81,798,766**	–28,060,046	–6,787,518
Impact on income tax	**–227,406,002**	–88,544,451	4,404,430
Total	**821,326,053**	92,047,591	–30,165,675

Note: In 2012, after approval from related government authorities, the Group and its middle- and high-grade management personnel have compromised to reduce the incentive of the middle- and high-grade management personnel by RMB351,294,891.

4. Items measured at fair value (prepared in accordance with the PRC GAAP)

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Change during the period	Impact on profit of the current period
1. Held-for-trading equity instruments	2,330,708	1,881,477	-449,231	-449,231
Equity investments	2,330,708	1,881,477	-449,231	-449,231
2. Derivatives not designated as a hedge	-71,000,363	-153,171,890	-82,171,527	-61,394,606
Forward foreign exchange contracts	-20,110,092	-82,107,696	-61,997,604	-61,997,604
Interest rate swap contracts	-11,190,310	-7,153,277	4,037,033	4,037,033
Option contracts	—	-15,766,123	-15,766,123	5,010,798
Commodity derivative contracts	37,644,889	-29,324,666	-66,969,555	-66,969,555
Gold derivative contracts	-77,344,850	-18,820,128	58,524,722	58,524,722
3. Liabilities arising from the lease of gold measured at fair value	-946,260,226	-1,552,217,967	-605,957,741	-76,706,394
4. Hedging instruments				
(1) Non-effective hedging derivative instruments	-19,926,682	9,611,013	29,537,695	29,537,695
Commodity derivative contracts	-19,792,252	2,438,811	22,231,063	22,231,063
Provisional price arrangement	-134,430	7,172,202	7,306,632	7,306,632
(2) Effective hedging derivative instruments	-6,646,620	-2,231,926	4,414,694	-1,889,549
Cash flow hedges	-5,690,218	459,448	6,149,666	-154,577
Commodity derivative contracts	-5,690,218	459,448	6,149,666	-154,577
Fair value hedges	-956,402	-2,691,374	-1,734,972	-1,734,972
Commodity derivative contracts	—	—	—	—
Fair value change in inventory	—	—	—	—
Confirmed sales commitments	-1,986,352	—	1,986,352	1,986,352
Commodity derivative contracts	1,745,200	—	-1,745,200	-1,745,200
Balance of fair value change in inventory of a hedged item	-18,890,904	6,045,107	24,936,011	24,936,011
Provisional price arrangement	18,175,654	-8,736,481	-26,912,135	-26,912,135
Total	-1,041,503,183	-1,696,129,293	-654,626,110	-110,902,085

Management Discussion and Analysis

I. Discussion and analysis of the Company's Operation During the Reporting Period by the Board

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

During the reporting period, under acute situation of the prominent slowdown of the world economy and rising downward pressure of the domestic economy, the Group firmly grasped the development keynote of "progressing whilst ensuring stability" and proactively changed its mode of growth. The Company realized its production and operational plans set for the year and hit a record high in output. Business performance achieved remarkable accomplishments once again.

For production construction, the production volume of copper cathode of the Group increased by 15.9% over the previous year to 1,090,000 tonnes in 2012. Self-owned mine completed copper concentrates (containing copper) with an increase of 5.14% over the previous year to 210,500 tonnes, recording another historic high level. The 130,000 tonnes per day expansion project at Dexing Copper Mine, conversion of the open-pitting to underground mining project at Yongping Copper Mine, processing capacity of 5,000 tonnes per day at Wushan Copper Mine, the Phase II expansion project at Chengmenshan Copper Mine and the 5,000 tonnes per day capacity expansion project at Yinshan Mine have fulfilled production targets. In addition, Qingyuan 100,000-tonne copper cathode production, Dexing pyrite-based sulfuric acid production, Guangzhou 400,000-tonne copper rod have completed construction and commenced operation gradually.

For cost control, the Group insisted in focusing on efficiency by means of deep exploitation of internal potential, initiated to adapt to market changes and actively adjust operating strategies. With the promulgation of "Assessment Plan for Costs Reduction Award" (成本節約獎考核方案), mechanisms such as direct connection between employees' income growth and cost reduction as well as efficiency enhancement established to effectively curb the tendency of rising costs.

For management innovation, through reintegrating enterprises of the Group in Nanchang area, being manufacturers of copper foil, enameled wires and copper pipes, the Company built a new processing business segment and a new management and control pattern. It explored a flexible operating mechanism in which responsibilities, rights and interests are closely integrated, which can optimize allocation of internal resources and improve its competitiveness in the copper processing market. In addition, the Group continuously optimized its system structure, advanced reforms of institutional mechanism and information construction, as well as established a concise, systematic and efficient system structure.

For risk control, the Company strengthened risk control and tightened management over receivables to control the scale of receivables. The Company exercised a more stringent credit monitoring of major customers, together with an economic management over the inventories scale. With these initiatives, the Group aimed at lowering risks due to price fluctuations and optimizing the efficiency of capital utilization.

Management Discussion and Analysis

For safety and environmental protection, the Company proactively undertook social responsibility, speeded up implementation of the "Twelfth-Five" environmental protection comprehensive management plan by way of induction of the management mechanism, further eliminated the hidden safety problem, thereby improved environmental protection, energy saving and emission reduction. The Company was ranked among the 500 Green Enterprises throughout the world.

Based on the audited consolidated financial statements for the year of 2012 prepared in accordance with the PRC GAAP, the consolidated revenue of the Group amounted to RMB158,556,206,525 (2011: RMB117,640,988,933), representing an increase of RMB40,915,217,592 or 34.78% from last year. Net profit attributable to owners of the Company amounted to RMB5,215,874,606 (2011: RMB6,549,449,240), representing a decrease of RMB1,333,574,634 or 20.36% from last year. Basic earnings per share was RMB1.51 (2011: RMB1.89), representing a decrease of RMB0.38 or 20.11% from last year.

(I) Analysis of principal businesses

1. Table of movement analysis for the related items in income statement and cash flow statement

Unit: Yuan Currency: RMB

Items	For the period	For the same period last year	Changes (%)
Operating income	**158,556,206,525**	117,640,988,933	34.78
Operating cost	**150,609,495,923**	106,980,998,573	40.78
Sales expense	**453,161,615**	437,010,771	3.70
Management expense	**1,291,008,357**	1,843,781,178	–29.98
Financial expense	**204,158,959**	–841,802	–24352
Net Cash Flow from operating activities	**6,334,192,911**	6,632,432,097	–4.50
Net Cash Flow from investment activities	**–2,636,199,396**	–4,973,089,187	–46.99
Net Cash Flow from financing activities	**1,903,195,967**	5,563,494,836	–65.79
Expenses on research and development	**2,493,521,376**	2,297,240,815	8.54

2. Income

(1) *Analysis of the factors driving the changes in business*

During the reporting period, operating income of the Group was RMB158,556.21, representing an increase of RMB40,915.22 million comparing to the corresponding period last year, mainly due to the expansion of our business scale, the rise in product sales and the increase in trading income.

(2) *Analysis of the factors affecting income from physical sale of the Company's products*

During the reporting period, major products of the Group were copper cathode, copper processing products, gold, silver, sulphuric acid and sulphuric concentrate:

1. During the reporting period, the Company produced copper cathode of 1,092,700 tonnes, representing an increase of 151,200 tonnes or 16.06% compared to the corresponding period last year. Copper cathode of 670,800 tonnes was sold, representing an increase of 91,800 tonnes or 15.85% compared to the corresponding period last year.

2. During the reporting period, the Company produced copper processing products of 582,100 tonnes, representing an increase of 91,300 tonnes or 18.60% compared to the corresponding period last year. Copper processing products of 586,300 tonnes was sold, representing an increase of 27,000 tonnes or 4.83% compared to the corresponding period last year.

3. During the reporting period, the Company produced gold of 25.41 tonnes, representing a decrease of 0.01 tonnes or 0.06% compared to the corresponding period last year. Gold of 27.43 tonnes was sold, representing an increase of 3.06 tonnes or 12.56% compared to the corresponding period last year.

4. During the reporting period, the Company produced silver of 540 tonnes, representing an increase of 13.58 tonnes or 2.58% compared to the corresponding period last year. Silver of 555.39 tonnes was sold, representing an increase of 33.24 tonnes or 6.36% compared to the corresponding period last year.

5. During the reporting period, the Company produced sulphuric acid of 2,518,400 tonnes, representing an increase of 145,000 tonnes or 6.13% compared to the corresponding period last year. Sulphuric acid of 2,503,600 tonnes was sold, representing an increase of 84,500 tonnes or 3.49% compared to the corresponding period last year.

6. During the reporting period, the Company produced sulphuric concentrate of 2,057,000 tonnes, representing an increase of 361,000 tonnes or 27.04% compared to the corresponding period last year.

(3) Sales to major customers

During the reporting period, the Group's top five customers contributed RMB25,316,858,188 in the total sales of the Group, accounting for 15.97% of the total operating revenue for the year.

3. Costs

(1) Cost analysis

By industry	Cost constituent	For the period	Share of total costs for the period (%)	For the same period last year	Share of total costs for the same period last year (%)	Changes compared to the same period last year (%)
Manufacturing of non-ferrous metals	Raw materials	53,946,447,442	35.91%	54,647,348,567	51.21%	-1.28%
	Energy power	1,485,333,689	0.99%	1,377,750,025	1.29%	7.81%
	Labour	869,214,001	0.58%	873,102,281	0.82%	-0.45%
	Overheads	2,286,693,491	1.52%	2,278,364,406	2.14%	0.37%
	Sub-total	58,587,688,623	39.00%	59,176,565,279	55.45%	-1.00%
	Trading of non-ferrous metals and others	91,632,084,064	61.00%	47,536,773,429	44.55%	92.76%
	Total	150,219,772,687	100.00%	106,713,338,708	100.00%	40.77%

Unit: Yuan Currency: RMB

By product	Cost constituent	For the period	Share of total costs for the period (%)	For the same period last year	Share of total costs for the same period last year (%)	Changes compared to the same period last year (%)
Copper products	Raw materials	42,512,296,237.78	91.36%	45,304,285,429.77	92.15%	-6.16%
	Energy power	1,305,893,377.43	2.81%	1,204,055,982.53	2.45%	8.46%
	Labour	760,176,322.14	1.63%	747,528,844.09	1.52%	1.69%
	Overheads	1,955,458,798.25	4.20%	1,910,254,067.17	3.89%	2.37%
	Sub-total	46,533,824,735.60	100.00%	49,166,124,323.56	100.00%	-5.35%
By-products of precious metals	Raw materials	10,807,257,913.33	99.44%	8,718,010,768.87	99.38%	23.96%
	Energy power	7,598,806.18	0.07%	6,925,579.65	0.08%	9.72%
	Labour	12,300,266.04	0.11%	12,919,297.16	0.15%	-4.79%
	Overheads	41,253,243.56	0.38%	34,171,172.33	0.39%	20.73%
	Sub-total	10,868,410,229.11	100.00%	8,772,026,818.02	100.00%	23.90%
Chemical products	Raw materials	527,193,474.55	51.90%	478,697,437.53	49.56%	10.13%
	Energy power	156,124,207.76	15.37%	146,679,781.10	15.19%	6.44%
	Labour	77,925,051.69	7.67%	85,661,794.96	8.87%	-9.03%
	Overheads	254,599,488.61	25.06%	254,846,090.91	26.38%	-0.10%
	Sub-total	1,015,842,222.60	100.00%	965,885,104.50	100.00%	5.17%
Rare metals	Raw materials	99,699,816.14	58.78%	146,354,930.99	53.70%	-31.88%
	Energy power	15,717,297.59	9.27%	20,088,681.87	7.37%	-21.76%
	Labour	18,812,360.79	11.09%	26,992,345.06	9.90%	-30.30%
	Overheads	35,381,961.06	20.86%	79,093,075.46	29.02%	-55.27%
	Sub-total	169,611,435.59	100.00%	272,529,033.37	100.00%	-37.76%
Trading and others		91,632,084,064.10		47,536,773,428.55		
	Total	150,219,772,687.00		106,713,338,708.00		

(2) *Major Suppliers*

During the reporting period, the aggregate procurement amount, excluding trading business, from our five largest suppliers was RMB7,352,737,082, representing 11.91% of the total procurement amount of the Company.

4. Expense

Unit: Yuan Currecncy: RMB

Item	For the period ended	For the same period last year	Increase/ (decrease) over the same period last year (%)	Reasons for the changes
Administrative expenses	**1,291,008,357**	1,843,781,178	–29.98	mainly because of the reversal of the discounted difference of incentive provision for the middle- and high-grade management personnel for 2011, representing a decrease of RMB351.29 million compared to the same period last year; a decrease of RMB75.34 million in maintenance expenses compared to last year
Distribution and selling costs	**453,161,615**	437,010,771	3.7	mainly because of the increase in railway transportation fee, the storage expenses and the commission for commodity derivative contracts compared to the same period last year.
Financial expenses	**204,158,959**	–841,802	–243.52	mainly due to a year-on-year fall of RMB199.34 million in net foreign exchange gains, as the RMB exchange rate appreciated from 6.3009 at the beginning of the year to 6.2855 at the end of the year, revealing a slight appreciation of RMB over US$. However, the exchange rate of RMB over US$ appreciated at a large extent from 6.6227 to 6.3009 for the same period last year, resulting in substantial decrease in foreign exchange gains (net of financial expenses) compared to the same period last year. As the operation of the new production arm is only at the early stage, its production quantity and quality are unstable, keeping the inventories of raw materials and final products at a higher level and sharing a large portion of capital, resulting in an increase in financial expenses over the same period last year.

5. R&D expenditure

(1) *Expenses on research and development*

Unit: 0'000 Currency: RMB

Expenses on research and development expensed for the period	222,240
Expenses on research and development capitalised for the period	27,112
Total expenses on research and development	249,352
Proportion of total expenses on research and development over net assets *(%)*	5.68
Proportion of total expenses on research and development over operating revenue *(%)*	1.57

(2) *Explanation*

Around its planning of the Twelfth Five-year Plan, the Group formulated research and development projects with the purposes of seeking new economic growth engine, enhancing capability of independent innovation, solving key technical and significant problems in production and operation and boosting efficiency, reducing costs and increasing profitability.

During the reporting period, the research and development projects of the Group covered the whole industry chain of "exploration, mining and milling, smelting, processing", including in-depth survey on ores in its mines, establishing models of mines, stability study and supervision on dump in Fujiawu mine, studies on general exploration technology for ultra-large mines above ground in the Lake District, general research on the utilization of gangue reservoir, research on the technology in the recycling of accompanying metal in mines, general recycling on the residue of copper smelting boiler, research on the technique on the production and extraction of rhenium metal, development on the HTG copper foil technique as well as research on the techniques of quality copper rod applicable to ultra-fine thin wire and high-speed enamelling machine.

During the reporting period, the research and development projects of the Group were well under progress, missions and indicators of research in some of the projects have been delivered. Projects on the production and extraction in rhenium metal and the project of copper to exchange platinum and palladium concentrates in extracting gold, platinum, palladium has passed assessment, been under industrialization and accomplished economic benefits. The Group believes that more results from research on technology will be obtained with the continuous implementation of research and development projects, thereby underpinning positive development and the fostering of new growth engine.

6. Cash Flow

Unit: 0'000 Currency: RMB

Item	For the year	For the same period last year	Changes (%)
Net cash flow from operating activities	**633,419**	663,243	–4.5
Net cash flows from investing activities	**–263,620**	–497,309	46.99
Net cash flows from financing activities	**190,320**	556,349	–65.79

(1). Reasons of cash flow changes from operating activities: mainly due to the decrease in net profit as compared with last year, and the increase in appropriation of working capital for items such as inventories as compared to the previous year.

(2). Reason of cash flow changes from investing activities: mainly due to the decrease in the investment in JCC Finance Company Limited ("Finance Company"), a subsidiary for the year.

(3). Reason of cash flow changes from financing activities: mainly due to our sufficient operating capital which reduced our new bank borrowings over the previous year.

7. Others

Explanation on development strategy and operating plan progress

In 2012, our major plans for production and operation were: copper cathodes of 1.09 million tonnes, gold of 25.4 tonnes, silver of 510 tonnes, sulphuric acid of 2.61 million tonnes, copper contained in copper concentrate of 210,000 tonnes and copper rods and wires and other copper processing products of 696,000 tonnes.

During the reporting period, except copper rods and wires as well as other copper processing products of 582,000 tonnes in aggregate which is fewer than expected, the Group has completed the other plans for production and operation above.

(II) Analysis of industry, products or regional operation

1. Principal businesses by industry and by product

Unit: Yuan Currency: RMB

Principal businesses by industry						
By products	Operating revenue	Operating cost	Profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating cost over last year (%)	Increase/decrease in profit margin over last year (%)
Copper cathodes	103,582,786,695	100,336,614,244	3.13	54.44	58.91	-2.73
Copper rods and wires	27,022,540,523	24,928,003,317	7.75	0.88	2.95	–1.86
Copper processing products	5,221,823,431	5,226,979,572	–0.10	–12.81	–11.19	–1.82
Gold	9,374,377,509	7,997,353,589	14.69	18.41	24.71	–4.31
Silver	3,586,333,150	3,402,028,567	5.14	–4.00	25.01	–22.02
Chemical products	2,204,912,869	1,518,101,690	31.15	-4.33	16.63	–12.37
Rare metals a nd other non-ferrous metals	6,245,651,204	6,136,988,799	1.74	140.80	146.19	–2.15
Others	916,746,970	673,702,909	26.51	3.08	23.13	–11.97

1) *Copper cathode*

During the reporting period, operating revenue from copper cathodes increased by RMB36,513.11 million or 54.44% compared with last year resulting from the increase in sales volume of copper cathodes, and operating costs of copper cathodes increased by RMB37,197.64 million or 58.91% as compared with last year. Due to the decrease in product price, the operating profit of copper cathodes decreased by RMB684.52 million or 17.41% as compared with last year. As a result of the increase in outsourced raw materials and production cost as well as the decrease in product price, operating profit margin decreased from 5.86% last year to 3.13% for the year.

2) *Copper rods and wires*

During the reporting period, operating revenue from copper rods and wires for the year increased by RMB235.60 million or 0.88% over last year, due to the increase in sales of copper rods and wires. Operating costs of copper rods and wires increased by RMB714.96 million or 2.95% as compared with last year, due to the increase in sales and the rising processing costs. Operating profit of copper rods and wires decreased by RMB479.36 million or 18.62% as compared with last year. As a result of the rising processing costs and the drop in market price, operating profit margin of copper rods and wires for the year decreased from 9.61% last year to 7.75%.

3) *Copper processing products other than copper rods and wires*

During the reporting period, following the decrease in selling price of copper processing products, operating revenue of copper processing products other than copper rods and wires decreased by RMB766.89 million or 12.81% for the year as compared with last year. Operating costs decreased by RMB658.70 million or 11.19% as compared with last year due to the decrease in the price of copper cathode materials. Operating profit decreased by RMB108.19 million or 105% as compared with last year. Due to long processing cycle of copper processing products and the less tolling fees for copper processing products, the decrease rate of operating costs are smaller than that of operating revenue, accordingly, operating profit margin for the year decreased from 1.72% last year to 0.10% for the year.

4) *Gold*

During the reporting period, operating revenue of gold increased by RMB1,457.18 million or 18.41% as compared with last year due to the increase in sales volume and selling price. Operating costs of precious metal increased by RMB1,584.60 million or 24.71% as compared with last year due to the increase in the price of outsourced raw materials of precious metals and sales volume. Operating profit of gold decreased by RMB127.42 million or 8.47% as compared with last year while operating profit margin decreased from 19.00% last year to 14.69% for the year as a result of an increase in outsourced raw materials.

5) *Silver*

During the reporting period, operating revenue of silver decreased by RMB149.55 million or 4.00% compared to last year, owing to a drop in the selling price. As a results of sales surge, the operating costs increased by RMB680.72 million or 25.01% compared to last year, while the operating profit of silver decreased by RMB830.27 million or 81.83% compared to last year. The operating profit margin of silver decreased from 27.16% last year to 5.14% for the year, because of a fall in the market price of silver.

6) *Chemical products*

During the reporting period, operating revenue from chemical products decreased by RMB99.70 million or 4.33%, due to the decrease in the selling price as compared with last year. Operating costs of chemical products for the year increased by RMB216.51 million or 16.63% as compared with last year due to an increase in sales. Operating profit of chemical products decreased by RMB316.20 million or 31.53% as compared with last year while operating profit margin for the year decreased from 43.52% last year to 31.15%.

7) *Rare and other non-ferrous metals*

During the reporting period, operating revenue from rare and other non-ferrous metals increased by RMB3,651.92 million or 140.80%, due to the increase in sales as compared with last year. Operating costs of rare and other non-ferrous metals increased by RMB3,644.16 million or 146.19%. Operating profit of rare and other non-ferrous metals increased by RMB7.75 million or 7.68% as compared with last year while operating profit margin for the year decreased from 3.89% last year to 1.74% owing to a fall in selling price.

8) *Other products*

During the reporting period, the Group's operating revenue of other products increased by RMB27.36 million or 3.08% as compared with last year; operating costs increased by RMB126.54 million or 23.13% as compared with last year. Operating profit decreased by RMB99.17 million or 28.98% as compared with last year; and operating profit margin for the year decreased from 38.48% last year to 26.51%.

(2) Principal businesses by geographical location

Unit: Yuan Currency: RMB

Geographical location	Operating revenue	Increase/decrease in operating revenue compared over last year *(%)*
Mainland China	144,824,283,842	30.63
Hong Kong	6,352,053,731	19.71
Others	6,978,834,778	523.79
Total	158,155,172,351	34.85

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(III) Analysis of asset and liability

1. Analysis on assets and liabilities

Unit: Yuan Currency: RMB

Item	As at the end of the period	Share of total assets (or liabilities) as at the end of the period (%)	As at the end of the previous period	Share of total assets (or liabilities) as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)
Current Assets:					
Cash and bank	**20,309,640,029**	**25.99%**	15,846,293,599	23.25%	28.17%
Held-for-trading financial assets	**53,760,325**	**0.07%**	76,052,816	0.11%	–29.31%
Notes receivable	**5,366,622,502**	**6.87%**	2,231,931,098	3.28%	140.45%
Accounts receivable	**4,076,986,366**	**5.22%**	5,364,962,548	7.87%	–24.01%
Prepayments	**1,899,674,961**	**2.43%**	2,666,609,323	3.91%	–28.76%
Interest receivable	**206,622,339**	**0.26%**	145,137,760	0.21%	42.36%
Other receivables	**1,529,086,713**	**1.96%**	1,794,930,768	2.63%	–14.81%
Inventories	**15,936,439,736**	**20.40%**	14,097,060,598	20.69%	13.05%
Available-for-sale financial assets	**760,000,000**	**0.97%**	2,770,005,500	4.06%	–72.56%
Other current assets	**2,307,610,836**	**2.95%**	980,405,091	1.44%	135.37%
Total current Assets	**52,446,443,807**	**67.12%**	45,973,389,101	67.46%	14.08%
Non-current Assets:					
Available-for-sale financial assets	**1,031,730,000**	**1.32%**	510,080,000	0.75%	102.27%
Long-term investments	**2,036,877,613**	**2.61%**	1,557,306,680	2.29%	30.79%
Investment properties	**178,918,364**	**0.23%**	—	0.00%	
Fixed assets	**16,563,911,954**	**21.20%**	14,792,339,191	21.71%	11.98%
Construction in progress	**3,370,020,635**	**4.31%**	3,300,071,456	4.84%	2.12%
Intangible assets	**1,285,160,144**	**1.64%**	1,285,889,337	1.89%	–0.06%
Exploration costs	**635,116,801**	**0.81%**	206,367,370	0.30%	207.76%
Deferred tax assets	**397,412,400**	**0.51%**	306,089,392	0.45%	29.84%
Other non-current assets	**187,892,689**	**0.24%**	218,096,147	0.32%	–13.85%
Total Non-current Assets	**25,687,040,600**	**32.88%**	22,176,239,573	32.54%	15.83%
TOTAL ASSETS	**78,133,484,407**	**100.00%**	68,149,628,674	100.00%	14.65%

Item	As at the end of the period	Share of total assets (or liabilities) as at the end of the period (%)	As at the end of the previous period	Share of total assets (or liabilities) as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)
Short-term borrowings	**12,263,116,944**	**15.70%**	9,130,730,768	13.40%	34.31%
Held-for-trading financial liabilities	**1,755,934,725**	**2.25%**	1,098,665,095	1.61%	59.82%
Notes payable	**258,606,333**	**0.33%**	153,529,031	0.23%	68.44%
Accounts payable	**7,034,616,953**	**9.00%**	5,422,872,975	7.96%	29.72%
Receipts in advance	**1,681,569,191**	**2.15%**	784,651,943	1.15%	114.31%
Employee benefit liability	**794,439,335**	**1.02%**	895,179,465	1.31%	–11.25%
Tax payable	**885,868,383**	**1.13%**	1,536,161,216	2.25%	–42.33%
Interest payable	**117,632,245**	**0.15%**	69,475,725	0.10%	69.31%
Other payables	**1,457,761,949**	**1.87%**	832,160,732	1.22%	75.18%
Non-current liabilities due within one year	**183,514,265**	**0.23%**	713,814,561	1.05%	–74.29%
Other current liabilities	**804,523,133**	**1.03%**	1,416,294,455	2.08%	–43.20%
Total Current Liabilities	**27,237,583,456**	**34.86%**	22,053,535,966	32.36%	23.51%
Non-current Liabilities:					
Long-term borrowings	**617,845,098**	**0.79%**	173,622,050	0.25%	255.86%
Employee benefit liability	**99,222,426**	**0.13%**	291,510,030	0.43%	–65.96%
Bonds payable	**5,681,024,285**	**7.27%**	5,422,250,407	7.96%	4.77%
Long-term payables	**13,930,931**	**0.02%**	14,446,807	0.02%	–3.57%
Provision	**139,059,306**	**0.18%**	129,530,869	0.19%	7.36%
Deferred tax liabilities	**104,591,189**	**0.13%**	14,237,896	0.02%	634.60%
Other non-current liabilities	**332,455,386**	**0.43%**	244,499,692	0.36%	35.97%
Total Non-current Liabilities	**6,988,128,621**	**8.94%**	6,290,097,751	9.23%	11.10%
TOTAL LIABILITIES	**34,225,712,077**	**43.80%**	28,343,633,717	41.59%	20.75%

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Item	As at the end of the period	Share of total assets (or liabilities) as at the end of the period (%)	As at the end of the previous period	Share of total assets (or liabilities) as at the end of the previous period (%)	Changes as at the end of the period over the end of the previous period (%)
SHAREHOLDERS' EQUITY:	**—**	**0.00%**	—	0.00%	
Share capital	**3,462,729,405**	**4.43%**	3,462,729,405	5.08%	0.00%
Capital reserve	**11,686,299,420**	**14.96%**	11,648,640,617	17.09%	0.32%
Special reserve	**275,542,192**	**0.35%**	276,626,510	0.41%	–0.39%
Surplus reserve	**13,071,506,120**	**16.73%**	11,125,960,054	16.33%	17.49%
Retained earnings	**14,583,075,191**	**18.66%**	13,044,111,354	19.14%	11.80%
Exchange differences arising on translation of financial statements denominated in foreign currencies	**–259,192,488**	**–0.33%**	–255,147,259	–0.37%	1.59%
Total equity attributable to owners of the Company	**42,819,959,840**	**54.80%**	39,302,920,681	57.67%	8.95%
Non-controlling interests	**1,087,812,490**	**1.39%**	503,074,276	0.74%	116.23%
TOTAL SHAREHOLDERS' EQUITY	**43,907,772,330**	**56.20%**	39,805,994,957	58.41%	10.30%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**78,133,484,407**	**100.00%**	68,149,628,674	100.00%	14.65%

Analysis on reasons of changes:

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

Cash and bank: As at the end of the reporting period, the balance of cash and bank amounted to RMB20,309.64 million, representing an increase of RMB4,463.35 million or a growth of 28.17% compared to the end of last year, primarily due to the profit of the company and the increase in bank borrowings.

Notes receivable: As at the end of the reporting period, the Group's balance of notes receivable was RMB5,366.62 million, representing an increase of RMB3,134.69 million or 140.45% from the end of last year, mainly due to the increase in notes received from downstream customers as the liquidity of the Group's customers is tightening with more notes settlements.

Interest receivable: As at the end of the reporting period, the balance of interest receivable of the Group amounted to RMB206.62 million, representing an increase of RMB145.14 million or 42.36% as compared with the end of last year, mainly due to our sufficient operating cash which enabled us to increase our term deposits, engendering a surge in the interest receivable thereon.

Available-for-sale financial assets: As at the end of the reporting period, the Group's balance of available-for-sale financial assets was RMB1,791.73 million (including available-for-sale financial assets of RMB760.00 million due within one year), representing a decrease of RMB1,488.36 million or 45.38% from the opening of the period, mainly due to the part of investment recovered for the period.

Long-term investments: As at the end of the reporting period, the balance of long-term investments of the Group amounted to RMB2,036.87 million, representing an increase of RMB479.57 million or 30.79% as compared with the end of last year, mainly due to an increase in investment of Heding Copper (和鼎銅業) and MCC-JCL Aynak (中冶江銅艾娜克).

Other current assets: As at the end of the reporting period, our balance of other current assets amounted to RMB2,307.61 million, representing an increase of RMB1,327.21 million or 135.37% from the end of last year, mainly due to the purchase of redeemable financial assets and the increase in tax deductable.

Exploration cost: As at the end of the reporting period, our balance of exploration cost was RMB635.12 million, representing an increase of RMB428.75 million or 207.76% from the end of last year, mainly due to additional exploration expenses and acquisition of new exploration rights owned by subsidiaries.

Short-term borrowing: As at the end of the reporting period, the Group's balance of short-term borrowing was RMB12,263.12 million, representing an increase of RMB3,132.39 million or 34.31% from the end of last year, mainly due to the increase in foreign currency needed for procurement of raw materials in line with the expansion of the Group's business scale.

Held-for-trading financial liabilities: As at the end of the reporting period, our balance of held-for-trading financial liabilities was RMB1,755.93 million, representing an increase of RMB657.27 million or 59.82% from the end of last year, mainly due to the increased liabilities arising from lease of gold.

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Notes payable: As at the end of the reporting period, the Group's balance of notes payable was RMB258.61 million, representing an increase of RMB105.08 million or 68.44% from the end of last year, mainly due to a higher credit limit obtained by the Group for payment of raw materials by issuing acceptance of bill from a bank 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 RMB1,681.57 million, representing an increase of RMB896.92 million or 114.31% from the end of last year. The increase was mainly attributable to the increase in sales revenue of products.

Tax payable: As at the end of the reporting period, our balance of tax payable was RMB885.87 million, representing a decrease of RMB650.29 million or 42.33% from the end of last year, mainly due to a rise in option tax as a result of inventory increase and a drop in the income tax payable at the end of the period resulting from the reduction of profits.

Interest payable: As at the end of the reporting period, our balance of interest payable was RMB117.63 million, representing an increase of RMB48.16 million or 69.31% from the end of last year, mainly due to a rise in borrowings.

Other payables: As at the end of the reporting period, our balance of other payables was RMB1,457.76 million, representing an increase of RMB625.60 million or 75.18% from the end of last year, mainly due to an increase in construction fees payable.

Non-current liabilities due within one year: As at the end of the reporting period, our balance of non-current liabilities due within one year was RMB183.51 million, representing a decrease of RMB530.30 million or 74.29% from the end of last year, mainly due to a drop in long-term borrowings due within one year.

Other current liabilities: As at the end of the reporting period, our balance of other current liabilities amounted to RMB804.52 million, representing a decrease of RMB611.77 million or 43.20% from the end of last year, mainly due to a drop in the deposit from related parties.

Long-term borrowings: As at the end of the reporting period, our balance of long-term borrowings was RMB617.85 million, representing an increase of RMB444.22 million or 255.86% from the end of last year, mainly due to the increase in external foreign currency borrowings due within two years by the subsidiaries of the Group.

Employee benefit liability (the non-current liabilities portion): As at the end of the reporting period, our balance of staff remuneration payable was RMB99.22 million, representing a decrease of RMB192.29 million or 65.96% from the end of last year, mainly due to a drop in long and medium term incentives.

Deferred tax liabilities: As at the end of the reporting period, our balance of deferred income tax liabilities was RMB104.59 million, representing an increase of RMB90.35 million or 634.6% from the end of last year, mainly due to the valuation surplus of subsidiaries acquired.

Other non-current liabilities: As at the end of the reporting period, the Group's balance of other non-current liabilities amounted to RMB332.46 million, representing an increase of RMB87.96 million or 35.97% as compared with the end of last year, mainly due to the government grant received by the Group for the purchase and construction of fixed assets.

Non-controlling interests: As at the end of the reporting period, our balance of minority interests was RMB1,087.81 million, representing an increase of RMB584.74 million or 116.23% as compared with the end of last year, mainly due to the increase in capital contribution of minority shareholders of JXCC International Trade and the Finance Company as well as the acquisition of subsidiaries.

(IV) Analysis of core competitiveness

The Group has established its industry chain with core businesses such as mining, milling, smelting and processing of copper, as well as extraction and processing of sulfur chemicals, precious and rare metals after thirty years of development. The Group also conducts business in various areas such as finance and trading at the same time.

1. Advantages on mines. The Company places first priority to develop mines amongst its development strategy, with an endeavor to seek and control more resources and raise the production volume of self-owned mines. As at the end of 2012, the Company maintained its major resources as follows:

   The Company had 100% ownership in the proven resource reserve of approximately 10,520,000 tonnes of copper metal, 340 tonnes of gold, 9,664 tonnes of silver, 246,000 tonnes of molybdenum, 102,990,000 tonnes of 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 42.4 tonnes of gold.

2. Scale benefits in the industry. Recently, the production capacity of copper smelting of the Group has continued to expand. As at the end of 2012, the production capacity of copper cathode exceeded 1.10 million tonnes, which further established the leading position in the domestic copper industry.

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3. Advantages on technology and talents. The Group possessed industry-leading copper smelting and mine development technologies. After years of accumulation, the Group has reserved abundant mines and talents specialized in smelting and equipped with ability and advantages for reproducing and operating similar mines or for expanding the smelting business.

4. Advantages on brand. The Group operates with a complete industry chain of mining, milling, smelting and processing. Being larger in scale and better in reputation, the Company could gain recognition, trust, support and aid from various sectors of the society, with relatively strong capability to resist risks and has secured high rank among the 500 Chinese Enterprises and 500 Chinese Manufacturing Enterprises in consecutive years.

(V) Analysis of investment

1. General analysis of external investment in equity

Unit: 0'000 Currecncy: RMB

Investment during the reporting period	226,948
Increase/decrease in investment	47,427
Investment during the same period last year	179,521
Extent of increase/decrease in investment *(%)*	26.42

Name of investee	Principal activity	Share of interests in the investee (%)	Investment
JCC BioteQ Environmental Technologies Co., Ltd	Industrial waste water recovery and product sales	50	1,410
Minerals Jiangxi Copper Mining Investment Company Limited	Investment company	40	130,000
MCC-JCL Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司)	Exploration and sale of copper products	25	58,513
Asia Development Sure Spread Company Limited (興亞保弘株式會社)	Import and export of copper products	49	619
Zhaojue Fenye Smelting Company Limited (昭覺縣逢燁濕法冶煉有限公司)	Production and sale of electro deposited copper	47.86	406
Zhejiang Heding Copper Co., Ltd	Production and sale of copper cathode	40	36,000

(1) *Investment in securities*

No.	Securities type	Securities code	Securities abbreviation	Initial investment Cost (RMB)	Number of securities held (share)	Book value at the end of the period (RMB)	As a percentage of the total investment in securities as at the end of the period (%)	Profit and loss occurred in the reporting period (RMB)
1	Stock	002405	NAVINFO	1,705,651	95,944	1,125,423	60	-480,033
2	Stock	002392	LISHENG PHARMA	1,050,075	23,335	756,054	40	30,802
Profit and loss on securities disposed during the reporting period				/	/	/	/	/
Total				2,755,726	/	1,881,477	100	-449,231

(2) *Equity interests in non-listed financial enterprises*

Name of company	Initial investment cost (RMB'000)	Number of shares held ('000 share)	As a percentage of the company's equity (%)	Book value at the end of the period (RMB'000)	Profit and loss occurred in the reporting period (RMB'000)	Changes in the owner's equity during the reporting period (RMB'000)	Accounting items	Ways of acquisition
Bank of Nanchang	398,080	14,000	5.88	398,080	Not applicable	Not applicable	Financial assets available for sale	Acquired from a third party

2. Trust investment in non-financial entity and investment in derivatives

(1) *Trust investment*

The Company did not entrust any entities to make investment during the year.

(2) *Trust loan*

The Company did not entrust any entities to make loan during the year.

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3. Use of proceeds raised

(1) *Overall use of raised proceeds*

Unit: 0'000 Currency: RMB

Year	Method	Total proceeds	Total utilised proceeds during the year	Accumulative total utilised proceeds	Total unutilised proceeds	Use and allocation of unutilised proceeds
2007	Non-public issuance	396,474 (including cash of RMB217,940)	29,067	210,744	7,065	Allocate to projects undertaken by the Group during the fund raising. The balance of proceeds after the completion of projects are used to be permanently allocated to supplement the working capital after the general meeting on 19 June 2012
2010	Bonds with warrants	674,360	23,144	563,506	114,668	Allocate to projects undertaken by the Group during the fund raising
Total	/	1,070,834	52,211	774,250	121,733	/

(2) *Use of proceeds in projects undertaken*

Unit: 0'000 Currency: RMB

Name of projects undertaken	Any change in the project	Amount of proceeds to be applied	Amount of proceeds applied during the year	Actual utilised proceeds	On schedule or not	Progress of project	Estimated earnings	Earnings generated	Achieved estimated earnings or not
1) Projects financed by proceeds from non-public issue of A Shares									
Expansion project of Phase II Chengmenshan Copper Mine	No	46,799	5,804	39,603	Yes	84.62%	Chengmenshan Copper Mine can 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, 232 kg of gold and 15,142kg of silver and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,541.55 tonnes) per annum.	Target met as expected	Yes
2) Projects financed by proceeds from exercise of warrants									
Technical renovation engineering of enlarging production scale of Dexing Copper Mine	No	258,000	11,717	208,633	Yes	80.87%	Upon completion of the expansion, Dexing Copper Mine can increase its mining and milling capacity of ores from 100,000 tonnes per day to 130,000 tonnes per day. There will be additional 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. The completion of the project can increase the self-sufficiency rate of raw materials of the Group and bode well for investment benefits.	Target met as expected	Yes
Tender and development of the exploration rights of copper mine in Afghanistan	No	120,000	11,427	58,513	NO	N/A	Upon completion of the project construction, the Company's control and profitability over copper resources will be strengthened.	Under construction without revenue	Not applicable
Acquisition of equity interests in Northern Peru Copper Corp. in Canada	No	130,000		130,000	No	N/A	Upon completion of the project construction, the Company's control and profitability over copper resources will be strengthened.	Under construction without revenue	Not applicable

Management Discussion and Analysis

1) Expansion project of Phase II of Chengmenshan Copper Mine

   The Company intended to invest RMB467.99 million in the project, all of which will be financed 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 RMB58.04 million. As at the end of the reporting period, the actual accumulated amount invested by raised proceeds amounted to RMB396.03 million, representing 84.62% of the planned investment amount in the project.

2) 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 by proceeds from exercise of warrants. During the reporting period, the actual amount invested by raised proceeds in the project amounted to RMB117.17 million. As at the end of the reporting period, the accumulated investment of the project amounted to RMB2,086.33 million, accounting for 80.87% of the planned investment amount. Upon completion of the construction, Dexing Copper Mine can increase its mining and milling capacity of ores from 100,000 tonnes per day to 130,000 tonnes per day. There will be additional 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. The completion of the project can increase the self-sufficiency rate of raw materials of the Group and bode well for investment benefits.

3) 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, proceeds of RMB114.27 million from exercise of warrants were actually invested into the project. As at the end of the reporting period, accrued investment of such proceeds under the project was RMB585.13 million. However, due to reasons including relocation of historical relics, there was extension from the expected commissioning date for the project.

4) Acquisition of the equity interests in Northern Peru Copper Corp. in Canada

The Company had joined hands with China Minmetals Non-ferrous Metals Company Limited and invested RMB460 million to establish the Minmetals-JCC Mining Investment Company Limited (五礦江銅礦業投資有限公司). They jointly acquired 100% equity interest in Northern Peru Copper Corp.. At present, the development plan for the mines of this company is under demonstration. During the reporting period, proceeds of RMB240.00 million from the exercise of warrants were actually invested into the project. As at the end of the reporting period, the accumulated amount invested by proceeds from the exercise of warrants in such project amounted to RMB1,300 million. Due to reasons such as environmental assessment and land procurement, there was extension in the expected commissioning date.

Other projects related to the proceeds were completed in the previous reporting periods. Please refer to the website of Shanghai Stock Exchange and the website of the Company for the details of Special Report Relating to Deposit and Actual use of Previous Raised Fund of Jiangxi Copper Company Limited.

4. Analysis of principal subsidiaries and joint stock companies

(1). Production and operation of our main controlling subsidiaries on 31 December 2012

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Kang Xi Copper Company Limited	Sales of copper materials, precious metal materials and sulphuric acid	286,880	57.14	1,357,361	331,861	2,376,742	–21,766
JCC Finance Company Limited	Provision of guarantee, deposit and loan to members of JCC	1,000,000	85.68	13,748,839	1,706,776	465,417	293,972
Jiangxi Copper Products Company Limited	Processing and sales of copper products	225,000	100	426,683	402,144	196,674	28,624
Jiangxi Copper Alloy vww Materials Company Limited	Production and sales of copper and copper alloy rods and wires	199,500	100	585,618	553,826	1,090,346	65,433

Management Discussion and Analysis

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC Copper Products Company Limited	Processing and sales of hardware products	186,391	98.89	499,748	262,414	1,957,130	22,344
JCC Recycling Company Limited	Purchase and sales of scrap metals	6,800	99.51	8,375	7,882	14,904	–521
Jiangxi Copper Shenzhen Trading Company Limited	Sale of copper products	660,000	100	6,528,810	539,767	36,404,313	–104,921
Jiangxi Copper Shanghai Trading Company Limited	Sale of copper products	200,000	100	1,892,859	305,387	10,815,217	21,450
Jiangxi Copper Beijing Trading Company Limited	Sale of copper products	261,000	100	396,905	287,595	9,838,786	18,270
JCC Yinshan Mining Company Limited	Production and sales of non-ferrous metals, precious metal and non-metals	30,000	100	1,140,630	680,039	635,391	126,929
JCC Dongtong Mining Company Limited	Production and sales of non-ferrous metals, precious metal and non-metals	46,209	100	290,118	181,217	113,214	5,674
Jiangxi Copper Yates Copper Foil Company Limited	Production and sales of copper foil products	453,600	89.77	1,132,370	198,172	752,355	–65,601
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	1,327,754	762,995	1,862,816	–111,126
Jiangxi Copper Taiyi Special Electrical Materials Company Limited	Design, production and sales of all kinds of copper wires and enamelled wires, provision of after-sale maintenance and consultancy service	US$16,800	70	557,747	67,772	729,842	324
Thermoelectric Electronic (Jiangxi) Company Limited	Research and development and production of thermoelectric semiconductors and appliances and provision of related services	70,000	95	72,941	67,790	16,434	–2,277
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited	Metallurgy and chemical, manufacture and maintenance of equipments	35,081	100	159,429	46,184	476,837	2,851
JCC (Guixi) Logistics Company Limited	Provision of transportation services	40,000	100	180,058	122,937	256,146	12,418
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	204,098	132,108	318,054	7,797

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
JCC (Dexing) Construction Company Limited	Development and sales of building materials for various projects including mine projects	50,000	100	199,293	80,451	375,432	9,375
JCC Exploration Company Limited	Geographical investigation and survey and construction, engineering measurement	15,000	100	37,639	23,946	58,877	3,309
Jiangxi Copper Corporation Chemical Company Limited	Sulphuric acid and related by-products	42,637	100	140,215	93,291	71,830	4,760
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited	Sulphuric acid and related by-products	181,500	70	272,451	251,915	247,389	20,503
JCC Jingxiang Engineering Company Limited	Contract for mining project	20,296	100	67,209	34,031	63,368	1,011
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited	Sales of beneficiation pharmacy and fine chemical products and other industrial and civilian products	10,200	100	22,498	18,459	42,772	1,241
JCC Guangzhou Copper Products Company Limited	Production of copper rods/wires and relevant products	600,000	100	1,390,951	605,990	1,989,872	4,500
JCC International Trading Company Limited	Trading of metal products	1,000,000	60	5,984,568	1,088,372	48,538,628	–74,828
Shanghai Shengyu Real Estate Company Limited	Construction industry	169,842	100	186,545	163,147	5,554	–6,663

Management Discussion and Analysis

Unit: '000 Currency: RMB

Company name	Business nature	Registered capital	Shareholding percentage (%)	Total assets	Net assets	Operating revenue	Net profit/ (losses)
Jiangxi Copper Corporation (Dexing) Chemical Company Limited	Sulphuric acid and related by-products	336,550	99	450,001	333,185	–	–
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	39,737	27,668	26,700	-357
Jiangxi Copper (Qingyuan) Co., Ltd	Manufacturing, processing and sale of anode sheets of copper cathode and non-ferrous metals	890,000	100	1,420,878	723,633	1,162,815	8,229
Jiangxi Copper Hong Kong Company Limited	Import-export business trade and settlement, offshore investment and financing and cross-border RMB settlement	US$ 1000	100	2,585,962	70,439	3,922,159	7,557
Jiangxi Copper Renewable Resources Company Limited (江西銅業再生資源有限公司)	Metal scrap and waste metal	250,000	100	250,326	249,770	–	-230
Xiang Ge Lila Bisi Daji Mining Company Limited (香格里拉縣必司大吉礦業有限公司)	Mining and processing of non-ferrous metals	5,000	51	14,856	9,516	–	-367

(2). *Production and operation of our associates and joint ventures on 31 December 2012*

Unit: '000 Currency: RMB

Name of investee	Business nature	Registered capital Currency	Registered capital RMB'000	Our shareholding (%)	Total assets at the end of the year (RMB'000)	Total liabilities at the end of the year (RMB'000)	Net assets in aggregate at the end of the year (RMB'000)	Total operating revenue for the year (RMB'000)	Net profits for the year (RMB'000)
I. Joint Venture									
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited ("Jiangtong Bioteq")	Industrial waste water recovery and product sales	RMB	28,200	50	72,488	7,795	64,693	34,897	11,229
II. Associates									
Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司) ("Jiangxi Copper Minmetals")	Investment company	RMB	3,250,000	40	4,776,673	2,115,309	2,661,364	–	9,565
MCC-JCL Aynak Minerals Company Limited (中冶江銅艾娜克礦業有限公司) ("MCC- JCL")	Exploration and sale of copper products	US$	363,648	25	2,304,670	24,255	2,280,415	–	–
Asia Development Sure Spread Company Limited (興亞保弘株式會社) ("Asia Sure Spread")	Import and export of copper products	JPY	200,000	49	11,872	–	11,872	–	–
Zhaojue Fengye Smelting Company Limited (昭覺縣逢燁濕法冶煉有限公司) ("Zhaojue Fengye")	Production and sale of electro deposited copper	RMB	10,000	47.86	9,712	1,221	8,491	–	–
Zhejiang Heding Copper Co., Ltd ("Zhejiang Heding")	Production and sale of copper cathode	RMB	28,800	40	922,309	22,309	900,000	–	–

5. Projects financed by non-raised funds

During the period, the Company did not have any projects financed by non-raised funds that were discloseable.

Management Discussion and Analysis

II. Discussion and analysis by the Directors concerning the future development of the Company

(I) Competition within the industry and the trend of development

In 2012, the continuous recession and slow progress in recovery of the international economy resulted in an overall decline of the international copper prices. The slowdown in domestic economic growth and increasing downward pressure in economy, coupled with the weak consumption demand for copper in main areas such as electricity, transportation and real estate, exerted certain pressure to production and operation of the copper industry. Generally, the existing circumstances of the copper market are as follows:

1. Additional production capacity of upstream mines was gradually unleashed. As the copper prices maintained at high level for several years, development of investment in mines was fostered and the production capacity of copper concentrates has grown consistently. Based on the statistics provided by an international copper research group, from 1998 to 2010, the expansion in the global production capacity of copper amounted to an annual growth of around 3% in average. It is expected that beginning from the second half of 2013, the production capacity of copper would be unleashed to a large extent. The global production capacity of copper concentrates will have a year-on-year growth of up to 5%. The growth in supply will possibly surpasses the growth in demand;

2. The production capacity of smelting recorded a gradual increase. As the country with the largest copper consumption in the world, China's copper consumption accounted for more than 40% of the total world consumption. Production capacity of smelting substantially increased due to lower general costs in constructing smelting plants in the State. In 2012, numerous copper smelting and refining projects in the State successively commenced operation after completion, mainly including the construction and expansion projects of enterprises such as Yunnan Tin, Zijin Copper, Dongying Fangyuan and Tongling Non-ferrous. As at the end of the year, the domestic total production capacity of copper smelting and refining reached 4,670,000 tonnes per year and 8,360,000 tonnes per year respectively and the production capacity is expected to further increase to 5,590,000 tonnes per year and 9,760,000 tonnes per year in 2013, which will intensify the competition in the industry.

