



江西銅業股份有限公司

JIANGXI COPPER COMPANY LIMITED

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

(Stock Code: 0358)

SUMMARY OF ANNUAL REPORT FOR 2007

1. IMPORTANT NOTICE

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

This announcement is extracted from the full text of the annual report, which is published at <http://www.hkex.com.hk> and <http://www.sse.com.cn>. Investors should read the full text of the annual report for details.

1.2 All Directors attended the Board meeting.

1.3 The Company’s financial statements for the year ended 31 December 2007 prepared in accordance with Accounting Standards for Business Enterprise (“PRC GAAP”) and International Financial Reporting Standard (“IFRS”) have been audited by Ernst & Young Hua Ming and Ernst & Young Certified Public Accountants respectively with unqualified audit opinions.

1.4 The Company’s Chairman, Li Yihuang and the principal accounting responsible person, Wu Jinxing, and Manager of Financial Department (Accounting Director), Qiu Ling, represent that they warrant the truthfulness and accuracy of the financial statements contained in this summary of the annual report.

1.5 The audit committee of the Company has reviewed the financial report for the year ended 31 December 2007.

2. CORPORATE INFORMATION

2.1 Basic information

Stock abbreviation	Jiangxi Copper (A Shares)
Stock code	600362
Stock Exchange of listing	Shanghai Stock Exchange
Stock abbreviation	Jiangxi Copper (H Shares)
Stock code	0358
Stock Exchange of listing	The Stock Exchange of Hong Kong Limited London Stock Exchange (Secondary Listing of H Shares)
Stock abbreviation	(Level I ADR)
Stock Exchange of listing	The Bank of New York
Registered address and place of business	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Postal code	335424
Website	http://www.jxcc.com
Email	jccl@jxcc.com

2.2 Contact person and method

	Secretary to the Board	Securities Affairs Representative
Name	Pan Qifang	Zhou Zhenghua
Correspondence 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	86701-3777736	86701-3777733
Facsimile	86701-3777013	86701-3777013
Email	jccl@jxcc.com	jccl@jxcc.com

3. SUMMARY OF ACCOUNTING AND BUSINESS DATA

The comparative financial figures prepared in accordance with PRC GAAP have been restated to adopt the new Accounting Standards for Business Enterprise and apply merger accounting for business combination under common control.

The comparative financial figures prepared in accordance with IFRS have been restated to apply merger accounting for business combination under common control.

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

Major accounting data	2007	2006	Increase/ (decrease)	2005
	<i>RMB'000</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>
Revenue	41,407,394	25,071,039	65.16	13,428,684
Total profit	4,924,446	5,730,888	(14.07)	2,311,651
Net profit attributable to shareholders of the listed company	4,132,735	4,744,121	(12.89)	1,983,518
Net profit after non-recurring items attributable to shareholders of the listed company	4,049,818	4,637,244	(12.67)	1,881,069
Net cash flow from operating activities	1,595,677	2,208,685	(27.75)	2,191,455
	As at 31 December 2007	As at 31 December 2006	Increase/ (decrease)	As at 31 December 2005
	<i>RMB'000</i>	<i>RMB'000</i>	<i>(%)</i>	<i>RMB'000</i>
Total assets	30,054,809	20,551,168	46.24	13,581,897
Shareholders' equity	18,382,542	13,290,526	38.31	9,034,736

note: Non-recurring profit and loss items

Non-recurring profit and loss items	Amount <i>RMB'000</i>
Profit and loss of disposal of non-current assets	7,817
Other items in non-operating income and expense (excluding profit and loss of disposal of non-current assets)	(16,845)
Investments income or loss from winding up subsidiaries	1,619
Net profits and losses from the beginning of the year to the acquisition date of subsidiaries/business as acquired in business combination under common control	(93,307)
Income tax impact from extraordinary items	17,984
Non-recurring profit and loss impact attributable to minority shareholders	(184)
Total	(82,916)

3.2 Major financial indicators

Major financial indicators	2007	2006	Increase/ (decrease) (%)	2005
Basic earnings per share (<i>RMB</i>)	1.40	1.62	(13.58)	0.68
Basic earnings per share after non-recurring items (<i>RMB</i>)	1.38	1.58	(14.49)	0.64
Return on net assets (fully diluted) (%)	22.78	36.85	Decreased by 14.07 percentage points	22.88
Return on net asset (weighted average) (%)	27.43	43.86	Decreased by 16.43 percentage points	27.60

Fully diluted return on net asset after non-recurring profit and loss items (%)	22.33	36.02	Decreased by 13.69 percentage points	21.60
Return on net assets after extraordinary items (weighted average) (%)	26.73	42.87	Decreased by 16.14 percentage points	26.04
Net cash flow from operating activities per share (RMB)	0.54	0.75	(28.00)	0.78
	As at 31 December 2007 <i>RMB</i>	As at 31 December 2006 <i>RMB</i>	Increase/ (decrease) <i>(%)</i>	As at 31 December 2005 <i>RMB</i>
Net assets per share attributable to shareholders of the listed company	6.00	4.45	34.83	3.12

3.3 Major accounting data (Prepared in accordance with IFRS)

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) (%)	As at 31 December 2005
Turnover (<i>RMB'000</i>)	41,280,618	24,582,665	67.93	13,428,684
Profit before tax (<i>RMB'000</i>)	4,940,805	5,730,888	(13.79)	2,311,651
Income tax (<i>RMB'000</i>)	722,531	905,549	(20.21)	300,149
Minority interests (<i>RMB'000</i>)	73,270	81,218	(9.79)	27,984
Profit attributable to shareholders for the year (<i>RMB'000</i>)	4,145,004	4,744,121	(12.63)	1,983,518
Earnings per share (<i>RMB</i>)	1.40	1.62	(13.58)	0.68
Net cash flow from operating activities (<i>RMB'000</i>)	845,288	994,080	(14.97)	2,169,894