3. Downturn in the downstream market. The national tight monetary policy in 2012 pressured the consumption of copper, and the operating rate of the copper processing industry was below 70%. Currently, the issuance of policies aimed to stimulate the real economy, such as those concerning the urbanization, brought hope for a better economic environment in 2013 and the demand for copper is expected to grow slightly. According to the World Bureau of Metal Statistics, in 2012, the supply in the global copper market was 20,614,000 tonnes whist the copper consumption was 20,548,000 tonnes. In China, the output of refined copper was 6,060,000 tonnes and the apparent consumption reached 8,840,000 tonnes.

   The copper prices fell in 2012 as compared with those in 2011. The annual average closing price on the London Metal Exchange was US$7,955/tonne, representing a decrease of approximately 9% from last year. The monthly weighted average price of three-month copper future (inclusive of tax) on the Shanghai Futures Exchange was RMB57,681/tonne, representing a decrease of approximately 12% from last year.

(II) The development strategy of the Company

Adhering to the strategy of "to develop mines, to consolidate smelting, to improve refining and to diversify into related sectors", the Company will further adjust its concept, refine the system and mechanism, stimulate the internal dynamics, unleash the innovation and improve the profitability of the current assets prudently. The Company will also change its economic development mode, plan its development with a global vision and realize a substantial development through merger, acquisition and reorganization.

(III) Operation plan

In 2013, the plan for major production and operation of the Group is: to produce 1,120,000 tonnes of copper cathode; 25.4 tonnes of gold; 560 tonnes of silver; 2,870,000 tonnes of sulphuric acid; 210,000 tonnes of copper contained in copper concentrate; and 845,000 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.

Management Discussion and Analysis

To realize the above plan, in 2013, the Group will mainly exert efforts in the following:

1. Forging ahead with the construction of planned projects: The Company will facilitate the preliminary work for projects such as No.5 gangue reservoir and Zhushahong mining area of Dexing Copper Mine, phase III project of Chengmenshan Copper Mine, renovation project for the deep mining expansion of 5,000 tonnes per day of Wushan Copper Mine, Yinshan Mining's deep mining production-expansion renovation project, and Crossing Copper-Molybdenum Mine of Yongping Copper Mine, etc..

2. Stepping up efforts in the domestic and overseas mergers and acquisitions. The Company will form a team for mergers and acquisitions. It is necessary to accelerate the progress of obtaining domestic and overseas mine resources, increasing total resource reserves and optimizing the resource layout. An expert committee will also be established to conduct research and refine the operation mechanism for the mergers and acquisitions, reinforce the information gathering of resources and carefully follow the market trend of domestic and overseas mining industry.

3. Accelerating the internal reforms and improving the management and control of the Company. Apart from refining the construction of informationization, the Company will strengthen the performance management and review. It will promote the establishment of the regulatory system and strengthen the execution of the system.

4. Strengthening the scientific research to facilitate the scientific progress of enterprises. The Company will increase the input for the scientific research, with an aim of creating new breakthroughs on some technical issues relating to the long-term development of the Company such as the technology for mining and processing of phase III project of Chengmenshan Copper Mine, the technology for the large-scale deep mining in Wushan Copper Mine, the recovery and deep-processing of rare metals, the research and development of new copper processing products as well as the comprehensive use of gangue reservoir.

5. Emphasizing the safety, environmental protection, energy conservation and emission reduction. The Company will gradually integrate different systems such as standardization of site management, standardization of safety and clean manufacturing, so as to improve the Company's capacity to protect the environment, to refine the safety management and to improve the conditions for the staff's health and for the safe production. On the other hand, the Company will build a system of accountability for the environmental protection. Through specifying the contents of construction and schedule of the projects in the environmental protection and comprehensive treatment planned in the "12th five-year", the Company aims at further raising the awareness of energy conservation, carrying out the key projects for energy conservation and completing the relevant tasks in time.

(IV) Capital needed by the Company to maintain current operations and complete investment projects under construction

Following the gradual implementation of the development strategy of the Company, the major businesses have been advancing in general with a positive prospect and have built up cordial cooperation with a number of financial institutions. With reference to the conditions of its own assets, the Company will also actively and aggressively revivified its idling assets by raising their assets operation efficiency so as to provide financial support and security to the development of its major businesses.

In the future, while the scales of production and sale of the Company are expanding, its demand for working capital will rise accordingly. According to its basic need as well as the actual requirements of project investment in line with the development target of the Company in future, it will maintain a solid policy on financial management, study for the possibility of financing through various channels, reduce its financing cost, optimize its financial structure and ensure its sound and steady growth. The Company believes that with its current working conditions and reputation in the market, it is able to raise adequate funds for current operation and for the completion of investment projects in construction.

(V) Risk Exposure

1. The risk of downward prices of copper

At present, the market equilibrium has gradually replaced the previous supply shortage in the international copper industry, which will limit the rise of the copper prices in the mid-to-long term. In addition, the mid-to-long term growth cycles of US dollar index also posed the downward pressure on the copper prices. In 2012, the Group produced 210,500 tonnes of copper contained in copper concentrate and the figure is expected to be maintained at 210,000 tonnes in 2013. Therefore, for every decrease of RMB1,000 in the copper prices, the profits from the self-produced mines of the Company will decrease by RMB210 million (before tax) and the equivalent EPS before tax will decrease by approximately RMB0.06 per share.

The Company always pursues a positive and prudent hedging policy. With an aim to delivering the operating target, the Company provided hedging for the self-produced raw materials according to the prices range, as well as outsourcing raw materials with an aim to locking the processing fee, so as to shelter from the risk generating from fluctuations in the copper prices.

Management Discussion and Analysis

2. Changes in the tax policy

As a High-tech Enterprise in Jiangxi province, the Group was entitled to relevant national preferential policies relating to High-Tech Enterprises for three consecutive years from 2010 to 2012, with a tax rate of 15% instead of 25%. In 2013, the Company will re-apply for the "Recognition of the High-tech Enterprise" and the result is expected to be issued in the second half of 2013. The result of the application is still uncertain and if the application is unsuccessful, the income tax in 2013 shall be levied at 25%.

In recent years, the Company has put more investment into the research and development. In 2012, the Industrial Academician Workstation of Jiangxi Province formally settled in the Company, providing an important platform for the Company to introduce top talents. In addition, a number of its scientific researches has completed expert review, amongst which, JCC has participated in finalizing the project of "key technology research and industrial application for maximized float processing machines". The synthetic performance of its equipments and the economic indicator of its technology have reached an advanced level internationally, making China one of the three countries controlling the critical know-how for large float processing machines in the world. This project has won the second class award of the State Scientific and Technological Progress Award in 2012.

1. Changes in Share Capital

(1) Statement of changes in share capital

Unit: Share

	Before the change		Increase/decrease (+,-)					After the change	
	Number	Percentage (%)	New issue of shares	Bonus shares	Transfer of capital reserve to share capital	Others	Sub-total	Number	Percentage (%)
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. Domestic listed foreign shares	/	/	/	/	/	/	/	/	/
3. Overseas listed foreign shares	1,387,482,000	40.07	/	/	/	/	/	1,387,482,000	40.07
4. Others	/	/	/	/	/	/	/	/	/
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.

2. Issue and listing of shares

(1) Issue of shares during recent three years as at the reporting period

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, changes in the shareholding structure and changes in assets and liabilities structure of the Company

During the reporting period, JCC, the major shareholder of the Company, through securities trading system of the Shanghai Stock Exchange, decreased holding of 12,480,568 A shares or 0.36% of the total share capital of the Company by way of centralized bidding during the period from 18 June 2012 to 19 July 2012. With the accomplishment of the decrease in shareholding, JCC originally owned 1,342,479,893 shares or 38.77% of the total share capital of the Company. As at 31 December 2012, JCC owned 1,329,999,325 shares or 38.41% of the total share capital of the Company.

(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 as at the end of the reporting period	195,244	The number of shareholders at the end of the fifth trading day prior to the date of this annual report	194,430

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	38.41	1,329,999,325	-12,480,568	0	No
HKSCC Nominees Limited ("HKSCC")	Unknown	38.06	1,318,200,605	11,971,993	0	No
China Construction Bank — Yinhua — Dow Jones China 88 Select Equity Fund (中國建設銀行 — 銀華 — 道瓊斯88精選證券投資基金)	Unknown	0.21	7,209,714	7,209,714	0	No
Bank of China — Harvest Theme Selected Mixed Securities Investment Fund (中國銀行 — 嘉實主題精選混合型證券投資基金)	Unknown	0.20	6,999,899	6,999,899	0	No
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	0.19	6,595,366	-1,943,351	0	No
Bank of China—Harvest Shanghai Shenzhen 300 Trading Index Securities Investment Open-ended Fund (中國銀行 — 嘉實滬深300交易型開放式指數證券投資基金)	Unknown	0.19	6,579,435	6,579,435	0	No
China Life Insurance Company Limited — Dividend — Individual Dividend — 005L — FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L — FH002滬)	Unknown	0.18	6,399,744	-6,307,814	0	No
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	0.17	5,843,175	-219,606	0	No
Southern Dongying Asset Management Co., Ltd — China Southern Fushi A50ETF (南方東英資產管理有限公司 — 南方富時中國 A50ETF)	Unknown	0.16	5,488,874	5,488,874	0	No
Industrial and Commercial Bank of China — Nanfang Longyuan Industry Stock Securities Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	Unknown	0.14	4,999,883	4,999,883	0	No

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	1,329,999,325	Ordinary shares denominated in RMB 1,269,594,325 (A Shares) Overseas listed foreign shares 60,405,000 (H Shares)
HKSCC	1,318,200,605	Overseas listed foreign shares 1,318,200,605 (H Shares)
China Construction Bank — Yinhua — Dow Jones China 88 Select Equity Fund (中國建設銀行 — 銀華 — 道瓊斯88精選證券投資基金)	7,209,714	Ordinary shares denominated in RMB 7,209,714 (A Shares)
Bank of China — Harvest Theme Selected Mixed Securities Investment Fund (中國銀行 — 嘉實主題精選混合型證券投資基金)	6,999,899	Ordinary shares denominated in RMB 6,999,899 (A Shares)
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)	6,595,366	Ordinary shares denominated in RMB 6,595,366 (A Shares)
Bank of China Limited — Harvest Shanghai Shenzhen 300 Trading Index Securities Investment Open-ended Fund (中國銀行 — 嘉實滬深300交易型開放式指數證券投資基金)	6,579,435	Ordinary shares denominated in RMB 6,579,435 (A Shares)
China Life Insurance Company Limited — Dividend — Individual Dividend — 005L — FH002 Shanghai (中國人壽保險股份有限公司 — 分紅 — 個人分紅 — 005L — FH002滬)	6,399,744	Ordinary shares denominated in RMB 6,399,744 (A Shares)
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)	5,843,175	Ordinary shares denominated in RMB 5,843,175 (A Shares)
Southern Dongying Asset Management Co., Ltd — China Southern Fushi A50ETF (南方東英資產管理有限公司 — 南方富時中國 A50ETF)	5,488,874	Ordinary shares denominated in RMB 5,488,874 (A Shares)
Industrial and Commercial Bank of China — Nanfang Longyuan Industry Stock Securities Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	4,999,883	Ordinary shares denominated in RMB 4,999,883 (A Shares)

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 1,318,200,605 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 38.07% 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 1,378,605,605 shares as nominee, representing approximately 39.81% of the issued share capital of the Company.

Report of the Board

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 31 December 2012, the interests or short positions of the shareholders, other than Directors, Supervisors and chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares *(Note 1)*	Approximate percentage of the number of the relevant class of shares *(%)*	Approximate Percentage of total issued share capital *(%)*
JCC *(Note 2)*	Domestic shares	Beneficial owner	1,329,999,325(L)	64.09%(L)	38.41%(L)
Blackrock, Inc.	H shares	*(note 3)*	86,659,310(L)	6.24%(L)	2.50%(L)
			17,291,894(S)	1.24%(S)	0.50%(S)
JPMorgan Chase & Co.	H shares	*(note 4)*	70,293,637(L)	5.07%(L)	2.03%(L)
			1,195,000 (S)	0.09%(S)	0.03%(S)
			55,725,819(P)	4.02%(P)	1.61%(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 approximate 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 shareholder notice filed by Blackrock, Inc. on 19 December 2012, the H Shares were held in the following capacities:

Capacity	Number of H Shares
Interest of controlled corporation	86,659,310(L) 17,291,894(S)

Pursuant to the said notice, such interests include 817,000 H shares in short positions held in physically settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange.

Note 4: According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 18 December 2012, the H shares were held in the following capacities:

Capacity	Number of H shares
Beneficial owner	11,210,818(L)
	1,195,000(S)
Investment manger	3,357,000(L)
Custodian corporation / approved lending agent	55,725,819(L)

Pursuant to the said notice, such interests include (i) 299,000 H shares in long positions and 1,142,000 H shares in short positions, both of which were held in physically settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange; and (ii) 53,000 H shares in short positions were held in cash settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange.

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 2012.

4. Particulars of Controlling Shareholder and Ultimate Controller

(1) Particulars of Controlling Shareholder

Unit: 0'000 Currency: RMB

Name	Jiangxi Copper Corporation
Person in charge or legal representative	Li Baomin
Establishment date	1 July 1979
Organisation code	15826406-5
Registered capital	265,615
Principal operations	Non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing
Operating results and financial position *(Currency: RMB)*	As at 31 December 2012, JCC's (unaudited) operating revenue was RMB169.1 billion. Total profit was RMB6.4 billion. Assets were RMB100.1 billion.
Cash flow and future development strategy	Jiangxi Copper Corporation's development strategy: Leading the development of copper industry in China, becoming the most competitive mining enterprise around the globe and ranking among the top five mining companies in the world.
Equity interests in other domestic and overseas listed companies controlled and held by the Company during the reporting period	Jiangxi Copper Group Qibaoshan Mining Co., Ltd., a controlling subsidiary of the parent, owned 3,092,400 A shares or 1.2% of the total share capital of ST Zhuye (ST株冶) (SH600061).

(2) Particulars of the ultimate controller

Legal person

Unit: Yuan Currency: RMB

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

(1) 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.

(2) 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

38.41%

Jiangxi Copper Company Limited

5. 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.

6. 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.

7. 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.

8. Pre-emptive Rights

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

Report of the Board

1. Changes in Shareholdings and Remunerations

(1) Changes in Shareholdings of Existing Directors, Supervisors and Senior Management and those who resigned during the reporting period

Unit: Share

Name	Position	Sex	Age	Commencement date of term of office	Termination date of term of office	Shares held at the beginning of the year	Shares held at the end of the year	Increase/ decrease of shares during the year	Reason for increase/ decrease	Total remuneration payable by the Company during the reporting period *(RMB'000) (before tax)*	Total remuneration payable by shareholder during the reporting period *(RMB'000)*
Li Yihuang	Executive Director/Former Chairman	Male	50	24 January 2007		0	0	/	/	106.605	0
Li Baomin	Chairman	Male	55	4 March 2013		0	0	/	/	106.605	0
Gan Chengjiu	Executive Director/ Chief financial officer	Male	50	26 June 2009		0	0	/	/	106.605	0
Hu Qingwen	Executive Director	Male	49	26 June 2009		0	0	/	/	106.605	0
Shi Jialiang	Executive Director	Male	66	26 June 2009		0	0	/	/	5	0
Gao Jianmin	Executive Director	Male	53	24 January 1997		0	0	/	/	20	0
Liang Qing	Executive Director	Male	59	12 June 2002		0	0	/	/	20	0
Gao Dezhu	Independent Non-executive Director	Male	72	26 June 2009		0	0	/	/	10	0
Wu Jianchang	Independent Non-executive Director	Male	74	6 June 2008		0	0	/	/	10	0
Zhang Weidong	Independent Non-executive Director	Male	50	19 June 2012		0	0	/	/	5	0
Deng Hui	Independent Non-executive Director	Male	41	19 June 2012		0	0	/	/	5	0
Hu Faliang	Chairman of the Supervisory Committee	Male	53	19 June 2012		0	0	/	/	69.575	0
Wu Jinxing	Supervisor	Male	50	26 June 2009		0	0	/	/	69.575	0
Lin Jinliang	Supervisor	Male	48	26 June 2009		0	0	/	/	69.575	0
Xie Ming	Supervisor	Male	56	26 June 2009		0	0	/	/	69.575	0
Wan Sujuan	Supervisor	Female	59	26 June 2009		0	0	/	/	5	0
Long Ziping	General Manager	Male	52	4 March 2013		0	0	/	/	74.575	0
Dong Jiahui	Deputy General Manager	Male	50	31 March 2009		0	0	/	/	74.575	0
Wang Chiwei	Deputy General Manager	Male	59	24 May 2001		0	0	/	/	74.575	0
Jiang Chunlin	Deputy General Manager	Male	44	25 August 2010		0	0	/	/	74.575	0
Fan Xiaoxiong	Chief Engineer	Male	50	27 October 2010		0	0	/	/	74.575	0
Wu Yuneng	Deputy General Manager	Male	50	25 March 2011		0	0	/	/	74.575	0
Huang Mingjin	Deputy General Manager	Male	51	3 October 2012		0	0	/	/	18.63	0
Pan Qifang	Secretary to the Board	Male	48	19 April 2006		0	0	/	/	28	0
Tung Tat Chiu, Michael	Secretary to the Board	Male	50	24 January 1997		0	0	/	/	5	0
Zhang Rui	Former Independent Non-executive Director	Female	49	15 June 2006	15 June 2012	0	0	/	/	5	0
Tu Shutian	Former Independent Non-executive Director	Male	48	15 June 2006	15 June 2012	0	0	/	/	5	0
Wu Jimeng	Former Deputy General Manager	Male	54	31 March 2009	3 August 2012	0	0	/	/	43.5	0

Li Yihuang, a professor-grade senior engineer, is a representative of 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 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 position of director. Mr. Li had held the positions of Deputy Manager of JCC and the general manager and Chairman of the Company. Mr. Li was elected as deputy governor of Jiangxi Province on 28 January 2013.

Li Baomin, a senior economist, is the secretary to the Party Committee and Chairman of the Company and a representative of the 12th National People's Congress. He had held various management positions in JCC. 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. Mr. Li was elected as the Chairman of the Company on 4 March 2013.

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.

Deng Hui, currently serves as a Dean, professor and a tutor of PhD Programme of School of Law in Jiangxi University of Finance and Economics, and a representative of the 12th National People's Congress. Mr. Deng graduated from East China University of Political Science and Law in 1993 with a bachelor of laws degree; Jiangxi University of Finance and Economics in 1999 with Master of Economics degree and China University of Political Science and Law in 2003 with PhD in Civil Law. Mr. Deng has served as a committee member of the Jiangxi Provincial People's Congress Standing Committee; the member of Commission of Provincial Legislative Affairs; one of the Young and Middle-aged Academic Leaders in Colleges of Jiangxi Province (江西省高校中青年學科帶頭人), a member of All-China Youth Federation, deputy chairman of the Provincial Legislative Committee; an executive director of China Securities Law Research Institute as well as vice director of Nanchang Arbitration Committee.

Zhang Weidong, currently serves as a Dean of School of Accounting in Jiangxi University of Finance and Economics, Director of the Master of Accounting Educational Center, professor and tutor of the PhD Programme in Accounting Studies. Mr. Zhang achieved Doctor of Management in the Huazhong University of Science and Technology in 2005 and Postdoctoral of Business Administration in the Economics and Management School of Wuhan University in 2008. Mr. Zhang has been selected as a candidate of "Hundred Talents Program of the Chinese Academy of Sciences" in Jiangxi Province, one of the Young and Middle-aged Academic Leaders in Colleges of Jiangxi Province (江西省高校中青年學科帶頭人) and an executive director of the Jiangxi Province Institute of Certified Public Accountants.

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 general 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 Head of Guixi Smelter Factory, the deputy manager of JCC and executive Director of the Company. He has extensive experience in operation 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.

Report of the Board

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 Cadre's Institute of Economic Administrators (江西經濟管理幹部學院)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.

Huang Mingjin graduated from Jiangxi Metallurgy College (江西冶金學院) with a bachelor's degree in non-ferrous metallurgy. He is a professor-grade senior engineer and has been appointed as the factory head of Guixi Smelter of Jiangxi Copper Company Limited. Mr. Huang currently serves as the deputy general manager of the Company.

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

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.

Zhang Rui, appointed as an independent non-executive Director of the Company during the period from August 2006 to June 2012, 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 during the period from August 2006 to June 2012, 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 and Law 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.

Wu Jimeng, had served as deputy general manager of the Company. Mr. Wu was transferred from the Company in August 2012.

2. Engagements of Existing Directors, Supervisors and Senior Management and those who resigned during the reporting period

(1) Positions Held in Shareholders' Entities

Name	Name of shareholder's entity	Position held	Appointment date
Li Baomin	JCC	Chairman	4 March 2013
	JCC	Secretary to the Party	29 September 2006
Wu Jinxing	JCC	Assistant to General Manager	3 February 2009

(2) 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.

3. Remunerations of Directors, Supervisors and Senior Management

Determination procedures for remunerations of Directors, Supervisors and senior management	The Remuneration Committee of the Company formulates proposals for remunerations of Directors, Supervisors and senior management to be submitted to the Board of the Company for approval by voting.
Determination basis for remunerations of Directors, Supervisors and senior management	Remunerations for the Directors, Supervisors and senior management of the Company consist of basic salaries and performance salaries, among which performance salaries are calculated based on basic salaries to be received by the Directors, Supervisors and senior management according to assessment of their annual operating results. Remunerations for the Independent Directors are determined according to annual subsidies.
Particulars of remunerations payable to Directors, Supervisors and senior management	During the reporting period, the remunerations payable to Directors, Supervisors and senior management are RMB13,370,700.
Actual total payment of remunerations to Directors, Supervisors and senior management during the reporting period	During the reporting period, Directors, Supervisors and senior management received a total remuneration of RMB13,370,700.

4. Change in Directors, Supervisors and Senior Management

Name	Position held	Change	Reasons for the changes
Li Baomin	Chairman	Appointed	Work adjustment
Long Ziping	General Manager	Appointed	Work adjustment
Huang Mingjin	Deputy General Manager	Appointed	Work adjustment
Wu Jimeng	Former Deputy General Manager	Resigned	Work adjustment
Zhang Rui	Former Independent Non-executive Director	Resigned	Expiry of term
Tu Shutian	Former Independent Non-executive Director	Resigned	Expiry of term
Deng Hui	Independent Non-executive Director	Appointed	Re-election
Zhang Weidong	Independent Non-executive Director	Appointed	Re-election

5. Particulars of Core Technical Team or Key Technical Personnel

Not applicable

6. Directors' and Supervisors' Service Contracts 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 2014 annual general meeting of the Company to be held in the year 2015.

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.

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

As at 31 December 2012, 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.

8. 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 2012 or at any time during the reporting year, none of the Company or its holding company or its subsidiaries entered into any contracts of significance in which the Directors or Supervisors was either directly or indirectly materially interested.

Report of the Board

9. Employee Information of the Parent and its Major Subsidiaries

(1) Employee Information

Number of in-service employees in the parent	17,859
Number of in-service employees in major subsidiaries	4,737
Total number of in-service employees	22,596
Number of employees retired for whom the parent and major subsidiaries have to pay pension	0

Specialty composition	
Category	**Headcount**
Production	16,519
Sales	615
Technician	1,349
Financial	680
Administration	3,433
Total	22,596

Education level	
Category	**Headcount**
Post-secondary and above	6,510
Technical secondary and senior secondary	10,086
Junior secondary and below	6,000
Total	22,596

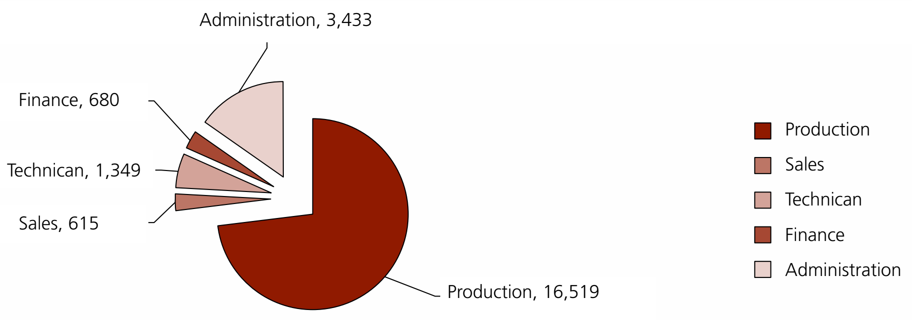
(2) Remuneration Policy

In 2012, the Company adopted a position-performance payroll mechanism in line with the market standard and based on the principle of division of labor, made remuneration distribution according to value of position, work techniques and results. Staff remunerations, mainly including position salaries, performance salaries and other welfare, were released based on assessment with reference to operating performance and management obligation etc.

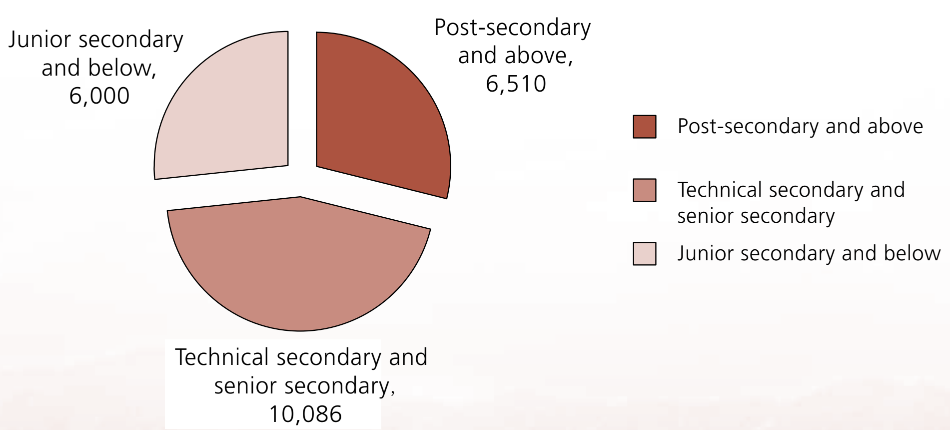
(3) Training Plan

The Company, footed in nurturing seven capabilities such as international operation, intra-group control, performance administration, capital operation, scientific innovation, personnel guarantee and cross-cultural management, planned the themes of training courses. Various strategies such as advancing its priority on resources to achieve global resource allocation, enhancing its dominance over the copper industry to consolidate leadership in the sector, propping up polymetallic move to foster new economic growth and accelerating its integration of production, trade and finance, have been adopted to provide personnel support and guarantee for achieving new strategies and objectives of the Company.

(4) Chart of Specialty Composition



(5) Chart of Education Level



(6) 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 comprehensive 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 to retired employees. During the reporting period, the pension expense of the Company was approximately RMB220.37 million.

10. PROPOSALS OF PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE TO SHARE CAPITAL

(I) The formulation, implementation or adjustment of cash dividend distribution policies

During the reporting period, the Board considered and approved the "Dividend Policy and 3-Year Plan of Shareholders' Return of Jiangxi Copper Company Limited" (《江西銅業股份有限公司分紅政策及三年期股東回報規劃》):

1. The Company can distribute dividend by way of cash, scrip or the combination of cash and scrip; and can distribute interim dividend according to the actual profitability and the capital requirement of the Company;

2. According to the provisions of the laws, regulations and the Articles of Association, conditional upon the cumulative distributable profits being positive after making up of the losses, deduction of the statutory reserve fund and provident fund in full amount, and having sufficient profits and cash for the year to support the normal production and operation of the Company, in each year, the profit distribution by way of cash shall be not less than 10% of the distributable profits realised for the year, and the accumulated profit distribution by way of cash in the previous three years shall be not less than 30% of the average annual distributable profits realised in the previous three years;

3. In addition to satisfying the minimum cash dividend distribution, the Company can implement distribution by way of scrip dividend. The proposal for distribution by way of scrip dividend should be formulated by the Board and put forward to the shareholders' meeting for approval.

Pursuant to the dividend distribution policy, the Board has recommended distribution of a final dividend of RMB0.5 per share (inclusive of tax) for 2012 to all shareholders. The Board of the Company did not recommend transfer of capital reserve to share capital or issue of bonus shares.

(II) If the Company records profits and the parent records undistributed profits being positive during the reporting period but there is no proposal for cash dividend, the Company shall disclose the reasons, the usage and planned use of the undistributed profits in detail

✓ N/A

(III) Plans or proposals for profit distribution or transfer of capital reserve to share capital of the Company in the previous three years (including the reporting period)

Unit: Yuan Currency: RMB

Year	Number of bonus shares issued for every 10 shares *(Share)*	Dividend for every 10 shares (RMB) (tax inclusive)	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 dividend year	As a percentage of net profit attributable to shareholders of the Company in the consolidated financial statements *(%)*
2012	**0**	**5**	0	1,731,364,703	5,215,874,606	33.19
2011	**0**	**7**	0	2,423,910,584	6,549,449,240	37.01
2010	**0**	**2**	0	692,545,881	4,907,141,378	14.11

Withholding of Enterprise Income Tax for Non-resident Enterprise Shareholders

Pursuant to the "Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法》 and the relevant implementing rules which came into effect on 1 January 2008 and the "Notice of the Issues concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H Shares Which are Overseas non-resident Enterprises" 《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》issued by the State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the names of non-individual registered shareholders (including HKSCC, other nominees, trustees or other entities and organisations) will be treated as being held by non-resident enterprise shareholder and will therefore be subject to the withholding of the enterprise income tax.

Report of the Board

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. 045 (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 2012 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, as long as the 2012 final dividends are to be distributed to the holders of H Shares whose names appear on the register of members of the Company as at 22 June 2013, the Company will, based on the tax rate of 10%, withhold 10% of the dividends 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 dividends as enterprise income tax according to the relevant tax regulations in line with its previous practice.

If Shareholders' names appear on the H Share register of members, please refer to nominees or trust organisation 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 law withhold and pay the enterprise income tax and individual income tax on behalf of the relevant Shareholders based on the H Share register of members of the Company as at 22 June 2013. The Company will not accept any requests relating to any delay in confirming the identities of the Shareholders or any uncertainties in the identities 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.

Corporate Governance Report

I. CORPORATE GOVERNANCE

1. Information on Corporate Governance and Management on the Registration of Holders of Insider Information

During the reporting period, the Company standardised its operation 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 set out in Appendix 10 to the Listing Rules. The general meeting, the Board, Supervisory Committee, and special committees under the Board duly performed their duties and operated in accordance with law. The Company implemented relevant procedures and disclosure in respect of matters including use of proceeds, significant investments and connected transaction according to relevant rules.

During the reporting period, the Company has established the Nomination Committee and formulated the Management System of Registration of the Holders of Insider Information and perfected the corporate governance of the Company.

2. Corporate Governance Practices

To the knowledge of the Board, the Company has been in full compliance with all the code provisions under the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules for the period from 1 January 2012 to 31 March 2012 and all the code provisions in the new edition of the Code (which is applicable to financial reports covering a period after 1 April 2012) for the period from 1 April 2012 to 31 December 2012, with the exception of the following:

During the reporting period, the legal action which the Directors of the Company may face is covered in the internal control and risk management of the Company. As the Company considers that no additional risk is likely to exist, insurance arrangements in respect of legal action against Directors have not been made as required under code provision A.1.8 of the Code.

During the reporting period, the chairman of the audit committee and remuneration committee did not attend or appoint delegate to attend the annual general meeting of the Company held on 19 June 2012 ("2011 AGM") as required under code provision E.1.2 of the Code. Instead, the chairman of the audit committee and remuneration committee were well informed by the Company in advance of the date and time of the 2011 AGM and were made available to answer questions raised at the 2011 AGM by telephone.

Corporate Governance Report

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 of the Company 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.

(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. The Board is also responsible for formulating the operations and disclosures of the Company in accordance with the listing rules or other rules and regulations of places where 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 make daily management decisions. The power and duties of the Board and Chairman of the Company are set out in the Articles of Association in details.

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.

Currently, the Company has 4 independent non-executive Directors. Among them, Mr. Zhang Weidong is a Dean of School of Design in Jiangxi University of Finance and Economics, Director of the Master of Accounting Educational Center, professor and tutor of the PhD Programme in Accounting Studies and an executive director of the Jiangxi Province Institute of Certified Public Accountants. The Board considers that, Mr. Zhang, with his educational background and experience, is in compliance with the requirement set out in Rule 3.10(2) of the Listing Rules which prescribes that at least one of the independent non-executive Directors shall have appropriate expertise in accounting or related financial management.

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 19 June 2012 and will expire upon the convening of the 2014 annual general meeting.

The Company nominated the Director candidates in accordance with the 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, Mr. Zhang Weidong, Mr. Wu Jianchang, Mr. Deng Hui and Mr. Gao Dezhu, with Mr. Zhang Weidong as chairman of the Audit committee. The Secretary to the Board is also the secretary to the Independent Audit Committee.

Corporate Governance Report

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 23 March 2012 and 4 August 2012, 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 2011 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 2012 interim report prepared in accordance with the International Financial Reporting Standards which was reviewed by the accountants and listened to the report on 2012 annual audit work arrangements by the accountants;

   (2) Before the auditors conducted auditing, we have reviewed the annual financial statements for 2012 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 Deloitte Touche Tohmatsu Certified Public Accountants LLP for auditing;

   (3) We reviewed matters including the auditing process, auditing findings and auditing adjustments of Deloitte Touche Tohmatsu Certified Public Accountants LLP and believed that the auditing work was executed in strict accordance with provisions of China Standards on Auditing for 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 2012, operating results and cash flow for 2012 in relevant 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 Deloitte Touche Tohmatsu Certified Public Accountants LLP executed the auditing work in strict accordance with provisions of China Standards on Auditing for 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 2012 and its operating results for 2012 and were in line with actual situation of the Company.

Members of Independent Audit Committee: **Wu Jianchang, Gao Dezhu**
Zhang Weidong, Deng Hui

23 March 2013

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 to duties specified in the Code. The current Remuneration Committee comprises 4 independent non-executive Directors of the Company, namely, Mr. Deng Hui, Mr. Wu Jianchang, Mr. Gao Dezhu and Mr. Zhang Weidong, with Mr. Deng Hui 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 23 March 2012, the Company held the third 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 2011 and the remuneration proposal for the sixth session of the Board, the sixth session of the Supervisory Committee and senior management were approved, and recommendations were made to the Board in respect of the above matters.

Members of Remuneration Committee: **Deng Hui, Wu Jianchang,**
Gao Dezhu, Zhang Weidong

23 March 2013

Corporate Governance Report

The responsibilities of the Nomination Committee mainly include: to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive directors; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive. The current Nomination Committee comprises 2 executive Directors of the Company, namely, Mr. Li Yihuang and Mr. Li Baomin, and 4 independent non-executive Directors of the Company, namely, Mr. Wu Jianchang, Mr. Gao Dezhu, Mr. Zhang Weidong and Mr. Deng Hui, with Mr. Li Yihuang as chairman of the Nomination Committee. The Secretary to the Board is also the secretary to the Nomination Committee.

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

On 28 October 2012, the Company held the first meeting of the Nomination Committee, which was attended by all members of the Nomination Committee at which the proposal in relation to the appointment of Mr. Huang Mingjin as Deputy General Manager was approved, and recommendations were made to the Board in respect of the said matter.

Members of Nomination Committee: **Li Yihuang, Li Baomin, Wu Jianchang, Gao Dezhu, Zhang Weidong, Deng Hui**

23 March 2013

(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 sixth Supervisory Committee since the incorporation of the Company, with a term of office commencing from 19 June 2012 and ending upon the convening of the 2014 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.

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

(I) Attendance of Directors at the Board meetings and general meetings

		Participation in Board meetings						Participation in general 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	Attendance in general meetings
Li Yihuang	No	5	5	3	0	0	No	1
Li Baomin	No	5	4	3	1	0	No	1
Gao Jianmin	No	5	5	3	0	0	No	0
Liang Qing	No	5	4	3	1	0	No	0
Wu Jianchang	Yes	5	4	3	1	0	No	0
Gao Dezhu	Yes	5	4	3	1	0	No	0
Shi Jialiang	No	5	5	3	0	0	No	0
Gan Chengjiu	No	5	5	3	0	0	No	1
Hu Qingwen	No	5	5	3	0	0	No	1
Zhang Rui	Yes	2	2	2	0	0	No	0
Tu Shutian	Yes	2	2	2	0	0	No	0
Zhang Weidong	Yes	3	3	3	0	0	No	0
Deng Hui	Yes	3	3	3	0	0	No	0

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

(II) 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 made by parties other than the Board during the year.

(III) 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.

(IV) Directors' Participation in Continuous Professional Development

During the reporting period, according to the requirement of CSRC and the two stock exchanges, all the Directors of the Company attended the training classes of professional knowledge, participated in the continuous professional development and updated their knowledge and skills, so as to ensure that they can contribute to the Board with the comprehensive information catering to their needs.

Particulars of trainings are set as below:

Directors	Trainings on directors' qualification	Trainings on corporate governance and global business
Li Yihuang	✓	✓
Li Baomin	✓	✓
Gao Jianmin	✓	
Liang Qing	✓	
Wu Jianchang	✓	
Gao Dezhu	✓	
Shi Jialiang	✓	
Gan Chengjiu	✓	✓
Hu Qingwen	✓	✓
Zhang Rui	✓	
Tu Shutian	✓	
Zhang Weidong	✓	
Deng Hui	✓	

III. MAJOR ADVICE AND RECOMMENDATION PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD IN THEIR FULFILMENT OF DUTIES DURING THE REPORTING PERIOD

The Company has established the Working System for Annual Report of the Independent Directors. Work Rules of the Independent Audit Committee (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.

IV. EXPLANATION ON THE RISK IN THE COMPANY DISCOVERED BY THE SUPERVISORY COMMITTEE

No disagreement was raised by the Supervisory Committee in the supervision during the reporting period.

V. Auditors' remuneration

For the auditors' remuneration, please refer to section IX headed "Significant Events" in this report.

VI. Company secretary

For the year ended 31 December 2012, the two company secretaries of the Company had received relevant professional trainings of not less than 15 hours to update their skills and knowledge.

Corporate Governance Report

VII. Shareholders' rights

The Company guarantees that all the Shareholders enjoy equal rights and they can fully exercise their rights based on their shareholdings. The Articles of Association of the Company specifies that Shareholder(s) holding more than 10% (including 10%) of the issued shares with voting rights of the Company may request the Board to convene an extraordinary general meeting. The convening, holding, voting and relevant procedures are in strict compliance with relevant laws and the Articles of Association of the Company.

The Articles of Association of the Company also specifies that Shareholders are entitled to supervise and manage the business and operation of the Company, put forward recommendations or questions, inquire relevant information as well as the rights to know and participate in the Company's significant events. For details of the procedures and methods of inquiry, please refer to the Articles of Association of the Company.

The Company values a good communication with Shareholders, the main communication channels include the general meetings, the Company's website and email address, the telephone and facsimile of the Secretariat of the Board, which are set for shareholders to express their opinions or exercise their rights.

VIII. Investor Relations

During the reporting period, the Company attached great importance to build a sound and harmonious investor relation. It intensified the communication and interaction with Shareholders through various channels such as the Company's website, emails, telephone and facsimile. It also received the Shareholder's visits and replied their letter and calls seriously. It also addressed their concerns and inquiries, turning the investors' request and suggestions as an incentive for the Company's to grow.

During the reporting period, the Company expanded its business scope to include the provision of import and export agency services and to amend the relevant provisions of the Articles of Association of the Company after the Company obtained the approval for provision of import and export agency services. Shareholders please refer to the relevant materials of 2011 annual general meeting held on 19 June 2012 for details.

In addition, the websites of the Company and the Stock Exchange contain the information of the Company, the annual reports, interim reports, quarterly reports and announcements and circulars published by the Company. The latest information of the Company is available to the Shareholders and investors.

I. Statement on the Responsibility of Internal Control and Establishment of Internal Control System

The Board and all Directors of the Company warrant that there are no false representations, misleading statements contained in or material omissions from this report, and jointly and severally accept the responsibility for the truthfulness, accuracy and completeness of the information herein contained. It is the responsibility of the Board of the Company to establish a sound internal control and implement it effectively. The Supervisory Committee is responsible for supervising the establishment and implementation of internal control by the Board while the management is responsible for organising and guiding the daily operations of the Company's internal control.

Jiangxi Copper Company Limited had established, and effectively put into practice, a more comprehensive and systematic internal control system that catered to the operational features of the Company in 2011. Through the design, operation, evaluation and continuous improvement of the internal control system, the Company continuously optimised the administrative duties of internal control as well as corresponding specifications. By so doing, it standardised its countermeasures against risks, enhanced the management of internal control of the Company and continuously improved the operational efficiency and outcome so as to facilitate the implementation of its development strategy.

(I) Overall Status of Internal Control Evaluation

The Board of the Company authorised the risk control internal review department of the Company to be responsible for the specific organization and implementation of internal control evaluation. In the principle of comprehensiveness and importance, the risk control internal review department of the Company conducted a comprehensive evaluation of the internal control of the headquarters of the Company. It selected 19 subsidiaries and evaluated their internal control with reference to the overall arrangement of the Company. The Company established an internal control evaluation examination team to review the major workflows of 10 key entities on basis of the internal control evaluation of the subsidiaries. Pursuant to such evaluation and examination, the risk control internal review department of the Company drafted the "Internal Control Evaluation Report of Jiangxi Cooper Company Limited for 2012" (Draft) (《江西銅業股份有限公司2012年度內部控制評價報告》(草案)) and submitted at the meeting of the management of the Company for review. Upon the signing of the draft by the general manager of the Company, the draft was submitted to the independent review committee for consideration and to the Board for review and approval. The draft was subsequently disclosed and announced. The Company engaged Deloitte Touche Tohmatsu CPA to conduct an independent audit of the internal control of the Company.

Internal Control

(II) Basis of Internal Control Evaluation

Pursuant to the requirements of "Basic Standards for Enterprise Internal Control" (《企業內部控制基本規範》)and the "Evaluation Guidelines for Enterprise Internal Control" (《企業內部控制評價指引》)jointly issued by five PRC ministries such as the Ministry of Finance of the People's Republic of China and taking into account both the internal control system and the evaluation measures of the Company, this evaluation report provides evaluation on the design and the effectiveness of the operation of internal control of the Company as at 31 December 2012 on basis of the routine supervision of internal control and specific control.

(III) Scope of Internal Control Evaluation

In confirming the scope of internal control evaluation, the Company adhered to the principle of comprehensiveness of internal control evaluation. The evaluation of internal control thus covered the headquarters, five direct non-legal person entities and 14 key second-tier subsidiaries. Six principal businesses including mines, metallurgy, copper processing, trading, finance and logistics were emphasised. The businesses and matters falling within the scope of evaluation included but not limited to internal environment (including organisation and structure, development strategy, human resources, corporate culture and social responsibilities), risk evaluation, information and communications, internal supervision, financial report, funding activities, research and development, engineering management, procurement business, assets management, sales business, production and inventories, contract administration, comprehensive budget, investment management, financial derivatives and information system management. The internal control of the above businesses and matters covered every major respect of the operation and management of the Company and there were no material omissions.

(IV) Procedures and Method of Internal Control Evaluation

The internal control evaluation of the Company strictly conformed to the "Basic Standards for Enterprise Internal Control" (《企業內部控制基本規範》) and "Evaluation Guidelines for Enterprise Internal Control Evaluation" (《企業內部控制評價指引》) as well as the procedures prescribed under the internal control evaluation measures of the Company. In adherence to the principles of comprehensiveness, importance and objectiveness, the evaluation was conducted at seven stages including the formulation of plans for internal evaluation, confirmation of self-evaluation and scope of random check, summarisation of the self-evaluation reports of the headquarters and subsidiaries, on-site inspection, testing and examination, summarisation of the result of evaluation, preparation of evaluation reports as well as rectification and implementation.

In August 2012, the Company formulated the "Implementation Plan of Internal Control Evaluation"(《內部控制評價實施方案》) and submitted the same to the Board for approval. From October 2012, it put the plan into practice. It established an internal control evaluation team in the headquarters and second-tier entities of the Company. Furthermore, it conducted testing on the effectiveness of each business and matter falling within the scope of evaluation. In February 2012, the risk control internal review department of the Company organised two inspection teams of internal control to examine internal control evaluation tasks of key second-tier entities.

During the evaluation, we adopted separate interviews, walk-through tests, on-site inspection, sampling, comparative analysis and other appropriate measures to collect extensive evidence supporting the effectiveness of the design and operation of internal control of the Company. Through filling in evaluation papers according to facts, as well as analysing and identifying defects of internal control, the reliability of the conclusions of the testing was guaranteed to a certain extent.

(V) Defects of Internal Control and Verification of Such Defects

Pursuant to the requirements for verification of "Basic Standards for Enterprise Internal Control" (《企業內部控制基本規範》) and "Evaluation Guidelines for Enterprise Internal Control Evaluation" (《企業內部控制評價指引》) in respect of substantial defects, major defects and general defects, and taking into account the corporate scale, industry characteristics, level of risks and other factors, the Company studied and determined the standards for verification of defects of internal control applicable to the Company.

According to the above standards of verification, with reference to the routine supervision and specific supervision, we identified 245 general defects in total but no substantial or major defects were found during the reporting period.

(VI) Rectification of Defects of Internal Control

The Company had taken corresponding rectification measures in respect of the defects of internal control found during the reporting period. Through regular follow-up and announcement, the Company pushed forward the rectification of all departments/entities. In addition, major problems were submitted at the meetings of the management of the Company for discussion and decision-making.

Through rectifications, 5 general defects remained unresolved but no substantial or major defects were found in the Company by the end of the reporting period.

(VII) Conclusions Upon the Effectiveness of Internal Control

The Company had conducted a self-evaluation on the effectiveness of the design and operation of internal control as at the base date in accordance with requirements of the basic standards, evaluation guidelines and other relevant laws and regulations. As of 31 December 2012, the Company had established, and effectively executed, an internal control over businesses and matters falling within the scope of evaluation. Such initiative fulfilled the goal of internal control of the Company and no substantial or major defects were found. The design and operation of the Company's internal control were sound and effective.

Since the base date of the evaluation report of internal control to the date on which the internal control evaluation report was issued, there were no significant changes in internal control that would pose actual impact on the conclusions of the evaluation.

We noted that the internal control should align with the operational scale, business scope, competition landscape and level of risks and should be subject to timely adjustments according to changes in circumstances. Moving forward, the Company will further strengthen internal management, continuously improve its internal control and strengthen its execution, so as to guarantee effective implementation of the Company's strategies.

II. Explanations on Relevant Matters of Internal Control Audit Report

For details, please refer to the overseas regulatory announcement published on the websites of the Company and the Stock Exchange dated 26 March 2013 for internal control audit report.

III. Accountability System for Major Errors in Annual Reports and Its Implementation

The Company had prescribed rules for the modes and substance in respect of the liabilities verification and accountability in case of any errors in information disclosure of annual reports. Through continuous increase in the degree of accountability of the person in charge of information disclosure of annual reports, the Company enhanced the quality and transparency of information disclosure in annual reports. The Company will strictly execute relevant requirements of the system and eliminate major errors in the information disclosure of annual reports to ensure the truthfulness, accuracy and completeness of the information set out in annual reports.

During the reporting period, no major errors were found in the information disclosure of the annual report of the Company, nor were there any correction of material accounting mistakes, supplement of material omissions or modifications of advanced results announcement. Supplement and correction of advanced results announcement.

Session of the meeting	Date of convening	Resolutions in the meeting	Status of the resolutions	Reference of the website specified for information disclosure	Publication date of resolutions
2011 Annual General Meeting	19 June 2012	See note I	Resolution 5 was rejected, not passed in the meeting	Website of the SSE: www.sse.com.cn	19 June 2012

Note I: The following resolutions were considered in the 2011 Annual General Meeting

1. To consider and approve the 2011 Report of the Board of the Company.

2. To consider and approve the 2011 Report of the Supervisory Committee.

3. To consider and approve the audited 2011 Financial Statements, Auditor's Reports and Audit Reports prepared in accordance with the International Accounting Standards and PRC Accounting Standards for Business Enterprises.