	As at 31 December 2007	As at 31 December 2006	Increase (decrease) (%)	As at 31 December 2005
Total assets (<i>RMB'000</i>)	30,220,183	20,612,939	46.61	13,581,897
Total liabilities (<i>RMB'000</i>)	11,825,371	7,322,412	61.50	4,547,161
Shareholders' equity (excluding minority interests) (<i>RMB'000</i>)	18,150,659	12,875,196	40.97	8,667,445
Net assets per share (<i>RMB</i>)	6.00	4.45	34.83	3.12
Return on net assets (%) (Basic earnings per share/net assets per share)	23.33	36.40	(13.07)	21.79

3.3 Differences between IFRS and PRC GAAP

Item	Net profit		Shareholders' equity	
	As at 31	As at 31	At 31	At 31
	December	December	December	December
	2007	2006	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepared under PRC GAAP	4,206,005	4,825,339	18,382,542	13,290,527
Adjustments made under IFRS:				
Reversal of provision for safe production costs under IFRS	16,359	—	16,359	—
Deferred income tax impact arising from reversal of provision for safe production costs under IFRS	(4,090)	—	(4,090)	—
Amount in the financial statements prepared under IFRS	4,218,274	4,825,339	18,394,812	13,290,527

The difference between IFRS and PRC GAAP arose from reversal of provision of Safety fund under PRC accounting rules and the relevant deferred income tax impact.

4. CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

4.1 Changes in share capital

Available Not Available

	As at 31 December 2006		Increase/decrease (+, -)			As at 31 December 2007	
	Number (share)	Percentage (%)	Issue of			Number (share)	Percentage (%)
			new shares	others	Subtotal		
I. Shares subject to trading moratorium							
1. State-owned legal person shares	1,225,035,414	42.31	57,039,479	—	57,039,479	1,282,074,893	42.41
2. Other domestic shares	1,920,786	0.07	70,756,048	(1,920,786)	68,835,262	70,756,048	2.34
Including:							
Domestic legal person shares	1,920,786	0.07	70,756,048	(1,920,786)	68,835,262	70,756,048	2.34
Total shares subject to trading moratorium	1,226,956,200	42.38	127,795,527	(1,920,786)	125,874,741	1,352,830,941	44.75
II. Circulating shares not subject to trading moratorium							
1. Ordinary shares							
denominated in RMB	280,600,000	9.69	—	1,920,786	1,920,786	282,520,786	9.35
2. Overseas listed foreign shares	1,387,482,000	47.93	—	—	—	1,387,482,000	45.90
Total circulating shares not subject to trading moratorium	1,668,082,000	57.62	—	1,920,786	1,920,786	1,670,002,786	55.25
III. Total shares	2,895,038,200	100.00	127,795,527	—	127,795,527	3,022,833,727	100.00

Statement of changes in shares subject to trading moratorium

Name of shareholder	Number	Number of	Number of	Number of	Reasons for trading moratorium	Date of release of moratorium
	of shares held at the beginning of the year <i>(share)</i>	shares released from moratorium <i>(share)</i>	shares subject to trading moratorium increased during the year <i>(share)</i>	shares subject to trading moratorium at the end of the year <i>(share)</i>		
Zhongliang Properties (Group) Co. Limited	960,392	960,392	(960,392)	0	Undertook a 12-month trading moratorium during the Share Reform	19 April 2007
Jiangxi Xinxin Enterprise Company Limited	480,197	480,197	(480,197)	0	Undertook a 12-month trading moratorium during the Share Reform	19 April 2007
Hubei Sanxin Gold Copper Company Limited	480,197	480,197	(480,197)	0	Undertook a 12-month trading moratorium during the Share Reform	19 April 2007
Jiangxi Copper Corporation (“JCC”)	1,225,035,414	0	57,039,479	1,282,074,893	Shares of the Company subscribed by JCC through non-public issue and shares originally held by JCC shall not be transferred within 36 months from the closing date of the non-public issue of A shares	27 September 2010

Guotai Junan Investment Management Co., Ltd.	0	0	13,400,000	13,400,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Suzhou Industrial Park Assets Management Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Minmetals Investment & Development Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Wuxi Guolian Development (Group) Co., Ltd.	0	0	10,000,000	10,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008

Sanjiang Aerospace Group Financial Company Limited	0	0	9,000,000	9,000,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Shanghai Rongchang Assets Management Co., Ltd.	0	0	7,600,000	7,600,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Shanghai Yuanhai Industrial Co., Ltd.	0	0	6,300,000	6,300,000	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Zhongrong International Trust & Investment Co., Ltd.	0	0	4,456,048	4,456,048	Pursuant to the Administrative Measures for the Issuance of Securities by Listed Companies, it may not be transferred within 12 months from the completion date of the issue.	27 September 2008
Total	1,226,956,200	1,920,786	125,874,741	1,352,830,941	—	—

4.2 Number and shareholdings of shareholders

Total number of shareholders at the end of the reporting period

The Company had 132,911 shareholders in total, of which 9 was the holders of non-circulating A shares, 131,047 were holders of circulating A shares, and 1,855 were holders of H shares.