4. To consider and approve 2011 profit distribution plan.

5. To consider and approve the Amended Financial Service Agreement.

6. To consider and approve the New Land Leasing Agreements.

7. To consider and elect the Directors of the sixth session of the Board of the Company.

8. To authorise the Board to enter into service contracts and letters of appointment with the newly appointed Directors.

9. To elect and acknowledge the appointment of Supervisors of the sixth session of the Supervision Committee.

10. To authorise the Board to enter into service contracts and letters of appointment with the newly appointed Supervisors.

11. Annual remuneration plans for the newly appointed executive Directors, independent non-executive Directors and Supervisors during their terms of office.

12. To engage Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu CPA Limited as the Company's overseas auditors and domestic auditors for the year 2012 respectively and to engage Deloitte Touche Tohmatsu CPA Limited as the Company's internal control audit institution for the year 2012 and to authorise any of the executive Director of the Board to determine auditors' remunerations at discretion based on their workload and enter into related service agreements with them. In particular, Deloitte Touche Tohmatsu CPA Limited has been renamed as Deloitte Touche Tohmatsu Certified Public Accountants LLP before the disclosure date of the 2012 Annual Report.

13. To consider and approve the proposal on permanent replenishment of working capital.

14. To consider and approve a general mandate to issue new H shares not more than 20% of the total foreign shares (H shares) in issue, that is, to grant authorisation to the Board to place and issue new H shares not more than 20% of the total H shares in issue as at the date convening the annual general meeting.

15. To consider and approve the expansion of the scope of operating activities of the Company.

Significant Events

I. Material litigation, arbitration and matters commonly questioned by media

The Company does not have material litigation, arbitration and matters commonly questioned by media during the year.

II. Embezzlement of funds and repayment of debt during the reporting period

✓ N/A

III. Matters relating to bankruptcy and restructuring

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

IV. Exchange of assets and merger of companies matter

✓ N/A

V. Equity incentives and its effect

(I) Relevant explanations on the equity incentives of the Company during the reporting period

N/A

VI. Material Connected Transactions

(i) Connected transactors relating to daily operations

Unit: Yuan 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 concentrates (tonne)	Market price	47,200	10,797,227	0.06	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Purchase of goods	Sulphunic acid	Market price	319	18,985,584	11.03	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Purchase of goods	Raw copper	Market price		1,668,584	0.01	
JCC and its Subsidiaries	Controlling shareholder	Purchase of goods	Ancillary industrial products and other products	Market price or cost plus tax		254,898,534	37.35	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Pension insurance	Pension contributions	based on 20% of staff salaries		220,373,463	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 member		13,739,829	100	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Construction service	Construction fixed rates of Jiangxi Province		14,139,155	0.96	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Acceptance of use rights of patent and trademark	Land use rental	Valuation price		166,685,644	100	Payable at year-end
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Futures agency fee	Market price		36,312,142	62.85	Payment upon conclusion of trading

Significant Events

Unit: Yuan 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	Deposits	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		7,352,415	100	Monthly or quarterly payment
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Technical education services	Shared according to the proportion of staff number		6,089,680	100	Monthly payment
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Acceptance of repair and maintenance services	Industry standards		43,255,248	17.31	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Acceptance of processing service	Market price		9,801,979	0.005	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Acceptance of services	Labour services, such as loading and transportation services of goods	Market price		13,584,042	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		16,357,422	100	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Sale of goods	Copper rods and wires (tonne)	Market price	52,965	676,945,725	7.29	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Sale of goods	Copper cathode (tonne)	Market price	49,236	289,988,381	2.19	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Sale of goods	Lead concentrate (tonne)	Market price		96,245,059	100	Payment upon acceptance
JCC and its Subsidiaries	Controlling shareholder	Sale of goods	By-products	Market price		134,699,907	62.36	Monthly payment
JCC and its Subsidiaries	Controlling shareholder	Sale of goods	Sales of Ancillary industrial products	Market price		27,597,364	7.40	Monthly payment

Unit: Yuan 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	Loans	Provision of loans interests	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		26,347,038	100	Monthly or quarterly payment
JCC and its Subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Electricity supply	Cost plus tax		28,716,671	3.05	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Provision of services	Construction service	Industry standards		78,954,939	5.11	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Provision of services	Provision of equipment and design and installation services	Industry standards		31,202,622	100	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Provision of services	Provision of repair and maintenance services	Industry standards		197,263	0.58	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Provision of services	Provision of transportation services	Passenger and cargo rates of Jiangxi Province		21,126,320	7.11	Monthly settlement
JCC and its Subsidiaries	Controlling shareholder	Expenses of other utilities including water, electricity and gas (sales)	Water supply	Cost plus tax		336,982	0.01	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		3,.654,810	100	Monthly settlement
Total	/	/	/	/	/	2,250,054,029		/

Significant Events

Independent non-executive Directors of the Company have reviewed the above-mentioned connected transactions: (i) the transactions have been entered into by the Company in the ordinary and usual course of the Company's business; (ii) the transactions have been entered into on normal commercial terms or on terms same as or no less favourable than terms available to or from independent third parties; and (iii) the transactions have been entered into on fair and reasonable terms so far as the shareholders of the Company are concerned. The Company believes that by sharing production facilities and technologies of each other with JCC and taking advantages in proximity, it is necessary for the Company and JCC to provide or accept supply or sales of industrial goods from each other on an ongoing basis. The agreements governing connected transactions were entered into with a view to satisfy the Company's actual needs from its production and operation. The pricing policies for the connected transactions between the Company and JCC were determined based on the priority from State price, industry price, market price to cost plus tax. The Company's connected transactions were settled by cash in time after acceptance of goods or provision of services.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

Besides, the Company has transactions with Zhaojue Fengye Smelting Company Limited and Zhejiang Heding Copper Company Limited, which are its associates, as well as Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited (江西省江銅百泰環保科技有限公司), its joint venture, respectively, with the amounts of RMB4,040,000, RMB8,285,000 and RMB2,934,000 respectively.

VII. Material Contracts and their performance

(I) Custody, contracts and leases

The Company did not have custody, contracting or lease during the year.

(II) Guarantees

The Company did not have guarantees during the year.

(III) Other Material Contracts

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

VIII. Performance of undertakings

(I) Undertakings given by the Company, shareholders holding more than 5% of shares, controlling shareholder and de facto controller during or subsisted to the reporting period

Types of Undertakings	**Undertakings to distribute dividends**
Party of undertakings	Jiangxi Copper Company Limited
Contents of undertakings	1. The Company can distribute dividend by way of cash, scrip or the combination of cash and scrip; and can distribute interim dividend according to the actual profitability and the capital requirement of the Company; 2. According to the provisions of the laws, regulations and the Articles of Association, conditional upon the cumulative distributable profits being positive after making up of the losses, deduction of the statutory reserve fund and provident fund in full amount, and having sufficient profits and cash to support the normal production and operation of the Company, in each year, the profit distribution by way of cash shall be not less than 10% of the distributable profits realized for the year, and the accumulated distributable profit distributed by way of cash in the last three years shall be not less than 30% of the average annual distributable profits realized in the last three years; 3. In addition to satisfying the minimum cash dividend distribution, the Company can implement distribution by way of scrip dividend. The proposal for distribution by way of scrip dividend should be proposed by the Board and put forward to the shareholders' meeting for approval.

The time and term of the undertakings	The undertaking was made on: 3 August 2012 Term: three years (2012-2014)
Whether there is time limit of performance	Yes
Whether it was fulfilled strictly in a timely manner	Yes
Specify when not performing the undertakings timely, reasons for not performing the undertakings timely	N/A
Specify the plan if not performing the undertakings timely	N/A

IX. Appointment and removal of the auditors

Unit: 0'000 Currency: RMB

Whether changed the auditor:	Yes	
	Original Auditors	Current Auditors
Name of domestic auditor	Ernst & Young Hua Ming	Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership)
Remuneration for domestic auditor	499	791
Years of audit services provided by the domestic auditor	5 years	1 year
Name of overseas auditor	Ernst & Young Certified Public Accountants	Deloitte Touche Tohmatsu
Remuneration for overseas auditor	450	Consolidated with that of domestic auditor
Years of audit services provided by the overseas auditor	5 years	1 year

	Name
The auditor for auditing the internal control	Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership)

X. Punishment on the Company and its Directors, Supervisors, senior management, shareholders holding more than 5% of shares, de facto controller and buyer and rectification

Neither the Company nor its Directors, Supervisors, senior management, shareholders holding more than 5% of shares, de facto controller and buyer 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 reporting period.

XII. ASSETS SECURED OF THE GROUP

As at 31 December 2012, assets of the Group amounting to the net book value of RMB2,842.27 million were pledged for securing certain bank loans, including the deposits pledged for securing borrowings of RMB1,205 million (as of 31 December 2011: RMB1,318.18 million), the deposits pledged for letter of credit of RMB639.47 million (as of 31 December 2011: RMB2,965.92 million), the discounted but undue bank and commercial accepted notes of RMB916.11 million (as of 31 December 2011: RMB33.15 million), inventories pledged with net value of RMB49.87 million (as of 31 December 2011: inventories secured RMB68 million), buildings secured with net carrying value of RMB21.73 million (as of 31 December 2011: RMB35 million), land use right secured with net carrying value of RMB10.09 million (as of 31 December 2011: machineries and equipments secured with net carrying value of RMB35.76 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 not a currency that is freely convertible 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 revenue and 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 2012, the Group did not have any material contingent liabilities.

Auditor's Report

De Shi Bao (Shen) Zi (13) No.P0288
Translation

TO THE SHAREHOLDERS OF JIANGXI COPPER COMPANY LIMITED

We have audited the accompanying financial statements of Jiangxi Copper Company Limited (the "Company"), which comprise the Company's and consolidated balance sheets as at 31 December 2012, and the Company's and consolidated income statements, the Company's and consolidated statements of changes in shareholders' equity and the Company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

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

2. Auditor's responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit 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, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies 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.

3. Opinion

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 31 December 2012, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
Yang Haijiao

Chinese Certified Public Accountant
Hu Ke

26 March 2013

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Balance Sheet

31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**31 December 2012**	31 December 2011
Current Assets:			
Cash and bank balances	(V)1	**20,309,640,029**	15,846,293,599
Held-for-trading financial assets	(V)2	**53,760,325**	76,052,816
Notes receivable	(V)3	**5,366,622,502**	2,231,931,098
Accounts receivable	(V)4	**4,076,986,366**	5,364,962,548
Prepayments	(V)5	**1,899,674,961**	2,666,609,323
Interest receivable		**206,622,339**	145,137,760
Other receivables	(V)6	**1,529,086,713**	1,794,930,768
Inventories	(V)7	**15,936,439,736**	14,097,060,598
Available-for-sale financial assets	(V)8	**760,000,000**	2,770,005,500
Other current assets	(V)9	**2,307,610,836**	980,405,091
Total current Assets		**52,446,443,807**	45,973,389,101
Non-current Assets:			
Available-for-sale financial assets	(V)8	**1,031,730,000**	510,080,000
Long-term equity investments	(V)10, 11	**2,036,877,613**	1,557,306,680
Investment properties	(V)12	**178,918,364**	—
Fixed assets	(V)13	**16,563,911,954**	14,792,339,191
Construction in progress	(V)14	**3,370,020,635**	3,300,071,456
Intangible assets	(V)15	**1,285,160,144**	1,285,889,337
Exploration and evaluation assets	(V)16	**635,116,801**	206,367,370
Deferred tax assets	(V)17	**397,412,400**	306,089,392
Other non-current assets	(V)19	**187,892,689**	218,096,147
Total Non-current Assets		**25,687,040,600**	22,176,239,573
TOTAL ASSETS		**78,133,484,407**	68,149,628,674

Consolidated Balance Sheet

31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**31 December 2012**	31 December 2011
Current Liabilities:			
Short-term borrowings	(V)20	**12,263,116,944**	9,130,730,768
Held-for-trading financial liabilities	(V)21	**1,755,934,725**	1,098,665,095
Notes payable	(V)22	**258,606,333**	153,529,031
Accounts payable	(V)23	**7,034,616,953**	5,422,872,975
Receipts in advance	(V)24	**1,681,569,191**	784,651,943
Employee benefits payable	(V)25	**794,439,335**	895,179,465
Taxes payable	(V)26	**885,868,383**	1,536,161,216
Interest payable		**117,632,245**	69,475,725
Other payables	(V)27	**1,457,761,949**	832,160,732
Non-current liabilities due within one year	(V)28	**183,514,265**	713,814,561
Other current liabilities	(V)29	**804,523,133**	1,416,294,455
Total Current Liabilities		**27,237,583,456**	22,053,535,966
Non-current Liabilities:			
Long-term borrowings	(V)30	**617,845,098**	173,622,050
Employee benefits payable	(V)25	**99,222,426**	291,510,030
Bonds payable	(V)31	**5,681,024,285**	5,422,250,407
Long-term payables	(V)32	**13,930,931**	14,446,807
Provision	(V)33	**139,059,306**	129,530,869
Deferred tax liabilities	(V)17	**104,591,189**	14,237,896
Other non-current liabilities	(V)34	**332,455,386**	244,499,692
Total Non-current Liabilities		**6,988,128,621**	6,290,097,751
TOTAL LIABILITIES		**34,225,712,077**	28,343,633,717

Consolidated Balance Sheet

31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**31 December 2012**	31 December 2011
SHAREHOLDERS' EQUITY:			
Share capital	(V)35	**3,462,729,405**	3,462,729,405
Capital reserve	(V)36	**11,686,299,420**	11,648,640,617
Special reserve	(V)37	**275,542,192**	276,626,510
Surplus reserve	(V)38	**13,071,506,120**	11,125,960,054
Retained earnings	(V)39	**14,583,075,191**	13,044,111,354
Translation differences arising on translation of financial statements denominated in foreign currencies		**(259,192,488)**	(255,147,259)
Total shareholders' equity attributable to owners of the Company		**42,819,959,840**	39,302,920,681
Minority interests		**1,087,812,490**	503,074,276
TOTAL SHAREHOLDERS' EQUITY		**43,907,772,330**	39,805,994,957
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**78,133,484,407**	68,149,628,674

The accompanying notes form part of the financial statements.

The financial statements on pages 92 to 274 were signed by the following:

Legal Representative:	*Person in Charge of the Accounting Body:*	*Chief Accountant:*
Li Baomin	**Gan Chengjiu**	**Jiang Liehui**

Balance Sheet of the Company

31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**31 December 2012**	31 December 2011
Current Assets:			
Cash and bank balances		**18,008,744,509**	14,786,585,446
Held-for-trading financial assets		**29,235,355**	27,353,254
Notes receivable		**2,802,459,109**	2,031,078,956
Accounts receivable	(XI)1	**1,657,200,636**	1,744,626,141
Prepayment		**386,695,732**	1,179,978,047
Interest receivable		**147,927,667**	77,630,517
Other receivables	(XI)2	**416,742,418**	825,879,476
Inventories		**10,953,510,038**	10,603,730,184
Other current assets		**437,665,754**	916,782,327
Total Current Assets		**34,840,181,218**	32,193,644,348
Non-current Assets:			
Available-for-sale financial assets		**398,080,000**	398,080,000
Long-term equity investments	(XI)3	**10,583,732,224**	7,742,374,939
Fixed assets		**12,088,836,493**	11,956,366,296
Construction in progress		**1,988,655,655**	1,876,246,565
Intangible assets		**1,175,294,046**	1,220,470,981
Exploration and evaluation assets		**333,749,653**	206,367,370
Deferred tax assets		**261,149,525**	202,331,791
Other non-current assets		**169,507,369**	198,073,944
Total Non-current Assets		**26,999,004,965**	23,800,311,886
TOTAL ASSETS		**61,839,186,183**	55,993,956,234

Balance Sheet of the Company

31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	31 December 2012	31 December 2011
Current Liabilities:			
Short-term borrowings		**5,787,742,816**	3,605,638,320
Held-for-trading financial liabilities		**99,606,076**	9,254,987
Notes payable		**—**	136,458,533
Accounts payable		**5,082,623,232**	4,964,182,366
Receipts in advance		**211,610,286**	201,994,719
Employee benefits payable		**616,514,337**	731,132,105
Taxes payable		**738,587,762**	1,160,846,855
Interest payable		**64,082,346**	25,838,427
Other payables		**1,357,376,494**	780,875,653
Non-current liabilities due within one year		**29,419,515**	312,681,578
Total Current Liabilities		**13,987,562,864**	11,928,903,543
Non-current Liabilities:			
Long-term borrowings		**500,000,000**	—
Employee benefits payable		**73,375,108**	224,569,520
Bonds payable		**5,681,024,285**	5,422,250,407
Long-term payables		**13,843,038**	14,446,807
Provision		**122,992,346**	114,892,346
Deferred tax liabilities		**3,981,597**	1,376,640
Other non-current liabilities		**243,174,984**	186,764,697
Total Non-current Liabilities		**6,638,391,358**	5,964,300,417
TOTAL LIABILITIES		**20,625,954,222**	17,893,203,960
SHAREHOLDERS' EQUITY:			
Share capital		**3,462,729,405**	3,462,729,405
Capital reserve		**12,412,354,291**	12,416,493,304
Special reserve		**232,082,834**	247,964,598
Surplus reserve		**12,948,640,703**	11,003,094,637
Retained earnings		**12,157,424,728**	10,970,470,330
TOTAL SHAREHOLDERS' EQUITY		**41,213,231,961**	38,100,752,274
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**61,839,186,183**	55,993,956,234

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the year ended 31 December 2012	For the year ended 31 December 2011
I. Total operating income		**158,556,206,525**	117,640,988,933
Including: Operating income	(V)40	**158,556,206,525**	117,640,988,933
II. Total operating cost		**153,093,052,054**	110,269,310,819
Including: Operating costs	(V)40	**150,609,495,923**	106,980,998,573
Business taxes and levies	(V)41	**550,248,844**	521,792,416
Selling expenses	(V)42	**453,161,615**	437,010,771
Administrative expenses	(V)43	**1,291,008,357**	1,843,781,178
Financial expenses	(V)44	**204,158,959**	(841,802)
Impairment losses of assets	(V)45	**(15,021,644)**	486,569,683
Add: Gains from changes in fair values (Losses are indicated by "-")	(V)46	**(110,902,085)**	297,544,627
Investment income (Losses are indicated by "-")	(V)47	**832,454,964**	37,751,955
Including: Income from investments in associates and joint ventures		**9,440,750**	55,681,529
III. Operating profit (Losses are indicated by "-")		**6,184,707,350**	7,706,974,696
Add: Non-operating income	(V)48	**158,667,795**	124,321,194
Less: Non-operating expenses	(V)49	**68,503,486**	160,419,673
Including: Losses from disposal of non-current assets		**47,844,590**	132,953,582
IV. Total profit (Losses are indicated by "-")		**6,274,871,659**	7,670,876,217
Less: Income tax expenses	(V)50	**980,389,006**	1,060,392,202
V. Net profit (Losses are indicated by "-")		**5,294,482,653**	6,610,484,015
Net profit attributable to owners of the Company		**5,215,874,606**	6,549,449,240
Profit or loss attributable to minority interests		**78,608,047**	61,034,775
VI. Earnings per share:			
(I) Basic earnings per share	(V)51	**1.51**	1.89
(II) Diluted earnings per share	(V)51	**1.51**	1.89
VII. Other comprehensive income	(V)52	**1,010,344**	(22,123,060)
VIII. Total comprehensive income:		**5,295,492,997**	6,588,360,955
Total comprehensive income attributable to owners of the Company		**5,216,919,691**	6,527,326,180
Total comprehensive income attributable to minority interests		**78,573,306**	61,034,775

Income Statement of the Company

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Notes	For the year ended 31 December 2012	For the year ended 31 December 2011
I. Operating income	(XI)4	**74,177,502,455**	70,493,325,300
Less: Operating costs	(XI)4	**67,138,693,671**	61,156,651,257
Business taxes and levies		**467,805,291**	447,314,020
Selling expenses		**299,910,228**	263,301,892
Administrative expenses		**848,666,492**	1,354,705,953
Financial expenses		**(21,528,356)**	(4,109,735)
Impairment losses of assets		**(57,745,364)**	350,709,751
Add: Gains from changes in fair values (Losses are indicated by "-")		**(63,532,975)**	184,322,454
Investment income	(XI)5	**126,891,193**	(350,134,820)
Including: Income from investments in associates and joint ventures		**9,440,750**	55,681,529
II. Operating cost		**5,565,058,711**	6,758,939,796
Add: Non-operating income		**117,044,278**	80,807,116
Less: Non-operating expenses		**50,442,930**	141,907,522
Including: Losses on disposal of non-current assets		**28,563,383**	118,910,181
III. Total profit		**5,631,660,059**	6,697,839,390
Less: Income tax expenses		**767,794,892**	806,683,698
IV. Net profit		**4,863,865,167**	5,891,155,692
V. Other comprehensive income		**(4,139,013)**	(81,364,190)
VI. Total comprehensive income		**4,859,726,154**	5,809,791,502

Consolidated Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**For the year ended 31 December 2012**	For the year ended 31 December 2011
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**182,898,946,074**	131,738,930,601
Receipts of tax refunds		**42,129,363**	53,728,543
Other cash receipts relating to operating activities	(V)53(1)	**649,971,191**	486,830,529
Sub-total of cash inflows from operating activities		**183,591,046,628**	132,279,489,673
Cash payments for goods purchased and services received		**168,691,549,729**	118,807,252,441
Cash payments to and on behalf of employees		**2,678,157,686**	1,910,708,398
Payments of all types of taxes		**4,191,395,025**	3,446,759,166
Other cash payments relating to operating activities	(V)53(2)	**1,695,751,277**	1,482,337,571
Sub-total of cash outflows from operating activities		**177,256,853,717**	125,647,057,576
Net Cash Flows from Operating Activities		**6,334,192,911**	6,632,432,097
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**20,970,040,094**	35,236,603,400
Cash receipts from investment income		**294,992,901**	192,194,351
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**17,800,426**	28,981,088
Net cash receipts from disposals of subsidiaries		**—**	366,274
Other cash receipts relating to investing activities	(V)53(3)	**125,084,091**	120,195,552
Sub-total of cash inflows from investing activities		**21,407,917,512**	35,578,340,665
Net cash payments for acquisitions of subsidiaries and other business units		**133,020,516**	—
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**2,692,177,016**	2,612,143,725
Cash payments to acquire investments		**21,186,052,655**	37,934,931,127
Other cash payments relating to investing activities	(V)53(4)	**32,866,721**	4,355,000
Sub-total of cash outflows from investing activities		**24,044,116,908**	40,551,429,852
Net Cash Flows from Investing Activities		**(2,636,199,396)**	(4,973,089,187)

Consolidated Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**For the year ended 31 December 2012**	For the year ended 31 December 2011
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		**450,000,000**	66,315,499
Including: cash receipts from capital contributions from minority owners of subsidiaries		**450,000,000**	66,315,499
Cash receipts from borrowings		**27,858,569,492**	29,519,264,697
Other cash receipts relating to financing activities	(V)53(5)	**2,453,505,100**	2,318,661,738
Sub-total of cash inflows from financing activities		**30,762,074,592**	31,904,241,934
Cash repayments of borrowings		**24,806,600,755**	23,239,377,357
Cash payments for distribution of dividends or profits or settlement of interest expenses		**2,236,124,665**	1,752,658,556
Including: payments for distribution of dividends or profits to minority owner of subsidiaries		**10,012,585**	8,153,024
Cash payments for recovery of investments of minority owners of subsidiaries		**—**	30,534,187
Other cash payments relating to financing activities	(V)53(6)	**1,816,153,205**	1,318,176,998
Sub-total of cash outflow from financing activities		**28,858,878,625**	26,340,747,098
Net Cash Flows from Financing Activities		**1,903,195,967**	5,563,494,836
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**(5,314,083)**	(4,737,813)
V. Net Increase in Cash and Cash Equivalents		**5,595,875,399**	7,218,099,933
Add: Opening balance of Cash and Cash Equivalents	(V)54(3)	**11,082,467,747**	3,864,367,814
VI. Closing Balance of Cash and Cash Equivalents	(V)54(3)	**16,678,343,146**	11,082,467,747

Cash Flow Statement of the Company

FOR THE YEAR ENDED 31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**For the year ended 31 December 2012**	For the year ended 31 December 2011
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		**85,771,941,719**	82,256,429,407
Receipts of tax refunds		**33,772,299**	33,166,321
Other cash receipts relating to operating activities		**540,486,177**	387,666,916
Sub-total of cash inflows from operating activities		**86,346,200,195**	82,677,262,644
Cash payments for goods purchased and services received		**74,723,060,316**	64,841,259,080
Cash payments to and on behalf of employees		**1,795,619,370**	1,374,072,496
Payments of all types of taxes		**3,331,639,578**	2,901,516,677
Other cash payments relating to operating activities		**968,653,037**	844,873,163
Sub-total of cash outflows from operating activities		**80,818,972,301**	69,961,721,416
Net Cash Flows from Operating Activities		**5,527,227,894**	12,715,541,228
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		**800,000,000**	59,609,253
Cash receipts from investment income		**64,355,119**	53,558,049
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		**18,470,444**	27,383,503
Other cash receipts relating to investing activities		**101,903,461**	89,945,551
Sub-total of cash inflows from investing activities		**984,729,024**	230,496,356
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets		**1,039,019,847**	1,591,653,892
Cash payments to acquire investments		**2,867,506,548**	2,925,920,461
Other cash payments relating to investing activities		**—**	—
Sub-total of cash outflows from investing activities		**3,906,526,395**	4,517,574,353
Net Cash Flows from Investing Activities		**(2,921,797,371)**	(4,287,077,997)

Cash Flow Statement of the Company

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	*Notes*	**For the year ended 31 December 2012**	For the year ended 31 December 2011
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		**16,361,990,595**	10,893,597,105
Sub-total of cash inflows from financing activities		**16,361,990,595**	10,893,597,105
Cash repayments of borrowings		**13,969,886,099**	7,771,673,046
Cash payments for distribution of dividends or profits or settlement of interest expenses		**1,920,835,475**	1,543,679,672
Other cash payments relating to financing activities		**116,630,186**	—
Sub-total of cash outflow from financing activities		**16,007,351,760**	9,315,352,718
Net Cash Flows from Financing Activities		**354,638,835**	1,578,244,387
VI. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		**—**	—
IV. Net Increase in Cash and Cash Equivalents		**2,960,069,358**	10,006,707,618
Add: Opening balance of Cash and Cash Equivalents		**14,786,585,446**	4,779,877,828
V. Closing Balance of Cash and Cash Equivalents		**17,746,654,804**	14,786,585,446

Consolidated Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the current period								
	Attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Subtotal	Minority interest	Total shareholders' equity
I. Balance at 1 January 2012	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
II. Changes for the period	—	37,658,803	(1,084,318)	1,945,546,066	1,538,963,837	(4,045,229)	3,517,039,159	584,738,214	4,101,777,373
(I) Net profit	—	—	—	—	5,215,874,606	—	5,215,874,606	78,608,047	5,294,482,653
(II) Other comprehensive income	—	5,090,314	—	—	—	(4,045,229)	1,045,085	(34,741)	1,010,344
Subtotal of (I) and (II)	—	5,090,314	—	—	5,215,874,606	(4,045,229)	5,216,919,691	78,573,306	5,295,492,997
(III) Owner's contributions and reduction in capital	—	32,568,489	—	—	—	—	32,568,489	516,693,359	549,261,848
1. Capital contribution from owners	—	—	—	—	—	—	—	—	—
2. Capital contribution from minority interests *(Note(V)36)*	—	32,568,489	—	—	—	—	32,568,489	417,431,511	450,000,000
3. Purchase of shares of subsidiaries *(Note(X)1)*	—	—	—	—	—	—	—	99,261,848	99,261,848
(IV) Profit distribution	—	—	—	1,945,546,066	(3,676,910,769)	—	(1,731,364,703)	(10,012,584)	(1,741,377,287)
1. Transfer to surplus reserve	—	—	—	1,945,546,066	(1,945,546,066)	—	—	—	—
2. Distribution to owners of the company	—	—	—	—	(1,731,364,703)	—	(1,731,364,703)	(10,012,584)	(1,741,377,287)
(V) Special reserve	—	—	(1,084,318)	—	—	—	(1,084,318)	(515,867)	(1,600,185)
1. Transfer to special reserve in the period	—	—	389,404,625	—	—	—	389,404,625	2,197,357	391,601,982
2. Amount utilised in the period	—	—	(390,488,943)	—	—	—	(390,488,943)	(2,713,224)	(393,202,167)
III. Balance at 31 December 2012	3,462,729,405	11,686,299,420	275,542,192	13,071,506,120	14,583,075,191	(259,192,488)	42,819,959,840	1,087,812,490	43,907,772,330

Consolidated Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

(Prepared in accordance with PRC GAAP and regulations)

RMB

Item	Amount for the same period of last year								
	Attributable to owners of the Company								
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Subtotal	Minority interest	Total shareholders' equity
I. 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
II. Changes for the period	–	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
(I) Net profit	–	–	–	–	6,549,449,240	–	6,549,449,240	61,034,775	6,610,484,015
(II) Other comprehensive income	–	97,281,431	–	–	–	(119,404,491)	(22,123,060)	–	(22,123,060)
Subtotal of (I) and (II)	–	97,281,431	–	–	6,549,449,240	(119,404,491)	6,527,326,180	61,034,775	6,588,360,955
(III) Owner's contributions and reduction in capital	–	–	–	–	–	–	–	35,781,312	35,781,312
1. Capital contribution from owners	–	–	–	–	–	–	–	66,315,499	66,315,499
2. Capital reduction by owners	–	–	–	–	–	–	–	(30,534,187)	(30,534,187)
(IV) Profit distribution	–	–	–	2,356,462,276	(3,741,565,710)	–	(1,385,103,434)	(8,156,920)	(1,393,260,354)
1. Transfer to surplus reserve	–	–	–	2,356,462,276	(2,356,462,276)	–	–	–	–
2. Distribution to owners of the company	–	–	–	–	(1,385,091,762)	–	(1,385,091,762)	(8,153,024)	(1,393,244,786)
3. Distribution to minority interests	–	–	–	–	(11,672)	–	(11,672)	(3,896)	(15,568)
(V) Special reserve	–	–	37,471,886	–	–	–	37,471,886	235,243	37,707,129
1. Transfer to special reserve in the period	–	–	209,850,065	–	–	–	209,850,065	235,243	210,085,308
2. Amount utilised in the period	–	–	(172,378,179)	–	–	–	(172,378,179)	–	(172,378,179)
III. 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

Statement of Changes in Shareholders' Equity of the Company

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

RMB

	Amount for the current period					
Item	**Share capital**	**Capital reserve**	**Special reserve**	**Surplus reserve**	**Retained earnings**	**Total shareholders' equity**
I. Balance at 1 January 2012	3,462,729,405	12,416,493,304	247,964,598	11,003,094,637	10,970,470,330	38,100,752,274
II. Changes for the period	—	(4,139,013)	(15,881,764)	1,945,546,066	1,186,954,398	3,112,479,687
(I) Net profit	—	—	—	—	4,863,865,167	4,863,865,167
(II) Other comprehensive income	—	(4,139,013)	—	—	—	(4,139,013)
Subtotal of (I) and (II)	—	(4,139,013)	—	—	4,863,865,167	4,859,726,154
(III) Owner's contributions and reduction in capital	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	1,945,546,066	(3,676,910,769)	(1,731,364,703)
1. Transfer to surplus reserve	—	—	—	1,945,546,066	(1,945,546,066)	—
2. Distribution to owners	—	—	—	—	(1,731,364,703)	(1,731,364,703)
(V) Special reserve	—	—	(15,881,764)	—	—	(15,881,764)
1. Transfer to special reserve in the period	—	—	335,750,360	—	—	335,750,360
2. Amount utilised in the period	—	—	(351,632,124)	—	—	(351,632,124)
IV. Balance at 31 December 2012	3,462,729,405	12,412,354,291	232,082,834	12,948,640,703	12,157,424,728	41,213,231,961

	Amount for the same period of last year (Unaudited)					
Item	**Share capital**	**Capital reserve**	**Special reserve**	**Surplus reserve**	**Retained earnings**	**Total shareholders' equity**
I. 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
II. Changes for the year	—	(81,364,190)	30,754,220	2,356,462,276	2,149,601,654	4,455,453,960
(I) Net profit	—	—	—	—	5,891,155,692	5,891,155,692
(II) Other comprehensive income	—	(81,364,190)	—	—	—	(81,364,190)
Subtotal of (I) and (II)	—	(81,364,190)			5,891,155,692	5,809,791,502
(III) Owner's contributions and reduction in capital	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	2,356,462,276	(3,741,554,038)	(1,385,091,762)
1. Transfer to surplus reserve	—	—	—	2,356,462,276	(2,356,462,276)	—
2. Distribution to owners	—	—	—	—	(1,385,091,762)	(1,385,091,762)
(V) Special reserve	—	—	30,754,220	—	—	30,754,220
1. Transfer to special reserve in the period	—	—	189,347,208	—	—	189,347,208
2. Amount utilised in the period	—	—	(158,592,988)	—	—	(158,592,988)
IV. 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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012
(Prepared in accordance with PRC GAAP and regulations)

(I) COMPANY PROFILE

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 recognised 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(V) 35.

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.

(I) COMPANY PROFILE *(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.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company and its subsidiaries (the "Group") have adopted the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance ("MoF") on 15 February 2006. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and

Presentation Rules for Companies Offering Securities to the Public No. 15-General Provisions on Financial Reporting (Revised in 2010).

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group has adopted the historical cost as the principle of measurement of the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

2. Statement of compliance with the ASBE

The financial statements have been prepared in accordance with ASBE, and present truly and completely, the Company's and the Group's financial position as of 31 December 2012, and the Company's and the Group's results of operations and cash flows for the year then ended.

3. Accounting year

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiaries choose their functional currencies on the basis of the primary economic environment in which they operate. The Group adopts RMB to prepare its financial statements.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1 Business combination involving enterprises under common control

A business combination involving enterprises 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 combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to the capital premium in capital reserve. If the capital premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(Continued)*

5.2 Business combination involving enterprises not under common control

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is re-measured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

The acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, which are acquired in a business combination not involving enterprises under common control, are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill as an asset and measured at cost. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is accounted for as follows: firstly, the acquirer reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination; then, if after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(Continued)*

5.2 Business combination involving enterprises not under common control *(Continued)*

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognised in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Preparation of consolidated financial statements *(Continued)*

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the functional currency rates ruling at the market exchange rates prevailing on the first day of the month in which the transactions take place.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

8. Translation of transactions and financial statements denominated in foreign currencies *(Continued)*

8.1 Transactions denominated in foreign currencies *(Continued)*

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "exchange differences arising on translation of financial statements denominated in foreign currencies " in shareholders' equity, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

8.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rate of the transaction period; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate in the period of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

9.1 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

9.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

9.3 Classification, recognition and measurement of financial assets

On initial recognition, financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. No financial assets were classified as held-to-maturity financial assets.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.3 Classification, recognition and measurement of financial assets *(Continued)*

9.3.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss. All the financial assets at fair value through profit or loss are held-for-trading financial assets.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

9.3.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, other receivables and financial assets included in other current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognised in profit or loss for the current period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.3 Classification, recognition and measurement of financial assets *(Continued)*

9.3.3. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortized cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

9.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.4 Impairment of financial assets *(Continued)*

Objective evidence that a financial asset is impaired includes the following observable events:

(1) Significant financial difficulty of the issuers or the debtors;

(2) A breach of contract by the debtors, such as a default or delay in interest or principal payments;

(3) The Group, for economic or legal reasons relating to the debtors' financial difficulty, grants a concession to debtors;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

— Adverse changes in the payment status of borrower in the group of assets;

— Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;

(8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;

(9) Other objective evidence indicates that there is an impairment of a financial asset.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.4 Impairment of financial assets *(Continued)*

— Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. 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 reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.4 Impairment of financial assets *(Continued)*

— Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

— Impairment of financial assets measure at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.5 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

9.6.1. Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.6 Classification, recognition and measurement of financial liabilities *(Continued)*

9.6.2. Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with gain or loss arising from derecognition or amortization recognised in profit or loss.

9.6.3. Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss, are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 - Contingencies; and (ii) the amount initially recognised less cumulative amortisation recognised in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 - Revenue.

9.7 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.8 Derivatives and embedded derivatives

Derivative financial instruments mainly include Commodity future contracts (standardized copper cathode future contracts in Shanghai Futures Exchange ("SHFE") and London Metal Exchange ("LME") and provisional price arrangement, forward currency contracts, interest rate swaps and commodity option contracts etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and highly effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

An embedded derivative is separated from the hybrid instrument, where the hybrid instrument is not designated as a financial asset or financial liability at fair value through profit or loss, and treated as a standalone derivative if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent balance sheet date, it designates the entire hybrid instrument as a financial asset or financial liability at fair value through profit or loss.

9.9 Offsetting financial assets and a financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

9.10 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

9.11 Bond 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. 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.

10. Accounts receivable

10.1 Receivables that are individually significant and for which bad debt provision is individually assessed

Basis for determining an individually significant receivable	A receivable that ranks top five largest is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Accounts receivable *(Continued)*

10.2 Receivables for which bad debt provision is collectively assessed on a portfolio basis

Method of determining provision for receivables with credit risk characteristics	When assessed on a collective basis, objective evidence of impairment for a portfolio of receivables could include the structure and similar credit risk characteristics (debtors' capabilities of contractual repayment), as well as the Group's past experience of collecting payments, observable changes in economic conditions, and existed impairment loss.

10.2.1 Portfolios that aging analysis is used for bad debt provision:

Aging	**Provision as a proportion of accounts receivable** *(%)*	**Provision as a proportion of other receivable** *(%)*
Within 1 year (inclusive)	—	—
More than 1 year but not exceeding 2 years	20%	20%
More than 2 years but not exceeding 3 years	50%	50%
More than 3 years	100%	100%

10.3 Accounts receivable that are not individually significant but for which bad debt provision is individually assessed:

Reasons for making individual bad debt provision	The occurrence of impairment is proved by objective evidence.
Bad debt provision methods	If the occurrence of impairment is proved by objective evidence, such impairment loss should be recognised in income statement of the year.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

11. Inventories

11.1 Categories of inventories

The Group's inventory includes raw materials, work in progress, finished goods. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. The cost of inventory also includes gains and losses on qualifying fair value hedge in respect of inventories designated as hedged items.

11.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

11.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration of the purposes of holding inventories and effect of events after the balance sheet date.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an category basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

11.4 Stock count system

The perpetual inventory system is maintained for stock system.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments

12.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

12.2 Subsequent measurement and recognition of profit or loss

12.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments *(Continued)*

12.2 Subsequent measurement and recognition of profit or loss *(Continued)*

12.2.2. Long-term equity investment accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in shareholders' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments *(Continued)*

12.2 Subsequent measurement and recognition of profit or loss *(Continued)*

12.2.2. Long-term equity investment accounted for using the equity method

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

12.2.3. Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

12.3 Basis for determining joint control and significant influence over investee

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee such as convertible loan notes and conversion option components held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Long-term equity investments *(Continued)*

12.4 Methods of impairment assessment and determining the provision for impairment loss

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

13. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out and a building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortization policy for the investment property which is consistent with that for buildings or land use rights.

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once an impairment loss is recognised for an investment property, it will not be reversed in any subsequent period.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Fixed assets

14.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

14.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category of fixed assets	**Depreciation period** *(years)*	**Residual value** *(%)*	**Depreciation rate** *(%)*
Buildings	12 - 45	3 - 10	2.00 - 8.08
Machinery and equipment	8 - 27	3 - 10	3.33 - 12.13
Transportation vehicles	9 - 13	3 - 10	6.92 - 10.78
Office and other equipment	5 - 10	3 - 10	9.00 - 19.40

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Fixed assets

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

14.4 Other explanations

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end, and accounts for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

16. Borrowing costs

Borrowing costs include interests, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are 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 ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Borrowing costs *(Continued)*

During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalised. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

Assets eligible for capitalization refers to the fixed assets, investment properties, inventories and other assets, of which the acquisition, construction and production takes a substantial period of time to get ready for its intended use or for sale.

17. Intangible assets

17.1 Intangible assets

Intangible asset includes land use rights, mining right, trademarks, software, and etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized. The useful life of each category of intangible assets is as follows:

Category	**Useful life (years)**
Trademarks	20
Mining rights	10 - 50
Land use rights	25 - 50
Others	5 - 20

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Intangible assets *(Continued)*

17.2 Research and development expenditure

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period:

(1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;

(2) The Group has the intention to complete the intangible asset and use or sell it;

(3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

(5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

17. Intangible assets *(Continued)*

17.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

18. 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.

19. Provision

Provisions are recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

20. Revenue

20.1 Revenue from sales of goods

Revenue from sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; and the associated costs incurred or to be incurred can be measured reliably.

When a contract or agreement signed between the Group and another enterprise contains both sales of goods and rendering of services, the sales of goods and the rendering of services are distinguished from each other and measured separately. If the sales of goods and the rendering of services cannot be distinguished from each other, or when the two can be distinguished from each other but cannot be measured respectively, they are treated as the sales of goods.

20.2 Revenue arising from the rendering of services

Revenue from rendering of services is recognised when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be determined reliably; and (4) the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognised using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on the proportion that costs incurred to date bear to the estimated total costs of the transaction.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognised as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognised.

20.3 Interest Revenue

The amount of interest revenue is measured and confirmed in accordance with the length of time for which the Group's monetary funds is used by others and the effective interest rates.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

A government grant related to an asset is recognised as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

For repayment of a government grant already recognised, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period. If there is no related deferred income, the repayment is recognised immediately in profit or loss for the period.

22. Income tax

The income tax expenses include current income tax and deferred income tax.

22.1 Current income tax

At the balance sheet date, 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.

22.2 Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Income tax *(Continued)*

22.2 Deferred tax assets and deferred tax liabilities *(Continued)*

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Income tax *(Continued)*

22.2 Deferred tax assets and deferred tax liabilities *(Continued)*

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

23. Operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

23.1 The Group as lessee under operating leases

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

23.2 The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Employee benefit

In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, unemployment insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

25. Hedge accounting

Some financial instruments are used as hedging instruments by the Group for the purpose of avoiding certain risks. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include fair value hedges and cash flow hedges.

At the inception of a hedge, the Group records the relationship between the hedging instrument and hedged item, risk management objective and strategy for undertaking various hedging transactions. At the inception and in subsequent periods, the hedge is assessed for effectiveness by the Group on an ongoing basis so as to determine whether the hedge is highly effective throughout the accounting periods for which the hedging relationship was designated.

25.1 fair value hedges

A gain or loss arising from a change in the fair value of a derivative that is designated and qualifies as a fair value hedge is recognised in profit or loss. A gain or loss on the hedged item attributable to the hedged risk is recognised in profit or loss, with a corresponding adjustment to the carrying amount of the hedged item. The Group assesses the hedging instrument's effectiveness by ratio analysis.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Hedge accounting *(Continued)*

25.2 cash flow hedges

The effective portion of a change in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recognised in other comprehensive income and accumulated under capital reserve, and the gain or loss relating to the ineffective portion is recognised in profit or loss. The Group assesses the hedging instrument's effectiveness by ratio analysis.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the financial asset or financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognised in capital reserve will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the non-financial asset or non-financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognised in capital reserve will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognised in profit or loss.

Except as stated above, the amounts previously recognised in capital reserve are reclassified to profit or loss in the same periods during which the hedged forecast transaction affects profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in capital reserve at that time is reclassified to profit or loss when the forecast transaction occurs and is recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in capital reserve is reclassified immediately to profit or loss.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

26. Production Safety Fund ("the Safety Fund")

According to CaiQi [2012] No.16 "Measures for the deduction and usage management of the Production Safety fund", 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 shareholders' equity. For the utilization of the fund to pay for safety relevant expenses, the special reserves shall be reversed directly. Capitalised expenditure shall be recognised 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.

27. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the Group's accounting policies, which are described in Note II, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

The followings are the key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates *(Continued)*

27.1 Impairment of available-for-sale financial assets

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

27.2 Impairment of non-financial assets other than financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. 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.

27.3 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.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates *(Continued)*

27.4 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.

27.5 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.

27.6 Deferred tax assets

The recognition of deferred tax assets is primarily subject to actual profit and actual tax rate employed by deductible temporary differences in the future. The recognised deferred tax assets will be reversed and recognised in profit or loss, when the actual profit is less than the expectation, or the actual tax rate is lower than the expectation. Furthermore, due to the uncertainty of whether there is enough taxable profit in the future, carrying forward losses of future years and deductible temporary differences are not fully recognised as deferred tax assets.

(II) THE COMPANY'S SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

27. Basis of determining significant accounting policies and key assumptions and uncertainties in accounting estimates *(Continued)*

27.7 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.

27.8 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 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.

(III) TAXES

1. Major categories of taxes and tax rates

Category of tax	**Basis of tax computation**	**Tax rate**
Value Added Tax	Taxable revenue of goods sales	13% or 17% *(Note 1)* (except for mineral ore containing gold which is exempted from VAT)
Business tax	Taxable revenue	3% or 5%
City maintenance and Construction Tax	Actual turnover tax(es) paid	1%, 5% and 7%
Educational Surtax and Surcharge	Actual turnover tax(es) paid	3%
Enterprise Income Tax	Taxable income	15%~25% *(Note(III)2)*
Resource Tax	Quantity of extracted and self-consumed copper ore	RMB5 to 7 Yuan per ton *(Note 2)*
Mineral Resources Compensation Fee	Sales income of mineral products ×compensation rate ×the mining recovery co-efficiency rate	Applicable rates set by the government *(Note 3)*
Withholding of Individual Income Tax	Taxable individual income	Applicable rates set by the government

Note 1: 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 revenue generated from mineral ore containing gold (which is not subject to VAT), sulphuric concentrate, molybdenum and water-supply income (which is calculated 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.

Note 2: Resource Tax is calculated and paid according to the quantity of extracted and self-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), effective from 1 August 2007, the range of resource tax rate is RMB5 to 7 Yuan per ton for Copper Ore, and RMB10 Yuan per ton for Lead and Zinc Ore.

Note 3: 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:

(III) TAXES *(Continued)*

1. Major categories of taxes and tax rates *(Continued)*

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 applicable rate shall be 2%, 2.8% and 4%.

2. Tax reduction and related approval

Income Tax- the Company:

Based on the Gangaoqirenfa[2011] No.1 issued by the high and new tech enterprise recognition management leader group of Jiangxi Province on Jan 28th 2011, the company was recognised as high and new technology enterprise("HNTE"). 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, with HNTE certificate number of GR201136000054 and the effective period of 3 years from 2010 to 2012. Based on the Enterprise Income Tax Law and related regulations, the applicable tax rate of the company, which is recognized as HNTE and supported by the government, is 15% provided that the company complies with conditions set out in relevant requirements (15% for 2011).

Income Tax- subsidiaries:

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 Enterprise Income Tax Law and the notification (Guo Fa [2007] No.29), since 1 January 2008 for Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading") and Jiangxi Copper Shanghai Trading Company Limited ("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 Enterprise Income Tax Law effective from 1 January 2008 and the above notification, Sichuan Kangtong Copper Company Limited ("Kangtong"), Jiangxi Copper Alloy Materials Company Limited ("JCAC"), Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited ("Wengfu Chemical"), and Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("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 tax preferential treatments under new Enterprise Income Tax Law and regulations for their best interests.

(III) TAXES *(Continued)*

2. Tax reduction and related approval *(Continued)*

Income Tax- subsidiaries: *(Continued)*

Since Kangtong Copper is a manufacturing foreign invested 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 2006. With a 50% reduction of income tax allowed, its effective income tax rate is 12.5% from 1 July 2008 to 30 June 2011. The effective income tax rate is 25 % for 2012 (12.5% for the first half year of 2011; and 25% for the second half year of 2011).

Since JCAC is a manufacturing foreign invested 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 since 1 January 2009, its applicable income tax rate is 25% for 2012 (12.5% for 2011).

Since Wengfu Chemical is a manufacturing foreign invested 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 1 January 2010, its applicable income tax rate is 12.5% for 2012(12.5% for 2011).

Taiyi is foreign invested 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), 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 1 January 2010, its applicable income tax rate is 12.5% for 2012 (12.5% for 2011).

JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy") received the High and New Tech Enterprise Certificate in September 2011 with HNTE certificate No. of GR201136000070 and the effective period of 3 years from 2011 to 2013, its applicable income tax rate is 15% for 2012 (15% for 2011).

Except for the above-mentioned subsidiaries, applicable income tax rates are 25% for domestic subsidiaries and 16.5% for Hong Kong subsidiaries.

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of primary subsidiaries

(1) Subsidiaries acquired through business combinations involving enterprises under common control

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital *('000)*	Principal activities and Business scope	Actual capital contribution at the end of the period *('000)*	Proportion of direct ownership interest *(%)*	Proportion of in direct ownership interest (%) *(Note 7)*	Proportion of voting power *(%)*	Consolidated or not consolidated	Minority interest *(RMB'000)* *(Note 6)*
JCC Finance Company Limited ("Finance Company") *(Note1)*	LLC	Jiangxi Guixi	December 2006	RMB1,000,000	Provision of deposit, borrowing, guarantee and financing consultation services to related parties	RMB890,000	85.68%	1.67%	87.35%	Y	216,016
JCC Copper Products Company Limited ("Copper Products")	LLC	Jiangxi Guixi	December 2003	RMB186,391	Processing and sales of copper rods	RMB217,712	98.89%	—	98.89%	Y	2,913
JCC Recycling Company Limited ("Copper Recycling")	LLC	Jiangxi Guixi	November 2005	RMB6,800	Collection and sale of metal scrap	RMB6,800	55.88%	44.12%	100.00%	Y	—
Sure Spread Company Limited (Sure Spread)	LLC	Hongkong	January 2005	HKD50,000	International trading and provision of related technical service	HKD89,205	—	100%	100%	Y	—
JCC Yinshan Mining Company Limited ("Yinshan Mining")	LLC	Jiangxi Dexing	July 2003	RMB30,000	Manufacturing and sale of non-ferrous metal and rare materials	RMB354,488	100%	—	100%	Y	—
JCC Dongtong Mining Company Limited ("Dongtong Mining")	LLC	Jiangxi Dongxiang	July 2003	RMB46,209	Manufacturing and sales of non-ferrous metal and rare materials	RMB159,045	100%	—	100%	Y	—
JCC Dongxiang Alloy Materials Manufacturing Company Limited ("Dongxiang Alloy")	LLC	Jiangxi Fuzhou	August 1998	RMB29,000	Production and sale of grinding pebbles, casting pigs of machine tools, wear-resistant parts and cast steel processing; machine work and reclaiming waste steel	RMB25,272	—	74.97%	74.97%	Y	9,047
JCC Corporation Dongxiang Recycling Company Limited ("Dongxiang Recycling")	LLC	Jiangxi Dongxiang	July 2005	RMB 500	Recovery and sales of disused metal	RMB311	—	100.00%	100.00%	Y	—
Jiangxi Copper Yates Copper Foil Company Limited (Yates)	LLC	Jiangxi Nanchang	June 2003	RMB453,600	Production and sale of copper foil	RMB392,767	89.77%	—	89.77%	Y	20,273
Jiangxi Copper (Longchang) Precise Pipe Company Limited ("Longchang Copper Pipe")	LLC	Jiangxi Nanchang	August 2005	RMB890,529	Production and sale of copper pipe and other copper pipe products	RMB781,957	92.04%	—	92.04%	Y	60,731
Jiangxi Copper Taiyi Special Electrical Materials Company Limited ("Taiyi")	LLC	Jiangxi Nanchang	May 2005	USD16,800	Production and sale of enamelled wires and provision of repair and consulting services	USD64,705	70%	—	70%	Y	20,331
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited ("Guixi Smelting Industry Engineering")	LLC	Jiangxi Guixi	March 1993	RMB35,080	Provision of repair and maintenance services for production facilities and machinery equipment	RMB27,599	100%	—	100%	Y	—
JCC (Guixi) New Metallurgical and Chemical Company Limited ("Guixi Smelting Technology")	LLC	Jiangxi Guixi	August 1999	RMB2,000	Development of new chemical technologies and new products	RMB20,894	100%	—	100%	Y	—
JCC Guixi Logistics Company Limited ("Guixi Logistics")	LLC	Jiangxi Guixi	March 2002	RMB40,000	Provision of transportation services	RMB72,871	100%	—	100%	Y	—
JCC (Dexing) Alloy Materials Manufacturing Company Limited ("Dexing Alloy")	LLC	Jiangxi Dexing	December 1997	RMB66,380	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment	RMB92,684	100%	—	100%	Y	—
JCC (Dexing) Construction Company Limited ("Dexing Construction")	LLC	Jiangxi Dexing	July 2005	RMB50,000	Provision of construction and installation services; development and sale of construction materials	RMB45,751	100%	—	100%	Y	—
JCC Dexing Explosion Company Limited ("Dexing Explosion")	LLC	Jiangxi Dexing	February 2003	RMB1,000	Production and sale of engineering, blasting engineering, etc	RMB3,414	—	100%	100%	Y	—
JCC Geology Exploration Company Limited ("Geology Exploration")	LLC	Jiangxi Dexing	September 2004	RMB15,000	Provision of services relating to mine exploration and development	RMB18,145	100%	—	100%	Y	—
Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical")	LLC	Jiangxi Dexing	October 2004	RMB42,637	Manufacture sales of sulphuric acid and lay product	RMB47,485	100%	—	100%	Y	—
Jiangxi Copper Corporation Drill Project Company Limited ("Drilling Project")	LLC	Jiangxi Ruichang	September 2003	RMB20,296	Providing mining services	RMB31,790	100%	—	100%	Y	—
JCC (Ruichang) Alloy Materials Manufacturing Company Limited ("Ruichang Manufacturing")	LLC	Jiangxi Ruichang	March 2003	RMB2,602	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing	RMB3,223	100%	—	100%	Y	—
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited ("Yanshan Concentration")	LLC	Jiangxi Qianshan	October 2000	RMB10,200	Sales of beneficiation drugs, fine chemicals and other products	RMB14,456	100%	—	100%	Y	—
Hangzhou Tongxin Company Limited ("Hangzhou Trading")	LLC	Zhejiang Hangzhou	July 2000	RMB2,000	Sale of metal, ore and chemical products	RMB25,453	100%	—	100%	Y	—

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Information of primary subsidiaries *(Continued)*

(2) Subsidiaries established or acquired through investments

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital ('000)	Principal activities and Business scope	Actual capital contribution at the end of the period ('000)	Proportion of direct ownership interest (%)	Proportion of in direct ownership interest (%) (Note 7)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interest (RMB'000) (Note 6)
Kangtong	LLC	Sichuan Xichang	September1996	RMB286,880	Sales of copper materials, precious metal materials and sulphuric acid	RMB163,930	57.14%	–	57.14%	Y	142,236
Jiangxi Copper Products Company Limited ("JCPC")	LLC	Jiangxi Guixi	March 2002	RMB225,000	Sale and processing of copper rods and wires	RMB246,879	100%	–	100%	Y	–
JCAC	LLC	Jiangxi Guixi	February 2005	RMB199,500	Manufacturing and sale or copper rods and wires	RMB229,509	100%	–	100%	Y	–
Shenzhen Jiangxi Copper Marketing Company Limited ("Shenzhen Trading")	LLC	Shanghai	June 2006	RMB660,000	Sale of copper products	RMB660,000	100%	–	100%	Y	–
Jiangxi Copper Shanghai Trading Company Limited ("Shanghai Trading")	LLC	Shanghai Pudong	June 2006	RMB200,000	Sale of copper products	RMB200,000	100%	–	100%	Y	–
Jiangxi Copper Beijing Trading Company Limited ("Beijing Trading") *(Note 3)*	LLC	Beijing	July 2006	RMB261,000	Sale of copper products	RMB261,000	100%	–	100%	Y	–
Thermonamic Electronics (Jiangxi) Company Limited ("Redian")	LLC	Jiangxi Nanchang	September 2008	RMB70,000	Development and production of electronic semiconductors and provision of related services	RMB66,500	95%	–	95%	Y	2,365
Wengfu Chemical	LLC	Jiangxi Shangrao	May 2005	RMB181,500	Manufacturing and sale of sulphuric acid and byproducts	RMB127,050	70%	–	70%	Y	73,789
Jiangxi Copper Construction Supervision Company Limited ("JCCS")	LLC	Jiangxi Nanchang	March 2010	RMB3,000	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service	RMB3,000	100%	–	100%	Y	–
Jiangxi Copper (Guangzhou) Copper Production Company Limited ("GZPC") *(Note 2)*	LLC	Guangdong Guangzhou	July 2010	RMB600,000	Production, processing and sale of copper products and wires	RMB600,000	100%	–	100%	Y	–
Jiangxi Copper international trade Company Limited ("JCC International Trade") *(Note 4)*	LLC	Shanghai Pudong	August 2010	RMB1,000,000	Sale of metals, chemicals, mining products, construction materials, and etc.	RMB600,000	60%	–	60%	Y	437,663
Jiangxi Copper Dexing Chemical Company Limited ("Dexing Chemical")	LLC	Jiangxi Dexing	April 2011	RMB336,550	Manufacturing and sale of sulphuric acid and by products	RMB100,000	99%	–	99%	Y	3,366
Jiangxi Copper renewable resources Company Limited("Renewable Resources") *(Note 5)*	LLC	Jiangxi Guixi	May 2012	RMB250,000	Collection, import and export, dismantling, processing, usage and sales of metal scrap, waste metal, electrical machine, cable and waste electrical appliances	RMB250,000	100%	–	100%	Y	–
Loyal Sky Industrial Company Limited ("Loyal Sky")	LLC	Hongkong	September 2002	USD2,001.3	Trading of copper products and non-ferrous metals	USD2,001.3	–	100%	100%	Y	–
Jiangxi Copper Hongkong Company Limited ("JCHK") *(Note 5)*	LLC	Hongkong	February 2012	USD10,000	Import-export business trade and settlement, offshore investment and financing, cross-border yuan settlement, and other business permitted by overseas laws	USD10,000	100%	–	100%	Y	–
Jiangxi Copper Shanghai International Logistics Company Limited ("International Logistics")	LLC	Shanghai Pudong	June 2011	RMB5,000	Transportation	RMB5,000	–	100%	100%	Y	–
Jiangxi Copper Yugan Forge & Alloy Company Limited ("Yugan Forge & Alloy")	LLC	Jiangxi Dexing	January 2011	RMB28,000	Manufacturing and sale of grinding pebbles and ductile iron ball parameters and machinery processing	RMB28,000	–	100%	100%	Y	–
Shanghai Jiangtong Supply Chain Management Ltd. ("Supply Chain") *(Note 5)*	LLC	Shanghai Pudong	December 2012	RMB100,000	Storage and transportation	RMB100,000	–	100%	100%	Y	–

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Information of primary subsidiaries *(Continued)*

(3) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of subsidiaries	Type	Place of incorporation	Date of incorporation	Registered capital *('000)*	Principal activities and Business scope	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of direct ownership interest *(%)*	Proportion of indirect ownership interest *(%)*	Proportion of voting power *(%)*	Consolidated or not consolidated	Minority interest *(RMB'000)*
Jiangxi Copper (Qingyuan) Co., Ltd ("Qingyuan") *Note(X)1*	LLC	Guangdong Qingyuan	December 2006	RMB890,000	Production, processing and sales of copper products and non-ferrous metals	RMB806,000	100%	—	100%	Y	—
Shanghai Shengyu Real Estate Company Limited ("Shanghai Shengyu")	LLC	Shanghai Pudong	August 2008	RMB169,842	Rental and management of properties	RMB169,842	100%	—	100%	Y	—
Shangrila Bisidaji Mining Ltd. ("Daji Mining") *Note(X)1*	LLC	Yunnan Shangrila	April 2007	RMB5,000	Exploration and development of copper and polymetallic ore, purchase and sale of non-ferrous metal	RMB5,000	51%	—	51%	Y	99,082

Note 1: Finance Company was injected with capital of RMB650,000,000 and RMB50,000,000 on 13 March 2012 by the Group and minority shareholder respectively.

Note 2: GZPC was injected with capital of RMB300,000,000 on 29 May 2012 by the Company.

Note 3: Beijing Trading was injected with capital of RMB201,000,000 on 7 August 2012 by the Company.

Note 4: JCC International Trade was injected with capital of RMB400,000,000 on 25 Feburary 2012 by minority shareholders.

Note 5: Renewable Resources, JCHK and Supply Chain are newly established in 2012.

Note 6: Minority interest represents equity owned by minority shareholders of immediate subsidiaries.

Note 7: 1.67% of the ownership interest of Finance Company is indirectly held by JCPC; 44.12% of the ownership interest of Copper Recycling is indirectly held by Copper Products; all ownership interest of Sure Spread, International Logistics and Supply Chain are indirectly held by JCC International Trade; 74.97% of the ownership interest of Dongxiang Alloy is indirectly held by Dongtong Mining; 40% and 60% of the ownership interest of Dongxiang Recycling are indirectly held by Dongxiang Alloy and Dongtong Mining respectively; all ownership interest of Yugan Forge & Alloy and Dexing Explosion are indirectly held by Dexing Alloy and Dexing Construction respectively; all ownership interest of Loyal Sky is indirectly held by Shenzhen Trading.

(IV) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Explanations on changes in the scope of consolidation

The scope is consistent with previous year, except for the newly established subsidiaries Renewable resources, JCHK, Supply chain and the newly acquired subsidiaries Qingyuan and Daji mining.

3. Exchange rates for translating major financial statement items of foreign operations

Financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rate of the transaction period; the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

RMB

	31 December 2012			31 December 2011		
Item	Foreign Currency	Exchange Rate	Amount in RMB	Foreign Currency	Exchange Rate	Amount in RMB
Cash:			**142,433**			113,461
RMB			**142,254**			113,458
HKD	**4**	**0.8106**	**3**	4	0.8107	3
GBP	**1**	**10.1611**	**10**	—	—	—
JPY	**2,274**	**0.0730**	**166**	—	—	—
Bank balances:			**16,678,200,713**			11,082,354,286
RMB			**11,247,307,089**			9,661,728,381
USD	**481,788,002**	**6.2855**	**3,028,278,487**	223,952,007	6.3009	1,411,099,201
JPY	**766**	**0.0730**	**56**	691	0.0811	56
EUR	**138,607,578**	**8.3176**	**1,152,882,391**	5	8.1625	41
HKD	**4,338,098**	**0.8106**	**3,516,462**	11,045,953	0.8107	8,954,954
GBP	**122,645,799**	**10.1611**	**1,246,216,228**	—		
AUD	—	—	—	89,191	6.4093	571,653
Other currency funds:			**3,631,296,883**			4,763,825,852
RMB			**3,318,099,280**			4,763,825,852
USD	**31,273,155**	**6.2855**	**196,567,417**	—	—	—
EUR	**14,022,096**	**8.3176**	**116,630,186**			
Total			**20,309,640,029**			15,846,293,599

As at 31 December 2012, the amount of restricted cash and bank balances is RMB3,631,296,883 (31 December 2011: RMB4,763,825,852).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. Cash and bank balances *(Continued)*

Including:

— As at 31 December 2012, time deposits amounting to RMB1,204,995,195 were pledged to secure current bank borrowings (31 December 2011: RMB1,318,176,998).

— As at 31 December 2012, time deposits amounting to RMB405,377,237 were pledged for issuing letter of credit (31 December 2011: RMB1,198,034,803).

— As at 31 December 2012, time deposits amounting to RMB222,615,804 were pledged for issuing letter of guarantee (31 December 2011: RMB214,000,000).

— As at 31 December 2012, deposit amounting to RMB4,064,871 which was guaranteed for issuing bank accepted bills (31 December 2011: Nil).

— As at 31 December 2012, deposit amounting to RMB26,171,540 which was guaranteed for environmental restoration (31 December 2011: Nil).

— As at 31 December 2012, required mandatory reserve deposits and other restricted deposits amounting to RMB1,768,072,236(31 December 2011: RMB2,033,614,051) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBOC").

As at 31 December 2012, the amount of cash deposit out of PRC is RMB1,123,327,405(31 December 2011: RMB288,357,050).

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 1 year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. Time deposits mentioned above are callable.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Held for trading financial assets

Details of held-for-trading financial assets are as follows:

RMB

Item	31 December 2012	31 December 2011
1. Held-for-trading investments in equity instruments	**1,881,477**	2,330,708
Equity investment	**1,881,477**	2,330,708
2. Derivative financial assets not designated as hedges *(Note(V)21(note 2))*	**40,758,287**	53,671,804
Forward currency contracts	**2,401,211**	1,488,841
Commodity future contracts	**38,357,076**	52,182,963
3. Hedging instruments	**11,120,561**	20,050,304
(1). Derivatives not qualifying as hedges *(Note(V)21(note 2))*	**9,784,213**	129,450
Commodity future contracts	**2,612,011**	129,450
Provisional price arrangement	**7,172,202**	—
(2). Derivatives qualifying as hedges *(Note(V)21(note 1))*	**1,336,348**	19,920,854
Cash flow hedges	**1,336,348**	—
Commodity future contracts	**1,336,348**	—
Fair value hedges	**—**	19,920,854
Commodity future contracts	**—**	1,745,200
Provisional price arrangement	**—**	18,175,654
Total	**53,760,325**	76,052,816

The management of the Company believes that there exists no significant obstacle in the realisation of its held-for-trading financial assets.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Notes receivable

(1) Categories of notes receivable

RMB

Category	31 December 2012	31 December 2011
Bank acceptances	**4,638,622,502**	1,923,210,447
Commercial acceptances	**728,000,000**	308,720,651
Total	**5,366,622,502**	2,231,931,098

The terms of notes receivable are all within one year.

As at 31 December 2012 and 31 December 2011, no notes receivables were reclassified to accounts receivable due to uncollectablity.

As at 31 December 2012, the amount of RMB916,109,474 bank accepted bills which are not yet due at the end of the period has been discounted to obtain short-term bank borrowings (31 December 2011: RMB33,149,100.00) (Note(V)20); the amount of RMB748,035,444 bank accepted bills which are not yet due at the end of the period has been endorsed by the Company to other parties (31 December 2011: RMB77,460,933).

According to Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets, When the Group has transferred the significant risks and rewards relating to those notes receivables, the Group derecognised these notes receivables and the payables to suppliers in their entirety. As at 31 December 2012, the amount of derecognised bills discounted to obtain short-term bank borrowings which are not yet due at the end of the period is RMB1,408,188,132(31 December 2011:RMB839,396,355); the amount of derecognised bills endorsed by the Company to other parties which are not yet due at the end of the period is RMB1,699,519,003 (31 December 2011:RMB61,619,931).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. Notes receivable *(Continued)*

(2) Top 5 of bills discounted to obtain short-term bank borrowings which are not yet due at the end of the period:

Name of drawer	Date of issue	Maturity Date	Amount
Entity one	28 September 2012	27 January 2013	71,000,000
Entity two	1 August 2012	31 January 2013	50,000,000
Entity three	23 November 2012	22 February 2013	35,000,000
Entity four	19 July 2012	18 January 2013	27,140,000
Entity five	19 September 2012	18 March 2013	26,000,000

(3) Top 5 of bills endorsed by the Company to other parties which are not yet due at the end of the period:

Name of drawer	Date of issue	Maturity Date	Amount
Entity one	30 November 2012	28 February 2013	10,000,000
Entity two	29 September 2012	27 March 2013	10,000,000
Entity three	23 July 2012	22 January 2013	10,000,000
Entity four	15 August 2012	14 February 2013	10,000,000
Entity five	21 September 2012	20 March 2013	10,000,000

(4) At the opening and closing of the period, there are no notes receivables due from any shareholders holding at least 5% of the Company's shares with voting power.

(5) Notes receivable due to related parties refer to Note(VI) 6(1).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable

(1) Disclosure of accounts receivable by categories:

RMB

	31 December 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
Category	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	1,096,048,434	25.96	–	–	521,519,806	9.43	63,616,791	12.20
Accounts receivables for which bad debt provision has been assessed using the aging analysis approach	3,044,214,421	72.09	63,276,489	2.08	4,987,642,067	90.21	80,582,534	1.62
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	82,285,828	1.95	82,285,828	100.00	19,781,951	0.36	19,781,951	100.00
Total	4,222,548,683	100.00	145,562,317	3.45	5,528,943,824	100.00	163,981,276	2.97

The credit period is generally three months.

Basis for determining an individually significant receivable:

A receivable that ranks top five largest is deemed as an individually significant receivable by the Group.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable *(Continued)*

(1) Disclosure of accounts receivable by categories: *(Continued)*

The ageing analysis of accounts receivable is as below:

RMB

Aging	31 December 2012 Amount	Proportion (%)	Bad debt provision	Carrying amount	31 December 2011 Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	4,032,511,576	95.50	—	4,032,511,576	5,348,846,521	96.75	1,570,329	5,347,276,192
More than 1 year but not exceeding 2 years	35,657,426	0.84	3,671,165	31,986,261	18,387,957	0.33	3,579,284	14,808,673
More than 2 years but not exceeding 3 years	17,198,064	0.41	4,709,535	12,488,529	22,348,028	0.40	21,064,990	1,283,038
More than 3 years	137,181,617	3.25	137,181,617	—	139,361,318	2.52	137,766,673	1,594,645
Total	4,222,548,683	100.00	145,562,317	4,076,986,366	5,528,943,824	100.00	163,981,276	5,364,962,548

Accounts receivables for which bad debt provision has been assessed using the aging analysis approach:

RMB

Aging	31 December 2012 Book Value Amount	Proportion (%)	Bad debt provision	31 December 2011 Book Value Amount	Proportion (%)	Bad debt provision
Within 1 year	2,936,463,142	96.47	—	4,890,943,461	98.06	—
More than 1 year but not exceeding 2 years	35,657,426	1.17	3,671,165	18,387,957	0.37	3,579,284
More than 2 years but not exceeding 3 years	17,198,064	0.56	4,709,535	2,566,077	0.05	1,258,723
More than 3 years	54,895,789	1.80	54,895,789	75,744,572	1.52	75,744,527
Total	3,044,214,421	100.00	63,276,489	4,987,642,067	100.00	80,582,534

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Accounts receivable *(Continued)*

(2) As at 31 December 2012, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB411,390 (31 December 2011: RMB3,230,980). More details are disclosed in Note(VI) 6 "Related Party Relationship and Transaction".

(3) Top five customers with the largest balances

RMB

Name of customer	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable *(%)*
Entity one	Third party	559,994,890	Within 1 year	13.26
Entity two	Third party	183,820,549	Within 1 year	4.35
Entity three	Third party	126,893,037	Within 1 year	3.01
Entity four	Third party	124,169,031	Within 1 year	2.94
Entity five	Third party	101,170,927	Within 1 year	2.40
Total		1,096,048,434		25.96

Details about the amount reversed due to the recovery and written off of the accounts receivable for the year ended 31 December 2012 are given in Note(V)18.

As at 31 December 2012, the amount of RMB639,474,730 of accounts receivable is a letter of credit pledged to secure short-term borrowings (31 December 2011: RMB2,965,922,923). Furthur details are given in Note(V)20.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. Prepayments

(1) Aging analysis of prepayments is as follows

RMB

	31 December 2012		31 December 2011	
Aging	**Amount**	**Proportion (%)**	Amount	Proportion (%)
Within 1 year	**1,883,603,336**	**99.16**	2,613,287,346	98.00
More than 1 year but not exceeding 2 years	**404,486**	**0.02**	11,905,640	0.45
More than 2 years but not exceeding 3 years	**2,489,144**	**0.13**	18,728,561	0.70
More than 3 years	**13,177,995**	**0.69**	22,687,776	0.85
Total	**1,899,674,961**	**100.00**	2,666,609,323	100.00

As at 31 December 2012, there is no prepayments with more than one year that are individually significant. The balances aging over one year are mainly advances to suppliers for outstanding purchase of goods.

(2) Top five suppliers with the largest balances

RMB

Name of supplier	**Relationship with the Company**	**Amount**	**Aging**
Entity one	Third party	747,514,571	Within 1 year
Entity two	Third party	299,888,550	Within 1 year
Entity three	Third party	119,983,381	Within 1 year
Entity four	Third party	70,000,000	Within 1 year
Entity five	Third party	50,048,175	Within 1 year
Total		1,287,434,677	

(3) As at 31 December 2012, there are no prepayments due from any shareholders holding at least 5% of the Company's shares with voting power. (31 December 2011: RMB169,089). More details are disclosed in Note(VI) 6 "Related Party Relationship and Transaction".

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables

(1) Disclosure of other receivables by categories:

RMB

	31 December 2012				31 December 2011			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
Category	**Amount**	**Proportion (%)**	**Amount**	**Proportion (%)**	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables portfolios for which bad debt provision has been assessed using the aging analysis approach	**1,582,713,810**	**100.00**	**53,627,097**	**3.39**	1,827,241,532	100.00	32,310,764	1.77
Total	**1,582,713,810**	**100.00**	**53,627,097**	**3.39**	1,827,241,532	100.00	32,310,764	1.77

Aging analysis of other receivables is as follows

RMB

	31 December 2012				31 December 2011			
Aging	**Amount**	**Proportion (%)**	**Amount**	**Proportion (%)**	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	**1,510,098,002**	**95.40**	**—**	**1,510,098,002**	1,778,496,253	97.33	—	1,778,496,253
More than 1 year but not exceeding 2 years	**24,157,161**	**1.53**	**8,691,898**	**15,465,263**	7,111,617	0.39	1,014,671	6,096,946
More than 2 years but not exceeding 3 years	**7,046,896**	**0.45**	**3,523,448**	**3,523,448**	9,106,059	0.50	813,482	8,292,577
More than 3 years	**41,411,751**	**2.62**	**41,411,751**	**—**	32,527,603	1.78	30,482,611	2,044,992
Total	**1,582,713,810**	**100.00**	**53,627,097**	**1,529,086,713**	1,827,241,532	100.00	32,310,764	1,794,930,768

(2) As at 31 December 2012, the amount of RMB5,857,339 was due from a shareholder who holds more than 5% of the voting power of the Company (31 December 2011: RMB402,656). More details are disclosed in Note(VI) 6 "Related party relationship and transaction".

(3) As at 31 December 2012,, the Group's balance of commodity futures margin is RMB1,415,788,733 (31 December 2011: RMB1,051,908,501).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Other receivables *(Continued)*

(4) Top five entities with the largest balances

RMB

Name of Entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total other receivables *(%)*
Entity one	JCC's affiliate	771,104,568	Within 1 year	48.72
Entity two	Third party	214,609,000	Within 1 year	13.56
Entity three	Third party	78,568,764	Within 1 year	4.96
Entity four	Third party	76,087,269	Within 1 year	4.81
Entity five	Third party	44,955,645	Within 1 year	2.84
Total		1,185,325,246		74.89

Details about the amount reversed and written off due to the recovery of the other receivable for the year ended 31 December 2012 are given in Notes(V)18.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Inventories

(1) Categories of inventories

RMB

Item	31 December 2012			31 December 2011		
	Gross carrying amount	**Provision for decline in value of inventories**	**Gross carrying amount**	Gross carrying amount	Provision for decline in value of inventories	Gross carrying amount
Raw materials	**6,405,341,155**	**107,284,257**	**6,298,056,898**	3,865,911,551	169,209,190	3,696,702,361
Work-in-progress	**5,388,823,605**	**150,284,781**	**5,238,538,824**	6,355,144,983	160,307,982	6,194,837,001
Finished goods	**4,485,110,202**	**85,266,188**	**4,399,844,014**	4,351,600,852	146,079,616	4,205,521,236
Total	**16,279,274,962**	**342,835,226**	**15,936,439,736**	14,572,657,386	475,596,788	14,097,060,598

As at 31 December 2012, certain of the Group's inventories with a net book value of RMB49,868,786 was pledged to secure short term bank borrowings (2011: RMB68,000,000). More details are given in Note(V) 20.

As at 31 December 2012, certain of the Group's inventories with a net book value of RMB170,363,228 was pledged as commodity futures margin (2011: RMB59,427,769).

As at 31 December 2012, inventories of the Group included fair value gains on inventories designated as hedged items amounted to RMB6,045,107 (2011 : fair value losses RMB18,890,904), which were hedged by provisional price arrangement.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Inventories *(Continued)*

(2) Provision for decline in value of inventories

RMB

Category of inventories	Opening carrying amount	Increase in the current period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
Raw materials	169,209,190	3,064,299	58,393,181	6,596,051	107,284,257
Work-in-progress	160,307,982	69,424	8,872,253	1,220,372	150,284,781
Finished goods	146,079,616	296,760,439	267,934,693	89,639,174	85,266,188
Total	475,596,788	299,894,162	335,200,127	97,455,597	342,835,226

In the year 2012, inventory provision amounting to RMB335,200,127 has been reversed due to the rise of the market price in 2012(2011: RMB695,025), accounting for 2.06% of the balance of inventories.

The amount of RMB97,455,597 of the provision has been realised as the relevant work in process was put into use and the finished goods were sold out in 2012 (2011: RMB5,720,727).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Available-for-sale financial assets

Available-for-sale financial assets

RMB

Item	**31 December 2012**	31 December 2011
Available-for-sale equity instruments *(Note 1)*	**415,690,000**	415,690,000
— Bank of Nanchang Co., Ltd ("Nanchang Bank")	**398,080,000**	398,080,000
— Liangshan Mining Co., Ltd ("Liangshan Mining")	**10,000,000**	10,000,000
— Kebang Telecom (Group) Co., Ltd ("KebangTelecom")	**5,610,000**	5,610,000
— Gantian Wan Copper Mine in Luchang Town Huili County ("Gantian Wan Mining")	**2,000,000**	2,000,000
Financial products *(Note 2)*	**1,302,000,000**	2,710,000,000
Bonds investment *(Note 3)*	**79,650,000**	160,005,500
Subtotal	**1,797,340,000**	3,285,695,500
Less: Impairment provision	**5,610,000**	5,610,000
Total	**1,791,730,000**	3,280,085,500
Less: Financial products due within one year	**760,000,000**	2,610,000,000
Less: Bonds investment due within one year	**—**	160,005,500
Total of non-current portion	**1,031,730,000**	510,080,000

Note 1: As at 31 December 2012, 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.

Note 2: As at 31 December 2012, the financial products held by the group generate annual target return rate ranges from 9% to 10.5%, which will due from 22 May 2013 to 26 September 2014 respectively (2011: 8.5% to 10.2%).

Note 3: As at 31 December 2012, the bonds investment held by Finance Company, a subsidiary of the Group, generate annual target return rate from 7.15% to 7.17%, which will due from 17 October 2019 to 16 August 2020 (2011: from 6.5% to 7.10%). Finance Company does not intent to hold the bonds investment to maturity.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Other current financial assets

RMB

Item	31 December 2012	31 December 2011
Short term loans to related parties *(Note 1)*	—	842,510,201
Financial assets purchased under resale agreements and others *(Note 2)*	**2,307,610,836**	137,894,890
Total	**2,307,610,836**	980,405,091

Note 1: Loans to related parties are provided by Finance Company, a subsidiary of the Group. All of the loans were guaranteed by JCC, which are due in 2012. More details are disclosed in Note(VI) 6 "Related Party Relationship and Transaction".

Note 2: Other investments represent unsecured loans purchased under repurchase agreements with a commitment to repurchase by counterparties with fixed purchasing price and fixed interest rate at a specific future date, which are recognised as loans and receivables. The due dates of the loans are from 8 January 2013 to 21 December 2013 and the target annual yield rate is 4.15% to 9.8% (2011: nil).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. Investments in joint ventures and associates

RMB'000

Name of investee	Type	Place of incorporation	Legal representative	Nature of business	Paid-in capital Currency	Paid-in capital '000	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Investee's total assets at the end of the period	Investee's total liabilities at the end of the period	Investee's total net assets at the end of the period	Investee's total operating income for the period	Investee's net profit for the period
Jiangxi JCC-BIOTEQ Environmental Technologies company Limited ("Jiangtong Bioteq")	LLC	China	Liu Jianghao	Reclaim industrial waste water and sales of products	RMB	28,200	50	50	72,488	7,795	64,693	34,897	11,229
Minerals Jiangxi Copper Mining Investment Company Limited ("Jiangxi Copper Minerals")	LLC	China	Jin Xiaoguang	Investment company	RMB	3,250,000	40	40	4,776,673	2,115,309	2,661,364	—	9,565
MCC-JCL Avnak Minerals Company Limited ("MCC-JCL") *Note2*	LLC	Afghanistan	Zou Jianhui	Manufacture and sale of copper products	USD	363,648	25	25	2,304,670	24,255	2,280,415	—	—
Asia Development Sure Spread Company Limited ("Asia Sure Spread")	LLC	Japan		Import and export of copper products	JPY	200,000	49	49	11,872	—	11,872	—	—
Zhaojue Fenye Smelting Company Limited("Fengye")	LLC	China	Guo Zhongxiang	Production and sale of copper cathode and related products	RMB	10,000	47.86	47.86	9,712	1,221	8,491	—	—
Zhejiang Heding Copper Company Limited ("Zhejiang Heding") *Note1*	LLC	China	Yu Zhongwen	Manufacturing and sale of copper cathode	RMB	28,800	40	40	922,309	22,309	900,000	—	—

Note1: The Group invested in Zhejiang Heding in 2012 with cost of RMB360,000,000. Proportion of ownership interest held by the Group is 40%.

Note2: MCC-JCL was injected with capital of USD18,090,000 (translated into RMB114,269,196) by the Group proportionately with the other shareholder. The Group holds 25% ownership interest of MCC-JCL.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Long-term equity investment

(1) Long-term equity investment:

RMB

Name of investee	Accounting method	Initial investment cost	Opening balance	Increase/ (decrease)	Closing balance	Proportion of ownership interest held by the Group *(%)*	Proportion of voting power in the investee held by the Group *(%)*	Provision for impairment losses
Joint ventures								
Jiangtong Bioteq	Equity Method	14,100,000	26,732,183	5,614,680	32,346,863	50.00%	50.00%	—
Subtotal		14,100,000	26,732,183	5,614,680	32,346,863			—
Associates								
Jiangxi Copper Minerals	Equity Method	1,300,000,000	1,065,225,664	(680,182)	1,064,545,482	40.00%	40.00%	—
MCC-JCL	Equity Method	585,129,382	455,467,385	114,636,435	570,103,820	25.00%	25.00%	—
Asia Sure Spread	Equity Method	6,186,812	5,817,471	—	5,817,471	49.00%	49.00%	—
Fengye	Equity Method	4,063,977	4,063,977	—	4,063,977	47.86%	47.86%	—
Zhejiang Heding	Equity Method	360,000,000	—	360,000,000	360,000,000	40.00%	40.00%	—
Qingyuan *(Note)*	Equity Method	56,000,000	—	—	—	40.00%	40.00%	—
Subtotal		2,311,380,171	1,530,574,497	473,956,253	2,004,530,750			—
Others								
Shanxi Diaoquan Silver and Copper Mining Company Limited ("Diaoquan")	Cost Method	13,056,216	13,056,216	—	13,056,216	15.00%	15.00%	(13,056,216)
Subtotal		13,056,216	13,056,216	—	13,056,216			(13,056,216)
Total		2,338,536,387	1,570,362,896	479,570,933	2,049,933,829			(13,056,216)

Note: The Company acquired the rest of ownership interest of Qingyuan in 2012, which made Qingyuan a subsidiary of the Company. More details are given in Note(X)1.

(2) As at 31 December 2012, the associates and jointly controlled entity could transfer funds to the Group without restrictions.

(3) Significant accounting policies and accounting estimates of joint ventures and associates are consistent with the Group.

(4) No provision for impairment loss was made nor cash dividend was received in 2012.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. Investment properties

(1) Investment properties measured at cost

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
I. Total original carrying amount	—	181,953,812	—	181,953,812
Buildings and land use rights	—	181,953,812	—	181,953,812
II. Total accumulated depreciation and amortisation	—	3,035,448	—	3,035,448
Buildings and land use rights	—	3,035,448	—	3,035,448
III. Total net book value of investment properties	—	178,918,364	—	178,918,364
Buildings and land use rights	—	178,918,364	—	178,918,364
IV. Total accumulated provision for impairment losses of investment properties	—	—	—	—
Buildings and land use rights	—	—	—	—
V. Total carrying amounts of investment properties	—	178,918,364	—	178,918,364
Buildings and land use rights	—	178,918,364	—	178,918,364

(2) As at 31 December 2012, no investment properties were restricted;

(3) The increase in the original carrying amount for the current period attributes to acquisitions;

(4) The increase in accumulated depreciation is provision for the year.

(5) The Group rents part of Beijing Fortune Centre which is newly acquired in 2012 to JCC's affiliate, and exempts the rent for 2012.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Fixed assets

(1) Fixed assets

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
I. Total original carrying amount	24,543,128,737	3,065,122,639	463,653,422	27,144,597,954
Including: Buildings	8,623,631,001	1,033,545,729	49,735,216	9,607,441,514
Machinery and equipment	14,472,306,569	1,898,463,130	330,347,588	16,040,422,111
Transportation vehicles	1,321,249,303	116,984,108	69,686,065	1,368,547,346
Office and other equipment	125,941,864	16,129,672	13,884,553	128,186,983
II. Total accumulated depreciation	9,697,070,387	1,229,760,186	369,480,552	10,557,350,021
Including: Buildings	3,075,328,153	329,471,859	29,451,416	3,375,348,596
Machinery and equipment	5,985,379,608	749,711,626	265,147,171	6,469,944,063
Transportation vehicles	595,236,970	132,553,474	65,650,148	662,140,296
Office and other equipment	41,125,656	18,023,227	9,231,817	49,917,066
III. Total net book value of fixed assets	14,846,058,350			16,587,247,933
Including: Buildings	5,548,302,848			6,232,092,918
Machinery and equipment	8,486,926,961			9,570,478,048
Transportation vehicles	726,012,333			706,407,050
Office and other equipment	84,816,208			78,269,917
IV. Total provision for impairment losses	53,719,159	12,556,267	42,939,447	23,335,979
Including: Buildings	16,419,959	—	15,700,960	718,999
Machinery and equipment	35,224,340	12,553,942	25,216,500	22,561,782
Transportation vehicles	203,119	—	200,365	2,754
Office and other equipment	1,871,741	2,325	1,821,622	52,444
V. Total carrying amount of fixed assets	14,792,339,191			16,563,911,954
Including: Buildings	5,531,882,889			6,231,373,919
Machinery and equipment	8,451,702,621			9,547,916,266
Transportation vehicles	725,809,214			706,404,296
Office and other equipment	82,944,467			78,217,473

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Fixed assets *(Continued)*

(2) As at 31 December 2012, there are not temporarily idle fixed assets, no fixed assets leased out under operating lease, no fixed assets leased in under financial leasing, or no fixed assets held for sale.

(3) As at 31 December 2012, buildings amounting to RMB21,726,740 were mortgaged to secure current bank borrowings (31 December 2011: RMB35,001,803). More details are given in Note(V)20. As at 31 December 2012, no machinery and equipment were restricted (31 December 2011: RMB35,757,948).

(4) As at 31 December 2012, fixed assets of which certificates of title have not been obtained amounting to RMB450,504,299 (31 December 2011: RMB264,305,768).

Descriptions of fixed assets:

(1) The increase in the original carrying amount for the current period consists of acquisitions of RMB52,148,531, transfer of RMB2,977,857,778 from construction in progress, and an increase of RMB35,116,330 from acquisition of subsidiaries.

(2) The decrease in the original carrying amount for the current period is disposal.

(3) The increase in accumulated depreciation is provision for this year.

(4) The decrease in accumulated depreciation is disposal for this year.

(5) For the year ended 31 December 2012, impairment amounting to RMB12,556,267 is provided for fixed assets phased out and scrapped from technical upgrading (2011: RMB55,057,453).

(6) For the year ended 31 December 2012, the amount of write-off of fixed assets due to diposal is RMB42,939,447 (2011: RMB21,239,317).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Construction in progress

(1) Changes in significant construction in progress:

RMB

Item	Budget	Opening balance	Increase in the current period	Transfer to fixed assets	Amount invested as a proportion of budget amount (%)	Source of fund	Closing balance
Expansion project of phase II of Chengmenshan Copper Mine	467,990,000	126,337,881	79,699,810	20,379,145	85.03	Proceeds from issuance of shares ("Proceeds")	185,658,546
Technical renovation engineering of enlarging production scale of Dexing Mining	2,580,000,000	782,349,035	197,171,077	447,397,131	83.97	Proceeds	532,122,981
Extension of Open-pitting Mining project	373,470,000	2,137,380	350,000	2,487,380	100.00	Self-funding and Proceeds	–
Technical improvement of the ninth copper concentrate 5000t/d retreating project	921,330,000	545,642,750	233,783,434	372,817,908	85.07	Self-funding	406,608,276
Oriental New World Plaza A Building F31 - F33	301,490,060	296,542,658	19,607,394	–	99.00	Self-funding	316,150,052
Tailings storehouse Project	327,780,000	191,794,486	113,284,544	–	93.07	Self-funding	305,079,030
Liujia gou tailings storehouse in Chengmenshan Copper Mine	318,310,000	107,457,538	48,899,690	–	74.36	Self-funding	156,357,228
Phase II of Longchang Copper Pipe	298,000,000	135,968,071	162,031,929	298,000,000	100.00	Self-funding	–
No.5 Mine exploitation Project	130,000,000	95,951,212	13,385,944	45,970,384	94.30	Self-funding	63,366,772
400 Kiloton Copper Rod Line Project	430,000,000	95,231,797	191,534,843	246,333,092	66.69	Self-funding	40,433,548
Dexing 600 Kiloton Pyritic Project	546,460,000	94,088,083	258,283,915	–	64.48	Self-funding	352,371,998
East ditch waste-rock yards in Chengmenshan Copper Mine	197,070,000	72,156,091	6,578,283	–	66.34	Self-funding	78,734,374
Reformation project of smelting capacity of system two	136,560,000	71,606,046	32,255,326	103,861,372	100.00	Self-funding	–
No.4 tailings plant relocation	80,000,000	44,988,209	22,134,815	–	98.23	Self-funding	67,123,024
Sizhou plant production system improvement	90,000,000	35,484,314	18,723,758	16,258,186	60.23	Self-funding	37,949,886
Water conservation and wastewater treatment project	190,500,000	26,752,115	43,789,419	–	37.03	Self-funding	70,541,534
Facility coordination for Expansion project of phase II	73,000,000	22,002,213	–	22,002,213	100.00	Self-funding	–
Landslide controlling project for the east of Dashan plant	26,700,000	21,343,235	4,610,493	–	97.27	Self-funding	25,953,728
Environmental protection and energy-saving technological transformation project	425,443,300	11,921,745	344,552,055	356,473,800	100.00	Self-funding	–
Environmental comprehensive treatment project	58,850,000	2,460,539	35,248,695	–	64.08	Self-funding	37,709,234
International Plaza (Headquarter #1 building)	266,000,000	7,976,976	49,523,753	–	21.62	Self-funding	57,500,729
Acquisition and relocation of north of Guiye Plant	148,520,000	–	82,150,000	–	55.31	Self-funding	82,150,000
Technical system and energy-saving emission reduction comprehensive renovation project	159,880,000	47,863	44,048,361	–	27.58	Self-funding	44,096,224
Employees' cultural center and activity centers	58,000,000	13,380,650	30,538,822	–	75.72	Self-funding	43,919,472
Fujiawu mining area land seizure	120,000,000	91,396.00	39,468,242	–	32.97	Self-funding	39,559,638
300 thousand disassembly project	203,350,000	–	101,856,554	–	50.09	Self-funding	101,856,554
Qingyuan electrolysis project	586,304,314	–	466,796,832	456,304,314	79.62	Self-funding	10,492,518
Others		496,359,173	407,498,969	589,572,853			314,285,289
Total		3,300,071,456	3,047,806,957	2,977,857,778			3,370,020,635

(2) As at 31 December 2012 and 31 December 2011, No provision for impairment of construction in progress is made.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Construction in progress *(Continued)*

(3) The increase in the original carrying amount for the current period consists of acquisitions of RMB2,710,147,330 and an increase of RMB337,659,627 from acquisition of subsidiaries.

15. Intangible assets

Intangible assets

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
I. Total original carrying amount	1,507,866,909	51,613,218	4,237,556	1,555,242,571
Trademarks	52,626,656	—	—	52,626,656
Mining rights	945,331,851	—	—	945,331,851
Land use rights	477,870,798	47,065,381	4,237,556	520,698,623
Others	32,037,604	4,547,837	—	36,585,441
II. Total accumulated amortization	221,977,572	48,104,855	—	270,082,427
Trademarks	26,976,649	1,198,009	—	28,174,658
Mining rights	143,494,067	31,973,898	—	175,467,965
Land use rights	39,392,230	13,232,247	—	52,624,477
Others	12,114,626	1,700,701	—	13,815,327
III. Total net book value of intangible assets	1,285,889,337			1,285,160,144
Trademarks	25,650,007			24,451,998
Mining rights	801,837,784			769,863,886
Land use rights	438,478,568			468,074,146
Others	19,922,978			22,770,114
IV. Total provision for impairment	—	—	—	—
V. Total carrying amount of intangible assets	1,285,889,337			1,285,160,144

Description of intangible assets:

(1) As at 31 December 2012, land us right amounting to RMB10,090,408 were mortgaged to secure current bank borrowings (31 December 2012: Nil). More details are given in Notes(V)20.

(2) As at 31 December 2012, no intangible assets were still in the process of obtaining the property certificates (31 December 2011: RMB126,687,893).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. Intangible assets *(Continued)*

(3) As at 31 December 2012, the increase in the original carrying amount refers to purchase of RMB5,587,837, and an increase of RMB46,025,381 on acquisition of a subsidiary.

(4) The decrease in original carrying amount is transfer of land us right.

(5) The increase in amortization is provision for this year.

16. Exploration costs

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

RMB

Item	31 December 2011	Increase in the current period	Acquisition of a subsidiary	31 December 2012
Exploration costs	206,367,370	161,946,451	266,802,980	635,116,801

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Deferred tax assets/deferred tax liabilities

(1) Recognised deferred tax assets and deferred tax liabilities

RMB

Item	**31 December 2012**	31 December 2011
Deferred tax assets:		
Provision for impairment losses of assets	**72,504,924**	94,143,052
Unrealised profit from inter-group transactions	**29,062,526**	12,918,665
Deductible losses	**32,408,214**	2,643,061
Accrued employee benefits	**141,263,131**	175,110,153
Deferred revenue	**40,587,721**	17,035,814
Fair value loss arising from Commodity future contracts	**4,643,858**	1,249,148
Fair value loss arising from forward currency contracts	**12,557,448**	2,093,990
Fair value loss arising from interest rate swaps	**1,072,992**	—
Fair value loss arising from gold trading	**3,596,250**	—
Provisional price arrangement	**—**	127,452
The Safety Fund	**45,376,648**	—
Provision	**11,040,824**	—
Others	**3,297,864**	768,057
Subtotal	**397,412,400**	306,089,392
Deferred tax liabilities:		
Fair value gain arising from commodity derivative contracts	**8,518,937**	12,100,055
Fair value gain arising from forward currency contracts	**537,398**	—
Fair value gain arising from gold trading	**1,633,583**	2,137,841
Revaluation on acquisition	**93,901,271**	—
Subtotal	**104,591,189**	14,237,896

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Deferred tax assets/deferred tax liabilities *(Continued)*

(2) Details of unrecognised deferred tax assets

RMB

Deductible temporary differences and deductible losses	31 December 2012	31 December 2011
Deferred revenue	**31,586,439**	106,709,663
Provision for impairment losses of assets	**127,931,412**	175,954,205
Accrued employee benefits	**21,456,330**	18,232,066
The Safety Fund	**2,745,553**	—
Deductible losses	**535,597,286**	453,001,475
Others	—	2,909,172
Subtotal	**719,317,020**	756,806,581

(3) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

RMB

Year	31 December 2012	31 December 2011
2012	—	67,331,627
2013	**52,046,658**	65,649,147
2014	**60,277,693**	60,277,693
2015	—	—
2016	**132,749,235**	195,205,312
2017	**290,523,700**	—
No time limit	—	64,537,696
Total	**535,597,286**	453,001,475

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Deferred tax assets/deferred tax liabilities *(Continued)*

(4) Details of taxable temporary differences and deductible temporary differences

RMB

Item	31 December 2012	31 December 2011
Deductible temporary differences:		
Provision for impairment losses of assets	**456,095,423**	550,075,969
Unrealised profit from inter-group transactions	**116,250,104**	66,489,895
Deductible losses	**129,632,855**	20,336,895
Accrued employee benefits	**836,595,019**	1,044,667,126
Deferred revenue	**270,584,810**	93,572,092
Fair value loss arising from Commodity future contracts	**18,575,431**	4,993,593
Fair value loss arising from forward currency contracts	**84,508,907**	12,024,182
Fair value loss arising from interest rate swaps	**7,153,277**	—
Fair value loss arising from gold trading	**14,385,000**	—
Provisional price arrangement	**—**	849,680
The Safety Fund	**274,339,726**	—
Provision	**65,528,910**	—
Others	**13,191,462**	3,472,610
Subtotal	**2,286,840,924**	1,796,482,042
Taxable temporary differences:		
Fair value gain arising from commodity derivative contracts	**44,613,741**	52,071,262
Fair value gain arising from forward currency contracts	**2,401,211**	—
Fair value gain arising from gold trading	**6,534,332**	8,551,364
Revaluation on acquisition	**375,605,083**	—
Subtotal	**429,154,367**	60,622,626

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Details of provision for impairment losses of assets

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period		31 December 2012
			Reversals	Write-off	
I. Bad debts provision for accounts receivable	163,981,276	8,625,565	22,215,208	4,829,316	145,562,317
II. Bad debts provision for other receivable	32,310,764	21,512,981	195,284	1,364	53,627,097
III. Provision for decline in value of inventories	475,596,788	299,894,162	335,200,127	97,455,597	342,835,226
IV. Provision for available-for-sale investments	5,610,000	—	—	—	5,610,000
V. Provision for impairment losses of fixed assets	53,719,159	12,556,267	—	42,939,447	23,335,979
VI. Provision for impairment losses of long-term equity investments	13,056,216	—	—	—	13,056,216
Total	744,274,203	342,588,975	357,610,619	145,225,724	584,026,835

For the year ended 31 December 2012, reversal of bad debts provision is due to the collection of accounts receivable for which bad debt provision has been assessed using the aging analysis approach. Written off are due to uncollectable accounts receivable.