Top ten shareholders of the Company and their respective shareholdings

Name of shareholder	Type of shareholder	Percentage (%)	Total number of shares held (share)	Number of shares subject to trading moratorium (share)	Number of shares pledged or frozen (share)
HKSCC Nominees Limited	Unknown	45.63	1,379,358,900	0	Unknown
Jiangxi Copper Corporation	State-owned legal person	42.41	1,282,074,893	1,282,074,893	
Guotai Junan Investment Management Co., Ltd.	Unknown	0.44	13,400,000	13,400,000	Unknown
Wuxi Guolian Development (Group) Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	Unknown
Suzhou Industrial Park Assets Management Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	Unknown
Minmetals Investment & Development Co., Ltd.	Unknown	0.33	10,000,000	10,000,000	Unknown
Sanjiang Aerospace Group Financial Company Limited	Unknown	0.30	9,000,000	9,000,000	Unknown
Shanghai Rongchang Assets Management Co., Ltd.	Unknown	0.25	7,600,000	7,600,000	Unknown
China Universal Equilibrium Growth Stock Fund (匯添富均衡增長股票型證券投資基金)	Unknown	0.24	7,172,820	0	Unknown
Shanghai Yuanhai Industrial Co., Ltd.	Unknown	0.21	6,300,000	6,300,000	Unknown

Top ten holders of shares not subject to trading moratorium and their respective shareholdings

Name of shareholder	Number of shares not subject to trading moratorium	Class of shares
HKSCC Nominees Limited	1,379,358,900	Overseas listed foreign shares
China Universal Equilibrium Growth Stock Fund (匯添富均衡增長股票型證券投資基金)	7,172,820	Ordinary shares denominated in RMB
GF Jufeng Equity Securities Investment Fund (廣發聚豐股票型證券投資基金)	5,637,774	Ordinary shares denominated in RMB
BOCOM-Boshi New Growth Equity Securities Investment Fund	5,499,910	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China —China Universal Selected Mixed Type Securities Investment Fund (中國工商銀行—匯添富優勢精選 混合型證券投資基金)	4,800,001	Ordinary shares denominated in RMB
WONG SHIRLEY KAYE	1,104,000	Overseas listed foreign shares
YIP GIN FAI	610,000	Overseas listed foreign shares
ARSENTON NOMINEES LIMITED	450,000	Overseas listed foreign shares
SHOU YIN KIU	400,000	Overseas listed foreign shares
YAM KAM MING	300,000	Overseas listed foreign shares

Note: For the above holders of tradable shares not subject to trading moratorium, the Company is not aware of any connected relationship among them, nor aware whether they fall within the definition of persons acting in concert as specified in “Management Method of the Information Disclosure in relation to the Changes of Shareholdings of Shareholders of Listed Companies” issued by China Securities Regulatory Commission (“CSRC”).

As at 31st December 2007, the interests or short positions of the shareholders, other than Directors, Supervisors or Chief Executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (“SFO”) were as follows:

Name of shareholder	Class of shares	Capacity	Number of shares (Note 1)	Percentage of total number of the relevant class shares (%)	Percentage of total issued share capital (%)
Jiangxi Copper Corporation	Tradable A shares subject to trading moratorium	Beneficial owner	1,282,074,893(L)	78.40(L)	42.41(L)
HSBC Holdings plc	H Shares	Interest of controlled corporation	115,056,031(L)	8.29(L)	3.81(L)
			141,823,210(S)	10.22(S)	4.69(S)
UBS AG	H Shares	(Note 2)	85,841,006(L)	6.19(L)	2.84(L)
			19,220,103(S)	1.39(S)	0.64(S)

Note:

(1) L: long position; S: short position

(2) According to the corporate substantial shareholder notice filed by UBS AG on 17 December 2007, the H Shares were held in the following capacities:

Capacity	Number of H Shares
Beneficial owner	75,763,629(L) 8,373,720(S)
Person having a security interest in shares	1,132,617(L) 2,354,383(S)
Interest of controlled corporation	8,944,760(L) 8,492,000(S)

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 2007.

4.3 Particulars of controlling shareholder and de facto controller

4.3.1 Profile of controlling shareholder and ultimate controller

(1) Particulars of the legal person controlling shareholder

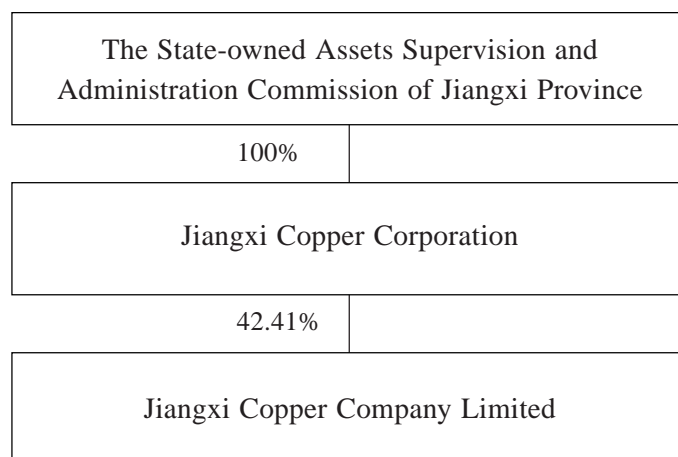
Name of controlling shareholder:	Jiangxi Copper Corporation
Legal representative:	Li Yihuang
Registered capital:	RMB2,656,150,000
Date of incorporation:	1 July 1979
Principal business or management activities:	Non-ferrous ores, non-metallic ores and products of non-ferrous metal refining and processing

(2) Information of the ultimate Controller

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

(3) There is no change in controlling shareholder and ultimate controller of the Company during the reporting period.