19. Other non-current assets

Item	31 December 2012	31 December 2011
Prepayment for fixed assets	**163,390,297**	218,096,147
Prepayment for land use right	**6,117,072**	—
Lease prepayments due more than one year	**18,385,320**	—
Total	**187,892,689**	218,096,147

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. Short-term borrowings

Categories of short-term borrowings:

RMB

Item	31 December 2012	31 December 2011
Credit borrowings	**9,422,882,049**	5,198,125,143
Pledged borrowings *(Note 1)*	**2,789,234,895**	3,846,605,625
Mortgaged borrowings *(Note 2)*	**51,000,000**	86,000,000
Total	**12,263,116,944**	9,130,730,768

As at 31 December 2012, the borrowings carry annual interest rates ranging from 0.71% to 6.60%((2011: 0.94% to 7.87%).

Note 1: As at 31 December 2012, pledged borrowings were secured by the discounted unmatured bank accepted bills with the carrying value of RMB916,109,474 (31 December 2011: RMB33,149,100), letter of credit amounting to RMB639,474,730 (31 December 2011: RMB2,965,922,923), inventories with the carrying value of RMB49,868,786 (31 December 2011: RMB68,000,000), and time deposits amounting to RMB1,204,995,195 (31 December 2011: RMB1,318,176,998).

Note 2: As at 31 December 2012, mortgaged borrowings were secured by buildings with carrying value of RMB21,726,740 and land use rights with carrying value of RMB10,090,408 (31 December 2011: buildings with carrying value of RMB35,001,803 and machinery and equipment with carrying value of RMB35,757,948).

As at 31 December 2012, there was no balance of matured but unsettled short-term borrowings.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Held for trading financial liabilities

RMB

Item	31 December 2012	31 December 2011
1. Derivative financial liabilities not designated as hedges *(Note 2)*	**193,930,177**	124,672,167
Forward currency contracts	**84,508,907**	21,598,933
Interest rate swaps	**7,153,277**	11,190,310
Commodity option contracts	**15,766,123**	—
Commodity future contracts	**67,681,742**	14,538,074
Gold future contracts	**18,820,128**	77,344,850
2. Liabilities arising from gold lease at fair value *(Note 3)*	**1,552,217,967**	946,260,226
3. Hedging instruments	**9,786,581**	27,732,702
(1) Derivatives not qualifying as hedges *(Note 2)*	**173,200**	20,056,132
Commodity future contracts	**173,200**	19,921,702
Provisional price arrangement	**—**	134,430
(2) Derivatives qualifying as hedges *(Note 1)*	**9,613,381**	7,676,570
Cash flow hedges	**876,900**	5,690,218
Commodity future contracts	**876,900**	5,690,218
Fair value hedges	**8,736,481**	1,986,352
Firm commitment	**—**	1,986,352
Provisional price arrangement	**8,736,481**	—
Total	**1,755,934,725**	1,098,665,095

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Held for trading financial liabilities *(Continued)*

Note 1: Hedge accounting

The Group uses Commodity future contracts and provisional price arrangement separate from copper concentrate purchase agreement to hedge its commodity price risk. Commodity future contracts utilised by the Group are mainly standardized copper cathode future contracts in SHFE and LME.

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

Cash flow hedge

The Group utilises 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. The Group buys the commodity future contracts for copper cathode, which are compliance with expected sales contracts. The Group assesses the hedging instrument's effectiveness by ratio analysis. As at 31 December 2012, the expected delivery period of the forecasted sales for copper related products is from January 2013 to April 2013. The hedge is as follows:

Hedged item	**Hedging instrument**	**Hedge**
Expected sales of copper cathode	Commodity future contracts for copper cathode	Buy the commodity future contracts to lock the price volatility of the expected copper cathode sales contracts

At the balance sheet date, the gain arising from the changes in fair value of cash flow hedging instruments recognised in the capital reserve is RMB539,674(2011: loss RMB5,764,569), and is expected to be transferred gradually to the income statement within four months after the balance sheet date (the period during which the commodity future contracts transactions are anticipated to take place).

During the year, the amount reclassified by the Group from capital reserve into profit or loss is RMB122,593,223(2011: RMB36,445,574); losses arising from ineffective hedges are RMB80,225(2011: gains RMB74,351).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Held for trading financial liabilities *(Continued)*

Note 1: Hedge accounting *(Continued)*

Fair value hedge

The Group utilises 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 utilises standardized copper cathode future to hedge the fair value change of the firm commitment. The Group desinates the Commodity future contracts and provisional price arrangement bought in 2012 as hedge instruments, which are compliance with inventories and sales contracts. The Group assesses the hedging instrument's effectiveness by ratio analysis. As at 31 December 2012, the expected maturity period of the Commodity future contracts is from January 2013 to March 2013. The main hedge is as follows:

Hedged item	**Hedging instrument**	**Hedge**
Firm commitment for copper rods and wires	Commodity future contracts for copper cathode	Buy the commodity future contracts to lock the price volatility of the copper cathode sales contracts
Inventories (Domestic purchase)	Commodity future contracts for copper cathode	Sell the Commodity future contracts to lock the price volatility of the copper cathode inventories
Inventories (Overseas purchase)	Provisional price arrangement	Provisional price arrangement to lock the price volatility of the copper cathode inventories

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(V) 46, 47 and 52.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Held for trading financial liabilities *(Continued)*

Note 2: Not under hedge accounting

The Group utilises 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 utilises 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(V) 46 and 47.

Note 3: Liabilities arising from gold lease valued at fair value

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 recognised as held-for-trading financial liabilities.

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 moves in line with the prevailing price of gold.

22. Notes payable

RMB

Category	31 December 2012	31 December 2011
Bank acceptances	**258,606,333**	153,529,031
Total	**258,606,333**	153,529,031

The above notes payable will become due from January to June 2013.

As at 31 December 2012, no notes payable due to any shareholders holding at least 5% of the Company's shares with voting power.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

23. 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 2012, the Group's balance due to shareholder who holds more than 5% shares of the Company is RMB3,369,410 (31 December 2011: RMB1,231,646). More details are disclosed in Note(VI) 6 "Related Party Relationship and Transaction".

As at 31 December 2012, the Group has no material balance of accounts payable aged over one year.

24. Receipts in advance

The balance of receipts in advance represents the amount regarding sales of goods.

At the opening and closing of the period, there are no receipts in advance due to any shareholders holding at least 5% of the Company's shares with voting power. More details are disclosed in Note(VI) 6 "Related Party Relationship and Transaction".

As at 31 December 2012, the Group has no material balance of advance from customers aged over one year.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

25. Employee benefits payable

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
I. Wages or salaries, bonuses, allowances and subsidies	646,798,111	1,912,748,615	1,816,910,232	742,636,494
II. Staff welfare	696,241	93,513,869	94,168,476	41,634
III. Social security contributions	107,325,352	401,271,308	499,931,153	8,665,507
Including: Basic pension insurance	90,800,079	300,463,338	385,485,451	5,777,966
Medical insurance	6,804,295	88,577,166	94,255,197	1,126,264
Unemployment insurance	8,784,268	507,411	8,618,459	673,220
Work injury insurance	933,830	11,403,295	11,253,973	1,083,152
Maternity insurance	2,880	320,098	318,073	4,905
IV. Housing funds	9,643,727	197,714,645	193,472,063	13,886,309
V. Labor union and education fund	6,124,983	48,796,222	50,702,981	4,218,224
VI. Others	(341,819)	4,611,122	3,162,903	1,106,400
VII. Management incentive schemes	416,442,900	77,769,062	371,104,769	123,107,193
Subtotal	1,186,689,495	2,736,424,843	3,029,452,577	893,661,761
Less: non current liabilities- management incentive schemes	291,510,030			99,222,426
Total	895,179,465			794,439,335

As at 31 December 2012, there was no balance with the nature of arrears.

There was no expenditure occurred in 2012 and 2011 with the nature of non-monetary staff welfare or compensation for employment termination. All the payroll unpaid at the end of 31 December 2012(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 2013.

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 2018 and is indexed to the rate of growth of the Group's net assets.

Approved by government in 2012, the Group decreased management incentive schemes by the amount of RMB351,294,891 as agreed with management.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

26. Taxes payable

RMB

Item	31 December 2012	31 December 2011
Enterprise income tax	**734,358,567**	886,061,727
Value-added tax	**11,149,695**	369,714,345
Business tax	**5,328,493**	6,412,183
Individual income tax	**22,288,529**	28,714,264
City construction and maintenance tax	**10,928,668**	38,785,177
Education surcharge	**9,502,693**	26,437,788
Resource tax	**717,761**	37,833,809
Mineral resource compensation charge	**43,224,246**	53,834,638
Others	**48,369,731**	88,367,285
Total	**885,868,383**	1,536,161,216

27. Other payables

(1) Details of other payables are as follows:

RMB

Name of entity	31 December 2012	31 December 2011
Amount paid on behalf of the Group by JCC	**52,682,783**	17,103,933
Paid on behalf of the Group by Subsidiaries of JCC	**31,698,051**	30,577,520
Payables for land rents to JCC	**155,815,194**	29,584,000
Retention for contract	**143,023,647**	193,491,394
Payable for construction, machinery and materials	**796,402,560**	356,782,262
Miscellaneous repairmen and maintenance fee	**17,299,406**	29,214,968
Service charges	**53,182,890**	40,400,568
Others	**207,657,418**	135,006,087
Total	**1,457,761,949**	832,160,732

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Other payables *(Continued)*

(2) As at 31 December 2012, the Group's balance of other payables due to shareholder who holds more than 5% of the Company is RMB208,497,977 (31 December 2011: RMB46,687,933).

(3) As at 31 December 2012, the Group has no material balance of other payables aged over one year.

28. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year are as follows:

RMB

Item	31 December 2012	31 December 2011
Long-term borrowings due within one year *(Note(V) 30)*	**153,994,750**	678,635,237
Deferred revenue due within one year *(Note(V) 34)*	**27,509,826**	33,169,635
Long-term payables due within one year *(Note(V) 32)*	**2,009,689**	2,009,689
Total	**183,514,265**	713,814,561

(2) Long-term borrowings due within one year

(a) Long-term borrowings due within one year

RMB

Item	31 December 2012	31 December 2011
Credit borrowings	**153,994,750**	391,867,639
Mortgaged borrowings	**—**	286,767,598
Total	**153,994,750**	678,635,237

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

28. Non-current liabilities due within one year *(Continued)*

(2) Long-term borrowings due within one year *(Continued)*

(b) Top five long-term borrowings due within one year:

RMB

					31 December 2012	
Lender	**Inception date of borrowing**	**Maturity date**	**Original Currency**	**Interest rate** *(%)*	**Amount in Original Currency**	**Amount in RMB**
Bank I	6 April 2012	3 April 2013	USD	3.35	24,500,000	153,994,750
Total						153,994,750

29. Other current liabilities

RMB

Item	**31 December 2012**	31 December 2011
Short term deposit from related parties *(Note 1)*	**655,210,455**	1,288,662,350
Others *(Note 2)*	**149,312,678**	127,632,105
Total	**804,523,133**	1,416,294,455

Note 1: The amount represents the related parties' demand deposit and time deposit due within one year in the Finance Company, the range of the interest rate is 0.35% to 3.50% per annum (2011: 0.36% to 3.50%).

Note 2: The balance represents demand deposit and time deposit due within one year in Finance Company from Labour Union Committee of the Company, which earn interest at 0.35% to 3.50%(31 December 2012: 0.36% to 3.50%).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

30. Long-term borrowings

(1) Categories of long-term borrowings

RMB

Item	31 December 2012	31 December 2011
Credit borrowings	**771,839,848**	411,117,639
Mortgaged borrowings	**—**	441,139,648
Subtotal	**771,839,848**	852,257,287
Less: Long-term borrowings due within one year	**153,994,750**	678,635,237
Including: Credit borrowings	**153,994,750**	391,867,639
Mortgaged borrowings	**—**	286,767,598
Total	**617,845,098**	173,622,050

As at 31 December 2012, the bank borrowing carry interest rate was 3.13% to 4.20% per annum (2011: 0.36% to 4.76%).

As at 31 December 2012, there was no matured but unsettled long-term borrowing.

(2) Top five long-term borrowings due after one year

RMB

					31 December 2012	
Lender	Inception date of borrowing	Maturity date	Original Currency	Interest rate (%)	Amount in Original Currency	Amount in RMB
Bank I	November 2012	November 2014	RMB	4.2000	—	500,000,000
Bank II	September 2012	September 2016	JPY	3.6475	1,101,868,000	86,700,020
Bank III	December 2005	December 2020	RMB	3.1300	—	19,250,000
Bank IV	October 2012	October 2016	JPY	3.6324	92,496,000	7,133,541
Bank V	November 2012	November 2016	JPY	3.6279	61,664,000	4,761,537
Total						617,845,098

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

31. Bonds payable

RMB

Name of bond	Par value	Issuance date	Period	Liability component at the issuance date	Beginning balance of interest adjustment	Interest adjustment	Interest paid and accrual	Ending balance
08JCC Bond (126018)	6,800,000,000	22 September 2008	8 years	4,677,412,723	744,837,684	326,773,878	(68,000,000)	5,681,024,285

Note: 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 31 December 2012, there are no outstanding warrants.

32. Long-term payables

RMB

Item	**Period**	**Interest rate** *(%)*	**31 December 2012**	31 December 2011
Mining right payable- Dexing & Yongping Mining	30 years	6.52	**15,940,620**	16,456,496
Less: Amount due within one year			**2,009,689**	2,009,689
Total			**13,930,931**	14,446,807

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 for 2012 is RMB117,046 (2011: RMB118,776) and interest rate announced by the state during the year is 6.00% to 6.56% (2011: 5.81% to 6.56%).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

33. Provision

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
Environment rehabilitation costs	129,530,869	9,528,437	—	139,059,306
Total	129,530,869	9,528,437	—	139,059,306

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 recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

34. Other non-current liabilities

RMB

Item	**31 December 2012**	31 December 2011
Deferred revenue	**359,965,212**	277,669,327
Less: Deferred revenue due within one year	**27,509,826**	33,169,635
Total	**332,455,386**	244,499,692

Other non-current liabilities represent the deferred revenue derived from government grant received in respect of purchase and construction of property, plant and equipment. As at 31 December 2012, all the deferred revenue was granted by the government related to assets. For 2012, government subsidies granted to the Group mainly represented technical renovation project of Dexing Mining and comprehensive resource utilization project of Yinshan Mining, amounting to RMB89,203,461 and RMB20,110,629, respectively.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

35. Share capital

The registered and paid-in capital of the Company totals at RMB3,462,729,405 with par value of RMB1 each. The share class and structure are set out as follows:

RMB

	31 December 2011	Changes for the period					31 December 2012
		New issue of shares	Bonus issue	Capitalization of surplus reserve	Others	Subtotal	
2012:							
I. Tradable shares							
1. A shares	2,075,247,405	—	—	—	—	—	2,075,247,405
2. H shares	1,387,482,000	—	—	—	—	—	1,387,482,000
II. Total shares	3,462,729,405	—	—	—	—	—	3,462,729,405
2011:							
I. Tradable shares							
1. A shares	2,075,247,405	—	—	—	—	—	2,075,247,405
2. H shares	1,387,482,000	—	—	—	—	—	1,387,482,000
II. Total shares	3,462,729,405	—	—	—	—	—	3,462,729,405

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

36. Capital reserve

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
2012:				
Share premium	11,653,213,113	—	—	11,653,213,113
Other capital reserves	(4,572,496)	37,658,803	—	33,086,307
— Change in fair value of commodity derivative contracts	(4,685,559)	5,090,314	—	404,755
— Other reserves *(Note)*	113,063	32,568,489	—	32,681,552
Total	11,648,640,617	37,658,803	—	11,686,299,420
2011:				
Share premium	11,653,213,113	—	—	11,653,213,113
Other capital reserves	(101,853,927)	97,281,431	—	(4,572,496)
— Change in fair value of commodity derivative contracts	(101,966,990)	97,281,431	—	(4,685,559)
— Other reserves	113,063	—	—	113,063
Total	11,551,359,186	97,281,431	—	11,648,640,617

Note: In 2012, shareholders of Finance Company injected capital to Finance Company unproportionately. Minority shareholder of International Trade injected capital in International Trade. More details are given in Notes(IV)1. The difference between the increase in carrying value of minority interests and the price of fair value the consideration paid are recognised in capital reserve.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

37. Special reserve

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
2012:				
The Safety Fund	276,626,510	389,404,625	390,488,943	275,542,192
2011:				
The Safety Fund	239,154,624	209,850,065	172,378,179	276,626,510

According to CaiQi [2012] No.16 "Measures for the deduction and usage management of the Production Safety Fund", 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. The accrual standard rates of the Group are RMB5 per ton for the mine above the ground and RMB10 per ton for the mine under the ground. As for the refining enterprises, the fund is accrued monthly according to the sales and in a regressive rate from 0.05% to 3%.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

38. Surplus reserve

RMB

Item	31 December 2011	Increase in the current period	Decrease in the current period	31 December 2012
2012:				
Statutory surplus reserve	3,259,293,521	486,386,516	—	3,745,680,037
Discretionary surplus reserve	7,866,666,533	1,459,159,550	—	9,325,826,083
Total	11,125,960,054	1,945,546,066	—	13,071,506,120
2011:				
Statutory surplus reserve	2,670,177,952	589,115,569	—	3,259,293,521
Discretionary surplus reserve	6,099,319,826	1,767,346,707	—	7,866,666,533
Total	8,769,497,778	2,356,462,276	—	11,125,960,054

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.

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, the discretionary surplus reserve can be used to make up prior year losses or increase share capital.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

39. Retained earnings

RMB

Item	2012	2011
Retained earnings at beginning of period	**13,044,111,354**	10,236,227,824
Add: Net profit attributable to owners of the Company	**5,215,874,606**	6,549,449,240
Profits available for appropriation	**18,259,985,960**	16,785,677,064
Less: Appropriations to the statutory surplus reserve	**486,386,516**	589,115,569
Appropriations to the discretionary surplus reserve	**1,459,159,550**	1,767,346,707
Appropriations to the employee bonus and welfare fund	**—**	11,672
Profits available for appropriation to shareholders	**16,314,439,894**	14,429,203,116
Less: Final cash dividend approved by the Annual General Meeting of last year	**1,731,364,703**	692,545,881
Interim cash dividend approved by the Special General Meeting of current year	**—**	692,545,881
Retained profits at the end of period	**14,583,075,191**	13,044,111,354
Including: Cash dividend proposed after balance sheet date	**1,731,364,703**	1,731,364,703

According to the proposal of the Board of Directors, the Company appropriate to the statutory surplus reserve 10% of its profit after taxation and 30% to discretionary surplus reserve. A dividend of RMB0.5 per share on 3,462,729,405 shares, in aggregate approximately RMB1,731,364,703 was proposed to the shareholders as the final dividend for year 2012. The plan is subject to the approval by the Annual General Meeting.

On 19 June 2012, a dividend of RMB0.5 per share (tax inclusive) on 3,462,729,405 shares, in aggregate approximately RMB1,731,364,703 was declared to the shareholders as the final dividend for year 2011. On 16 July 2012 the Company paid the cash dividend.

As at 31 December 2012, the balance of retained earnings includes surplus reserve of subsidiaries amounting to RMB234,238,652(31 December 2011: RMB168,873,501).

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Operating income and operating costs

(1) Operating income and operating costs

RMB

Item	2012	2011
Principal operating income	**158,155,172,351**	117,286,137,505
Including: Trading income	**88,724,353,705**	43,244,899,687
Other operating income	**401,034,174**	354,851,428
Operating income	**158,556,206,525**	117,640,988,933
Principal operating cost	**150,219,772,687**	106,713,338,708
Including: Trading cost	**88,819,863,731**	43,186,581,900
Other operating cost	**389,723,236**	267,659,865
Operating cost	**150,609,495,923**	106,980,998,573

(2) Principal operating activities (classified by products)

RMB

	2012		2011	
Name of product	**Operating income**	**Operating cost**	Operating income	Operating cost
Copper cathodes	**103,582,786,695**	**100,336,614,244**	67,069,672,322	63,138,972,350
Copper rods and wires	**27,022,540,523**	**24,928,003,317**	26,786,942,958	24,213,044,516
Copper processing products	**5,221,823,431**	**5,226,979,572**	5,988,714,290	5,885,679,353
Golds	**9,374,377,509**	**7,997,353,589**	7,917,194,297	6,412,751,559
Silvers	**3,586,333,150**	**3,402,028,567**	3,735,884,386	2,721,308,172
Chemical products	**2,204,912,869**	**1,518,101,690**	2,304,609,763	1,301,591,061
Rare metals and other nonferrous metals	**6,245,651,204**	**6,136,988,799**	2,593,734,210	2,492,824,391
Others	**916,746,970**	**673,702,909**	889,385,279	547,167,306
Total	**158,155,172,351**	**150,219,772,687**	117,286,137,505	106,713,338,708

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

40. Operating income and operating costs *(Continued)*

(3) Principal operating activities (classified by geographical areas)

RMB

Name of geographical area	2012 Operating income	2012 Operating cost	2011 Operating income	2011 Operating cost
Mainland China	**144,824,283,842**	**137,365,209,019**	110,861,020,402	100,297,983,660
Hong Kong	**6,352,053,731**	**6,047,559,908**	5,306,342,622	5,312,324,736
Others	**6,978,834,778**	**6,807,003,760**	1,118,774,481	1,103,030,312
Total	**158,155,172,351**	**150,219,772,687**	117,286,137,505	106,713,338,708

Revenue from other operations of the Group for 2012 and 2011 come from Mainland China.

(4) Operating income from the Company's top five customers for current period:

RMB

Name of customer	Operating income	Proportion to total operating income of the Company *(%)*
Entity One	14,917,578,025	9.41
Entity Two	2,846,120,968	1.80
Entity Three	2,536,448,585	1.60
Entity Four	2,527,418,853	1.59
Entity Five	2,489,291,757	1.57
Total	25,316,858,188	15.97

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

41. Business taxes and levies

RMB

Item	2012	2011
Resources tax	**326,518,656**	309,874,791
Cities construction tax and education supplementary tax	**179,228,255**	170,978,883
Business tax	**44,378,052**	39,153,008
Others	**123,881**	1,785,734
Total	**550,248,844**	521,792,416

Note: Please refer to Note(III) for related standards.

42. Distribution and selling expenses

RMB

Item	2012	2011
Carriage and storage expenses	**290,658,745**	278,934,531
Commission for commodity derivative contracts	**47,472,549**	72,443,467
Agency fee	**20,528,354**	16,160,269
Payroll, bonus and allowance	**18,414,594**	17,686,312
Export fee	**9,185,005**	5,205,683
Business fee	**15,280,781**	11,234,967
Packing charges	**14,368,086**	14,562,340
Others	**37,253,501**	20,783,202
Total	**453,161,615**	437,010,771

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

43. General and administrative expenses

RMB

Item	2012	2011
Payroll, bonus and allowance *(Note)*	**27,938,227**	679,947,218
Mineral resource compensation charge	**185,858,188**	196,059,218
Maintenance expenses	**293,388,416**	368,722,411
Taxation	**117,812,712**	76,110,046
Fee for discharge of pollution	**53,521,003**	49,793,173
Entertaining expenses	**55,845,427**	49,085,810
Amortization of intangible assets	**48,104,855**	47,649,263
Fee for land rents	**166,931,563**	43,473,024
Depreciation of fixed assets	**44,222,712**	24,247,789
Professional service fee	**40,452,593**	22,640,987
Office expenses	**32,326,039**	23,078,892
Property insurance fee	**34,648,913**	31,219,105
Travel expenses	**28,986,557**	28,611,510
Meeting expenses	**26,378,088**	21,268,388
Charges for technology transfer	**14,512,894**	14,880,247
Compensation for land losses	**21,362,558**	15,136,141
Loss on scrapping of inventories	**126,725**	35,114,275
Others	**98,590,887**	116,743,681
Total	**1,291,008,357**	1,843,781,178

Note: More details about the reversal of management incentive schemes are given in Note(V)25.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

44. Financial expenses

RMB

Item	2012	2011
Interest expense	**428,949,909**	323,494,003
Interest expense of bond with warrants	**326,773,878**	312,065,196
Interest expense arise from discounted notes	**75,986,723**	95,668,171
Interest income	**(647,879,581)**	(557,103,685)
Foreign exchange gains	**(37,614,594)**	(236,950,496)
Interest expenses of provisions	**8,761,625**	7,034,015
Others	**49,180,999**	54,950,994
Total	**204,158,959**	(841,802)

45. Impairment losses of assets

RMB

Item		2012	2011
I.	Bad debt provision	**7,728,054**	5,543,192
II.	Inventory (reversal) /provision	**(35,305,965)**	425,969,038
III.	Impairment losses of fixed assets	**12,556,267**	55,057,453
Total		**(15,021,644)**	486,569,683

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

46. Gains from changes in fair values

RMB

Items resulting in gains from changes in fair values	2012	2011
1. Held-for-trading investments in equity instruments	**(449,231)**	(2,464,547)
Equity investment-Fair value loss	**(449,231)**	(2,464,547)
2. Derivative instruments not designated as hedges	**(61,394,606)**	209,451,533
Fair value gains arising from forward currency contracts	**(61,997,604)**	(6,170,626)
Fair value (loss)/gain arising from interest rate swaps	**4,037,033**	(1,896,490)
Fair value gain arising from commodity option contracts	**5,010,798**	—
Fair value (loss)/gain arising from commodity future contracts	**(66,969,555)**	294,863,499
Fair value gain/(loss) arising from gold future contracts	**58,524,722**	(77,344,850)
3. Fair value gain/(loss) arising from gold lease	**(76,706,394)**	86,454,424
4. Hedging instruments	**27,648,146**	4,103,217
(1) Derivatives not qualifying as hedges	**29,537,695**	(456,163)
Fair value (loss)/gain arising from commodity future contracts	**22,231,063**	(19,792,253)
Fair value gain arising from provisional price arrangement	**7,306,632**	19,336,090
(2) Derivatives qualifying as hedges	**(1,889,549)**	4,559,380
Cash flow hedges	**(154,577)**	3,509,958
Fair value gain/(loss) arising from ineffective potion of expected sales contracts	**(154,577)**	3,509,958
Fair value hedges	**(1,734,972)**	1,049,422
Fair value of inventories	**—**	(737,823)
Fair value loss arising from hedged item	**—**	(228,488,968)
Fair value gain arising from hedging instruments	**—**	227,751,145
Firm commitment	**241,152**	(241,152)
Fair value gain/(loss) arising from hedged item	**1,986,352**	(1,986,352)
Fair value gain/(loss) arising from hedging instruments	**(1,745,200)**	1,745,200
Provisional price arrangement	**(1,976,124)**	2,028,397
Fair value gain/(loss) arising from hedged item	**24,936,011**	(570,858,049)
Fair value gain/(loss) arising from hedging instruments	**(26,912,135)**	572,886,446
Total	**(110,902,085)**	297,544,627

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

47. Investment income

(1) Details of investment income

RMB

Item	2012	2011
1. Held-for-trading investments in equity instruments	**34,594**	236,048
Gain on equity investment	**34,594**	236,048
2. Derivative instruments not designated as hedges	**494,308,687**	(218,952,937)
Gain on commodity option contracts	**17,521,716**	—
Gain/(Loss) on commodity future contracts	**502,764,353**	(218,952,937)
Loss on gold future contracts	**(25,977,382)**	—
3. Gain on gold lease	**33,308,529**	—
4. Hedging instruments	**38,668,139**	13,102,739
(1) Derivatives not qualifying as hedges	**62,754,916**	9,502,523
Gain on commodity future contracts	**62,754,916**	9,502,523
(2) Derivatives qualifying as hedges	**(24,086,777)**	3,600,216
Cash flow hedges	**(21,872,767)**	(4,788,971)
Loss on ineffective potion of expected sales contracts	**(21,872,767)**	(4,788,971)
Fair value hedges	**(2,214,010)**	8,389,187
Fair value of inventories	**(2,649,994)**	6,796,062
Gain on hedged item	**4,699,919**	31,342,323
Loss on hedging instruments	**(7,349,913)**	(24,546,261)
Firm commitment	**435,984**	1,593,125
Gain/(loss) on hedged item	**(5,329,116)**	108,488,865
Gain/(loss) on hedging instruments	**5,765,100**	(106,895,740)
5. Share of the net gain of investee under equity method	**9,440,750**	55,681,529
Including: Gain of joint ventures	**3,826,070**	49,045,547
Gain of associates	**5,614,680**	6,635,982
6. Available-for-sale financial assets	**256,694,265**	187,318,302
Dividends declared from available-for-sales financial assets	**17,710,000**	13,660,000
Invest income from monetary fund	**3,834,087**	—
Invest income from finance products	**233,535,431**	169,221,805
Interest income from bonds investments	**1,614,747**	4,436,497
7. Gains on disposal of subsidiary	**—**	366,274
Total	**832,454,964**	37,751,955

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

47. Investment income *(Continued)*

(2) Income from long-term equity investments under equity method

RMB

Investee	**2012**	2011	Reasons for movement in the current period
Jiangtong Bioteq	**5,614,680**	6,635,982	Profit of the joint venture
Jiangxi Copper Minerals	**3,826,070**	49,202,873	Profit of the associate
Qingyuan	**—**	(157,326)	Acquisition of subsidiary
Total	**9,440,750**	55,681,529	

As at 31 December 2012, no significant limitation exists regarding investment income repatriation.

48. Non-operating income

RMB

Item	**2012**	2011
Amortization of deferred revenue	**42,788,206**	19,270,547
VAT refund	**42,129,363**	53,728,543
Net gain on disposal of fixed assets	**10,174,037**	4,977,438
Subsidy of imports of copper concentrate	**30,000,000**	30,000,000
Others	**33,576,189**	16,344,666
Total	**158,667,795**	124,321,194

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

49. Non-operating expenses

RMB

Item	2012	2011
Net losses on disposal of fixed assets	**47,844,590**	132,953,582
Penalty	**11,891,008**	6,775,766
Donations	**854,990**	10,542,000
Others	**7,912,898**	10,148,325
Total	**68,503,486**	160,419,673

50. Income tax expenses

RMB

Item	2012	2011
Current income tax	**1,054,981,033**	1,196,506,071
Deferred income tax	**(96,610,009)**	(132,203,585)
Adjustment to prior period's income tax	**22,017,982**	(3,910,284)
Total	**980,389,006**	1,060,392,202

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

50. Income tax expenses *(Continued)*

Reconciliation of income tax expenses to the accounting profit is as follows:

RMB

Item	2012	2011
Profit before tax	**6,274,871,659**	7,670,876,217
Tax at the statutory income tax rate (25%) (2011:25%)	**1,568,717,915**	1,917,719,054
Influence on tax benefit for the Company	**(560,845,281)**	(669,783,939)
Influence on different tax rates for the subsidiaries	**(11,192,235)**	(1,147,957)
Effect of tax-free income	**(15,163,344)**	(11,908,335)
Adjustment in respect of current tax of previous periods	**22,017,982**	(3,910,284)
Effect of using previously unrecognised deductible losses and deductible temporary differences	**(104,049,012)**	(39,900,746)
Effect of unrecognised deductible losses and deductible temporary differences	**78,806,712**	79,508,850
Expenses not deductible for tax year	**2,096,269**	12,771,205
Tax return from purchasing domestic equipments	**—**	(222,955,646)
Total	**980,389,006**	1,060,392,202

51. Calculation process of basic earnings per share

For the purpose of calculating basic earnings per share, net profit for the current period attributable to ordinary shareholders is as follows:

RMB

Item	2012	2011
Net profit for the current period attributable to ordinary shareholders	**5,215,874,606**	6,549,449,240
Including: Net profit from continuing operations	**5,215,874,606**	6,549,449,240
Net profit from discontinued operations	**—**	—

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

51. Calculation process of basic earnings per share *(Continued)*

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Number of shares

Item	2012	2011
Number of ordinary shares outstanding at the beginning of year	**3,462,729,405**	3,462,729,405
Add: Number of ordinary shares issued in the current period	**—**	—
Less: Number of ordinary shares repurchased in the current period	**—**	—
Number of ordinary shares outstanding at the end of period	**3,462,729,405**	3,462,729,405

Earnings per share

RMB

Item	2012	2011
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	**1.51**	1.89
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	**1.51**	1.89
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:		
Basic 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.

There are no dilutive potential ordinary shares in 2012.

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

52. Other comprehensive income

RMB

Item	**2012**	2011
Gain from hedge instrument qualifying as cash flow hedges	**128,897,466**	155,878,768
Add: Reclassification into the income statement	**(122,593,223)**	(36,445,574)
Income tax effect	**(1,213,929)**	(22,151,763)
Subtotal	**5,090,314**	97,281,431
Exchange translation reserve	**(4,079,970)**	(119,404,491)
Total	**1,010,344**	(22,123,060)

53. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

RMB

Item	**2012**	2011
Interest income	**586,395,002**	440,485,863
Others	**63,576,189**	46,344,666
Total	**649,971,191**	486,830,529

(2) Other cash payments relating to operating activities

RMB

Item	**2012**	2011
Payment for selling expenses and administrative expenses	**1,298,578,200**	1,243,284,590
Non-operating expenses	**20,658,896**	27,466,091
Payments for commodity futures margin	**344,398,008**	158,085,399
Others	**32,116,173**	53,501,491
Total	**1,695,751,277**	1,482,337,571

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Notes to items in the cash flow statement *(Continued)*

(3) Other cash receipts relating to investing activities

RMB

Item	2012	2011
Deferred revenue	**125,084,091**	120,195,552
Total	**125,084,091**	120,195,552

(4) Other cash payments relating to investing activities

RMB

Item	2012	2011
Loss on gold future contract	**25,977,382**	—
Others	**6,889,339**	4,355,000
Total	**32,866,721**	4,355,000

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Notes to items in the cash flow statement *(Continued)*

(5) Other cash receipts relating to financing activities

RMB

Item	2012	2011
Increase of pledged RMB deposits to obtain bank borrowings	**1,318,176,998**	1,285,947,088
Cash received from sales of gold lease	**1,135,328,102**	1,032,714,650
Total	**2,453,505,100**	2,318,661,738

(6) Other cash payments relating to financing activities

RMB

Item	2012	2011
RMB deposits pledged to secure bank borrowings	**1,204,995,195**	1,318,176,998
Payment for gold leasing expenses	**38,389,784**	—
Repayment for gold lease	**572,768,226**	—
Total	**1,816,153,205**	1,318,176,998

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Notes to items in the cash flow statement *(Continued)*

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	2012	2011
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**5,294,482,653**	6,610,484,015
Add: Provision for impairment losses of assets	**(15,021,644)**	486,569,683
Increase of special reserve	**(1,600,185)**	37,707,129
Depreciation of fixed assets	**1,232,795,634**	1,140,999,936
Amortization of intangible assets	**48,104,855**	47,649,263
Loss on disposal of fixed assets, intangible assets, and other long term assets (gains are indicated by "-")	**37,670,553**	127,976,144
Losses on changes in fair values (gains are indicated by "-")	**110,902,085**	(297,544,627)
Financial expenses (income is indicated by "-")	**840,472,135**	407,092,221
Losses arising from investments (gains are indicated by "-")	**(832,454,964)**	(243,442,153)
Decrease in deferred tax assets (increase is indicated by "-")	**(92,204,281)**	(143,656,867)
Increase in deferred tax liabilities (decrease is indicated by "-")	**(4,405,728)**	11,453,282
Deferred revenue released to income statement	**(42,788,206)**	(19,270,547)
Decrease in inventories (increase is indicated by "-")	**(1,777,502,974)**	2,947,576,164
Decrease in receivables from operating activities (increase is indicated by "-")	**1,081,628,041**	(6,311,691,918)
Increase in payables from operating activities (decrease is indicated by "-")	**454,114,937**	1,830,530,372
Net cash flow from operating activities	**6,334,192,911**	6,632,432,097
2. Net changes in cash and cash equivalents:		
Closing balance of cash	**16,678,343,146**	11,082,467,747
Less: Opening balance of cash	**11,082,467,747**	3,864,367,814
Net increase in cash and cash equivalents	**5,595,875,399**	7,218,099,933

(V) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

53. Notes to items in the cash flow statement *(Continued)*

(2) Information for subsidiaries acquired in 2012

RMB

Item	**2012**
1. Consideration paid for acquiring subsidiaries	159,313,352
2. Cash and cash equivalents paid for acquiring subsidiaries	159,313,352
Less: Cash and cash equivalents held by subsidiaries	26,292,836
3. Net cash outflow on acquiring subsidiaries	133,020,516
4. Net assets of subsidiaries	258,575,200
Current assets	71,423,008
Non-current assets	685,604,318
Current liabilities	404,025,761
Non-current liabilities	94,426,365

(3) Cash and cash equivalents

RMB

Item	**31 December 2012**	31 December 2011
1. Cash	**16,678,343,146**	11,082,467,747
Including: Cash on hand	**142,433**	113,461
Bank deposits	**16,678,200,713**	11,082,354,286
2. Cash equivalents	**—**	—
Including: Bond investment due within three months	**—**	—
3. Closing balance of cash and cash equivalents	**16,678,343,146**	11,082,467,747

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

RMB

Name of Company	Related party relationship	Type of the entity	Place of incorporation	Legal representative	Nature of business	Registered capital RMB	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)	Ultimate controlling party of the Company	Entity Code
JCC	Parent company	State-owned	Jiangxi Guixi	Li Yihuang	Non-ferrous metal mines, non-metal mining, smelting, mangle rolling and processing of non-ferrous metals	RMB2,656,150,000	38.41	38.41	State-owned Asset Supervision and Administration Commission of Jiangxi Province	158 264 065

As at 31 December 2012, JCC owned 1,269,594,325 A shares and 60,405,000 H shares with a proportion of 38.41% of the Company, after finishing its decrease in A shareholdings of 9,905,282 in June 2012.

2. Subsidiaries of the Group

Subsidiaries of the Group are given in Note(IV).

3. Associates and joint ventures of the Group

Jointly-controlled entity and associates of the Group are given in Note(V)10.

4. Other related parties of the Group

Name	Relationship
JCC's affiliates	Controlled by parent company
Minority shareholder and its subsidiaries	Minority shareholder and its subsidiaries

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions

(1) Sales and purchases of goods, provision and receipt of services with JCC and its affiliates

Sales of goods

RMB

Details of related party transaction	2012	2011
Copper rods and wire	**676,945,725**	705,564,949
Copper cathode	**289,988,381**	180,239,332
By-products	**134,699,907**	97,505,411
Lead concentrate	**96,245,059**	67,114,495
Auxiliary industrial products	**27,597,364**	12,753,954
Sulfuric acid	**—**	161,513

Purchase of goods

RMB

Details of related party transaction	2012	2011
Auxiliary industrial products and other products	**254,898,534**	195,822,107
Sulfuric acid	**18,985,584**	28,381,899
Copper concentrate	**10,797,227**	27,699,892
Copper waste	**1,668,584**	—

Services provided

RMB

Details of related party transaction	2012	2011
Construction services	**78,954,939**	47,334,430
Supply of electricity	**28,716,671**	26,482,829
Vehicle transportation services	**21,126,320**	3,296,809
Rentals for public facilities and others	**3,639,066**	876,000
Supply of water	**336,982**	627,939
Equipment and designing services	**31,202,622**	24,949,563
Repair and maintenance services	**197,263**	3,198,311
Supply of gas	**15,744**	55,305
Processing services	**—**	18,054

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(1) Sales and purchases of goods, provision and receipt of services with JCC and its affiliates *(Continued)*

Deposit and lending services

RMB

Details of related party transaction	2012	2011
Interest charges for loans provided	**26,347,038**	43,480,883
Interest paid for deposits from customers	**7,352,415**	15,116,407
Loans provided *(Note)*	**—**	1,187,510,201

Note: According to the voting results from Annual General Meeting on 19 June 2012, financing services under financial service agreement provided by Finance Company to JCC and its affiliates is not approved. As a result, Finance Company provided no new loans to JCC and its affiliates and recovered all loans in 2012, amounting to RMB842,510,201.

Receipt of services

RMB

Details of related party transaction	2012	2011
Pension contributions	**220,373,463**	240,604,893
Rental expense for land use rights *(note)*	**166,685,644**	39,997,643
Brokerage agency services for commodity future contracts	**36,312,142**	59,926,213
Repair and maintenance services	**43,255,248**	53,456,243
Sanitation and greening service	**16,357,422**	6,082,137
Construction services	**14,139,155**	3,362,817
Rentals for public facilities	**13,739,829**	15,509,925
Labour service	**11,449,524**	51,901,363
Processing charges	**9,801,979**	15,223,418
Technical training services	**6,089,680**	16,482,933
Oversea offices services	**2,134,518**	1,692,466
Other management fee	**—**	3,166,036
Vehicle transportation services	**—**	1,669,204

Note: On 27 March 2012, the Company (the lessee) signed a 3 years land lease agreement with JCC (the lessor), which starts from 1 January 2012 and has a annual rent of RMB166,685,644.

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(2) Related party transactions agreements with related parties

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

Pursuant to the Consolidated Supply and Service Agreement I and II which will be expired at 31 December 2014, entered into by the Group and JCC Group upon the approval at Extraordinary General Meeting dated 21 November 2011, the pricing policy of the related party transactions between the Group and JCC and its affiliates implements with regarding to the following principles:

— 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.

Pursuant to the Financial Service Agreement expired on 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.

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(2) Related party transactions agreements with related parties *(Continued)*

The Jiangxi Copper's transaction with related parties is pricing according to the market price which negotiated and determined by each party except with JCC and subsidiaries of JCC.

According to the voting results of the Annual General Meeting on June 19, 2012, the financing services under financial service agreement provided by Finance Company to JCC and its affiliates is not approved. Therefore, there is no borrowing provided to JCC and its affiliates in 2012, and the balance of loans and interest receivable is nil at the year end.

(3) Significant transactions with Qing Yuan

RMB

Details of related party transaction	2012	2011
Sale of auxiliary industrial products	—	102,564
Construction services	—	20,797,220
Processing services	—	3,048
Purchase of copper cathode	—	83,892,703
Purchase of copper waste	—	1,530,310
Processing charges	—	43,037,450

Note: as at 29 February 2012, Qingyuan became a wholly-owned subsidiary of the Company through the acquisition of equity. Further details are given in Notes (X) 1.

(4) Significant transactions with Jiangtong Bioteq

RMB

Details of related party transaction	2012	2011
Construction services	**1,479,805**	207,972
Purchase of lead products	**104,200**	—
Purchase of cupric sulfide	**34,876,680**	40,421,369

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(5) Significant transactions with Fengye

RMB

Details of related party transaction	2012	2011
Sale of auxiliary industrial products	**1,555,317**	—
Sale of sulfuric acid	**—**	1,616,771
Purchase of copper waste	**2,484,934**	—

(6) Significant transactions with Zhejiang Heding

RMB

Details of related party transaction	2012	2011
Construction services	**8,285,353**	—

(7) Related party transactions with minority shareholder and its subsidiaries

RMB

Details of related party transaction	2012	2011
Trading sales of copper cathode	**16,590,832,073**	17,701,255,922
Trading purchase of copper cathode	**3,062,470,238**	186,579,331

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

(8) Remuneration of key management

RMB

Details of related party transaction	2012	2011
Remuneration of key management *(note)*	**24,998,334**	75,226,000

Note: the Group reversed part of the management incentive schemes. Further details are given in Notes (V) 25.

For 2012, the amount of sales and services provided to related parties accounts for 11.35% (2011: 16.06%) of the total revenue of the Group. The amount of purchases of goods and services from related parties accounts for 2.58% (2011: 1.09%) of the total purchase amount of the Group.

As at 31 December 2012, all of the irrevocable operating lease contracts were signed with JCC. Further details are given in Note(VIII).

6. Amounts due from / to related parties

(1) Notes receivable

RMB

Item	31 December 2012	31 December 2011
JCC's affiliates	**212,051,362**	17,039,892
Minority shareholder and its subsidiaries	**300,000,000**	—
Total	**512,051,362**	17,039,892

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from / to related parties *(Continued)*

(2) Accounts receivable

RMB

Item	31 December 2012	31 December 2011
JCC	411,390	3,230,980
JCC's affiliates	231,337,958	386,866,510
Jiangtong Bioteq	213,106	—
Fengye	743,668	743,668
Zhejiang Heding	1,620,000	—
Minority shareholder and its subsidiaries	43,893,901	—
Total	278,220,959	390,841,158

(3) Prepayment

RMB

Item	31 December 2012	31 December 2011
JCC	—	169,089
JCC's affiliates	29,524,107	579,251
Qingyuan	—	201,209,537
Minority shareholder and its subsidiaries	115,730	—
Total	29,639,837	201,957,877

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from / to related parties *(Continued)*

(4) Other receivables

RMB

Item	31 December 2012	31 December 2011
JCC	**5,857,339**	402,656
JCC's affiliates - commodity futures margin	**771,104,568**	574,820,479
JCC's affiliates - others	**2,437,190**	2,266,843
Qingyuan	**—**	8,233,024
Fengye	**2,173,490**	2,166,090
Minority shareholder and its subsidiaries	**720,908**	20,903,681
Total	**782,293,540**	590,336,514

(5) Interest receivable

RMB

Item	31 December 2012	31 December 2011
JCC's affiliates	**—**	1,533,031
Total	**—**	1,533,031

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from / to related parties *(Continued)*

(6) Other current assets

RMB

Item	31 December 2012	31 December 2011
JCC's affiliates	—	842,510,201
Total	—	842,510,201

Note: the amount of current assets is the short-term loan to related companies. More details are given in Notes (V) 9.

(7) Accounts payable

RMB

Item	31 December 2012	31 December 2011
JCC	3,369,410	1,231,646
JCC's affiliates	24,883,058	22,821,670
Fengye	5,679,463	—
Minority shareholder and its subsidiaries	5,073,207	856,808
Total	33,931,931	56,393,193

(8) Advances from customers

RMB

Item	31 December 2012	31 December 2011
JCC's affiliates	40,335,968	7,940,355
Qingyuan	—	16,258,803
Jiangtong Bioteq	22,668	14,582
Minority shareholder and its subsidiaries	803,425,866	249,191,659
Total	843,784,502	209,507,452

Note: as at 29 February 2012, Qingyuan became a wholly-owned subsidiary of the Company through the acquisition of equity, further details are given in Notes (X) 1.

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from / to related parties *(Continued)*

(9) Other payables

RMB

Item	31 December 2012	31 December 2011
JCC *(note)*	**208,497,977**	46,687,933
JCC's affiliates	**31,698,051**	30,577,520
Jiangtong Bioteq	**—**	656,558
Total	**240,196,028**	77,922,011

Note: other payables are the land rents and amounts paid by related parties on behalf of the Company. More details are given in Notes (V) 27.