4.3.2 The ownership and controlling relationship between the Company and the ultimate controller



5. REPORT OF THE DIRECTORS

5.1 Business Review

5.1.1 Industry Development

In 2007, in spite of China's rising consumer price index and accelerating assets prices as well as tightening macro economic control policies, China's economy continued its stunning growth as driven by rapid growing world economy and strong demand in domestic market. The development of China's copper industry was favoured by macro economic environment. During the reporting period, the production volume of refined copper increased by 17.8% over last year, attaining 3,440,000 tonnes. As for consumption, the domestic copper consumption increased significantly. Apparent consumption increased by 36.3% to 4,770,000 tonnes from last year. A large amount of domestic copper consumption was satisfied by import as a result of the increasing undersupply of copper in China. According to data from China Customs Statistics, net import of refined copper amounted to approximately 1,370,000 tonnes in 2007, increased by 130.25% from last year. According to latest released data of International Copper Study Group (ICSG), for the first 11 months of 2007, global output of refined copper amounted to 16,660,000 tonnes, of which mining output was approximately 14,090,000 tonnes. The global consumption of refined copper was approximately 16,810,000 tonnes, representing consumption exceeding supply.

5.1.2 Market Review

Year 2007 witnessed a decline in global copper price after an upsurge. In the first half of 2007, copper price extended its uptrend and surged to a level above USD8,300 due to steady decline in LME stock, China's rapidly growing copper imports and constant miners' strikes. In the second half of 2007, copper price dropped down as a result of China's tightened micro economic control policies and the concerns over global economic growth triggered by sub-prime loan crisis in America. However, owing to a short supply resulting from low LME stock levels, accelerated depreciation of US Dollar and strike factors, copper price stubbornly hovered at a high level, ranging from USD7,000 to USD8,300 per tonne. For the whole year, copper price fluctuated between USD5,200 and USD8,300 per tonne, maintaining at a high level.

During the reporting period, the average three-month copper futures closing price and the average copper spot closing price on London Metal Exchange were US\$7,088 per tonne and US\$7,117 per tonne, representing an increase of 6.3% and 5.9% respectively as compared with last year. As to China, the domestic average three-month copper futures closing price (inclusive of tax) and the average current-month copper futures closing price (inclusive of tax) during the reporting period was RMB62,358 per tonne and RMB62,538 per tonne, representing increase of 2.65% and 2.87% respectively as compared with last year.

5.1.3 Strategy of Enhancing Mining Resource

During the reporting period, the Company defined the development strategy of enhancing mining resources. Accordingly, the Company adopted a series of measures:

1) Breakthrough achieved in resource strategy

During the reporting period, the Company enhanced resource development strategy and steadily carried forward its resource strategy layout in China and foreign countries: By taking over mineral exploration rights of Zhu Sha Hong Mine of Dexing Copper Mine, the Company provided backup resources for 130,000 tonnes expansion project of Dexing Copper Mine; Chengmenshan Copper mine, which was acquired by the Company through non-public issue of A shares, is one of few large open pits copper mines pending for large scale exploitation in China; the consortium formed by the Company and China Metallurgical Group Corporation obtained the preferred bidder qualification for development of Aynak Copper Mine; the joint acquisition of 100% equity interests in Northern Peru Copper Corp. by the Company and China Minmetals Non-Ferrous Metals Co., Ltd. has been agreed by way of voting by shareholders representing 95.92% shares in Northern Peru Copper Corp.

2) Polymetallic strategy carried forward gradually

During the reporting period, in order to enhance its position as a mineral enterprise, the Company established an operating target for development of copper related multi-metal. During the reporting period, the Company proposed to issue bonds with warrants for an amount of not more than RMB6,800 million, certain proceeds from which will be used to acquire assets of JCC in relation to rare metals businesses such as molybdenum, selenium, rhenium, tellurium, and bismuth. In addition, the Company is seeking opportunities to enter into other metal industries.

3) Positive interaction system between finance and industry commenced construction

The Company has been managing to integrate industrial capital and financial capital, accelerating the industrial development by finance. During the reporting period, the Company commenced construction of positive interaction system between finance and industry. Certain proceeds from the issue of bonds with warrants for an amount of not more than RMB6,800 million will be used for acquiring assets of JCC in relation to financial business, including 46% equity interests in Jinrui Futures Agency Company Limited and 45% equity interests in Jiangxi Copper Corporation Finance Company Limited. Besides, the Company has invested RMB280,000,000 in Nanchang City Commercial Bank, in which the Company holds 4.2% equity interests, being the second largest shareholder of the bank. The Company is committed to establish a relatively comprehensive financial service system which is complementary with, and provides financial service supports to existing businesses.

5.1.4 Innovation in Marketing Management System

During the reporting period, the Company, through internal structure adjustment, integrates marketing management resources and innovates marketing management system, whereby business departments including raw material procurement, sales of products, futures hedging were organically integrated. Trade Division was established to coordinate raw material procurement, sale, and futures hedging operation, so as to improve operation efficiency, reduce procurement cost and enhance risks control.

5.1.5 Reducing Connected Transactions by Capital Operation

During the reporting period, the Company successfully completed non-public issue of A shares. 127,795,527 shares were issued to 9 investors including Guotai Junan Investment Management Co., Ltd. at a price of RMB31.3 per share. The total raised proceeds amounted to RMB4,000 million (including RMB1,785 million contributed by JCC in the form of non-cash assets to subscribe the issued A shares) while the net proceeds amounted to 3,950 million (including RMB2,165 million cash). The acquisition of Chengmenshan Copper mine provided the Company additional 1,530,000 tonnes of copper resources, thus increasing the Company's resource supply. In the meantime, the acquisition of other assets also decreased the connected transactions between JCC and the Company.

5.1.6 Prospect and Strategy

Looking forward to 2008, under the background of “unstable balance” between global demand and supply, copper price will remain at a high level as supported by historical low copper stock, rapid growth of China’s economy and relevant industries, reconstruction after snow disaster, new countryside construction and implementation of “home appliance go to the countryside” policy. The increasing domestic copper demand will offset the slow-down demand in United States. Copper price will linger at high level by strong support, unless global economy development is hindered by a severe decline of US economy as a result of sub-prime crisis. In addition, with more frequent and larger scale merger and acquisition as well as restructuring among global resource enterprises, it is more noticeable that global mineral resources tend to be concentrated by few mining giants, which will exert positive effect on metal prices in a long run. Therefore, it is expected that copper price will stay at high level for most time in 2008, without ruling out the possibility of a new record high.

There was no sign of relief for global concerns over liquidity surplus at the end of 2007. As hard currencies, the Company’s products such as gold and silver, still has potential for further price hike in 2008.

The price of sulphuric acid and sulphuric concentrate products produced by the Company started to rebound after plunged into bottom at the end of 2006. As at the end of 2007, the price of sulphuric acid has risen to above RMB1,000 per tonne, and the price of sulphuric concentrate also increased noticeably. Since chemical industry is becoming more prosperous, the prices of sulphuric acid and sulphuric concentrate are likely to be further increased in 2008.

However, global smelting processing fee remained at historical low level as at the end of 2007 and is expected to have little change in 2008. The decline of smelting processing fee further shrank the profit of copper smelting business of the Company.

In light of this, the Company will be focusing on the following aspects:

- 1) Continuing to push ahead resource strategy and enhance resources supply.

Mineral resource development strategy is a basic strategy of the Company and will be carried forward by the Company in a long term. In 2008, on one front, the Company will expedite the production capacity expansion of existing mines: to ensure the 5,000 tonnes technological renovation project of Wushan Copper Mine put into production in the first half of 2008; to speed up the conversion of the open-pit to underground mining of Yongping Copper Mine and push forward the expansion project of phase II of Chengmenshan Copper Mine; to accelerate design of 130,000 tonnes expansion project of Dexing Copper Mine with a view to commencing operation in 2008; on the other front, the Company will also actively but prudently press ahead overseas resources development projects such as Aynak Copper Mine Project and Northern Peru Copper Corp. project.

Strengthening resources exploration also plays an important role in the resource strategy of the Company. In 2008, the Company will shift its focus on resources control to risk exploration. The Company currently is putting more efforts to in-depth exploration of existing mines and the vicinity as well as resource exploration of Zhu Sha Hong Mine of Dexing Copper Mine.

- 2) Implementing the proposal of “Issue of bonds with warrants for an amount of not more than RMB6,800 million” and press ahead polymetallic strategy and establish finance sector.

In 2008, the Company will continue to implement proposal of “Issue of bonds with warrants for an amount of not more than RMB6,800 million”, to enable the Company to initially implement polymetallic strategy and establish finance sector, thus increasing a new profit source for the Company. The connected transactions between JCC and the Company will be significantly decreased while the Company’s industrial chain will be extended and improved.

- 3) Building up effective operation platform by organization reform and system adjustment.

In 2008, the Company will continue to improve the Company's operation system and management regulations, put more efforts in organization integration, streamline management tier between general office and second level units, so as to shorten management chain, utilize fully internal human resources and improve management efficiency. Furthermore, the Company will improve staff assessment management mechanism, push forward basic salary system reform and attach importance on talent cultivation, catering for the demand arising from the Company's development in new areas such as copper processing, rare metals, overseas resources projects and finance and trading.

5.2. Management Discussion and Analysis

Unless otherwise specified, the financial data mentioned in the management discussion and analysis is extracted from the financial statements prepared in accordance with PRC GAAP, whose comparative financial information has been restated to adopt new Accounting Standards for Business Enterprise and apply merger accounting for business combination under common control.

5.2.1 Working Capital and Cash Flow

During the reporting period, net cash inflow from operating activities of the Company amounted to RMB1,595.68 million, RMB2,610.32 million lower than the net profit of the Company during the reporting period, was mainly due to RMB13.54 million of reversal of provision for asset impairment, RMB584.61 million of fixed asset depreciation, RMB17.32 million of intangible asset amortisation, RMB262.70 million of interest expense made during the reporting period, as well as increase of RMB 2,793.15 million in inventory and RMB1,401.33 million in trade receivables, and an increase of RMB859.30 million in trade payables during the reporting period.

During the reporting period, the Company received RMB1,000 million in cash by issuing short term debentures, RMB2,164.84 million in cash by non-public issue of A shares and RMB6,125.21 million in cash by borrowings. During the reporting period, the Company repaid RMB500 million in cash for debenture, RMB4,056.01 million in cash for liabilities and RMB1,430.64 million for dividend distribution and interest payment. During the reporting period, net cash inflow from financing activities of the Company amounted to RMB3,303.41 million.

During the reporting period, a total of RMB3,202.19 million was used as capital expenditures for the Company's investment projects including Guixi Smelter Expansion, Fujiawu Mine Development and Construction Project, and technological renovation of Wushan Copper Mine with a processing capacity of 5,000 tonnes of ores per day, the conversion of the open-pit to underground mining of Yongping Copper Mine, representing an increase of RMB1,168.83 million from last year.

As at the end of the reporting period, the Company's balance of cash and cash equivalents amounted to RMB2,753.09 million, representing an increase of RMB1,731.6 million from last year.

Financial Position and Capital Structure

As at the end of the reporting period, total assets and liabilities of the Company increased to RMB30.055 billion and RMB11.672 billion respectively from RMB20.551 billion and RMB7.261 billion at the end of 2006. Gearing ratio was 38.84%, representing an increase of approximately 3.51 percentage points. Capital-liabilities ratio (liabilities divided by shareholders' equity) was 63.49%.