(10) Interest payable

RMB

Item	31 December 2012	31 December 2011
JCC	**573,716**	422,651
JCC's affiliates	**852,352**	987,247
Total	**1,426,068**	1,409,898

(11) Other current liabilities

RMB

Item	31 December 2012	31 December 2011
JCC	**196,071,676**	567,491,253
JCC's affiliates	**459,138,779**	721,171,097
Total	**655,210,455**	1,288,662,350

Note: the other current liabilities are the related parties' deposit in the Finance Company. More details are given in Note(V) 29.

(VI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from / to related parties *(Continued)*

(12) Non-current liabilities due within one year

RMB

Item	**31 December 2012**	31 December 2011
JCC	**2,009,689**	2,009,689
Total	**2,009,689**	2,009,689

Note: the non-current liabilities due within one year represents the balance due to JCC as the consideration for the transfer of the mining rights, more details are given in Note(V) 28.

(13) Long-term payables

RMB

Item	**31 December 2012**	31 December 2011
JCC	**13,930,931**	14,446,807
Total	**13,930,931**	14,446,807

Note: the amount represents the balance due to JCC as the consideration for the transfer of the mining rights.

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(V)9; ii) other current liabilities arise from deposits from related parties to Finance Company (Note(V)29); and iii) non-current liabilities due within one year and long-term payables to JCC (Note(V)28 and 32).

(VII) CONTINGENCIES

At the balance sheet date, the Group had no contingencies that need to be disclosed.

(VIII) COMMITMENTS

1. Significant commitments

(1) Capital commitments

RMB'000

Item	31 December 2012	31 December 2011
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment and exploration rights	**576,402**	291,658
Investments in associates *(Note)*	**1,498,467**	1,615,414
Capital expenditure authorised but not contracted for in respect of:		
Acquisition of property, plant and equipment and exploration rights	**522,003**	—
Total	**2,596,872**	1,907,072

Note: 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 mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

(VIII) COMMITMENTS *(Continued)*

1. Significant commitments *(Continued)*

(2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

RMB'000

Item	**31 December 2012**	31 December 2011
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	**161,084**	20,767
2nd year subsequent to the balance sheet date	**157,250**	15,000
3rd year subsequent to the balance sheet date	**15,000**	15,000
Subsequent periods over 3 years	**165,000**	180,000
Total	**498,334**	230,767

(IX) EVENTS AFTER THE BALANCE SHEET DATE

Further details about the Group's appropriation of profits in 2012 are given in Notes (V) 39.

Except for the profits appropriation stated above, there were no significant events for disclosure after the balance sheet date at the end of 31 December 2012.

(X) OTHER SIGNIFICANT EVENTS

1. Business combination

The Group as the acquirer in a business combination involving enterprises not under common control:

(i) Acquiree: Qingyuan

(1) Basic information of the acquiree:

In 2012, the Company entered into a share transfer contract with Xilian Co., Ltd ("Xilian") and Yinfu Group ("Yinfu"), for the acquisition of 60% equity interest in Qingyuan. The Company paid RMB56,000,000 to Xilian, Yinfu, from which the Company acquired 51% and 9% equity interest respectively. Upon the completion of the acquisition, equity interest of Qingyuan held by the Company increased from 40% to 100%, which made Qingyuan a wholly-owned subsidiary of the Company. The acquisition was treated as business combination not under common control in the financial statement for current period. Further details about the acquiree are given in Notes(IV).

(2) Key financial information of the acquiree:

RMB

Item	**Acquisition date Carrying amount**	**Acquisition date Fair value**	**31 December 2012 Carrying amount**
Identifiable assets:			
Current assets	71,422,923	71,422,923	1,002,487,464
Non-current assets	297,829,183	418,623,523	418,390,253
Subtotal	369,252,106	490,046,446	1,420,877,717
Identifiable liabilities:			
Current liabilities	403,847,861	403,847,861	697,244,588
Non-current liabilities	—	30,198,585	—
Subtotal	403,847,861	434,046,446	697,244,588
Net assets	(34,595,755)	56,000,000	723,633,129
Less: Minority interests		—	
Equity attributable to owners of the Company		56,000,000	
Less: Acquisition consideration		56,000,000	
Goodwill/Acquisition discounts		—	

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

1. Business combination *(Continued)*

(i) Acquiree: Qingyuan *(Continued)*

(1) Basic information of the acquiree: *(Continued)*

The acquisition consideration was satisfied by cash, and the carrying amounts and fair values of the consideration paid at the acquisition date are:

RMB

Item	Carrying amount	Fair value
Acquisition consideration		
Cash and cash equivalents	56,000,000	56,000,000
Total	56,000,000	56,000,000

The acquisition date is 29 February 2012, the date on which the acquirer effectively obtains control of the acquiree, i.e. the date on which control over net assets and production and operating decisions of the acquiree is transferred to the acquirer.

Item	Carrying amount
Cash and cash equivalents as consideration	56,000,000
Less: Cash and cash equivalents held by subsidiaries and other business units	26,292,751
Cash and cash equivalents paid to acquire subsidiaries and other business units	29,707,249

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

1. Business combination *(Continued)*

(i) Acquiree: Qingyuan *(Continued)*

(3) Operating results and net cash flows of the acquiree from the acquisition date to the end of the period in which the acquisition took place: *(Continued)*

RMB

Item	**From the acquisition date to the end of the period in which the acquisition took place**
Operating income	1,162,814,501
Operating costs and expenses	1,154,585,617
Total profit	8,228,884
Net profit	8,228,884
Net cash flow from operating activities	(629,850,084)
Net cash flow from investing activities	(121,688,424)
Net cash flow from financing activities	750,000,000
Net increase in cash and cash equivalents	(1,538,508)

(ii) Acquiree: Daji Mining

(1) Basic information of the acquiree:

As at 8 October 2012, the company made a contract agreement of Equity Transfer with Feng Huanqin, Su Yongfei and Wu Yonghui for obtaining 51% equity of Daji Mining. After the acquisition, the Daji Mining becomes subsidiary of the company. The group classifies the equity acquisition above as business combinations not involving enterprises under common control in this year's financial statements. More details of the acquiree are given in Note(IV).

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

1. Business combination *(Continued)*

(ii) Acquiree: Daji Mining *(Continued)*

(2) Key financial information of the acquiree:

RMB

Item	Acquisition date Carrying amount	Fair value	31 December 2012 Carrying amount
Identifiable assets:			
Current assets	85	85	3,638,244
Non-current assets	10,060,615	266,980,795	11,217,751
Subtotal	10,060,700	266,980,880	14,855,995
Identifiable liabilities:			
Current liabilities	177,900	177,900	5,340,214
Non-current liabilities	—	64,227,780	—
Subtotal	177,900	64,405,680	5,340,214
Net assets	9,882,800	202,575,200	9,515,781
Less: Minority interests		99,261,848	
Equity attributable to owners of the Company		103,313,352	
Less: Acquisition consideration		103,313,352	
Goodwill/Acquisition discounts		—	

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

1. Business combination *(Continued)*

(ii) Acquiree: Daji Mining *(Continued)*

(2) Key financial information of the acquiree:*(Continued)*

The acquisition consideration was satisfied by cash, and the carrying amounts and fair values of the consideration paid at the acquisition date are:

RMB

Item	Carrying amount	Fair value
Acquisition consideration		
Cash and cash equivalents	103,313,352	103,313,352
Total	103,313,352	103,313,352

The acquisition date is 29 October 2012, the date on which the acquirer effectively obtains control of the acquiree, i.e. the date on which control over net assets and production and operating decisions of the acquiree is transferred to the acquirer.

	Carrying amount
Cash and cash equivalents as consideration	103,313,352
Minus: Cash and cash equivalents held by subsidiaries and other business units	85
Cash and cash equivalents paid to acquire subsidiaries and other business units	103,313,267

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

1. Business combination *(Continued)*

(ii) Acquiree: Daji Mining *(Continued)*

(3) Operating results and net cash flows of the acquiree from the acquisition date to the end of the period in which the acquisition took place:

RMB

Item	From the acquisition date to the end of the period in which the acquisition took place
Operating income	—
Operating costs and expenses	367,019
Total profit	(367,019)
Net profit	(367,019)
Net cash flow from operating activities	(242,442)
Net cash flow from investing activities	(1,160,223)
Net cash flow from financing activities	5,000,000
Net increase in cash and cash equivalents	3,597,335

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

2. Assets and liabilities measured at fair value

RMB

Item	Assets on 31 December 2011	Liabilities on 31 December 2011	Recognised in fair value change (loss)/gain	Recognised in other Comprehensive loss	Assets on 31 December 2012	Liabilities on 31 December 2012
1. Held-for-trading investments in equity instruments	2,330,708	—	(449,231)	—	1,881,477	—
Stock investment	2,330,708	—	(449,231)	—	1,881,477	—
2. Derivative instruments not designated as hedges	53,671,804	(124,672,167)	(61,394,606)	—	40,758,287	(193,930,177)
Forward currency contracts	1,488,841	(21,598,933)	(61,997,604)	—	2,401,211	(84,508,907)
Interest rate swaps	—	(11,190,310)	4,037,033	—	—	(7,153,277)
Commodity option contracts	—	—	5,010,798	—	—	(15,766,123)
Commodity future contracts	52,182,963	(14,538,074)	(66,969,555)	—	38,357,076	(67,681,742)
Gold future contracts	—	(77,344,850)	58,524,722	—	—	(18,820,128)
3. Liabilities arising from gold lease valued at fair value	—	(946,260,226)	(76,706,394)	—	—	(1,552,217,967)
4. Hedging instruments	20,050,304	(46,623,606)	27,648,146	6,304,243	17,165,668	(9,786,581)
(1). Ineffective portion of commodity derivative contracts qualified for hedge accounting	129,450	(20,056,132)	29,537,695	—	9,784,213	(173,200)
Commodity future contracts	129,450	(19,921,702)	22,231,063	—	2,612,011	(173,200)
Provisional price arrangement	—	(134,430)	7,306,632	—	7,172,202	—
(2). Effective portion of commodity derivative contracts qualified for hedge accounting	19,920,854	(26,567,474)	(1,889,549)	6,304,243	7,381,455	(9,613,381)
Cash flow hedge	—	(5,690,218)	(154,577)	6,304,243	1,336,348	(876,900)
Commodity future contracts	—	(5,690,218)	(154,577)	6,304,243	1,336,348	(876,900)
Fair value hedge	19,920,854	(20,877,256)	(1,734,972)	—	6,045,107	(8,736,481)
Firm commitment	—	(1,986,352)	1,986,352	—	—	—
Commodity future contracts	1,745,200	—	(1,745,200)	—	—	—
fair value of hedged item	—	(18,890,904)	24,936,011	—	6,045,107	—
Provisional price arrangement	18,175,654	—	(26,912,135)	—	—	(8,736,481)
Total	76,052,816	(1,117,555,999)	(110,902,085)	6,304,243	59,805,432	(1,755,934,725)

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

3. Financial Assets and liabilities in foreign currency

RMB

Item	Financial assets on 31 December 2011	Financial liabilities on 31 December 2011	Recognised in fair value change (loss)/ gain	Recognised in other Comprehensive loss	Financial assets on 31 December 2012	Financial liabilities on 31 December 2012
1. Derivative instruments	19,664,495	(82,618,632)	(87,384,391)	7,107,943	25,038,379	(189,045,885)
Commodity future contracts	—	(49,694,959)	(14,829,115)	7,107,943	15,464,966	(72,881,097)
Including: Cash flow hedge	—	(25,611,920)	19,794,286	7,107,943	1,290,309	—
Commodity future contracts not designated as hedges	—	(24,083,039)	(34,623,401)	—	14,174,657	(72,881,097)
Provisional price arrangement	18,175,654	(134,430)	(19,605,503)	—	7,172,202	(8,736,481)
Interest rate swaps	(11,190,310)	4,037,033	—	—	(7,153,277)	
Forward currency contracts	1,488,841	(21,598,933)	(61,997,604)	—	2,401,211	(84,508,907)
Commodity option contracts	—	—	5,010,798	—	—	(15,766,123)
2. Loans and receivables	893,274,536	—			922,428,516	—
3. Other financial liabilities	—	(10,100,004,159)			—	(12,630,653,311)
Total	912,939,031	(10,182,622,791)	(87,384,391)	7,107,943	947,466,895	(12,819,699,196)

4. Others

4(1) Segment reporting

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(V)40. 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:

The revenue of the customer contributes largest proportion of operation income this year (including all known entities under control of the customer) is RMB16,590,832,073 (2011: RMB17,701,255,922).

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management

The main target of the Group's capital management is to ensure sufficient capital for operations and maximize shareholder value.

The Group manages its capital structure based on changes in economic conditions and makes adjustments. In order to maintain or adjust the capital structure, the Group may adjust the dividend distribution to shareholders, or to obtain new capital from shareholders. For the year ended 31 December 2012 and 2011, the Group had not made adjustments about capital management objectives, policies and processes.

The Group uses leverage ratio for capital monitor. The leverage ratio is the summation of net debt and net debt divided by adjusted capital. The policy of the Group is to maintain a leverage ratio in the range of 10% and 50%. Net debt includes interest-bearing bank borrowings, accounts payable, notes payable, financial liabilities included in other payables and accrued expenses, customer deposits, net of cash and cash equivalents. The adjusted capital comprises the equity attributed to the Company's shareholders minus the capital reserve formed by hedging.

At the date of the financial statements, the book value of the financial instruments is as follows:

RMB

	31 December 2012				
Financial Assets	**Financial assets at fair value through profit or loss**	**Derivative designated as a hedges**	**Loans and receivables**	**Available-for-sale financial assets**	**Total**
Cash and bank balances	—	—	20,309,640,029	—	20,309,640,029
Held-for-trading financial assets	52,423,977	1,336,348	—	—	53,760,325
Notes receivable	—	—	5,366,622,502	—	5,366,622,502
Accounts receivable	—	—	4,076,986,366	—	4,076,986,366
Interest receivable	—	—	206,622,339	—	206,622,339
Other receivables	—	—	1,529,086,713	—	1,529,086,713
Financial assets include in other current assets	—	—	1,230,133,459	—	1,230,133,459
Available-for-sale financial assets	—	—	—	1,791,730,000	1,791,730,000
Total	52,423,977	1,336,348	32,719,091,408	1,791,730,000	34,564,581,733

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

At the date of the financial statements, the book value of the financial instruments is as follows *(Continued)*

RMB

	31 December 2012			
Financial Liabilities	**Financial liabilities at fair value through profit or loss**	**Derivative designated as a hedges**	**Other financial liabilities**	**Total**
Short-term borrowings	—	—	12,263,116,944	12,263,116,944
Held-for-trading financial liabilities	1,746,321,344	9,613,381	—	1,755,934,725
Notes payable	—	—	258,606,333	258,606,333
Accounts payable	—	—	7,034,616,953	7,034,616,953
Interest payable	—	—	117,632,245	117,632,245
Other payables	—	—	1,457,761,949	1,457,761,949
Non-current liabilities due within one year	—	—	156,004,439	156,004,439
Other current liabilities	—	—	804,523,133	804,523,133
Long-term borrowings	—	—	617,845,098	617,845,098
Bonds payable	—	—	5,681,024,285	5,681,024,285
Long-term payables	—	—	13,930,931	13,930,931
Total	1,746,321,344	9,613,381	28,405,062,310	30,160,997,035

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

At the date of the financial statements, the book value of the financial instruments is as follows *(Continued)*

RMB

	31 December 2011				
Financial Assets	Financial assets at fair value through profit or loss	Derivative designated as a hedges	Loans and receivables	Available-for-sale financial assets	Total
Cash and bank balances	—	—	15,846,293,599	—	15,846,293,599
Held-for-trading financial assets	56,131,962	19,920,854	—	—	76,052,816
Notes receivable	—	—	2,231,931,098	—	2,231,931,098
Accounts receivable	—	—	5,364,962,548	—	5,364,962,548
Interest receivable	—	—	145,137,760	—	145,137,760
Other receivables	—	—	1,794,930,768	—	1,794,930,768
Financial assets include in other current assets	—	—	842,510,201	—	842,510,201
Available-for-sale financial assets	—	—	—	3,280,085,500	3,280,085,500
Total	56,131,962	19,920,854	26,225,765,974	3,280,085,500	29,581,904,290

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

At the date of the financial statements, the book value of the financial instruments is as follows *(Continued)*

RMB

	31 December 2011			
Financial Liabilities	Financial liabilities at fair value through profit or loss	Derivative designated as a hedges	Other financial liabilities	Total
Short-term borrowings	—	—	9,130,730,768	9,130,730,768
Held-for-trading financial liabilities	1,090,988,525	7,676,570	—	1,098,665,095
Notes payable	—	—	153,529,031	153,529,031
Accounts payable	—	—	5,422,872,975	5,422,872,975
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
Total	1,090,988,525	7,676,570	23,316,027,876	24,414,692,971

1. Risk management objectives and policies

The Group's principal financial instruments are cash and bank balances,held-for-trading financial assets,notes receivable,accounts receivable,interest receivable,other receivables, financial assets include in other current assets,available-for-sale financial assets,held-for-trading financial liabilities,notes payable,accounts payable,interest payable,other payables,other liquid liabilities,borrowings,bonds payable,long-term payables, details of these financial instruments are presented in Notes (V).The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk

1.1.1. Foreign currency risk

Foreign exchange risk is the risk of loss caused by variation of exchange rate. The Group is mainly exposed to foreign exchange risk in USD, GBP and EUR. The majority business of the Group use RMB to settle except some subsidiaries use USD, GBP and EUR to conduct purchasing, selling, foreign borrowing and deposit. As at 31 December 2012, except for the balances of USD, GBP and EUR presented in the following table, the Group's assets and liabilities are primarily denominated in RMB. Such foreign exchange risk caused by the foreign currency balance of assets and liabilities may have an impact on the Group's performance.

RMB

	Amount in RMB on 31 December 2012			
Item	**USD**	**EUR**	**GBP**	**Total**
Held-for-trading financial assets	25,038,379	—	—	25,038,379
Cash and bank balances	3,101,162,410	1,269,512,576	1,246,216,234	5,616,891,220
Loans and receivables	863,026,200	9,434,989	49,967,327	922,428,516
Total	3,989,226,989	1,278,947,565	1,296,183,561	6,564,358,115
Held-for-trading financial liabilities	189,045,885	—	—	189,045,885
Payables	4,168,392,822	3,991,778	—	4,172,384,600
Short-term borrowings	7,626,833,140	831,435,571	—	8,458,268,711
Long-term borrowings	—	—	—	—
Total	11,984,271,847	835,427,349	—	12,819,699,196

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.1. Foreign currency risk *(Continued)*

RMB

Item	Amount in RMB on 31 December 2011 USD	EUR	GBP	Total
Held-for-trading financial assets	19,664,495	–	–	19,664,495
Cash and bank balances	1,411,099,201	–	–	1,411,099,201
Loans and receivables	893,274,536	–	–	893,274,536
Total	2,324,038,232	–	–	2,324,038,232
Held-for-trading financial liabilities	82,618,632	–	–	82,618,632
Payables	4,351,208,312	–	–	4,351,208,312
Short-term borrowings	5,307,656,199	–	–	5,307,656,199
Long-term borrowings	441,139,648	–	–	441,139,648
Total	10,182,622,791	–	–	10,182,622,791

1.1.2. Interest rate risk -change of fair value

The Group's risks arised from changes of fair value of financial instruments caused by interest rate variation are mainly related to fixed interest rate of bank borrowings (refer to Notes (V)20, 30). The policy of the Group is to keep these borrowings' fixed assets, and to eliminate cash flow risk caused by interest rate fluctuation.

1.1.3. Interest rate risk -change of cash flow

The Group's risks arised from changes of fair value of financial instruments caused by interest rate variation are mainly related to floating interest rate of bank borrowings (refer to Notes (V)20, 30). The Group also use interest rate swap contracts to hedge its interest rate risk.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.1 Market risk *(Continued)*

1.1.4. Other 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.

1.2. 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 investment, other receivables and certain derivative instruments, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group. As at 31 December 2012, 25.96% of the Group's trade receivables were due from the Group's five largest customers (2011: 21.76%).

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.2. Credit risk *(Continued)*

The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

Aging analysis of accounts receivable that are past due or impaired is as follows:

Aging analysis of financial assets that are past due or impaired is as follows:

RMB

	31 December 2012				
Item	**Within 1 year**	**More than 1 year but not exceeding 2 years**	**More than 2 years but not exceeding 3 years**	**More than 3 years**	**Total**
Past due but not impaired accounts receivable	**460,437,954**	**32,183**	**—**	**—**	**460,470,137**

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.2. Credit risk *(Continued)*

RMB

	31 December 2011				
Item	Within 1 year	More than 1 year but not exceeding 2 years	More than 2 years but not exceeding 3 years	More than 3 years	Total
Past due but not impaired accounts receivable	974,109,503	491,536	48,631	—	974,649,670

As at 31 December 2012, 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 2012, no past due but not impaired balance in notes receivables, interest receivables, other receivables, other current assets and available-for-sale financial assets.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.2. Credit risk *(Continued)*

Liquidity risk is the risk that the Group may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Group exercises trade financing, convertible loan notes, medium-term notes, long-term and short-term loans, other interest-bearing loans and other means to strike a balance between continuality and flexibility of financing. The Group also acquires sufficient credit from major financial institutions to satisfy short-term and long-term demands for funds. The Group monitors the short-term and long-term demands for funds on a real time basis to ensure the abundance of cash reserves and securities for cash outflows at any time. 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. Consequently, the management of the Company believes that no significant liquidity risk was noted for the Group.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.3. Liquidity risk

The maturity profile of the Group's financial assets and financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below:

RMB

	31 December 2012					
Financial Assets	Weighted average ingerest rate	Within one year	More than 1 year but not exceeding 5 years	More than 5 years	Total	Carrying amount
Cash and bank balances	2.30%	20,409,982,154	–	–	20,409,982,154	20,309,640,029
Held-for-trading financial assets	–	53,760,325	–	–	53,760,325	53,760,325
Notes receivable	–	5,366,622,502	–	–	5,366,622,502	5,366,622,502
Accounts receivable	–	4,222,548,682	–	–	4,222,548,682	4,076,986,366
Other receivables	–	1,582,713,810	–	–	1,582,713,810	1,529,086,713
Interest receivable	–	206,622,339	–	–	206,622,339	206,622,339
Financial assets included in other current assets	6.97%	1,288,274,088	–	–	1,288,274,088	1,230,133,459
Available-for-sale financial assets	9.46%	817,791,564	1,004,548,763	92,891,879	1,915,232,206	1,791,730,000
Total		33,948,315,464	1,004,548,763	92,891,879	35,045,756,106	34,564,581,733

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.3. Liquidity risk *(Continued)*

The maturity profile of the Group's financial assets and financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below: *(Continued)*

RMB

	31 December 2012					
Financial Liabilities	**Weighted average interest rate**	**Within one year**	**More than 1 year but not exceeding 5 years**	**More than 5 years**	**Total**	**Carrying amount**
Long-term borrowings	3.93%	180,524,215	629,907,495	21,057,575	831,489,285	771,839,848
Short-term borrowings	1.89%	12,353,175,222	–	–	12,353,175,222	12,263,116,944
Held-for-trading financial liabilities	–	1,755,934,725	–	–	1,755,934,725	1,755,934,725
Notes payable	–	258,606,333	–	–	258,606,333	258,606,333
Accounts payable	–	7,034,616,953	–	–	7,034,616,953	7,034,616,953
Interest payable	–	117,632,245	–	–	117,632,245	117,632,245
Other payables	–	1,457,761,949	–	–	1,457,761,949	1,457,761,949
Other current liabilities	0.78%	805,826,634	–	–	805,826,634	804,523,133
Long-term payables	6.00%	2,009,689	8,038,756	20,194,688	30,243,133	15,940,620
Bonds payable	1.00%	68,000,000	6,987,000,000	–	7,055,000,000	5,681,024,285
Total		24,034,087,965	7,624,946,251	41,252,263	31,700,286,479	30,160,997,035

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.3. Liquidity risk *(Continued)*

The maturity profile of the Group's financial assets and financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below: *(Continued)*

RMB

	31 December 2011					
Financial Assets	Weighted average interest rate	Within one year	More than 1 year but not exceeding 5 years	More than 5 years	Total	Carrying amount
Cash and bank balances	2.61%	15,968,289,906	—	—	15,968,289,906	15,846,293,599
Held-for-trading financial assets	—	76,052,816	—	—	76,052,816	76,052,816
Notes receivable	—	2,231,931,098	—	—	2,231,931,098	2,231,931,098
Accounts receivable	—	5,528,943,824	—	—	5,528,943,824	5,364,962,548
Other receivables	—	1,827,241,532	—	—	1,827,241,532	1,794,930,768
Interest receivable	—	145,137,760	—	—	145,137,760	145,137,760
Financial assets included in other current assets	5.95%	881,240,007	—	—	881,240,007	842,510,201
Available-for-sale financial assets	6.09%	2,829,236,745	511,430,411	—	3,340,667,156	3,280,085,500
Total		29,488,073,688	511,430,411	—	29,999,504,099	29,581,904,290

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

1. Risk management objectives and policies *(Continued)*

1.3. Liquidity risk *(Continued)*

The maturity profile of the Group's financial assets and financial liabilities at each balance sheet date based on contractual undiscounted payments is analysed below: *(Continued)*

RMB

	31 December 2011					
Financial Liabilities	Weighted average interest rate	Within one year	More than 1 year but not exceeding 5 years	More than 5 years	Total	Carrying amount
Long-term borrowings	3.83%	711,950,864	172,199,541	18,122,423	902,272,828	852,257,287
Short-term borrowings	1.57%	9,184,078,751	—	—	9,184,078,751	9,130,730,768
Held-for-trading financial liabilities	—	1,098,665,095	—	—	1,098,665,095	1,098,665,095
Notes payable	—	153,529,031	—	—	153,529,031	153,529,031
Accounts payable	—	5,422,872,975	—	—	5,422,872,975	5,422,872,975
Interest payable	—	69,475,725	—	—	69,475,725	69,475,725
Other payables	—	832,160,732	—	—	832,160,732	832,160,732
Other current liabilities	0.60%	1,416,874,712	—	—	1,416,874,712	1,416,294,455
Long-term payables	6.56%	2,009,689	8,038,756	23,983,377	34,031,822	16,456,496
Bonds payable	1.00%	68,000,000	7,055,000,000	—	7,123,000,000	5,422,250,407
Total		18,959,617,574	7,235,238,297	42,105,800	26,236,961,671	24,414,692,971

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

2. Fair value

The fair value of financial assets and financial liabilities is defined according to the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively;

- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions;

- The fair value of derivative instruments are determined with reference to quoted market prices in active markets. Where such quoted prices are not available, the fair value of a non-option-based derivative is estimated using discounted cash flow analysis and on the basis of the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model (for example, the binomial model).

As at 31 December 2012, the fair value of bonds payable for the Group is RMB5,884,720,000 (31 December 2011:RMB5,679,360,000), the difference of which with the corresponding book value is RMB203,695,715 (31 December 2011:RMB257,109,593).

In directors' opinion, except for bonds payable, the book value of other financial assets and financial liabilities measured at amortised cost in financial statements is approximate to their fair value.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

2. Fair value

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

Level 1 - those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

2. Fair value *(Continued)*

Fair value hierarchy *(Continued)*

RMB

	31 December 2012			
Item	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Held-for-trading financial assets:	44,186,912	9,573,413	—	53,760,325
— Equity investment	1,881,477	—	—	1,881,477
— Commodity future contracts	42,305,435	—	—	42,305,435
— Provisional price arrangement	—	7,172,202	—	7,172,202
— Forward currency contracts	—	2,401,211	—	2,401,211
— Firm commitment	—	—	—	—
Available-for-sale financial assets	—	79,650,000	1,302,000,000	1,381,650,000
— Financial products	—	—	1,302,000,000	1,302,000,000
— Bonds investment	—	79,650,000	—	79,650,000
Total	44,186,912	89,223,413	1,302,000,000	1,435,410,325
Financial liabilities				
Held-for-trading financial liabilities:	87,551,970	1,668,382,755	—	1,755,934,725
— Liabilities arise from gold lease valued at fair value	—	1,552,217,967	—	1,552,217,967
— Commodity future contracts	68,731,842	—	—	68,731,842
— Gold future contracts	18,820,128	—	—	18,820,128
— Provisional price arrangement	—	8,736,481	—	8,736,481
— Interest rate swaps	—	7,153,277	—	7,153,277
— Forward currency contracts	—	84,508,907	—	84,508,907
— Commodity option contracts	—	15,766,123	—	15,766,123
Total	87,551,970	1,668,382,755	—	1,755,934,725

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

2. Fair value *(Continued)*

Fair value hierarchy *(Continued)*

RMB

Item	31 December 2012 Level 1	Level 2	Level 3	Total
Financial assets				
Held-for-trading financial assets:	56,388,321	19,664,495	—	76,052,816
— Equity investment	2,330,708	—	—	2,330,708
— Commodity future 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
Available-for-sale financial assets:	—	160,005,500	2,710,000,000	2,870,005,500
— Financial products	—	—	2,710,000,000	2,710,000,000
— Bonds investment	—	160,005,500	—	160,005,500
Total	56,388,321	179,669,995	2,710,000,000	2,946,058,316
Financial liabilities				
Held-for-trading financial liabilities:	117,494,844	981,170,251	—	1,098,665,095
— Liabilities arise from gold lease valued at fair value	—	946,260,226	—	946,260,226
— Commodity future contracts	40,149,994	—	—	40,149,994
— Gold future contracts	77,344,850	—	—	77,344,850
— 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
Total	117,494,844	981,170,251	—	1,098,665,095

Note: The Group uses discounted future cash flow method to calculate the fair value of financial assets in Level 3. As the average yield rate of the investment products is equal to the average yield rate in the same market, the fair value is substantially equal to the original carrying amount of investment, and there are no fair value changes at the end of 2012.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

2. Fair value *(Continued)*

Fair value hierarchy *(Continued)*

Reconciliation of Level 3 fair value measurements

Item	**Available-for-sale financial assets**
Opening balance of the prior year	820,000,000
Total gains or losses:	169,221,805
— in profit or loss	169,221,805
— in other comprehensive income	—
Purchases	37,122,200,000
Settlements	(35,401,421,805)
Closing balance of the prior year	2,710,000,000
Total gains or losses:	233,535,431
— in profit or loss	233,535,431
— in other comprehensive income	—
Purchases	16,802,000,000
Settlements	(18,443,535,431)
Closing balance of the current year	1,302,000,000

3. Sensitivity analysis

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

3. Sensitivity analysis *(Continued)*

3.1. Currency risk

The Group does not carry out active currency hedging. Currency protection measures may be needed in specific commercial circumstances and are subject to strict limits laid down by the board of directors.

The Group is mainly exposed to foreign currency risk in USD, EUR and GBP against RMB. The following table details the Group's sensitivity to a 5 percent change in the respective foreign currencies against RMB. The 5 percent is the rate used when reporting foreign currency risk internally to key management personnel and represents directors' assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the reporting periods and held constant throughout the reporting period. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB'000

		2012		2011	
Item	Change in exchange rate	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
USD	5% increase against RMB	**(399,752)**	**(399,752)**	(380,373)	(380,373)
USD	5% decrease against RMB	**399,752**	**399,752**	380,373	380,373
EUR	5% increase against RMB	**22,176**	**22,176**	—	—
EUR	5% decrease against RMB	**(22,176)**	**(22,176)**	—	—
GBP	5% increase against RMB	**64,809**	**64,809**	—	—
GBP	5% decrease against RMB	**(64,809)**	**(64,809)**	—	—
Total	5% increase against RMB	**(312,767)**	**(312,767)**	—	—
Total	5% decrease against RMB	**312,767**	**312,767**	—	—

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

3. Sensitivity analysis *(Continued)*

3.2. Interest rate risk

3.2.1 The sensitivity analysis on interest rate risk is based on the following assumptions:

- Changes in the market interest rate may influence the interest income or expense of the variable rate financial instruments;
- For fixed rate financial instruments measured at fair value, changes in the market interest rate only influence their interest income or expense;
- For derivative financial instruments designated as hedges, changes in the market interest rate influence their fair values, and all the hedges of interest rate risk are expected to be highly effective;
- Changes in the fair value of derivative financial instruments and other financial assets and liabilities are calculated at the market interest rate as at the balance sheet date, using the method of discounted cash flow analysis.

3.2.2 On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

RMB'000

		2012		2011	
Item	Change in exchange rate	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
Floating interest rate	Increase by 100 basis points	**139,745**	**139,745**	63,044	63,044
Floating interest rate	Increase by 100 basis points	**(139,745)**	**(139,745)**	(63,044)	(63,044)

(X) OTHER SIGNIFICANT EVENTS *(Continued)*

4. Others *(Continued)*

4(2) Financial instruments and risk management *(Continued)*

3. Sensitivity analysis *(Continued)*

3.3 Other 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 future 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.

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 taxation and equity (due to changes in the fair values of commodity future contracts and the provisional price arrangement) after the impact of hedge accounting.

RMB'000

		2012		2011	
Item	Percentage	**Effect on profit**	**Effect on shareholders' equity**	Effect on profit	Effect on shareholders' equity
Market price increase in copper cathodes	5%	**(289,347)**	**(289,347)**	(214,766)	(214,766)
Market price decrease in copper cathodes	(5%)	**289,347**	**289,347**	214,766	214,766

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Disclosure of accounts receivable by categories:

RMB

Category	31 December 2012				31 December 2011			
	Book Value		Bad debt provision		Book Value		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	**764,214,700**	**42.97**	**–**	**–**	290,171,963	15.53	63,616,791	21.92
Accounts receivables for which bad debt provision has been assessed using the aging analysis approach	**1,014,466,461**	**57.03**	**121,480,525**	**11.97**	1,578,463,255	84.47	60,392,286	3.83
Total	**1,778,681,161**	**100.00**	**121,480,525**	**6.83**	1,868,635,218	100.00	124,009,077	6.64

The top five customers with the largest balances of accounts receivable were recognised by the company as individually significant accounts receivable.

The aging analysis of accounts receivable is as follows:

RMB

Aging	31 December 2012				31 December 2011			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	**1,604,681,572**	**90.22**	**–**	**1,604,681,572**	1,734,659,413	92.83	–	1,734,659,413
More than 1 year but not exceeding 2 years	**40,323,611**	**2.27**	**97,509**	**40,226,102**	12,275,646	0.66	2,324,038	9,951,608
More than 2 years but not exceeding 3 years	**12,256,031**	**0.68**	**1,491,358**	**10,764,673**	30,241	0.00	15,121	15,120
More than 3 years	**121,419,947**	**6.83**	**119,891,658**	**1,528,289**	121,669,918	6.51	121,669,918	–
Total	**1,778,681,161**	**100.00**	**121,480,525**	**1,657,200,636**	1,868,635,218	100.00	124,009,077	1,744,626,141

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

1. Accounts receivable *(Continued)*

(1) Disclosure of accounts receivable by categories: *(Continued)*

Accounts receivables for which bad debt provision has been assessed using the aging analysis approach:

RMB

	31 December 2012			31 December 2011		
	Book Value		Bad debt	Book Value		Bad debt
Aging	Amount	Proportion (%)	provision	Amount	Proportion (%)	provision
Within 1 year	**840,466,872**	**82.85**	**—**	1,508,104,241	95.54	—
More than 1 year but not exceeding 2 years	**40,323,611**	**3.97**	**97,509**	12,275,646	0.78	2,324,038
More than 2 years but not exceeding 3 years	**12,256,031**	**1.21**	**1,491,358**	30,241	0.00	15,121
More than 3 years	**121,419,947**	**11.97**	**119,891,658**	58,053,127	3.68	58,053,127
Total	**1,014,466,461**	**100.00**	**121,480,525**	1,578,463,255	100.00	60,392,286

(2) As at 31 December 2012, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB77,942 (31 December 2011: RMB1,126,799).

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

1. Accounts receivable *(Continued)*

(3) Top five customers with the largest balances of accounts receivable

RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable *(%)*
Entity one	JCC's affiliates	284,499,226	Within 1 year	15.99
Entity two	JCC's affiliates	146,207,512	Within 1 year	8.22
Entity three	JCC's affiliates	119,228,618	Within 1 year	6.70
Entity four	Third party	124,169,031	Within 1 year	6.98
Entity five	Third party	90,110,313	Within 1 year	5.07
Total		764,214,700		42.97

(4) Changes in bad debts provision for accounts receivable

Item	31 December 2011	Increase in the current period	Decrease in the current period		31 December 2012
			Reversals	Write-off	
Bad debts provision for accounts receivable	124,009,077	97,733	359,677	2,266,608	121,480,525

For the year ended 31 December 2012, reversal of bad debts provision is due to the collection of accounts receivables for which bad debt provision has been assessed using the aging analysis approach. Written off are due to uncollectable accounts receivable.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

2. Other receivables

(1) Disclosure of other receivables by categories:

RMB

	31 December 2012				31 December 2011			
	Book Value		Bad debt provision		Book Value		Bad debt provision	
Category	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables for which bad debt provision has been assessed using the aging analysis approach	440,034,840	100.00	23,292,422	5.29	848,941,636	100.00	23,062,160	2.72
Total	440,034,840	100.00	23,292,422	5.29	848,941,636	100.00	23,062,160	2.72

The aging analysis of other receivables is as follows:

RMB

	31 December 2012				31 December 2011			
Aging	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	400,018,200	90.91	—	400,018,200	820,945,526	96.70	—	820,945,526
More than 1 year but not exceeding 2 years	13,127,589	2.98	1,487,963	11,639,626	5,573,225	0.66	1,014,671	4,558,554
More than 2 years but not exceeding 3 years	4,528,469	1.03	379,235	4,149,234	747,801	0.09	372,405	375,396
More than 3 years	22,360,582	5.08	21,425,224	935,358	21,675,084	2.55	21,675,084	—
Total	440,034,840	100.00	23,292,422	416,742,418	848,941,636	100.00	23,062,160	825,879,476

(2) As at 31 December 2012, the Group's balance due from a shareholder who holds more than 5% of the voting power of the Company is RMB77,043 (31 December 2011: Nil).

(3) As at 31 December 2012, the Company's balance of commodity futures margin was RMB 374,255,788 (31 December 2011: RMB245,387,940).

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

2. Other receivables *(Continued)*

(4) Top five entities with the largest balances of other receivables

RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total accounts receivable (%)
Entity one	JCC's affiliates	285,034,779	Within 1 year	64.78
Entity two	Third party	10,226,446	Within 1 year	2.32
Entity three	Third party	15,226,421	Within 1 year	3.46
Entity four	Third party	36,791,191	Within 1 year	8.36
Entity five	Third party	8,285,480	Within 1 year	1.88
Total		355,564,317		80.80

(5) Changes in bad debts provision for other receivable

Item	31 December 2011	Increase in the current period	Decrease in the current period		31 December 2012
			Reversals	Write-off	
Bad debts provision for other receivable	23,062,160	271,800	40,176	1,362	23,292,422

For the year ended 31 December 2012, reversal of bad debts provision is due to the collection of other receivable for which bad debt provision has been assessed using the aging analysis approach. Written off are due to uncollectable other receivable.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

3. Long-term equity investments

Details of long-term equity investments are as follows:

RMB

Name of investee	Accounting method	Initial investment cost	Opening balance	Increase/ (decrease)	Closing balance	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Susidiaries under cost method											
Kangtong	Cost Method	163,930,000	163,930,000	—	163,930,000	57.14	57.14		—	—	—
JCPC	Cost Method	246,879,928	246,879,928	—	246,879,928	100.00	100.00		—	—	—
JCAC	Cost Method	229,509,299	229,509,299	—	229,509,299	100.00	100.00		—	—	—
Wengfu Chemical	Cost Method	127,050,000	127,050,000	—	127,050,000	70.00	70.00		—	—	23,100,000
Shenzhen Trading	Cost Method	660,000,000	660,000,000	—	660,000,000	100.00	100.00		—	—	—
Shanghai Trading	Cost Method	200,000,000	200,000,000	—	200,000,000	100.00	100.00		—	—	—
Beijing Trading	Cost Method	261,000,000	60,000,000	201,000,000.	261,000,000	100.00	100.00		—	—	—
Detong Chemical	Cost Method	47,484,598	47,484,598	—	47,484,598	100.00	100.00		—	—	—
Finance company	Cost Method	879,856,270	241,556,270	638,300,000.	879,856,270	85.68	85.68		—	—	—
Dexing Construction	Cost Method	45,750,547	45,750,547	—	45,750,547	100.00	100.00		—	—	—
Geology Exploration	Cost Method	18,144,614	18,144,614	—	18,144,614	100.00	100.00		—	—	—
Yinshan Mining	Cost Method	354,488,447	354,488,447	—	354,488,447	100.00	100.00		—	—	—
Drilling Project	Cost Method	31,789,846	31,789,846	—	31,789,846	100.00	100.00		—	—	—
Guixi Smelting Industry Engineering	Cost Method	27,558,990	27,558,990	—	27,558,990	100.00	100.00		—	—	—
Guixi Smelting Technology	Cost Method	20,894,421	20,894,421	—	20,894,421	100.00	100.00		—	—	—
Dongtong Mining	Cost Method	159,044,526	159,044,526	—	159,044,526	100.00	100.00		—	—	—
Ruichang Manufacturing	Cost Method	3,223,379	3,223,379	—	3,223,379	100.00	100.00		—	—	—
Guixi Logistics	Cost Method	72,870,695	72,870,695	—	72,870,695	100.00	100.00		—	—	—
Taiyi	Cost Method	64,705,427	64,705,427	—	64,705,427	70.00	70.00		—	—	—
Longchang Copper Pipe	Cost Method	781,957,359	781,957,359	—	781,957,359	92.04	92.04		—	—	—
Yates	Cost Method	392,766,945	392,766,945	—	392,766,945	89.77	89.77		—	—	—
Hangzhou Trading	Cost Method	25,453,395	25,453,395	—	25,453,395	100.00	100.00		—	—	—
Copper Products	Cost Method	217,712,269	217,712,269	—	217,712,269	98.89	98.89		—	—	—
Copper Recycling	Cost Method	4,514,000	4,514,000	—	4,514,000	55.88	55.88		—	—	—
Qianshan Concentration	Cost Method	14,456,365	14,456,365	—	14,456,365	100.00	100.00		—	—	—
Dexing Alloy	Cost Method	92,683,954	92,683,954	—	92,683,954	100.00	100.00		—	—	—
Redian	Cost Method	66,500,000	66,500,000	—	66,500,000	95.00	95.00		—	—	112,585
JCCS	Cost Method	3,000,000	3,000,000	—	3,000,000	100.00	100.00		—	—	—
GZPC	Cost Method	600,000,000	300,000,000	300,000,000	600,000,000	100.00	100.00		—	—	—
JCC international trade	Cost Method	600,000,000	600,000,000	—	600,000,000	60.00	60.00		—	—	—
Shanghai Shengyu	Cost Method	586,276,865	586,276,865	—	586,276,865	100.00	100.00		—	—	—
Dexing Chemical	Cost Method	333,184,500	333,184,500	—	333,184,500	99.00	99.00		—	—	—
Qingyuan	Cost Method	806,000,000	—	806,000,000	806,000,000	100.00	100.00		—	—	—
JCHK	Cost Method	63,173,000	—	63,173,000	63,173,000	100.00	100.00		—	—	—
Renewable resources	Cost Method	250,000,000	—	250,000,000	250,000,000	100.00	100.00		—	—	—
Daji Mining	Cost Method	103,313,352	—	103,313,352	103,313,352	51.00	51.00		—	—	—
Subtotal		8,555,172,991	6,193,386,639	2,361,786,352	8,555,172,991				—	—	23,212,585

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

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

Details of long-term equity investments are as follows: *(Continued)*

Name of investee	Accounting method	Initial investment cost	Opening balance	Increase/ (decrease)	Closing balance	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power	Provision for impairment losses	Provision for impairment losses for the period	Cash dividends for the period
Other long-term equity investments under cost method											
Diaoquan	Cost Method	13,056,216	13,056,216	—	13,056,216	15.00	15.00		(13,056,216)	—	—
Subtotal		13,056,216	13,056,216	—	13,056,216				(13,056,216)	—	—
Joint ventures under equity method											
Jiangtong Bioteq	Equity Method	14,100,000	26,732,183	5,614,680	32,346,863	50.00%	50.00%		—	—	—
Subtotal		14,100,000	26,732,183	5,614,680	32,346,863	—	—		—		
Associates under equity method											
Jiangxi Copper Minerals	Equity Method	1,300,000,000	1,065,225,664	(680,182)	1,064,545,482	40.00%	40.00%		—	—	—
MCC-JCL	Equity Method	585,129,382	455,467,384	114,636,435	570,103,819	25.00%	25.00%		—	—	—
Fengye	Equity Method	1,563,069	1,563,069	—	1,563,069	25.00%	25.00%		—	—	—
Zhejiang Heding	Equity Method	360,000,000	—	360,000,000	360,000,000	40.00%	40.00%		—	—	—
Subtotal		2,246,692,451	1,522,256,117	473,956,253	1,996,212,370	—	—		—		
Total		10,829,021,658	7,755,431,155	2,841,357,285	10,596,788,440				(13,056,216)	—	23,212,585

As at 31 December 2012, the investees could transfer funds to the Company without restrictions.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

4. Operating income and operating costs

(1) Operating income

RMB

Item	**2012**	2011
Principal operating income	**73,788,608,373**	69,987,215,108
Including: Trading income	**6,913,120,839**	777,869,009
Other operating income	**388,894,082**	506,110,192
Operating income	**74,177,502,455**	70,493,325,300
Principal operating cost	**66,750,815,011**	60,691,629,545
Including: Trading cost	**6,980,166,784**	777,217,714
Other operating cost	**387,878,660**	465,021,712
Operating cost	**67,138,693,671**	61,156,651,257

(2) Principal operating activities (classified by products)

RMB

	31 December 2012		31 December 2011	
Name of product	**Operating income**	**Operating cost**	Operating income	Operating cost
Copper cathodes	**39,955,920,315**	**37,389,122,042**	33,913,397,484	30,434,829,883
Copper rods and wires	**18,253,469,204**	**16,426,164,913**	21,298,296,296	19,311,746,189
Golds	**9,312,430,235**	**7,945,221,112**	7,917,194,297	6,412,751,559
Silvers	**3,097,674,834**	**2,923,189,117**	3,374,670,836	2,359,275,259
Chemical products	**2,267,987,740**	**1,247,391,370**	2,267,621,617	1,209,515,019
Rare metals and other nonferrous metals	**530,833,522**	**495,987,949**	841,102,034	668,357,386
Others	**370,292,523**	**323,738,508**	374,932,544	295,154,250
Total	**73,788,608,373**	**66,750,815,011**	69,987,215,108	60,691,629,545

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

4. Operating income and operating costs *(Continued)*

(3) Principal operating activities (classified by geographical areas)

RMB

	31 December 2012		31 December 2011	
Name of geographical area	**Operating income**	**Operating cost**	Operating income	Operating cost
Mainland China	**67,719,466,980**	**62,035,542,760**	69,484,311,255	60,333,398,089
Hong Kong	**3,307,786,987**	**2,580,073,850**	493,474,943	353,318,213
Others	**2,532,998,218**	**1,952,114,370**	9,428,910	4,913,243
Total	**73,560,252,185**	**66,567,730,980**	69,987,215,108	60,691,629,545

Revenue from other operations of the Group for 2012 and 2011 come from Mainland China.