5.2.2 Analysis on changes in items of financial statement

Analysis on items in consolidated financial statement with 30% (including 30%) or more changes and accounting for 5% (including 5%) or more of total assets at the balance sheet date, or 10% (including 10%) or more of the total profit in the reporting period:

- 1) Monetary capital: As at the end of the reporting period, the monetary capital of the Company amounted to RMB2,753.09 million, representing an increase of 170% over last year, was mainly due to following factors: the monetary capital of RMB50,433.23 million received from sales of goods and provision of services, the new loan received of RMB6,125.21 million and the payment of RMB45,075.54 million for purchase of goods or acceptance of services, payment of taxes totalling RMB2,588.58 million, payment of RMB2,404.28 million for purchase and construction of fixed assets, intangible assets and other long-term assets and repayment of loan and bonds of RMB4,556.01 million and RMB500 million, respectively, in the year.

- 2) Accounts and notes receivable: As at the end of the reporting period, the accounts receivable and the notes receivable were RMB1,703.88 million and RMB2,824.29 million respectively, representing an increase of 90% and 35% over last year, was mainly due to increase in the balance of accounts receivable at the end of the year with the development of the Company's business and the noticeable increase in sales over last year, the balance of the accounts receivable at the end of the year increased accordingly.
- 3) Prepayment: As at the end of the reporting period, the prepayment of the Company amounted to RMB1,076.25 million, representing an increase of 70% over last year, was mainly due to increase in outsourcing materials with the improvement of smelting capability, the relative prepayment increased accordingly.
- 4) Inventory: As at the end of the reporting period, the inventory of the Company amounted to RMB8,939.92 million, representing an increase of 45% over last year, was mainly due to increase in inventory to satisfy the needs from production upon the completion of 300,000 tonnes smelting project.
- 5) Long-term equity investment: As at the end of reporting period, the long-term equity investment of the Company was RMB648.76 million, representing an increase of 492% over last year, was mainly attributable to the new investment of RMB36.00 million in Jiangxi Copper EPI (Qingyuan) Limited, RMB460 million in Minmetals-JCC Mining Investment Company Limited, RMB14.10 million in JCC BioteQ Environmental Technologies Co., Ltd and RMB6.19 million in Japan Xingya Baohong Co., Ltd (日本興亞保弘株式會).
- 6) Fixed assets and construction in progress: As at the end of the reporting period, the fixed assets of the Company amounted to RMB9,427.74 million, representing an increase of 42% over last year, construction in progress were RMB1,236.60 million, representing a decrease of 46% from last year, was mainly due to some projects of Fujiawu Mine development project, 300,000-tonne copper smelting project and 5,000-tonne technological renovation project of Wushan Copper Mine being transferred to fixed assets.

- 7) Short-term borrowing: As at the end of the reporting period, the short-term borrowing of the Company amounted to RMB7,012.56 million, representing an increase of 121% over last year, was mainly due to the increase in short-term borrowing for the reporting period with continuous expansion of the Company's business, thus providing abundant working capital for the business growth. Furthermore, the Company issued short term debentures due in one year with par value of RMB1,000 million on 11 January 2007.
- 8) Accounts and notes payable: As at the end of the reporting period, the accounts payable and notes payable of the Company were RMB249.92 million and RMB1,694.78 million respectively, representing an increase of 626% and 110% over last year, was mainly due to increase in purchase of raw materials for production after the expansion of production scale of the Company, the amount payable increased accordingly.
- 9) Long-term borrowing: As at the end of the reporting period, the long-term borrowing of the Company was RMB402.05 million, representing a decrease of 67% over last year, was mainly due to repayment of part of long-term borrowing by the Company during the reporting period and some long-term borrowings due in one year being transferred into current liabilities due in one year.
- 10) Operating revenue: During the reporting period, the Company's operating revenue were RMB41,407.39 million, representing an increase of 65% over last year, was mainly attributable to the significant increase in production capacity, sales volume and hike in products price.
- 11) Operating cost: During the reporting period, the Company's operating cost was RMB35,491.14 million, representing an increase of 99% over last year, mainly attributable to the increase in raw materials and sales volume.

5.2.3 Technological Innovations

Being the largest copper enterprises in China, leveraging its advanced technology, the Company maintains its leading position in the industry through years of technological innovations. During the reporting period, the Company spent RMB18.08 million for scientific research to optimize various indicators such as mining, milling and smelting, which has achieved certain progress: during the reporting period, the Company has begun to utilize low-grade ore with copper content below 0.2%. As a result, exploitable mineral resource of the Company was increased and mine's life was prolonged. A material breakthrough was achieved in the Company's industrial experiment on improving grade of sulphuric concentrate. Grade of sulphuric concentrate was raised to 49.66% from 25%. Recovery rate of sulphur after acid-making reached 95.42%. Iron content in acid-making slag of pyrite concentrates was above 64%. During the reporting period, the undergoing technological renovation projects of the Company include expansion of copper recovering from slag of 300,000 tonnes copper smelting project, environmental protection project of arsenious acid, expansion project of anode mud, project of copper recovering from electric furnace slag and Wushan Copper Mine's 5,000 tonnes per day in-depth exploration project.

5.2.4 Energy Saving and Emission Reduction

The Company has been attaching great importance on energy saving and emission reduction since its incorporation. As a result, in February 2006, as approved by the State Environmental Protection Administration, the Company was honoured the 2005 Green Oriental Enterprise Environmental Prize of the China Environmental Award issued by China Environmental Protection Foundation.