(4) Operating income from the Company's top five customers

RMB

Name of customer	**Operating income**	**Proportion to total operating income of the Company** *(%)*
Entity One	2,489,291,757	3.36
Entity Two	1,875,512,973	2.53
Entity Three	1,291,580,770	1.74
Entity Four	1,230,550,431	1.66
Entity Five	1,181,467,109	1.59
Total	8,068,403,040	10.88

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

5. Investment income

(1) Details of investment income

RMB

Item	2012	2011
1. Derivative financial instruments not designated as hedges	**48,312,752**	(437,372,800)
Gain/(Loss) on commodity future contracts	**48,312,752**	(437,372,800)
2. Hedging instruments	**4,782,573**	(28,388,460)
(1) Derivatives not qualifying as hedges	**6,953,947**	(34,475,237)
Gain/(Loss) from commodity derivative contracts	**6,953,947**	(34,475,237)
(2) Derivatives qualifying as hedges	**(2,171,374)**	6,086,777
Cash flow hedges	**—**	(709,284)
Loss on ineffective potion of expected sales contracts	**—**	(709,284)
Fair value hedges	**(2,171,374)**	6,796,061
Fair value of inventories	**(2,171,374)**	6,796,061
Gain/(Loss) on hedging instruments	**(12,354,021)**	31,342,322
Gain/(loss) on hedging instruments	**10,182,647**	(24,546,261)
3. Share of the net gains of investee under equity method	**9,440,750**	55,681,529
Including: Gain of joint ventures	**3,826,070**	49,045,547
Gain of associates	**5,614,680**	6,635,982
4. Available-for-sale financial assets	**17,550,000**	13,500,000
Dividends declared from available-for-sales financial assets	**17,550,000**	13,500,000
5. Gains on disposal of subsidiary	**—**	9,389,050
6. Gains on liquidation of subsidiary	**—**	366,274
7. Interest income of entrusted loans to subsidiaries	**23,592,533**	23,489,342
8. Dividends declared from the subsidiaries under cost method	**23,212,585**	13,200,245
Total	**126,891,193**	(350,134,820)

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

5. Investment income *(Continued)*

(2) Income from long-term equity investments under cost method

RMB

Investee	**2012**	2011	Reasons for movement in the current period
Wengfu Chemical	**23,100,000**	4,970,000	Cash dividend
Redian	**112,585**	230,245	Cash dividend
Kangtong	**—**	8,000,000	Cash dividend
Total	**23,212,585**	13,200,245	

(3) Income from long-term equity investments under equity method

RMB

Investee	**2012**	2011	Reasons for movement in the current period
Jiangtong Bioteq	**5,614,680**	6,635,982	Profit of the joint venture
Jiangxi Copper Minerals	**3,826,070**	49,202,873	Profit of the associate
Qingyuan	**—**	(157,326)	Acquisition of subsidiary
Total	**9,440,750**	55,681,529	

As at 31 December 2012, no significant limitation exists regarding investment income repatriation.

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

6. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	2012	2011
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	**4,863,865,167**	5,891,155,692
Add: Provision for impairment losses of assets	**(57,745,364)**	350,709,751
Increase of special reserve	**(15,881,764)**	30,754,220
Depreciation of fixed assets	**955,544,413**	933,345,041
Amortization of intangible assets	**43,951,072**	45,512,262
Loss on disposal of fixed assets, intangible assets, and other long term assets (gains are indicated by "-")	**28,563,383**	118,254,702
Losses on changes in fair values (gains are indicated by "-")	**63,532,975**	(184,322,454)
Financial expenses (income is indicated by "-")	**494,588,569**	550,724,258
Losses arising from investments (gains are indicated by "-")	**(126,891,193)**	(115,626,439)
Decrease in deferred tax assets (increase is indicated by "-")	**(58,817,734)**	(115,373,541)
Increase in deferred tax liabilities (decrease is indicated by "-")	**2,604,957**	1,376,640
Deferred revenue released to income statement	**(38,755,237)**	(15,437,579)
Decrease in inventories (increase is indicated by "-")	**(267,128,796)**	2,438,476,717
Decrease in receivables from operating activities (increase is indicated by "-")	**(47,324,687)**	(201,034,576)
Increase in payables from operating activities (decrease is indicated by "-")	**(312,877,867)**	2,987,026,534
Net cash flow from operating activities	**5,527,227,894**	12,715,541,228

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

6. Supplementary information to the cash flow statement *(Continued)*

(1) Supplementary information to the cash flow statement *(Continued)*

Supplementary information	2012	2011
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital	**—**	—
Convertible loan notes due within one year	**—**	—
Fixed assets acquired under finance leases	**—**	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	**17,746,654,804**	14,786,585,446
Less: Opening balance of cash	**14,786,585,446**	4,779,877,828
Add: Closing balance of cash equivalents	**—**	—
Less: Opening balance of cash equivalents	**—**	—
Net increase in cash and cash equivalents	**2,960,069,358**	10,006,707,618

(XI) NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS *(Continued)*

6. Supplementary information to the cash flow statement *(Continued)*

(2) Cash and cash equivalents

RMB

Item	**31 December 2012**	31 December 2012
1. Cash	**17,746,654,804**	14,786,585,446
Including: Cash on hand	**18,837**	30,341
Bank deposits	**17,746,635,967**	14,786,555,105
2. Cash equivalents	**—**	—
Including: Bonds investment due within three months	**—**	—
3. Closing balance of cash and cash equivalents	**17,746,654,804**	14,786,585,446

(XII) COMPARATIVE DATA

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

(XIII) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 26 March 2013.

(XIV) SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

RMB

Item	Amount	Note
Loss on disposal of non-current assets	(37,670,553)	
Government grants recognised in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	114,917,569	
Profit or (loss) on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business	689,071,621	
Including: 1. Fair value loss arising from equity investment	(449,231)	
2. Fair value loss on derivative instruments not designated as hedges	(61,394,606)	
3. Fair value loss arising from gold lease	(76,706,394)	
4. Fair value gain arising from commodity future contracts	22,231,063	
5. Fair value gain arising from ineffective portion of commodity future contracts qualifying as hedges	86,575	
6. Gain on held-for-trading investments in equity instruments	34,594	
7. Gain on derivative instruments not designated as hedges	494,308,687	
8. Gain on gold lease	33,308,529	
9. Gain on commodity future contracts	62,754,916	
10. (Loss) on ineffective portion of commodity future contracts qualifying as hedges	(24,086,777)	
11. Investment income from monetary fund	3,834,087	
12. Investment income from finance products	233,535,431	
13. Interest income from bonds investments	1,614,747	
Other non-operating income and expenses other than the above	12,917,293	
Revesal of management incentive schemes	351,294,891	note
Tax effects	(227,406,002)	
Effects attributable to minority interests (after tax)	(81,798,766)	
Total	821,326,053	

Note: More details about the revesal of management incentive schemes are given in Note(V) 25.

(XIV) SUPPLEMENTARY INFORMATION *(Continued)*

2. Differences between amounts prepared under foreign accounting standards and China Accounting Standards ("CAS")

Differences in the net profit and net assets between those disclosed in the financial statements in compliance with International Finance Reporting Standards ("IFRS") and CAS

RMB

	Net profit		Net assets	
	2012	2011	**31 December 2012**	31 December 2011
In accordance with CASs	**5,294,482,653**	6,610,484,015	**43,907,772,330**	39,805,994,957
Items and amounts reconciled to IFRSs:				
Safety fund expenses provided but not used under the CAS during the period	**(1,600,185)**	37,707,129	**—**	—
Tax effects of safety production fund	**(45,376,648)**	—	**(45,376,648)**	—
In accordance with IFRSs	**5,247,505,820**	6,648,191,144	**43,862,395,682**	39,805,994,957

3. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS have been prepared by the Company in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	**Weighted average return on net assets** *(%)*	**Basic EPS**	**Diluted EPS**
Net profit attributable to ordinary shareholders of the Company	12.70	1.51	1.51
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	10.70	1.27	1.27

Independent Auditor's Report

TO THE SHAREHOLDERS OF JIANGXI COPPER COMPANY LIMITED
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Jiangxi Copper Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 277 to 374, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 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 the consolidated 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 consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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.

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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012 and of its 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.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2012.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 March 2013

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Notes	2012 *RMB'000*	2011 *RMB'000*
Revenue	5	**158,005,958**	117,119,197
Cost of sales		**(150,570,459)**	(107,347,896)
Gross profit		**7,435,499**	9,771,301
Other income	6	**780,508**	673,763
Other gains and losses	7	**681,522**	245,237
Selling and distribution expenses		**(453,162)**	(437,011)
Administrative expenses		**(1,348,824)**	(1,869,162)
Finance costs	8	**(831,711)**	(731,227)
Share of results of a jointly controlled entity		**5,615**	6,636
Share of results of associates		**3,826**	49,046
Profit before taxation		**6,273,273**	7,708,583
Taxation	9	**(1,025,766)**	(1,060,392)
Profit for the year	10	**5,247,507**	6,648,191
Profit for the year attributable to:			
Owners of the Company		**5,169,668**	6,586,921
Non-controlling interests		**77,839**	61,270
		5,247,507	6,648,191
Earnings per share	13		
Basic		**RMB1.49**	RMB1.90

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	2012 RMB'000	2011 RMB'000
Profit for the year	**5,247,507**	6,648,191
Other comprehensive income (expense)		
Fair value change on hedging instruments designated in cash flow hedges	**128,896**	155,879
Reclassification adjustments relating to transfer of cash flow hedges	**(122,593)**	(36,446)
Income tax relating to components of other comprehensive income	**(1,214)**	(22,152)
Exchange differences arising on translation	**(4,080)**	(119,404)
Other comprehensive income (expense) for the year (net of tax)	**1,009**	(22,123)
Total comprehensive income for the year	**5,248,516**	6,626,068
Total comprehensive income attributable to:		
Owners of the Company	**5,170,712**	6,564,798
Non-controlling interests	**77,804**	61,270
	5,248,516	6,626,068

Consolidated Statement of Financial Position

AT 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment	14	**19,933,933**	18,092,411
Investment properties	15	**178,918**	—
Prepaid lease payments	16	**477,024**	428,375
Intangible assets	17	**817,086**	847,411
Exploration and evaluation assets	18	**635,117**	206,367
Interests in associates	19	**2,004,531**	1,530,574
Interest in a jointly controlled entity	20	**32,347**	26,732
Available-for-sale investments	21	**1,031,730**	510,080
Deferred tax assets	22	**352,035**	306,088
Deposits for prepaid lease payments		**6,117**	—
Deposits for property, plant and equipment		**163,390**	218,096
		25,632,228	22,166,134
Current assets			
Inventories	23	**15,936,440**	14,097,061
Trade and bills receivables	24	**9,443,609**	7,596,894
Prepayments, deposits and other receivables	26	**4,712,861**	4,744,573
Other investments	27	**1,230,133**	—
Prepaid lease payments	16	**9,435**	10,103
Loans to fellow subsidiaries	28	**—**	842,510
Available-for-sale investments	21	**760,000**	2,770,006
Held-for-trading financial assets		**1,881**	2,331
Derivative financial instruments	29	**51,879**	73,723
Restricted bank deposits	30	**3,631,297**	4,763,826
Bank balances and cash	30	**16,678,343**	11,082,468
		52,455,878	45,983,495

Consolidated Statement of Financial Position

AT 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Notes	2012 RMB'000	2011 RMB'000
Current liabilities			
Trade and bills payables	31	**7,293,223**	5,576,402
Other payables and accruals	32	**4,354,235**	3,361,211
Deposits from holding company and fellow subsidiaries	33	**655,210**	1,288,662
Deferred revenue - government grants	34	**27,510**	33,170
Derivative financial instruments	29	**203,717**	152,404
Held-for-trading financial liabilities	35	**1,552,218**	946,260
Tax payable		**734,359**	886,062
Bank borrowings	36	**12,417,112**	9,809,366
		27,237,584	22,053,537
Net current assets		**25,218,294**	23,929,958
Total assets less current liabilities		**50,850,522**	46,096,092
Non-current liabilities			
Bonds payable	37	**5,681,024**	5,422,250
Bank borrowings	36	**617,845**	173,622
Provision for rehabilitation	38	**139,059**	129,531
Employee benefit liability	39	**99,222**	291,510
Deferred revenue - government grants	34	**332,455**	244,499
Other long term payables	40	**13,931**	14,447
Deferred tax liabilities	22	**104,591**	14,238
		6,988,127	6,290,097
		43,862,395	39,805,995
Capital and reserves			
Share capital	41	**3,462,729**	3,462,729
Reserves		**39,312,107**	35,840,192
Equity attributable to owners of the Company		**42,774,836**	39,302,921
Non-controlling interests		**1,087,559**	503,074
		43,862,395	39,805,995

The consolidated financial statements on pages 277 to 374 were approved and authorised for issue by the Board of Directors on 26 March 2013 and are signed on its behalf by:

Director　　　　　　Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000 (Note a)	Other reserve RMB'000 (Note b)	Statutory surplus reserve RMB'000 (Note c)	Discretionary surplus reserve RMB'000 (Note c)	Safety funds surplus reserve RMB'000 (Note d)	Hedging reserve RMB'000	Translation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2011	3,462,729	12,647,502	(934,681)	(92,506)	2,670,179	6,099,320	239,154	(101,967)	(135,745)	692,546	9,576,695	34,123,226	414,180	34,537,406
Profit for the year	—	—	—	—	—	—	—	—	—	—	6,586,921	6,586,921	61,270	6,648,191
Fair value change on hedging instruments designated in cash flow hedges	—	—	—	—	—	—	—	155,879	—	—	—	155,879	—	155,879
Reclassification adjustments relating to transfer of cash flow hedges	—	—	—	—	—	—	—	(36,446)	—	—	—	(36,446)	—	(36,446)
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	—	(22,152)	—	—	—	(22,152)	—	(22,152)
Exchange differences arising on translation	—	—	—	—	—	—	—	—	(119,404)	—	—	(119,404)	—	(119,404)
Total comprehensive income for the year	—	—	—	—	—	—	—	97,281	(119,404)	—	6,586,921	6,564,798	61,270	6,626,068
Capital contribution from 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)
Dividends declared	—	—	—	—	—	—	—	—	—	(692,546)	(692,546)	(1,385,092)	—	(1,385,092)
Dividends proposed	—	—	—	—	—	—	—	—	—	1,731,365	(1,731,365)	—	—	—
Transfer between categories	—	—	—	—	589,116	1,767,347	37,473	—	—	—	(2,393,936)	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	(11)	(11)	(4)	(15)
As at 31 December 2011	3,462,729	12,647,502	(934,681)	(92,506)	3,259,295	7,866,667	276,627	(4,686)	(255,149)	1,731,365	11,345,758	39,302,921	503,074	39,805,995
Profit for the year	—	—	—	—	—	—	—	—	—	—	5,169,668	5,169,668	77,839	5,247,507
Fair value change on hedging instruments designated in cash flow hedges	—	—	—	—	—	—	—	128,896	—	—	—	128,896	—	128,896
Reclassification adjustments relating to transfer of cash flow hedges	—	—	—	—	—	—	—	(122,593)	—	—	—	(122,593)	—	(122,593)
Income tax relating to components of other comprehensive income	—	—	—	—	—	—	—	(1,214)	—	—	—	(1,214)	—	(1,214)
Exchange differences arising on translation	—	—	—	—	—	—	—	—	(4,045)	—	—	(4,045)	(35)	(4,080)
Total comprehensive income for the year	—	—	—	—	—	—	—	5,089	(4,045)	—	5,169,668	5,170,712	77,804	5,248,516

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000 (Note a)	Other reserve RMB'000 (Note b)	Statutory surplus reserve RMB'000 (Note c)	Discretionary surplus reserve RMB'000 (Note c)	Safety funds surplus reserve RMB'000 (Note d)	Hedging reserve RMB'000	Translation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Partial disposal of a subsidiary without losing control	—	—	14,126	—	—	—	—	—	—	—	—	14,126	385,874	400,000
Deemed acquisition of additional interest in a subsidiary	—	—	18,442	—	—	—	—	—	—	—	—	18,442	31,558	50,000
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	99,262	99,262
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(10,013)	(10,013)
Dividends declared	—	—	—	—	—	—	—	—	—	(1,731,365)	—	(1,731,365)	—	(1,731,365)
Dividends proposed	—	—	—	—	—	—	—	—	—	1,731,365	(1,731,365)	—	—	—
Transfer between categories	—	—	—	—	486,387	1,459,160	(1,084)	—	—	—	(1,944,463)	—	—	—
At 31 December 2012	3,462,729	12,647,502	(902,113)	(92,506)	3,745,682	9,325,827	275,543	403	(259,194)	1,731,365	12,839,598	42,774,836	1,087,559	43,862,395

Notes:

(a) Capital reserve arise from (i) the difference between the amount by which the non-controlling interests are adjusted and the consideration paid and received for the acquisition of additional interest in a subsidiary and the partial disposal of a subsidiary without losing control; (ii) the difference between the cash consideration paid, shares issued by the Company and the amount of the registered capital of the combined entities under group reorganisations; and (iii) the excess of the value of the net assets immediately before the establishment of the Company injected into the Company by Jiangxi Copper Corporation, a holding company of the Company, as part of group reorganisations which was determined by the People's Republic of China (the "PRC") valuer and was approved by the State Assets Administration Bureau over the nominal value of the shares issued upon establishment of the Company.

(b) Other reserve represents the difference in value of certain assets and liabilities included in the net assets injected into the Company pursuant to group reorganisations calculated in accordance with International Financial Reporting Standards and the valuation of assets and liabilities performed by the PRC valuer in accordance with relevant PRC standards and regulations, which valuation was confirmed by the State Assets Administration Bureau.

(c) The Company shall appropriate to the statutory surplus reserve at 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. Accordingly 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.

(d) The Group is required to make appropriations in accordance with CaiQi [2006] No 478 "Tentative measures for the financial management of the production safety fund for the high risk enterprises" that is issued by Ministry of Finance ("MOF") and Safety Production General Bureau. The reserve is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	2012	2011
	RMB'000	*RMB'000*
Operating activities		
Profit before taxation	**6,273,273**	7,708,583
Adjustments for:		
Interest expenses	**831,711**	731,227
Depreciation for property, plant and equipment	**1,229,760**	1,141,000
Impairment losses on property, plant and equipment	**12,556**	55,057
Depreciation for investment properties	**3,036**	—
Amortisation of prepaid lease payments	**13,232**	10,549
Amortisation of intangible assets	**34,873**	37,100
Loss on disposal of property, plant and equipment	**37,671**	127,977
Share of results of associates	**(3,826)**	(49,046)
Share of results of a jointly controlled entity	**(5,615)**	(6,636)
Impairment losses on trade and other receivables	**7,728**	5,543
Release of deferred income	**(42,788)**	(19,271)
(Reversal of) allowance for inventories	**(35,306)**	425,969
Unwinding of an interest for rehabilitation provision	**8,761**	7,034
Income from available-for-sale investments	**(256,694)**	(187,158)
Reversal of employee benefit liability	**(351,295)**	—
Fair value change on commodity derivative contracts	**(18,884)**	(200,258)
Fair value change on provisional price arrangement	**(5,331)**	(21,364)
Fair value change on foreign currency forward contracts and interest rate swaps	**57,961**	8,067
Fair value change on held-for-trading financial liabilities	**43,398**	(86,454)
Fair value change on held-for-trading financial assets	**415**	2,229
Operating cash flows before movements in working capital	**7,834,636**	9,690,148
(Increase) decrease in inventories	**(1,777,503)**	2,947,575
Increase in trade and other receivables	**(2,278,240)**	(4,062,967)
Increase in trade and other payables	**2,683,229**	1,803,098
Cash generated from operations	**6,462,122**	10,377,854
Income tax paid	**(1,228,703)**	(981,643)
Net cash from operating activities	**5,233,419**	9,396,211

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	Note	**2012** **RMB'000**	2011 RMB'000
Investing activities			
Proceeds from disposal of available-for-sale investments		**21,208,990**	35,405,698
Decrease (increase) in restricted bank deposits to secure bank borrowings		**1,094,139**	(2,324,944)
Decrease (increase) in loans to fellow subsidiaries		**842,510**	(288,629)
Dividend on available-for-sale investments		**17,710**	13,660
Government grant received		**125,084**	120,196
Income from derivative financial instruments		**38,299**	—
Proceeds from disposal of property, plant and equipment		**17,800**	23,016
Dividends received from held-for-trading financial assets		**35**	—
Purchase of available-for-sale investments		**(19,481,650)**	(37,282,206)
Purchases of property, plant and equipment		**(2,154,279)**	(2,477,037)
Purchase of other investments		**(1,230,133)**	—
Investments in associates		**(474,270)**	(652,725)
Purchase of investment properties		**(181,954)**	—
Deposits paid for property, plant and equipment		**(163,390)**	—
Purchase of exploration and evaluation assets		**(161,947)**	(3,134)
Acquisition of subsidiaries	**42**	**(133,020)**	—
Loss from derivative financial instruments		**(32,866)**	—
Purchases of prepaid lease payments		**(19,426)**	(121,080)
Deposits paid for prepaid lease payments		**(6,117)**	—
Purchase of intangible assets		**(4,548)**	(10,896)
Repayment of other long term payables		**(516)**	—
Prepaid lease payments		**—**	5,967
Dividend received from a jointly controlled entity		**—**	4,800
Proceeds from disposal of held-for-trading financial assets		**—**	4,639
Purchase of held-for-trading financial assets		**—**	(4,355)
Net cash used in investing activities		**(699,549)**	(7,587,030)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

	2012	2011
	RMB'000	*RMB'000*
Financing activities		
New bank and other borrowings raised	**27,858,569**	29,519,265
Proceeds from held-for-trading financial liabilities	**1,135,328**	1,032,714
Proceeds from partial disposal of a subsidiary without costing control	**400,000**	—
Capital contribution from non-controlling shareholders	**50,000**	66,315
Repayment of bank and other borrowings	**(24,806,600)**	(23,239,376)
Dividends paid	**(1,731,365)**	(1,385,092)
(Decrease) increase in deposits from holding company and fellow subsidiaries	**(761,084)**	67,929
Repayment of held-for-trading financial liabilities	**(572,768)**	—
Interest paid	**(494,748)**	(359,412)
Dividends paid to non-controlling shareholders	**(10,013)**	(8,153)
Decrease in repurchase agreements	**—**	(250,000)
Acquisition of non-controlling shareholders	**—**	(30,534)
Net cash from financing activities	**1,067,319**	5,413,656
Net increase in cash and cash equivalents	**5,601,189**	7,222,837
Cash and cash equivalents at the beginning of the year	**11,082,468**	3,864,368
Effect of foreign exchange rate changes	**(5,314)**	(4,737)
Cash and cash equivalents at the end of the year, representing bank balances and cash	**16,678,343**	11,082,468

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012
(PREPARED IN ACCORDANCE WITH IFRS)

1. GENERAL

The Company was registered in 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 and A shares were listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively. 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 controlling party 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.

The activities of its principal subsidiaries, associates and a jointly controlled entity are set out in notes 47, 19 and 20 respectively.

The consolidated financial statements are presented in Renminbi ("RMB") which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") and IFRS Interpretation Committee (the "IFRIC") of the IASB.

Amendments to IAS 12	Deferred tax: Recovery of underlying asset
Amendments to IFRS 7	Financial instruments: Disclosures - Transfers of financial assets

Except as below, the adoption of the amendment to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IFRS 7 "Financial instruments disclosures-Transfers of financial assets"

The Group has applied for the first time the amendments to IFRS 7 "Financial instruments disclosures-Transfers of financial assets" in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has discounted bills receivables to banks with full recourse, and transferred bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers with full recourse. Specifically, if the bills receivables are not paid by the issuing banks at maturity, the collecting banks and/or the suppliers would have the right to request the Group to pay the unsettled balances. Therefore, in considering the appropriate accounting treatment, the directors of the Company have taken into consideration, among others, the credit quality of the issuing banks of the bills and the risk and likelihood of non-settlement by the issuing banks on maturity, as well as the relevant PRC practice, rules and regulations should the issuing bank fail to settle the bills on maturity date.

When the Group has transferred the significant risks and rewards relating to those bills receivables, and that the Group has discharged its obligations to suppliers upon settlement by endorsing bills, the Group derecognised these bills receivables and the payables to suppliers in their entirety.

When the Group has not transferred the significant risks and rewards relating to those bills receivables, and that the Group has not discharged its obligations to suppliers upon settlement by endorsing bills, it continues to recognise the full carrying amount of the bills receivables and recognise the cash received on the transfer as a secured borrowing and continue to recognise the payables to suppliers.

The relevant disclosures have been made regarding the transfer of these bills receivables on application of the amendments to IFRS 7 (see note 25).

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IFRS 7 "Financial instruments disclosures-Transfers of financial assets" *(Continued)*

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

Amendments to IFRSs	Annual improvements to IFRSs 2009 - 2011 cycle[1]
Amendments to IFRS 7	Disclosures - Offsetting financial assets and financial liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures[3]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment entities[2]
IFRS 9	Financial instruments[3]
IFRS 10	Consolidated financial statements[1]
IFRS 11	Joint arrangements[1]
IFRS 12	Disclosure of interests in other entities[1]
IFRS 13	Fair value measurement[1]
IAS 19 (as revised in 2011)	Employee benefits[1]
IAS 27 (as revised in 2011)	Separate financial statements[1]
IAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]
Amendments to IAS 1	Presentation of items of other comprehensive income[4]
Amendments to IAS 32	Offsetting financial assets and financial liabilities[2]
IFRIC 20	Stripping costs in the production phase of a surface mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

Amendments to IAS 32 "Offsetting financial assets and financial liabilities" and amendments to IFRS 7 "Disclosures - Offsetting financial assets and financial liabilities"

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors of the Company anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future and may impact the amounts being offset in respect of financial assets and liabilities.

Amendments to IAS 1 "Presentation of items of other comprehensive income"

The amendments to IAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement" is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets in respect of available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRS 13 "Fair value measurement"

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 "Financial instruments: Disclosures" will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. SIC 12 "Consolidation - Special purpose entities" will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and revised standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

IFRS 11 replaces IAS 31 "Interests in joint ventures". IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC 13 "Jointly controlled entities - Non-monetary contributions by venturers" will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these five IFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors of the Company anticipate the application of these five standards will not have material impact on the amounts reported in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

IFRIC 20 "Stripping costs in the production phase of a surface mine"

IFRIC 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal on-going operational stripping activities are accounted for in accordance with IAS 2 "Inventories". The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

IFRIC 20 is effective for annual periods beginning on or after 1 January 2013. Specific transitional provisions are provided to entities that apply IFRIC 20 for the first time.

The directors of the Company anticipate that IFRIC 20 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the application of this standard will not have material impact on amounts reported in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the Group's financial performance and positions.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated 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.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, that are measured at fair value, as explained in the accounting policies set out below.

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial instruments: Recognition and measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation is initially measure at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profit and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initial recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interest that, if any and in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessee

Operating lease payments are recognised as an expense on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lumpsum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration and evaluation assets are reclassified as mining rights or property, plant and equipment. These assets are assessed for impairment before reclassifications.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive).

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the Exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of the exploration and evaluation assets exceeds its recoverable amount.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculates using the weighted average method.

Impairment of tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the following categories including financial assets as at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of asset within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instrument.

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held-for-trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gains and losses line item in the consolidated income statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, other investments, loans to fellow subsidiaries, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade and other receivables is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss is included in the other gains and losses line item in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Bonds with detachable warrants

The component of bonds with warrants that exhibits characteristics of a liability is recognised as a liability in the consolidated 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.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables, deposits from holding company and fellow subsidiaries, bank borrowings, bonds payable and other long term payables are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments and hedging

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 is within one month. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivative financial instruments and hedging *(Continued)*

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.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Hedge accounting

The Group uses derivative financial instruments (i.e. commodity derivative contracts and provisional price arrangement) to hedge its commodity price risk.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derivative financial instruments and hedging *(Continued)*

Fair value hedges (Continued)

Any adjustment to the carrying amount of the hedged item for the designated risk for interest-bearing financial instruments is amortised to profit or loss, with amortisation commencing no later than when the hedged item ceases to be adjusted. The amortisation is based on a recalculated effective interest rate at the date amortisation commences such that the adjustment is fully amortised by maturity.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the other gains or losses line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated income statement as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed 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. As at 31 December 2012, the carrying amount of provision for rehabilitation is RMB139,059,000 (2011: RMB129,531,000).

Estimation of useful lives and resident values of property, plant and equipment

Useful lives and resident values 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 and resident value change significantly, adjustment of depreciation will be provided in the future year. As at 31 December 2012, the carrying amount of property, plant and equipment is RMB19,933,933,000 (2011: RMB18,092,411,000).

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 assessing impairment losses. As at 31 December 2012, the carrying amount of mining rights is RMB769,861,000 (2011: RMB801,835,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available. As at 31 December 2012, the carrying amount of exploration and evaluation assets is RMB635,117,000 (2011: RMB206,367,000).

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. As at 31 December 2012, the carrying amount of deferred tax assets is RMB352,035,000 (2011: RMB306,088,000).

Impairment of non-financial assets

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. As at 31 December 2012, the carrying amount of non-current assets (other than deferred tax assets and available-for-sale investments) is RMB24,248,463,000 (2011: RMB21,349,966,000).

Impairment of loans, trade and other receivables

Provision for impairment of loans, trade and other receivables is made based on an assessment of the recoverability of loans, trade receivables and other receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, these differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which the estimate has been changed. As at 31 December 2012, the carrying amount of loans, trade and other receivables is RMB15,386,603,000 (2011: RMB13,183,977,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets at cost. 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 objective evidence of impairment exists. As at 31 December 2012, the carrying amount of available-for-sale financial assets is RMB410,080,000 (2011: RMB410,080,000).

5. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on production and sale of copper and other related products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the PRC, that is regularly reviewed by the General Manager of the Group, the chief operating decision maker of the Group. The General Manager of the Group regularly reviews revenue analysis by products. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The General Manager of the Group reviews the revenue and the operating results of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the General Manager of the Group. Accordingly, no analysis of this single operating segment is presented.

An analysis of the Group's revenue by category of goods is as follows:

	2012	2011
	RMB'000	*RMB'000*
Sales of goods		
— copper cathodes	**103,582,787**	67,069,672
— copper rods	**27,022,540**	26,786,943
— copper processing products	**5,221,823**	5,988,714
— gold	**9,374,378**	7,917,194
— silver	**3,586,333**	3,735,884
— sulphuric and sulphuric concentrate	**2,204,913**	2,304,610
— rare and other non-ferrous metals	**6,245,651**	2,593,734
— others	**1,317,781**	1,244,238
Revenue analysis prepared in accordance with ASBE	**158,556,206**	117,640,989
Less: sales related taxes	**(550,248)**	(521,792)
Revenue analysis prepared in accordance with IFRSs	**158,005,958**	117,119,197

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The Group's operation is mainly located in the PRC and Hong Kong. The Group's revenue by geographical location of customers are detailed below:

	2012	2011
	RMB'000	*RMB'000*
Mainland China	**145,225,317**	111,215,872
Hong Kong	**6,352,054**	5,306,343
Others	**6,978,835**	1,118,774
Revenue analysis prepared in accordance with ASBE	**158,556,206**	117,640,989
Less: sales related taxes	**(550,248)**	(521,792)
Revenue analysis prepared in accordance with IFRSs	**158,005,958**	117,119,197

All non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in the PRC except for certain investments in Afghanistan, Peru and Japan of which carrying amounts are not material.

Information about major customers

During the year ended 31 December 2012, there is no revenue from customers contributing over 10% of the total revenue of the Group.

During the year ended 31 December 2011, revenue of RMB17,701,256,000 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.

6. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Interest income	**647,880**	557,104
Subsidy income of imported copper concentrate	**30,000**	30,000
Dividend income on available-for-sale investments	**17,710**	13,660
Government grant recognised *(note)*	**42,788**	19,271
Income from value-added tax refund	**42,130**	53,728
	780,508	673,763

Note: Government grants recognised represents compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs and government subsidies granted to the Group in relation to its production facilities.

7. OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Fair value change on derivative financial instruments		
Transactions not qualifying for hedging accounting		
— Fair value change on commodity derivative contracts	**575,861**	(11,563)
— Fair value change on foreign currency forward contracts and interest rate swaps	**(57,961)**	(8,067)
Transactions qualifying as fair value hedges		
— Inventory hedged	**(629)**	(88,658)
— Fair value change on hedging instrument	**(1,344)**	96,068
Ineffective portion of cash flow hedges	**(22,027)**	(1,279)
Fair value change on held-for-trading financial assets	**(415)**	(2,229)
Fair value change on held-for-trading financial liabilities	**(43,398)**	86,454
Gain reclassified from equity to profit or loss on disposal of investments classified as available-for-sale investments	**238,984**	173,498
Loss on disposal of property, plant and equipment	**(37,671)**	(127,977)
Impairment loss on property, plant and equipment (note)	**(12,556)**	(55,057)
Impairment loss on trade and other receivables	**(7,728)**	(5,543)
Loss on disposal of obsolete spare parts	**(127)**	(35,114)
Donations	**(855)**	(10,542)
Exchange gains	**37,615**	236,951
Others	**13,773**	(1,705)
	681,522	245,237

Note: During the year ended 31 December 2012, total impairment charges of RMB12,556,000 (2011: RMB55,057,000) 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 based on fair value less cost to sell. The difference between the carrying amount and the recoverable amount is charged to profit or loss.

8. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interests on bank borrowings	**428,950**	323,494
Interest on bonds payable	**326,774**	312,065
Interests on discounted notes	**75,987**	95,668
	831,711	731,227

9. TAXATION

	2012	2011
	RMB'000	*RMB'000*
The charge comprises:		
Current taxation		
— PRC Enterprise Income Tax	**1,032,637**	1,193,745
— Hong Kong Profits Tax	**22,345**	2,760
	1,054,982	1,196,505
Under(over)provision in prior years		
— PRC Enterprise Income Tax	**20,073**	(3,910)
— Hong Kong Profits Tax	**1,945**	—
	22,018	(3,910)
Deferred taxation *(note 22)*	**(51,234)**	(132,203)
	1,025,766	1,060,392

Hong Kong Profits Tax on three (2011: two) of the Group's subsidiaries has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during both years.

9. TAXATION *(Continued)*

The provision for PRC Enterprise Income Tax is based on a statutory rate of 25% (2011: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Enterprise Income Tax Law except for those high technology companies may be entitled to a lower PRC Enterprise Income Tax rate of 15%, which are according to the PRC Enterprise Income Tax Law. In November 2010, 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. The Company is entitled to relevant preferential policies relating to High-Tech Enterprises for three consecutive years from 2010 to 2012 with a PRC Enterprise Income Tax rate of 15%.

Tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before taxation	**6,273,273**	7,708,583
Tax at the domestic income tax rate of 25% (2011: 25%)	**1,568,318**	1,927,146
Effect of different tax rate for the Company	**(559,257)**	(666,587)
Tax effect of income not taxable for tax purposes	**(15,163)**	(11,908)
Tax effect of expenses not deductible for tax purposes	**2,096**	12,773
Under(over)provision in prior years	**22,018**	(3,910)
Tax effect of tax losses and deductible temporary differences not recognised	**78,807**	74,473
Utilisation of tax losses and deductible temporary differences previously not recognised	**(59,992)**	(39,901)
Effect of different tax rates of subsidiaries	**(11,061)**	(4,934)
Reduction of income tax in respect of the tax benefit *(note)*	**—**	(226,760)
Tax charge for the year	**1,025,766**	1,060,392

Note: 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, was entitled to a tax benefit, calculated as 40% of additions of PRC manufactured plant and equipment for production use during the year ended 31 December 2011. The tax benefit was, however, limited to the amount by which in PRC Enterprise Income Tax for that year exceeds the amount of the preceding year.

10. PROFIT FOR THE YEAR

	2012	2011
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Employee benefit expense (including directors', chief executive's and supervisors' remuneration *(note 11)*):		
— Wages and salaries	**1,912,749**	1,601,681
— Performance related bonus	**77,769**	416,443
— Pension scheme contributions	**300,463**	265,718
— Other staff costs, allowances and welfare	**445,444**	379,462
	2,736,425	2,663,304
— Reversal of employee benefit liabilities, included in administrative expenses (note)	**(351,295)**	—
	2,385,130	2,663,304
Auditor's remuneration	**7,900**	9,490
Cost of inventories recognised as an expense	**150,570,459**	107,347,896
Depreciation of property, plant and equipment	**1,229,760**	1,141,000
Amortisation of investment properties	**3,036**	—
Amortisation of prepaid lease payments	**13,232**	10,549
Amortisation of intangible assets	**34,873**	37,100
(Reversal of) allowance for inventories, included in cost of sales	**(35,306)**	425,969
Minimum lease payments under operating lease of land use rights	**166,932**	39,998

Note: During the year ended 31 December 2012, provision for employee benefit liabilities in relation to senior management and employees amounting to RMB351,295,000 was reversed as the relevant management and employees have agreed to waive such emoluments.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The emoluments paid or payable to the directors, chief executive and supervisors were as follows:

	2012	2011
	RMB'000	*RMB'000*
Fees	**400**	400
Other emoluments		
— Salaries, allowances and welfare	**7,548**	6,656
— Performance related bonus	**5,574**	32,643
— Pension scheme contributions	**264**	232
	13,386	39,531
	13,786	39,931

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

		Other emoluments			
	Fees	Salaries, allowances and welfare	Performance related bonus	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2012					
Executive director:					
Li Yihuang	—	1,066	980	33	2,079
Li Baomin	—	1,066	980	33	2,079
Hu Qingwen	—	1,066	670	33	1,769
Gan Chengjiu	—	1,066	686	33	1,785
Shi Jialiang	—	50	—	—	50
Gao Jianmin	—	200	—	—	200
Liang Qing	—	200	—	—	200
	—	4,714	3,316	132	8,162
Independent non-executive director:					
Zhang Rui *(Note a)*	50	—	—	—	50
Wu Jianchang	100	—	—	—	100
Tu Shutian *(Note a)*	50	—	—	—	50
Gao Dezhu	100	—	—	—	100
Zhang Weidong *(Note b)*	50	—	—	—	50
Deng Hui *(Note b)*	50	—	—	—	50
	400	—	—	—	400
Supervisor:					
Hu Faliang	—	696	690	33	1,419
Lin Jinliang	—	696	686	33	1,415
Xie Ming	—	696	392	33	1,121
Wan Sujuan	—	50	—	—	50
Wu Jinxing	—	696	490	33	1,219
	—	2,834	2,258	132	5,224
	400	7,548	5,574	264	13,786

Notes:

(a) The directors resigned on 19 June 2012.

(b) The directors were appointed on 19 June 2012.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

		Other emoluments			
	Fees *RMB'000*	**Salaries, allowances and welfare** *RMB'000*	**Performance related bonus** *RMB'000* *(Note)*	**Pension scheme contributions** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2011					
Executive director:					
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 director:					
Zhang Rui	100	—	—	—	100
Wu Jianchang	100	—	—	—	100
Tu Shutian	100	—	—	—	100
Gao Dezhu	100	—	—	—	100
	400	—	—	—	400
Supervisor:					
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
	400	6,656	32,643	232	39,931

Note: Certain amounts of performance related bonus have been subsequently waived during the year ended 31 December 2012.

Mr. Li Yihuang is also the Chief Executive of the Group and his emoluments disclosed above included those for services rendered by him as the Chief Executive.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

Details of the remuneration of the five highest paid employees are as below:

	Salaries, allowances and welfare *RMB'000*	Performance related bonus *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
For the year ended 31 December 2012				
Li Yihuang	**1,066**	**980**	**33**	**2,079**
Li Baomin	**1,066**	**980**	**33**	**2,079**
Hu Qingwen	**1,066**	**670**	**33**	**1,769**
Gan Chengjiu	**1,066**	**686**	**33**	**1,785**
Dong Jiahui	**746**	**719**	**33**	**1,498**
	5,010	**4,035**	**165**	**9,210**

	Salaries, allowances and welfare *RMB'000*	Performance related bonus *RMB'000* *(Note)*	Pension scheme contributions *RMB'000*	Total *RMB'000*
For the year ended 31 December 2011				
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

Note: Certain amounts of performance related bonus have been subsequently waived during the year ended 31 December 2012.

The five highest paid employees have acted as executive directors and a deputy general manager during both years.

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

During the year, certain directors, supervisors and a deputy general manager waived performance related bonus for the year ended 31 December 2011 as follows:

	2012	2011
	RMB'000	*RMB'000*
Executive director:		
Li Yihuang	**4,740**	—
Li Baomin	**4,740**	—
Hu Qingwen	**3,334**	—
Gan Chengjiu	**3,318**	—
	16,132	—
Supervisor:		
Hu Faliang	**3,314**	—
Lin Jinliang	**3,318**	—
Xie Ming	**1,655**	—
Wu Jinxing	**2,370**	—
	10,657	—
Deputy general manager:		
Dong Jiahui	**3,285**	—
	30,074	—

There was no other arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year ended 31 December 2012 and 2011.

12. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Interim dividend of nil for 2012 (2011: interim dividend of RMB0.2 per share for 2011) per share	**—**	692,546
Final dividend of RMB0.5 per share for 2011 (2011: final dividend of RMB0.2 per share for 2010) per share	**1,731,365**	692,546
	1,731,365	1,385,092

Subsequent to the end of the reporting periods, a final dividend of RMB0.5 in respect of the year ended 31 December 2012 (2011: final dividend of RMB0.2 in respect of the year ended 31 December 2011) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting. The total amount of RMB1,731,365,000 (2011: RMB1,385,092,000) of the proposed final dividend, calculated on the Company's number of shares issued at the date of annual report, is not recognised as a liability in the consolidated statement of financial position.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB5,169,668,000 (2011: RMB6,586,921,000) and on the number of 3,462,729,405 (2011: 3,462,729,405) ordinary shares in issue during both years.

No diluted earnings per share has been presented because there is no outstanding potential dilutive ordinary shares as at 31 December 2012 and 2011 and during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2011	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
Disposals	(48,344)	(603,212)	(214,847)	(6,286)	—	(872,689)
Transfers	1,202,757	621,211	50,437	52,415	(1,926,820)	—
At 31 December 2011	8,623,628	14,472,308	1,321,251	125,941	3,300,076	27,843,204
Additions	6,637	25,726	16,548	3,237	2,710,147	2,762,295
Acquisition of subsidiaries	16,531	13,739	2,141	2,705	337,660	372,776
Disposals	(49,735)	(330,347)	(69,686)	(13,885)	—	(463,653)
Transfers	1,010,376	1,858,998	98,295	10,187	(2,977,856)	—
At 31 December 2012	9,607,437	16,040,424	1,368,549	128,185	3,370,027	30,514,622
ACCUMULATED DEPRECIATION						
At 1 January 2011	2,852,916	5,731,729	632,275	39,610	—	9,256,530
Provided for the year	232,759	748,099	153,918	6,224	—	1,141,000
Eliminated on disposals	(10,346)	(494,449)	(190,955)	(4,707)	—	(700,457)
At 31 December 2011	3,075,329	5,985,379	595,238	41,127	—	9,697,073
Provided for the year	329,472	749,712	132,553	18,023	—	1,229,760
Eliminated on disposals	(29,451)	(265,147)	(65,650)	(9,232)	—	(369,480)
At 31 December 2012	3,375,350	6,469,944	662,141	49,918	—	10,557,353
ACCUMULATED IMPAIRMENT						
At 1 January 2011	940	18,860	50	52	—	19,902
Provided for the year	19,733	33,039	153	2,132	—	55,057
Write-off for the year	(4,253)	(16,674)	—	(312)	—	(21,239)
At 31 December 2011	16,420	35,225	203	1,872	—	53,720
Provided for the year	—	12,554	—	2	—	12,556
Write-off for the year	(15,701)	(25,217)	(200)	(1,822)	—	(42,940)
At 31 December 2012	719	22,562	3	52	—	23,336
CARRYING VALUES						
At 31 December 2012	6,231,368	9,547,918	706,405	78,215	3,370,027	19,933,933
At 31 December 2011	5,531,879	8,451,704	725,810	82,942	3,300,076	18,092,411

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

As at 31 December 2012, certain of the Group's machinery, with a net book value of nil (2011: RMB35,758,000) and certain of the Group's buildings and mining infrastructure with a net book value of RMB21,727,000 (2011: RMB35,002,000) were pledged to secure short term bank borrowings.

As at 31 December 2012, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with an aggregate carrying value of RMB450,504,000 (2011: RMB264,306,000).

The above item of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account their estimated residual values, using straight-line method, as follows:

Building and mining infrastructure	12 — 45 years
Machinery	8 — 27 years
Motor vehicles	9 — 13 years
Office equipment	5 — 10 years

The Group's buildings are held under medium-term leases and are situated in the PRC.

15. INVESTMENT PROPERTIES

	RMB'000
COST	
Addition for the year and balance at 31 December 2012	181,954
ACCUMULATED AMORTISATION	
Provided for the year and balance at 31 December 2012	3,036
CARRYING VALUES	
At 31 December 2012	178,918
At 31 December 2011	—

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using cost model and are classified and accounted for as investment properties. Depreciation is provided to write off the cost of investment properties using straight-line method over the remaining terms of the leases.

All of the Group's investment properties are situated in the PRC with medium terms of leases.

16. PREPAID LEASE PAYMENTS

	2012	2011
	RMB'000	*RMB'000*
Analysed for reporting purpose as:		
Non-current assets	**477,024**	428,375
Current assets	**9,435**	10,103
	486,459	438,478

The Group's leasehold interest in land is held under medium-term leases and is situated in the PRC.

As at 31 December 2012, certain of the Group's prepaid lease payments with a net book value of RMB10,090,000 (2011: nil) were pledged to secure short term bank borrowings.

As 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 lease payments with a net book value of RMB126,688,000 and all certificates were subsequently obtained in 2012.

17. INTANGIBLE ASSETS

	Mining rights RMB'000	Trademarks RMB'000	Others RMB'000	Total RMB'000
COST				
At 1 January 2011	945,331	52,627	22,286	1,020,244
Additions	—	—	9,881	9,881
Disposals	—	—	(127)	(127)
At 31 December 2011	945,331	52,627	32,040	1,029,998
Additions	—	—	4,548	4,548
At 31 December 2012	945,331	52,627	36,588	1,034,546
ACCUMULATED AMORTISATION				
At 1 January 2011	110,913	25,178	9,396	145,487
Provided for the year	32,583	1,799	2,718	37,100
At 31 December 2011	143,496	26,977	12,114	182,587
Provided for the year	31,974	1,198	1,701	34,873
At 31 December 2012	175,470	28,175	13,815	217,460
CARRYING VALUES				
At 31 December 2012	769,861	24,452	22,773	817,086
At 31 December 2011	801,835	25,650	19,926	847,411

The above item of intangible assets are amortised over the estimated useful lives, using straight-line method, as follows:

Mining rights	10 — 50 years
Trademarks	20 years
Others	5 — 20 years

18. EXPLORATION AND EVALUATION ASSETS

	RMB'000
CARRYING AMOUNT	
At 1 January 2011	203,233
Additions	3,134
At 31 December 2011	206,367
Additions	161,947
Acquisition of subsidiaries	266,803
At 31 December 2012	635,117

19. INTERESTS IN ASSOCIATES

	2012	2011
	RMB'000	*RMB'000*
Unlisted cost of investments	**2,255,380**	1,781,111
Share of post-acquisition losses and other comprehensive income	**(250,849)**	(250,537)
	2,004,531	1,530,574

19. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the principal associates are set out as follows:

Name of company	Type	Place of establishment and operation	Registered capital	Proportion of equity held by the Group 2012	2011	Principal activities
Minmetals Jiangxi Copper Mining Investment Company Limited 五礦江銅礦業投資有限公司	LLC	PRC	RMB3,250,000,000	40%	40%	Investment holding of a 100% equity interest in a mining company in Peru
Asia Development Sure Spread Company Limited 興亞保弘株式會社	LLC	Japan	JPY200,000,000	49%	49%	Import and export of copper products
MCC-JCL Aynak Minerals Company Limited 中冶江銅艾娜克礦業有限公司 ("MCC- JCL")	LLC	Afghanistan	USD363,348,000	25%	25%	Exploration and sale of copper products
Zhaojue Fengye Smelting Company Limited 昭覺逢燁濕法冶煉有限公司	LLC	PRC	RMB10,000,000	47.86%	47.86%	Production and sale of copper cathodes and related products; technology development and provision of services
Zhengjiang Heding Copper Company Limited 浙江和鼎銅業有限公司	LLC	PRC	RMB28,800,000	40%	—	Production and sale of copper products

The summarised financial information in respect of the Group's associates is set out below:

	2012 **RMB'000**	2011 RMB'000
Non-current assets	**7,273,395**	6,216,086
Current assets	**751,841**	678,366
Non-current liabilities	**(1,904,720)**	(2,079,254)
Current liabilities	**(258,375)**	(334,045)
Net assets	**5,862,141**	4,481,153
The Group's share of net assets of associates	**2,004,531**	1,530,574
Income	**14,024**	128,349
Expenses	**(4,459)**	(29,832)
Profit for the year	**9,565**	98,517
The Group's share of profit of associates	**3,826**	49,046

20. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2012	2011
	RMB'000	*RMB'000*
Unlisted costs of investment	**14,100**	14,100
Share of post-acquisition profits, net of dividend received	**18,247**	12,632
	32,347	26,732

Particulars of the jointly controlled entity are set out as follows:

Name of company	Type	Place of establishment and operation	Registered capital	Proportion of equity held by the Group 2012	Proportion of equity held by the Group 2011	Principal activities
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited 江銅百泰環保科技有限公司	LLC	PRC	RMB28,200,000	50%	50%	Recovery of industrial waste water and sale of products

The summarised financial information in respect of the interests in jointly controlled entity attributable to the Group is set out below:

	2012	2011
	RMB'000	*RMB'000*
Non-current assets	**12,464**	12,657
Current assets	**23,781**	15,842
Non-current liabilities	**(1,750)**	—
Current liabilities	**(2,148)**	(1,767)
Net assets	**32,347**	26,732
Income	**17,920**	20,213
Expenses	**(10,926)**	(11,856)
Taxation	**(1,379)**	(1,721)
Profit for the year	**5,615**	6,636

21. AVAILABLE-FOR-SALE INVESTMENTS

	2012 RMB'000	2011 RMB'000
Unlisted equity investments, at cost *(Note a)*	**410,080**	410,080
Portfolio fund investments, at fair value *(Note b)*	**1,381,650**	2,870,006
	1,791,730	3,280,086
Non-current assets	**1,031,730**	510,080
Current assets	**760,000**	2,770,006
	1,791,730	3,280,086

Notes:

(a) 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.

(b) The portfolio investment represents financial products issued by PRC financial institutions. The due dates of the investments classified as current assets are from 22 May 2013 to 27 December 2013 (2011: 13 January 2012 to 25 October 2013) and the target annual yield rate is 9.5% to 10.5% (2011: 5.9% to 10.2%). The due date of the investments classified as non-current assets are from 26 September 2014 to 16 August 2020 (2011: 22 February 2013) and the target annual yield rate is 7.15% to 10.5% (2011: 9.3%). The directors consider that the fair value of the portfolio fund investments approximate to their costs.

22. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2012 RMB'000	2011 RMB'000
Deferred tax assets	**352,035**	306,088
Deferred tax liabilities	**(104,591)**	(14,238)
	247,444	291,850

22. DEFERRED TAXATION *(Continued)*

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during current and prior years:

	Fair value adjustments on property, plant and equipment, prepaid lease payments and exploration and evaluation assets	Impairment of assets	Accrued expenses	Unrealised profits	Tax losses	Fair value change on derivative financial instruments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2011	–	23,057	57,440	18,288	3,890	69,807	9,317	181,799
Charge to other comprehensive income	–	–	–	–	–	(22,152)	–	(22,152)
Credit (charge) to profit or loss	–	71,085	117,669	(5,370)	(1,247)	(56,285)	6,351	132,203
At 31 December 2011	–	94,142	175,109	12,918	2,643	(8,630)	15,668	291,850
Charge to other comprehensive income	–	–	–	–	–	(1,412)	198	(1,214)
(Charge) credit to profit or loss	–	(21,638)	(33,847)	16,144	29,765	19,259	41,551	51,234
Acquisition of subsidiaries	(94,426)	–	–	–	–	–	–	(94,426)
At 31 December 2012	(94,426)	72,504	141,262	29,062	32,408	9,217	57,417	247,444

As at 31 December 2012, the Group has RMB535,597,000 (2011: RMB453,001,000) of unused tax losses available for offsetting against future profits in respect of certain subsidiaries. A deferred tax asset has been recognised in respect of RMB129,632,000 (2011: RMB10,572,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB405,965,000 (2011: RMB442,429,000) due to the unpredictability of future available taxable profit of the subsidiaries to set against the unused tax losses. The available utilisation period of the unused tax losses amounting to RMB535,597,000 is from year 2013 to year 2017 (2011: RMB388,463,000, from year 2012 to year 2016). As at 31 December 2011, the unused tax losses amounting to RMB64,538,000 arisen from a subsidiary of the Group located in Hong Kong has no fixed expiry period (2012: nil).

23. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Raw materials	**6,405,341**	3,865,912
Work in progress	**5,388,824**	6,355,145
Finished goods	**4,485,110**	4,351,601
	16,279,275	14,572,658
Less: Allowance for inventories	**(342,835)**	(475,597)
	15,936,440	14,097,061

As at 31 December 2012, certain of the Group's inventories of RMB49,868,000 and RMB170,363,000 (2011: RMB68,000,000 and RMB59,428,000) were pledged to secure short term bank borrowings and were pledged as deposits for commodity derivative contracts, respectively.

As at 31 December 2012, the effective portion of fair value hedge recognised in inventories was gain of RMB6,045,000 (2011: loss of RMB18,891,000) by utilising provisional price arrangement as hedging instruments.

24. TRADE AND BILLS RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**4,222,549**	5,528,944
Bills receivables	**5,366,622**	2,231,931
	9,589,171	7,760,875
Less: Allowance for doubtful debts	**(145,562)**	(163,981)
	9,443,609	7,596,894

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.

24. TRADE AND BILLS RECEIVABLES *(Continued)*

The aged analysis of trade and bills receivables, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	9,399,135	7,579,207
1 - 2 years	31,986	14,809
2 - 3 years	12,488	1,283
Over 3 years	—	1,595
	9,443,609	7,596,894

Movement in the allowance for doubtful debts:

	2012	2011
	RMB'000	*RMB'000*
Balance at 1 January	163,981	165,758
Impairment losses reversed	(22,215)	(974)
Amounts written off as uncollectible	(4,829)	(6,144)
Impairment losses recognised	8,625	5,341
Balance at 31 December	145,562	163,981

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB137,182,000 (2011: RMB139,361,000). 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.

Ageing of trade receivables which are past due but not impaired

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	460,438	974,110
1 - 2 years	32	492
2 - 3 years	—	48
	460,470	974,650

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.

24. TRADE AND BILLS RECEIVABLES *(Continued)*

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 45.

25. TRANSFER OF FINANCIAL ASSETS

The following were the Group's financial assets as at 31 December 2012 that were transferred to banks or suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2012

	Bills receivables discounted to banks with full recourse *RMB'000*	**Bills receivables endorsed to suppliers with full recourse** *RMB'000*	**Total** *RMB'000*
Carrying amount of transferred assets	**916,109**	**748,035**	**1,664,144**
Carrying amount of associated liabilities	**(916,109)**	**(748,035)**	**(1,664,144)**
	—	**—**	**—**

As at 31 December 2011

	Bills receivables discounted to banks with full recourse *RMB'000*	Bills receivables endorsed to suppliers with full recourse *RMB'000*	Total *RMB'000*
Carrying amount of transferred assets	33,149	77,461	110,610
Carrying amount of associated liabilities	(33,149)	(77,461)	(110,610)
	—	—	—

25. TRANSFER OF FINANCIAL ASSETS *(Continued)*

In addition to the above, as discussed in note 2, as at 31 December 2012, the Group has discounted certain bills receivables to banks and transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers, both with full recourse. The Group has derecognised these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rule and regulations. In the opinion of the directors of the Company, the Group has limited exposure in respect of the settlement obligation of these bills receivable under relevant PRC rules and regulations should the issuing bank fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2012, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to banks or the suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB1,408,188,000 and RMB1,699,519,000 (2011: RMB839,396,000 and RMB61,620,000), respectively.

All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2012 *RMB'000*	2011 *RMB'000*
Prepayments	**1,899,675**	2,666,609
Deposits and other receivables, net of allowance for doubtful debts	**1,529,087**	1,794,931
Prepaid value-added tax	**1,077,477**	137,895
Interest receivables	**206,622**	145,138
	4,712,861	4,744,573

Movement in the allowance for doubtful debts

	2012 *RMB'000*	2011 *RMB'000*
Balance at 1 January	**32,311**	31,217
Impairment losses reversed	**(195)**	(32)
Amounts written off as uncollectible	**(1)**	(82)
Impairment losses recognised	**21,513**	1,208
Balance at 31 December	**53,628**	32,311

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

Included in deposits and other receivables as at 31 December 2012 are futures margin deposits of RMB1,415,789,000 (2011: RMB1,051,909,000).

Prepayments, deposits and other receivables due from related parties included above are disclosed in note 45.

27. OTHER INVESTMENTS

Other investments represent unsecured loans purchased under repurchase agreements with a commitment to repurchase by counterparties with fixed purchasing price and fixed interest rate at a specific future date, which are recognised as loans and receivables. The due dates of the loans are from 8 January 2013 to 21 December 2013 and the target annual yield rate is 4.15% to 9.8% (2011: nil).

28. LOANS TO FELLOW SUBSIDIARIES

The amounts were guaranteed by JCC, interest bearing ranging from 2.15% to 6.56% per annum and fully repaid in 2012.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Fair value		Fair value	
	Assets	**Liabilities**	Assets	Liabilities
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Net settlement:				
Commodity derivative contracts	**42,306**	**(103,318)**	54,058	(119,481)
Provisional price arrangement	**7,172**	**(8,737)**	18,176	(134)
Foreign currency forward contracts and interest rate swaps	**2,401**	**(91,662)**	1,489	(32,789)
	51,879	**(203,717)**	73,723	(152,404)

29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

	2012	2011
	RMB'000	*RMB'000*
Derivatives qualifying for hedge accounting:		
Cash flow hedges		
— Commodity derivative contracts	**459**	(5,690)
Fair value hedges		
— Commodity derivative contracts	**—**	(241)
— Provisional price arrangement	**(8,736)**	18,176
	(8,277)	12,245
Derivatives not qualifying for hedge accounting:		
— Commodity derivative contracts	**2,439**	(19,792)
— Provisional price arrangement	**7,171**	(134)
	9,610	(19,926)
Derivatives not under hedge accounting		
— Commodity derivative contracts	**(63,910)**	(39,700)
— Foreign currency forward contracts and interest rate swaps	**(89,261)**	(31,300)
	(153,171)	(71,000)
	(151,838)	(78,681)

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 the end of the year 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 of commodity derivative contracts at the end of the reporting period with similar maturity and the quoted market price at inception of the contracts.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(a) Derivatives 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 2012, the expected delivery period of the forecasted sales for copper related products was from January to April 2013 (2011: 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.

(b) Derivatives 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 reduce 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 foreign currency forward currency contracts and interest rate swaps to manage its exposures on exchange rate and interest rate.

However, these commodity derivative contracts, foreign currency forward currency contracts and interest rate swaps are not designated as hedging instruments or not qualified for hedging accounting.

30. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

Restricted bank deposits included (i) time deposits of RMB1,863,225,000 (2011: RMB2,730,212,000) which were pledged to secure bank borrowings and letters of credit issued; and (ii) required reserve deposits of RMB1,768,072,000 (2011: RMB2,033,614,000) which were placed with the People's Bank of China. The required reserve deposits with the central bank and the other pledged deposits are not available for use in the Group's daily operation.

As at 31 December 2012, bank balances and cash denominated in currencies other than RMB amounted to RMB5,744,091,000 (2011: RMB1,420,626,000). 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.

31. TRADE AND BILLS PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**7,034,617**	5,422,873
Bills payables	**258,606**	153,529
	7,293,223	5,576,402

The ageing analysis of trade and bills payables is presented based on the invoice date at the end of the reporting period as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 1 year	**7,252,496**	5,506,083
1 - 2 years	**13,788**	33,459
2 - 3 years	**7,219**	3,056
Over 3 years	**19,720**	33,804
	7,293,223	5,576,402

The trade payables are normally settled on 60-day terms.

Trade payables due to related parties included in trade and bills payables are disclosed in note 45.

32. OTHER PAYABLES AND ACCRUALS

	2012	2011
	RMB'000	*RMB'000*
Payroll and welfare	**770,555**	770,246
Current portion of employee benefit liability *(Note 39)*	**23,885**	124,933
Interest payable	**117,632**	69,477
Other tax payables	**151,509**	650,099
Other payables	**1,607,075**	959,794
Advance from customers	**1,681,569**	784,652
Other long term payables due within one year *(Note 40)*	**2,010**	2,010
	4,354,235	3,361,211

Other payables and accruals due to related parties included in other payables and accruals are disclosed in note 45.

33. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

Deposits from holding company and fellow subsidiaries represented the deposits placed by related parties in a subsidiary of the Group. The deposits carry interest at rates ranging from 0.35% to 3.50% (2011: 0.36% to 3.50%) per annum and will be repaid upon demand of the customers.

34. DEFERRED REVENUE - GOVERNMENT GRANTS

	2012	2011
	RMB'000	*RMB'000*
Balance at 1 January	**277,669**	176,744
Received during the year	**125,084**	120,196
Recognised in profit or loss	**(42,788)**	(19,271)
Balance at 31 December	**359,965**	277,669
Analysed for reporting purpose as:		
Non-current liabilities	**332,455**	244,499
Current liabilities	**27,510**	33,170
	359,965	277,669

The deferred revenue represents government subsidiaries granted to the Group in relation to its production facilities. It is recognised as deferred income and recognised in profit or loss over the expected useful lives of the facilities.

35. HELD-FOR-TRADING FINANCIAL LIABILITIES

The Group entered into certain gold lease contracts with banks. During the lease period, the Group might sell the leased gold to independent third parties. 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 recognised as held-for-trading financial liabilities.

36. BANK BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Bank borrowings — secured	**2,840,235**	4,373,746
Bank borrowings — unsecured	**10,194,722**	5,609,242
	13,034,957	9,982,988
The Group's bank borrowings are repayable as follows:		
On demand or within one year	**12,417,112**	9,809,366
More than one year, but not exceeding two years	**500,000**	154,372
More than two years, but not exceeding five years	**98,595**	—
More than five years	**19,250**	19,250
	13,034,957	9,982,988
Carrying amount of bank borrowing that is repayable more than one year but not exceeding two years from the end of reporting period but contains a repayable on demand clause (shown under current liabilities)	**(387,815)**	—
	12,647,142	9,982,988
Less: Amount due within one year shown under current liabilities	**(12,029,297)**	(9,809,366)
Amount due after one year shown as non-current liabilities	**617,845**	173,622

The effective annual interest rates on the Group's bank borrowings range from 0.71% to 6.60% (2011: 0.36% to 7.87%) per annum.

37. BONDS PAYABLE

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 aggregate 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 bonds carry effective interest rate of 6% per annum. 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 during the year ended 31 December 2010.

The bonds are listed on the Shanghai Stock Exchange. The fair value of the bonds as at 31 December 2012 was estimated at RMB5,884,720,000 (2011: RMB5,679,360,000), which was determined based on the closing market price at the end of the reporting period.

38. PROVISION FOR REHABILITATION

	2012	2011
	RMB'000	*RMB'000*
Balance at 1 January	**129,531**	117,725
Addition	**9,528**	11,806
Balance at 31 December	**139,059**	129,531

The Group makes provision for rehabilitation costs expected to arise on closure of mines. The provision is determined based on the 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

	2012	2011
	RMB'000	*RMB'000*
Employee benefit liability	**123,107**	416,443
Less: Amount due within one year included in other payables and accruals shown under current liabilities *(Note 32)*	**(23,885)**	(124,933)
Amount due after one year shown as non-current liabilities	**99,222**	291,510

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 2018 and is indexed to the rate of growth of the Group's net assets.

40. OTHER LONG TERM PAYABLES

	2012	2011
	RMB'000	*RMB'000*
The Group's other long term payables are repayable as follows:		
Within one year	**2,010**	2,010
More than one year, but not exceeding two years	**1,308**	1,359
More than two years, but not exceeding five years	**3,668**	3,757
More than five years	**8,955**	9,331
	15,941	16,457
Less: Amount due within one year included in other payables and accruals shown under current liabilities *(Note 32)*	**(2,010)**	(2,010)
Amount due after one year shown as non-current liabilities	**13,931**	14,447

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 RMB117,000 (2011: RMB119,000). The national issued interest rate ranged from 6.00% to 6.56% (2011: 5.81% to 6.56%) per annum.

41. SHARE CAPITAL

	Number of shares	Amount *RMB'000*
Balance at 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012		
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

There were no changes in the Company's authorised, issued and fully paid share capital in both years.

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors, designated investors or foreign investors, H shares and A shares rank pari passu in all respect with each other.

42. ACQUISITION OF SUBSIDIARIES

On 22 February 2012, the Group acquired equity interest in Jiangxi Copper (Qingyuan) Company Limited ("Jiangxi Qingyuan"), which is principally engaged in the manufacturing and sale of copper products, at a cash consideration of RMB56,000,000. Upon the completion of the acquisition, Jiangxi Qingyuan became a wholly owned subsidiary of the Company. Jiangxi Qingyuan was acquired so as to continue the expansion of the Group's business of manufacturing and sale of copper products in Southern PRC and acquire the production line of electrolytic copper.

Consideration	*RMB'000*
Cash consideration paid	56,000

Assets and liabilities recognised at the date of acquisition	*RMB'000*
Property, plant and equipment *(Note)*	372,598
Prepaid lease payment *(Note)*	46,025
Inventories	1,634
Prepayments, deposit and other receivables	
Other taxes recoverable	33,789
Prepayments	42,860
Other receivables	636
Bank balance and cash	26,293
Trade and bill payables	(19,478)
Other payables and accruals	(418,159)
Deferred tax liabilities *(Note)*	(30,198)
	56,000

Note: On the date of acquisition, fair value adjustments of RMB106,304,000 and RMB14,490,000 have been made to property, plant and equipment and prepaid lease payments, with the recognition of a corresponding adjustment to deferred tax liabilities amounting to RMB30,198,000.

42. ACQUISITION OF SUBSIDIARIES *(Continued)*

Result arising on acquisition	*RMB'000*
Consideration	56,000
Less: Net assets acquired	(56,000)
	—

Net cash outflow on acquisition of Jiangxi Qingyuan	*RMB'000*
Cash consideration paid	(56,000)
Less: Cash and cash equivalents acquired	26,293
	(29,707)

Impact of acquisition on the results of the Group

Jiangxi Qingyuan did not have any turnover and contributed approximate RMB8,229,000 to the Group's profit for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 January 2012, total group turnover and profit for the period would have been approximately RMB158,005,958,000 and RMB5,245,243,000, respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is intended to be a projection of future results.

On 11 October 2012, the Group acquired 51% equity interest in 香格理拉縣必司大吉礦業有限公司 ("大吉礦業"), which is principally engaged in the exploration of copper mining, at a cash consideration of RMB103,313,000. Upon the completion of the acquisition, 大吉礦業 became a non-wholly owned subsidiary of the Company. 大吉礦業 was acquired so as to continue the expansion of the Group's mineral resources reserve in South-west PRC.

42. ACQUISITION OF SUBSIDIARIES *(Continued)*

Consideration	*RMB'000*
Cash consideration paid	103,313

Assets and liabilities recognised at the date of acquisition	*RMB'000*
Property, plant and equipment	178
Exploration and evaluation assets (Note)	266,803
Other payables and accruals	(178)
Deferred tax liabilities (Note)	(64,228)
	202,575

Note: On the date of acquisition, fair value adjustment of RMB256,911,000 has been made to exploration and evaluation assets, with the recognition of a corresponding adjustment to deferred tax liabilities amounting to RMB64,228,000.

Result arising on acquisition	*RMB'000*
Consideration	103,313
Plus: Non-controlling interests	99,262
Less: Net assets acquired	(202,575)
	—

Net cash outflow on acquisition of 大吉礦業	RMB'000
Cash consideration paid	(103,313)

Impact of acquisition on the results of the Group

大吉礦業 did not have any turnover and contributed approximate RMB367,000 to the Group's loss for the period between the date of acquisition and the end of the reporting period.

Had the acquisition been completed on 1 January 2012, total group turnover and profit for the year would have been approximately RMB158,005,958,000 and RMB5,244,862,000, respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of the turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2012, nor is intended to be a projection of future results.

43. OPERATING LEASE

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2012	2011
	RMB'000	*RMB'000*
Within one year	**161,084**	20,767
In the second to fifth years inclusive	**337,250**	210,000
	498,334	230,767

Operating lease payments represent rentals payable by the Group for certain of its office premises and land use rights. Leases are negotiated for an average term of three years (2011: four years) and rentals are fixed for an average of three years (2011: four years).

44. COMMITMENTS

	2012	2011
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment and exploration and revaluation rights	**576,402**	291,658
Investments in associates *(Note)*	**1,498,467**	1,615,414
	2,074,869	1,907,072
Capital expenditure authorised but not contracted for in respect of:		
Acquisition of property, plant and equipment and exploration rights	**522,003**	—

Note: 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 mineralised zones in Aynak Mine in Afghanistan.

The total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70%, respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

45. RELATED PARTY TRANSACTIONS

(a) Transaction with related parties

In addition to the related party transactions set out in the respective notes to the consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

	2012 RMB'000	2011 RMB'000
Sales to holding company and fellow subsidiaries		
Sales of copper cathode	**289,988**	180,239
Sales of copper rods and wire	**676,946**	647,312
Sales of by-products	**113,338**	97,505
Sales of lead material	**96,245**	67,114
Sales of zinc concentrate	**21,363**	—
Sales of auxiliary industrial products	**27,597**	12,754
Sales of brass wires	—	58,253
Sales of sulfuric acid	—	162
	1,225,477	1,063,339
Sales to associates		
Sales of auxiliary industrial products	**1,555**	103
Sales of sulfuric acid	—	1,617
	1,555	1,720
Sales to a jointly controlled entity		
Sales of copper sulfate	**104**	—
Sales to non-controlling interests of a subsidiary		
Sales of copper cathode	**3,062,470**	—
Purchases from holding company and fellow subsidiaries		
Purchases of sulfuric acid	**18,986**	28,382
Purchases of auxiliary industrial products	**254,899**	195,822
Purchase of copper waste	**1,669**	—
Purchases of crude copper	**10,797**	27,700
	286,351	251,904

45. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transaction with related parties *(Continued)*

	2012	2011
	RMB'000	*RMB'000*
Purchases from associates		
Purchases of copper waste	**2,485**	1,530
Purchases of copper cathode	**—**	83,893
	2,485	85,423
Purchases from a jointly controlled entity		
Purchases of cupric sulfide	**34,877**	40,421
Purchase from non-controlling interests of a subsidiary		
Purchase of copper cathode	**16,590,832**	—
Service fees paid to holding company and fellow subsidiaries		
Pension contributions	**220,373**	240,605
Rental expense	**166,686**	39,998
Repair and maintenance services	**43,255**	53,456
Construction services	**14,139**	3,363
Brokerage agency services for commodity derivative contracts	**36,312**	59,926
Sanitation and greening service	**16,357**	6,082
Rentals for public facilities	**13,740**	15,510
Other management fee	**—**	3,166
Vehicle transportation services	**—**	1,669
Labour service	**11,450**	51,901
Processing charges	**9,802**	15,223
Social welfare and support services:		
– technical training services	**6,090**	16,483
– off-site communication services	**2,135**	1,692
	540,339	509,074
Service fees paid to an associate		
Processing charges	**—**	43,037

45. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transaction with related parties *(Continued)*

	2012	2011
	RMB'000	*RMB'000*
Service fees received from holding company and fellow subsidiaries		
Construction services	**78,955**	47,334
Supply of electricity	**28,717**	26,483
Supply of equipment with design and installation service	**31,203**	24,950
Processing services	**—**	18
Interest charges for loan provided	**26,347**	43,481
Interest paid for deposits made	**7,352**	15,116
Vehicle transportation services	**21,126**	3,297
Repair and maintenance services	**197**	3,198
Rentals for public facilities and other services	**3,639**	876
Supply of water	**337**	628
Supply of gas	**16**	55
	197,889	165,436
Service fees received from associates		
Construction services	**8,285**	20,797
Processing services	**—**	3
	8,285	20,800
Service fees received from a jointly controlled entity Construction services	**1,480**	208
Loans to fellow subsidiaries	**—**	1,187,510

According to the voting results of the Annual General Meeting on 19 June 2012, the resolution for provision of financial services provided by the Group to its fellow subsidiaries was not approved, therefore no additional provision of financial services have been made and the full settlement of RMB842,510,000 have been collected during the year ended 31 December 2012.

The related party transactions except for transactions with associates, a jointly-controlled entity and non-controlling interests of a subsidiary 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.

45. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

The remuneration of key management during the year was as follows:

	2012	2011
	RMB'000	*RMB'000*
Short-term employees benefits	**12,974**	11,659
Post-employment benefits	**574**	457
Performance related bonus	**11,050**	63,110
	24,598	75,226

(c) Balances with related parties

At the end of the reporting period, the Group have the following balances with related parties:

	2012	2011
	RMB'000	*RMB'000*
Trade and bills receivables due from holding company	**411**	3,231
Trade and bills receivables due from fellow subsidiaries	**443,389**	403,906
Trade and bills receivables due from associates	**2,364**	744
Trade and bills receivables due from a jointly controlled entity	**213**	—
Trade and bills receivables due from non-controlling interests of a subsidiary	**343,894**	—
Prepayments and other receivables due from holding company	**5,857**	572
Prepayments and other receivables due from fellow subsidiaries	**803,066**	579,200
Prepayment and other receivables due from non-controlling interests of a subsidiary	**837**	20,904
Prepayments and other receivables due from associates	**2,173**	211,609
Loans to fellow subsidiaries	**—**	842,510
Trade and bills payables due to holding company	**3,369**	1,231
Trade and bills payables due to fellow subsidiaries	**24,883**	22,822
Trade and bills payables due to associates	**5,679**	—
Trade and bills payables due to non-controlling interests of a subsidiary	**5,073**	857
Other payables and accruals due to holding company	**211,081**	47,111
Other payables and accruals due to fellow subsidiaries	**72,886**	39,505
Other payables and accruals due to an associate	**—**	16,259
Other payables and accruals due to a jointly controlled entity	**23**	671
Other payables and accruals due to non-controlling interests of a subsidiary	**803,426**	185,294
Deposits from holding company	**196,072**	688,122
Deposits from fellow subsidiaries	**459,138**	728,172
Long term payables due to holding company	**13,931**	16,457

45. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Transaction/balances with other state-controlled entities

The Group itself is part of a larger group of companies under State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province which is controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significant influence by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products.

46. FINANCIAL INSTRUMENTS

(a) Capital risk 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 both years.

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.

46. FINANCIAL INSTRUMENTS *(Continued)*

(b) Categories of financial instruments

	2012	2011
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)		
— Trade and bills receivables	**9,443,609**	7,596,894
— Other receivables	**1,735,709**	1,940,069
— Other investments	**1,230,133**	—
— Loans to fellow subsidiaries	**—**	842,510
— Restricted bank deposits	**3,631,297**	4,763,826
— Bank balances and cash	**16,678,343**	11,082,468
	32,719,091	26,225,767
Financial assets at FVTPL		
Held-for-trading financial assets	**1,881**	2,331
Derivative financial instruments	**50,543**	53,802
	52,424	56,133
Derivative financial instruments in designated hedge accounting relationships	**1,336**	19,921
Available-for-sale investments	**1,791,730**	3,280,086

46. FINANCIAL INSTRUMENTS *(Continued)*

(b) Categories of financial instruments *(Continued)*

	2012	2011
	RMB'000	*RMB'000*
Financial liabilities		
Amortised cost		
— Trade and bills payables	**7,293,223**	5,576,402
— Other payables	**1,724,707**	1,029,271
— Deposits from holding company and fellow subsidiaries	**655,210**	1,288,662
— Bank borrowings	**13,034,957**	9,982,988
— Bonds payable	**5,681,024**	5,422,250
— Other long-term payables	**15,941**	16,457
	28,405,062	23,316,030
Financial liabilities at FVTPL		
Held-for-trading financial liabilities	**1,552,218**	946,260
Derivative financial instruments	**194,104**	144,728
	1,746,322	1,090,988
Derivative financial instruments in designated hedge accounting relationships	**9,613**	7,676

(c) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and bills receivables, other receivables, other investments, loans to fellow subsidiaries, restricted bank deposits, bank balances and cash, held-for trading financial assets, trade and bills payables, other payables, deposits from holding company and fellow subsidiaries, bank borrowings, bonds payable, other long-term payables, held-for trading financial liabilities and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

46. FINANCIAL INSTRUMENTS *(Continued)*

(c) Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's cash at bank, short term and long term interest-bearing bank borrowings with floating interest rates. The management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest bearing bank borrowings at the end of reporting period assuming the stipulated changes taking place at the beginning of the reporting period and held constant throughout the reporting period.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's profit before taxation for the year ended 31 December 2012 would decrease/increase by RMB139,745,000 (2011: decrease/increase by RMB63,044,000).

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings and derivative financial instruments, at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
USD	**3,989,227**	2,324,038	**11,984,272**	10,182,623
EURO	**1,278,948**	—	**835,427**	—
GBP	**1,296,184**	—	**—**	—

The Group does not carry out active currency hedging. Currency protection measures may be needed in specific commercial circumstances and are subject to strict limits laid down by the board of directors.

46. FINANCIAL INSTRUMENTS *(Continued)*

(c) Financial risk management objectives and policies *(Continued)*

Foreign currency risk *(Continued)*

The Group is mainly exposed to foreign currency risk in USD, EURO and GBP against RMB. The following table details the Group's sensitivity to a 5 per cent change in the respective foreign currencies against RMB. The 5 per cent is the rate used when reporting foreign currency risk internally to key management personnel and represents directors' assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the reporting periods and held constant throughout the reporting period.

	Increase (decrease) in profit before taxation	
	2012	2011
	RMB'000	*RMB'000*
If USD strengthens against RMB by 5%	**(399,752)**	(380,373)
If USD weakens against RMB by 5%	**399,752**	380,373
If EURO strengthens against RMB by 5%	**22,176**	—
If EURO weakens against RMB by 5%	**(22,176)**	—
If GBP strengthens against RMB by 5%	**64,809**	—
If GBP weakens against RMB by 5%	**(64,809)**	—

In directors' opinion, the sensitivity analysis is unpresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

46. FINANCIAL INSTRUMENTS *(Continued)*

(c) Financial risk management objectives and policies *(Continued)*

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price 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.

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 taxation and equity (due to changes in the fair values of commodity derivative contracts and the provisional price arrangement) after the impact of hedge accounting.

	(Decrease) increase in profit before taxation	
	2012	2011
	RMB'000	*RMB'000*
If market price increase 5% in Copper	**(289,347)**	(214,766)
If market price decrease 5% in Copper	**289,347**	214,766

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, other investments and certain derivative instruments and discounted and endorsed bills arrangement with full recourse, 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 2012, 25.96% (2011: 21.76%) of the Group's trade receivables were due from the Group's five largest customers.

There is concentration of credit risk on restricted bank deposits and bank balances for the Group as at 31 December 2012 and 31 December 2011. The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

46. FINANCIAL INSTRUMENTS *(Continued)*

(c) 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.

Other than discounted and endorsed bills with full recourse which were derecognised by the Group (see note 25 for details) and discussed elsewhere in these consolidated financial statements, 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.

	Weighted average effective interest rate	On demand and within one year	Over 1 year but not more than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2012						
Non-derivative financial liabilities						
Trade and bills payables	—	7,293,223	—	—	7,293,223	7,293,223
Other payables	—	1,724,707	—	—	1,724,707	1,724,707
Deposits from holding company and fellow subsidiaries	0.8%	656,514	—	—	656,514	655,210
Bank borrowings	2.0%	12,533,699	629,907	21,057	13,184,663	13,034,957
Bonds payables	1.0%	68,000	6,987,000	—	7,055,000	5,681,024
Held-for-trading financial liabilities	—	1,552,218	—	—	1,552,218	1,552,218
Other long term payables	6.0%	2,010	8,039	20,195	30,244	15,941
		23,830,371	7,624,946	41,252	31,496,569	29,957,280
Derivative - net settlement						
— net inflow	—	(51,879)	—	—	(51,879)	(51,879)
— net outflow	—	203,717	—	—	203,717	203,717
		151,838	—	—	151,838	151,838

46. FINANCIAL INSTRUMENTS *(Continued)*

(c) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	On demand and within one year *RMB'000*	Over 1 year but not more than 5 years *RMB'000*	Over 5 years *RMB'000*	undiscounted cash flows *RMB'000*	Total Carrying amount *RMB'000*
At 31 December 2011						
Non-derivative financial liabilities						
Trade and bills payables	—	5,576,402	—	—	5,576,402	5,576,402
Other payables	—	1,029,271	—	—	1,029,271	1,029,271
Deposits from holding company and fellow subsidiaries	0.6%	1,289,243	—	—	1,289,243	1,288,662
Bank borrowings	2.0%	9,896,029	172,199	18,123	10,086,351	9,982,988
Bonds payables	1.0%	68,000	7,055,000	—	7,123,000	5,422,250
Held-for-trading financial liabilities	—	946,260	—	—	946,260	946,260
Other long term payables	6.6%	2,010	8,039	23,983	34,032	16,457
		18,807,215	7,235,238	42,106	26,084,559	24,262,290
Derivative - net settlement						
— net inflow	—	(73,723)	—	—	(73,723)	(73,723)
— net outflow	—	152,404	—	—	152,404	152,404
		78,681	—	—	78,681	78,681

Bank borrowing with a repayment on demand clause is included in the "on demand and within 1 year" time band in the above maturity analysis. As at 31 December 2012, the aggregate undiscounted principal amounts of this bank borrowing amounted to RMB387,815,000 (2011: nil). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid two years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB404,903,000.

(d) Fair value

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

The fair value of other financial assets and financial liabilities (excluding derivative financial instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

46. FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value *(Continued)*

The fair values of derivative financial instruments are measured at fair value by reference to the valuation provided by counterparty financial institutions for these instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2012			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial assets at FVTPL				
Held-for-trading financial assets	**1,881**	**—**	**—**	**1,881**
Derivative financial instruments	**42,306**	**9,573**	**—**	**51,879**
Available-for-sale investments	**—**	**79,650**	**1,302,000**	**1,381,650**
Total	**44,187**	**89,223**	**1,302,000**	**1,435,410**
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	**—**	**1,552,218**	**—**	**1,552,218**
Derivative financial instruments	**87,552**	**116,165**	**—**	**203,717**
Total	**87,552**	**1,668,383**	**—**	**1,755,935**

46. FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value *(Continued)*

Fair value measurements recognised in the consolidated statement of financial position *(Continued)*

	2011			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Held-for-trading financial assets	2,331	—	—	2,331
Derivative financial instruments	54,058	19,665	—	73,723
Available-for-sale investments	—	160,006	2,710,000	2,870,006
Total	56,389	179,671	2,710,000	2,946,060
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	—	946,260	—	946,260
Derivative financial instruments	117,495	34,909	—	152,404
Total	117,495	981,169	—	1,098,664

There were no transfers between Levels 1 to 3 during both years.

Reconciliation of Level 3 fair value measurement of available-for-sale investments:

	2012 ***RMB'000***	2011 *RMB'000*
Balance at 1 January	**2,710,000**	820,000
Total gain recognised in profit or loss	**233,535**	169,222
Purchases	**16,802,000**	37,122,200
Settlements	**(18,443,535)**	(35,401,422)
Balance at 31 December	**1,302,000**	2,710,000

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries are as follows:

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2012 Directly	2012 Indirectly	2011 Directly	2011 Indirectly	Principal activities
Jiangxi Copper Products Company Limited 江西銅業銅材有限公司	LLC	PRC	RMB225,000,000	**100%**	**—**	100%	—	Sale and processing of copper rods and wires
Sichuan Kangtong Copper Company Limited 四川康西銅業有限責任	LLC	PRC	RMB286,880,000	**57.14%**	**—**	57.14%	—	Sale of copper materials, precious metal materials and sulphuric acid
Sure Spread Company Limited 保弘有限公司	LLC	Hong Kong	HKD50,000,000	**55%**	**45%**	55%	45%	International trading and provision of related technical service
Jiangxi Copper Alloy Materials Company Limited 江西銅業銅合金材料有限公司	LLC	PRC	RMB199,500,000	**100%**	**—**	100%	—	Manufacture and sale of copper rods and wires
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited 江西省江銅–甕福化工有限公司	LLC	PRC	RMB181,500,000	**70%**	**—**	70%	—	Manufacture and sale of sulphuric acid and by-products
Shenzhen Jiangxi Copper Marketing Company Limited 深圳江銅營銷有限公司	LLC	PRC	RMB660,000,000	**100%**	**—**	100%	—	Sale of copper products
Jiangxi Copper Shanghai Trading Company Limited 上海江銅營銷有限公司	LLC	PRC	RMB200,000,000	**100%**	**—**	100%	—	Sale of copper products

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Principal activities
				2012		2011		
				Directly	Indirectly	Directly	Indirectly	
Jiangxi Copper Beijing Trading Company Limited 北京江銅營銷有限公司	LLC	PRC	RMB261,000,000	**100%**	**—**	100%	—	Sale of copper products
Jiangxi Copper Corporation Chemical Company Limited 江西銅業集團化工有限公司	LLC	PRC	RMB42,637,000	**100%**	**—**	100%	—	Manufacture and sale of sulphuric acid and by-products
JCC Yinshan Mining Company Limited 江西銅業集團銀山礦業有限責任公司	LLC	PRC	RMB30,000,000	**100%**	**—**	100%	—	Manufacture and sale of non-ferrous metal and rare materials
JCC (Dexing) Construction Company Limited 江西銅業集團(德興)建設有限公司	LLC	PRC	RMB50,000,000	**100%**	**—**	100%	—	Provision of construction and installation services; development and sale of construction materials
JCC Dexing Explosion Company Limited 江西銅業集團(德興)爆破有限公司	LLC	PRC	RMB1,000,000	**—**	**100%**	—	100%	Production and sale of engineering, including blasting engineering
JCC Dongtong Mining Company Limited 江西銅業集團東同礦業有限公司	LLC	PRC	RMB46,209,000	**100%**	**—**	100%	—	Manufacture and sale of non-ferrous metal and rare materials
JCC Guixi Logistics Company Limited 江西銅業集團(貴溪)物流有限公司	LLC	PRC	RMB40,000,000	**100%**	**—**	100%	—	Provision of transportation services

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Principal activities
				2012		2011		
				Directly	Indirectly	Directly	Indirectly	
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited 江西銅業集團(鉛山)選礦藥劑有限公司	LLC	PRC	RMB10,200,000	**100%**	**—**	100%	—	Sale of beneficiation drugs, fine chemicals and other products
JCC Dongxiang Alloy Materials Manufacturing Company Limited 江西銅業集團(東鄉)鑄造有限公司	LLC	PRC	RMB29,000,000	**—**	**74.97%**	—	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
Jiangxi Copper Yates Copper Foil Company Limited 江西省江銅—耶兹銅箔有限公司	LLC	PRC	RMB453,600,000	**89.77%**	**—**	89.77%	—	Production and sale of copper foil
Jiangxi Copper (Longchang) Precise Pipe Company Limited 江西江銅龍昌精密銅管有限公司	LLC	PRC	RMB890,529,000	**92.04%**	**—**	92.04%	—	Production and sale of copper pipes and other copper pipe products
Jiangxi Copper Taiyi Special Electrical Materials Company Limited 江西省江銅—台意特種電工材料有限公司	LLC	PRC	USD16,800,000	**70%**	**—**	70%	—	Production and sale of enamelled wires and provision of repair and consulting services
Loyal Sky Industrial Company Limited 鴻天實業有限公司	LLC	Hong Kong	USD2,001,300	**—**	**100%**	—	100%	Trading of copper products and non-ferrous metals

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Principal activities
				2012		2011		
				Directly	**Indirectly**	Directly	Indirectly	
JCC (Dexing) Alloy Materials Manufacturing Company Limited 江西銅業集團(德興)鑄造有限公司	LLC	PRC	RMB66,380,000	**100%**	**—**	100%	—	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment
JCC (Ruichang) Alloy Materials Manufacturing Company Limited 江西銅業集團(瑞昌)鑄造有限公司	LLC	PRC	RMB2,602,000	**100%**	**—**	100%	—	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing
JCC Corporation Dongxiang Recycling Company Limited 江西銅業集團(東鄉)廢舊金屬有限公司	LLC	PRC	RMB500,000	**—**	**100%**	—	100%	Recovery and sale of disused metals
JCC Geology Exploration Company Limited 江西銅業集團地勘工程有限公司	LLC	PRC	RMB15,000,000	**100%**	**—**	100%	—	Provision of services relating to mine exploration and development
Jiangxi Copper Corporation Drill Project Company Limited 江西銅業集團井巷工程有限公司	LLC	PRC	RMB20,296,000	**100%**	**—**	100%	—	Providing mining services
Hangzhou Tongxin Company Limited 杭州銅鑫物資有限公司	LLC	PRC	RMB2,000,000	**100%**	**—**	100%	—	Sale of metal, ore and chemical products

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2012 Directly	2012 Indirectly	2011 Directly	2011 Indirectly	Principal activities
JCC (Guixi) New Metallurgical and Chemical Company Limited 江西銅業集團(貴溪)冶化新技術有限公司	LLC	PRC	RMB2,000,000	**100%**	**—**	100%	—	Development of new chemical technologies and new products
JCC Copper Products Company Limited 江西銅業集團銅材有限公司有限公司	LLC	PRC	RMB186,391,000	**98.89%**	**—**	98.89%	—	Processing and sale of copper rods
JCC Recycling Company Limited 江西銅業集團再生資源有限公司	LLC	PRC	RMB6,800,000	**55.88%**	**44.12%**	55.88%	44.12%	Collection and sale of metal scrap
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited 江西銅業集團(貴溪)冶金化工工程有限公司	LLC	PRC	RMB35,080,000	**100%**	**—**	100%	—	Provision of repair and maintenance services for production facilities and machinery equipment
JCC Finance Company Limited 江西銅業集團財務有限公司	LLC	PRC	RMB1,000,000,000	**85.68%**	**1.67%**	78.33%	1.67%	Provision of deposit, loan, guarantee and financing consultation services to related parties
Thermonamic Electronics (Jiangxi) Company Limited 江西納米克熱電電子股份有限公司	LLC	PRC	RMB70,000,000	**95%**	**—**	95%	—	Development and production of electronic semiconductors and provision of related services

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Principal activities
				2012		2011		
				Directly	Indirectly	Directly	Indirectly	
Jiangxi Copper Construction Supervision Company Limited 江西銅業建設監理咨詢有限公司	LLC	PRC	RMB3,000,000	**100%**	**—**	100%	—	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service
Jiangxi Copper (Guangzhou) Copper Production Company Limited 廣州江銅銅材有限公司	LLC	PRC	RMB600,000,000	**100%**	**—**	100%	—	Production, processing and sale of copper products and wires
Shanghai Shengyu Real Estate Company Limited 上海盛昱房地產有限公司	LLC	PRC	RMB169,842,000	**100%**	**—**	100%	—	Rental and management of properties
Jiangxi Copper International Trade Company Limited 江銅國際貿易有限公司	LLC	PRC	RMB1,000,000,000	**60%**	**—**	100%	—	Sale of metals, chemicals, mining products, construction materials, and etc.
Jiangxi Copper Shanghai International Logistics Company Limited 上海江銅國際物流有限公司	LLC	PRC	RMB5,000,000	**—**	**100%**	—	100%	Provision of logistics service
Jiangxi Copper Dexing Chemical Company Limited 江西銅業(德興)化工有限公司	LLC	PRC	RMB336,550,000	**99%**	**—**	99%	—	Manufacture and sale of chemical products
Jiangxi Copper Yugan Forge & Alloy Company Limited 江西銅業集團(余幹)鑄造有限公司		PRC	RMB28,000,000	**—**	**100%**	—	100%	Production and sale of alloy grinding pebbles

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Principal activities
				2012		2011		
				Directly	Indirectly	Directly	Indirectly	
Jiangxi (Qingyuan) 江西銅業(清遠)有限公司	LLC	PRC	RMB890,000,000	100%	—	—	—	Manufacturing and sale
Jiangxi Copper Company (Hong Kong) Limited 江西銅業(香港)有限公司	LLC	Hong Kong	US$10,000,000	100%	—	—	—	Trading of copper products and non-ferrous metals
Jiangxi Copper Recycling Company Limited 江西銅業再生資源有限公司	LLC	PRC	RMB250,000,000	100%	—	—	—	Collection and sale of metal scrap
Shangri La Bisidaji Mining Company Limited 大吉礦業	LLC	PRC	RMB5,000,000	51%	—	—	—	Exploration of copper mining
Jiangxi Copper Shanghai Supply Chain Management Company Limited 上海江銅供應鏈管理有限公司	LLC	PRC	RMB100,000,000	—	100%	—	—	Provision of supply chain service

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding as at 31 December 2012 and 2011 or at any time during both years.

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2012	2011
	RMB'000	*RMB'000*
Property, plant and equipment	**14,077,493**	13,832,613
Unlisted investments in subsidiaries	**8,555,173**	6,193,387
Unlisted investment in a jointly controlled entity	**14,100**	14,100
Unlisted investments in associates	**2,246,692**	1,772,056
Available-for-sale investments	**398,080**	398,080
Other non-current assets	**1,643,933**	1,619,723
Inventories	**10,953,510**	10,603,730
Bank balances and cash	**18,008,744**	14,786,585
Other current assets	**6,139,077**	7,010,850
Total assets	**62,036,802**	56,231,124
Bank and other borrowings	**6,317,163**	3,895,638
Bonds payable	**5,681,024**	5,422,250
Other liabilities	**8,627,767**	8,575,317
Total liabilities	**20,625,954**	17,893,205
Net assets	**41,410,848**	38,337,919
Share capital	**3,462,729**	3,462,729
Reserves	**37,948,119**	34,875,190
Total equity	**41,410,848**	38,337,919

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement in reserves:

	Other reserves *RMB'000* *(Note)*	Statutory surplus reserve *RMB'000*	Discretionary surplus reserve *RMB'000*	Safety funds surplus reserve *RMB'000*	Hedging reserve *RMB'000*	Proposed dividends *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2011	12,870,564	2,550,006	6,096,627	217,210	(33,497)	692,546	8,132,928	30,526,384
Profit and total comprehensive income for the year	—	—	—	—	33,497	—	5,700,401	5,733,898
Dividends declared	—	—	—	—	—	(692,546)	(692,546)	(1,385,092)
Dividends proposed	—	—	—	—	—	1,731,365	(1,731,365)	—
Transfer between categories	—	589,116	1,767,347	30,754	—	—	(2,387,217)	—
As at 31 December 2011	12,870,564	3,139,122	7,863,974	247,964	—	1,731,365	9,022,201	34,875,190
Profit and total comprehensive income for the year	—	—	—	—	—	—	4,804,294	4,804,294
Dividends declared	—	—	—	—	—	(1,731,365)	—	(1,731,365)
Dividends proposed	—	—	—	—	—	1,731,365	(1,731,365)	—
Transfer between categories	—	486,387	1,459,160	(15,882)	—	—	(1,929,665)	—
At 31 December 2012	12,870,564	3,625,509	9,323,134	232,082	—	1,731,365	10,165,465	37,948,119

Note: Other reserves comprise of share premium, capital reserves and other reserves of the Company.

Financial Summary

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CONSOLIDATED RESULTS					
Revenue	**158,005,958**	117,119,197	76,138,869	51,430,623	53,693,436
Cost of sales	**(150,570,459)**	(107,347,896)	(68,092,329)	(46,452,737)	(47,433,301)
Gross profit	**7,435,499**	9,771,301	8,046,540	4,977,886	6,260,135
Other income, gains and losses	**1,462,030**	919,000	47,469	79,679	(1,306,803)
Selling and distribution expenses	**(453,162)**	(437,011)	(345,648)	(295,943)	(268,384)
Administrative expenses	**(1,348,824)**	(1,869,162)	(1,230,378)	(1,111,006)	(1,121,882)
Finance costs	**(831,711)**	(731,227)	(444,043)	(361,214)	(542,870)
Share of results of jointly controlled entities	**5,615**	6,636	(18,475)	(81,730)	(25,145)
Share of results of associates	**3,826**	49,046	5,959	3,151	3,000
Profit before taxation	**6,273,273**	7,708,583	6,061,424	3,210,823	2,998,051
Taxation	**(1,025,766)**	(1,060,392)	(1,015,027)	(829,517)	(800,535)
Profit for the year	**5,247,507**	6,648,191	5,046,397	2,381,306	2,197,516
Attributable to:					
Owners of the Company	**5,169,668**	6,586,921	4,987,575	2,383,227	2,285,101
Non-controlling interests	**77,839**	61,270	58,822	(1,921)	(87,585)
	5,247,507	6,648,191	5,046,397	2,381,306	2,197,516

	As at 31 December				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Total assets	**78,088,106**	68,149,629	54,844,773	38,427,695	34,504,921
Total liabilities	**(34,225,711)**	(28,343,634)	(20,307,367)	(15,252,590)	(13,385,945)
Non-controlling interests	**(1,087,559)**	(503,074)	(414,180)	(361,219)	(366,632)
Equity attributable to owners of the Company	**42,774,836**	39,302,921	34,123,226	22,813,886	20,752,344

Documents Available for Inspection

1. The financial statements duly signed and sealed by the legal representative, chief financial officer and 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 of the Company disclosed in the newspapers designated by CSRC during the reporting period.

4. Jiangxi Copper (HK.0358) 2012 Annual Report published on the Stock Exchange.

Jiangxi Copper Company Limited
Chairman: **Li Baomin**

26 March 2013

Jiangxi Copper Company Limited