During the reporting period, according to its Energy Conservation Plan and Comprehensive Working Program on Energy Saving and Emission Reduction, the Company steadily pushed forward energy saving and emission reduction: the Company and BioteQ Environmental Technologies of Canada set up a joint venture, Jiangxi Copper BioteQ Environmental Technologies Co., Ltd., of which 700 tonnes of copper metal could be recovered from the waste water in mines per year; the Company launched project of utilization of the heat recovered from smelting process with total investment of RMB272.61 million. Upon completion of the project, steam load in boiler plant will be decreased and emission of smog, dust, SO₂ will also be decreased. Accordingly, atmospheric environment in the plant area will be improved to certain extent. The expansion of copper recovering from slag with total investment of RMB212.14 million, will increase the rate of copper recovery in smelting process by nearly 1% and another 2,000 tonnes of copper can be recovered from slag per year. Meanwhile, the slag residue can be further used to recover iron concentrate and for cement additive, thereby maximising the utilisation of resources.

5.2. Principal operations by industry and products

Unit: RMB

By industry or by products	operating revenue	Operating cost	Operating profit margin (%)	Increase/ decrease in	Increase/ decrease in	Increase/ decrease in
				operating revenue from the same period last year (%)	operating cost from the same period last year (%)	operating profit margin from the same period last year (%)
Industry						
Non-ferrous metals (copper cathode and processing)	18,020,932	15,430,818	14.37	63.38	95.71	Decreased by 14.15 percentage points
Copper products processing (copper rod and wire and processing)	18,351,889	16,512,621	10.02	81.33	129.05	Decreased by 18.75 percentage points

Precious metals (gold/silver)	3,412,726	2,512,619	26.37	20.35	38.40	Decreased by 9.61 percentage points
Chemical and others (sulphuric acid and sulphuric concentrate and recycled products)	1,443,052	866,661	39.94	135.42	80.65	Increased by 18.20 percentage points
Subtotal	41,228,599	35,322,719	14.32	67.60	103.13	Decreased by 14.99 percentage points
Other operating revenue	178,795	168,425	5.80	(62.07)	(62.31)	Increased by 0.60 percentage points
Total	41,407,394	35,491,144	14.29	65.16	98.99	Decreased by 14.57 percentage points

1) Non-ferrous Metals

During the reporting period, operating revenue from non-ferrous metals increased by RMB6,990.64 million (or 63.38%) over last year, which was favoured by the substantial increase in sales volume of self-operated copper cathode and prices of copper cathode as a result of the commencement of operation of 300,000 tonnes copper cathode project. Meanwhile, cost of non-ferrous metals increased by RMB7,546.2 million (or 95.71%) over last year, which was attributable to increased prices and volume of purchased copper raw materials, increased cost of self-produced copper concentrates, decreased processing fee for copper smelting and increased resource tax. During the reporting period, gross profit from non-ferrous metals decreased by RMB555.57 million (or 17.66%) as compared with last year. Gross profit margin decreased to 14.37% from 28.52% in 2006.

2) Copper products processing

During the reporting period, the Company's operating revenue from copper products processing increased by RMB8,231.22 million (or 81.33%) over last year, which was attributable to the increased prices of copper rod and wire as driven by copper price hikes, and a considerable increase in sales volume of copper rod and wire. Furthermore, due to the significant increase in prices and sales volume of raw materials including copper cathode, the Company's processing cost of copper products rose by RMB9,303.43 million (or 129.05%) from last year. During the reporting period, the percentage of copper products produced by purchased copper cathode was further increased. As a result, gross profit from copper products processing decreased by RMB1,072.22 million (or 36.83%) as compared with last year. Gross profit margin decreased to 10.02% from 28.66% in 2006.

3) Precious Metals

During the reporting period, the Company's operating revenue from precious metals increased by RMB577.02 million (or 20.35%) over last year due to the rising gold and silver prices. Over the same period, the Company's purchase cost of precious metals also rose by RMB697.18 million (or 38.40%) from last year resulting from the growing prices of purchased raw materials containing gold and silver. During the reporting period, gross profit from non-ferrous metals decreased by RMB120.16 million (or 11.78%) as compared with last year, which was due to a decrease in gold content in the Company's copper concentrate and an increase in purchased gold raw materials. Gross profit margin decreased to 26.37% from 35.98% in 2006.

4) Chemical Products and Others

During the reporting period, the Company's operating revenue and gross profit attributable to chemical products increased due to the price hike of sulphuric acid and sulphuric concentrates. During the reporting period, gross profit from chemical products and other recycled products amounted to RMB576.39 million, representing an increase of RMB443.16 million (or 332.6%) from last year. Gross profit margin increased to 39.94% from 21.74% in 2006.

5.3 The Company's revenue from principal operations and its structure for 2007 and 2006 are set out as follows:

	2007		2006		Increase (decrease)	
	Sales revenue <i>RMB'000</i>	Percentage to total sales revenue %	Sales revenue <i>RMB'000</i>	Percentage to total sales revenue %	Sales revenue <i>RMB'000</i>	%
Copper cathode	17,949,121	43.5	10,895,401	44.3	7,053,720	64.7
Copper processing	71,811	0.2	134,895	0.5	(63,084)	(46.8)
Copper rod and wire	18,315,905	44.4	10,020,405	40.7	8,295,500	82.8
Copper rods processing	35,985	0.1	100,269	0.4	(64,284)	(64.1)
Gold	2,258,806	5.5	1,819,517	7.5	439,289	24.1
Silver	1,153,920	2.8	1,016,185	4.1	137,735	13.6
Sulphuric acid	580,807	1.4	211,915	0.9	368,892	174.1
Sulphuric concentrate	257,363	0.6	163,314	0.7	94,049	57.6
By-products	604,881	1.5	237,735	0.9	367,146	154.44
Total	41,228,599	100.0	24,599,636	100.0	16,628,963	67.6

5.4 Principal operation by geographical areas

Unit: RMB'000

	2007	2006	Increase
	<i>RMB'000</i>	<i>RMB'000</i>	(decrease)
			%
Mainland China	40,029,961	22,305,961	79.46
Hong Kong	856,227	949,803	(9.85)
Taiwan	192,191	—	
Australia	21,349	—	
Thailand	17,247	—	
South Korea	—	343,375	
Holland	—	322,726	
England	—	388,522	
USA	—	118,142	
Belgium	—	23,135	
New Zealand	—	3,732	
Others	111,624	144,240	(22.61)
Total	41,228,599	24,599,636	67.60

5.5 Use of raised proceeds

The Company raised net proceeds of approximately RMB3,950 million by non-public issue of 127,795,527 A shares on 17 September 2007, of which RMB2,165 million was cash.

During the reporting period, progresses of projects financed by raised proceeds are as follows (for non-cash portion, please refer to the Section “6.1 Acquisition of Assets”):

1) Expansion project of Chengmenshan Copper Mine Phase II

The Company intended to invest RMB498 million in the project, all of which will be raised through non-public issue of A Shares. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB12.67 million, representing 2.54% of the total investment. Expansion project of Chengmenshan Copper Mine Phase II can increase its mining capacity to 7,000 tonnes per day. Upon completion of the expansion, the annual production capacity of Chengmenshan Copper Mine will reach 14,817 tonnes of copper concentrate with copper, 25,814 tonnes with sulfur content, 232 kg with gold content and 15,142 kg with silver content and 607,150 tonnes of sulfur concentrate (standard sulfur concentrate of 703,542 tonnes).

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

The Company intended to invest RMB387.54 million in the project, of which RMB378.52 million will be financed through non-public issue of A Shares and RMB9.02 million will be invested by self-funding. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB50.79 million representing 15.28% of the total investment. The mining capacity of Yongping Copper Mine is 10,000 tonnes per day and has been approaching its original designed service life since its establishment and commencement of production in 1984. Following the pit expansion project in 2002, there still remains approximately 8 years in the steady output cycle. The pit is estimated to be closed in 2015. After over 20 years of open-pit mining, most reserves of the deposit have been mined. However, there are still abundant resources available for underground mining at the bottom of the open pit. The proven underground ore reserve of Yongping Copper Mine is 65,800,000 tonnes at an average copper grade of 0.59%, representing 390,000 tonnes of copper metal. Such resources can be fully recovered and used upon the implementation of technology renovation project of conversion of open-pit mining into underground mining of Yongping Copper Mine.

3) Technology renovation of open-pit mining of the Fujiawu Copper Mine

The Company intended to invest RMB871.54 million for the project, of which RMB300.56 million will be financed through non-public issue of A Shares and RMB570.98 million will be invested by self-funding. During the reporting period, RMB152.06 million was invested in the project by proceeds from non-public issue of A Shares and RMB567.90 million was invested in by self-funding. By fully utilizing and depending on the existing construction proposal of Dexing Copper Mine, upon achieving its production target, the project will continue to have the capacity of Dexing Copper Mine to elongate the service life of, and stabilise the output and sales revenue of Dexing Copper Mine.

4) Utilisation of the heat recovered from smelting process

The Company intended to invest RMB272.61 million in the project, all of which will be financed by last raised proceeds. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB250.11 million, representing 91.75% of the total investment in the project. The project is an important part of the new 300,000 tonnes copper smelting project of Guixi Smelter. Upon completion of the project, steam load in engineering boiler plant will be decreased and emission of smog, dust, SO₂ will be decreased as well. Accordingly, atmosphere environment in the plant area will be improved to some extent, thus enhancing social benefit.

5) Expansion project of anode mud treatment and comprehensive utilisation of Jiangxi Copper

The Company intended to invest RMB195.74 million in the project, of which RMB194.27 million will be financed through last raised proceeds and RMB1.47 million will be invested by self-funding. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB24.32 million, representing 13.18% of the total investment of the project. Anode mud is the mixture of various rare precious metal deposited on the bottom of the smelting tank in the copper smelting process. The treatment project of anode mud is an important part of copper smelting process. The existing treatment system for anode mud of Guixi Smelter of the Company can not cope with the 700,000-tonne per-annum copper smelting capability of the factory in the future. It is necessary to optimize the existing anode mud treatment facilitates and implement expansion projects so as to enhance the anode mud treatment ability and increase the production of gold and silver to address the needs of comprehensive utilization of resources.

6) Expansion of copper recovery from slag

The Company intended to invest RMB212.14 million in the company, of which RMB189.53 million will be financed through last raised proceeds and RMB22.61 million will be financed by self-funding. During the reporting period, both actual investment and the amount invested by proceeds from non-public issue of A Shares were RMB194.27 million, and RMB1.47 million invested by self-funding, finished 13.18% of the total project. Currently, Guixi Smelter of the Company owns a workshop for copper recovery from electric furnace slag with a smelting capability of 3,100 tonnes per day. Upon commencement of operation of the 300,000-tonne per- annum copper smelting project in 2007, furnace slag will be increased by 1,555 tonnes per day in total, including 1,185 tonnes of flash furnace slag per day with 2% copper content, and 370 tonnes of converter slag per day with 5% copper content. Hence, it is necessary to expand the existing copper recovery workshop for the purposes of treating the increased slag, integrating production management as well as saving investment and operation cost. Upon completion of the project, the Company will abandon slag-cleaning furnace with low metal recovery rate and poor environment protection while adopting the copper milling treatment. This will increase the rate of copper recovery in smelting process by nearly 1% and each year, another 2,000 tonnes of copper can be recovered from slag each year. Meanwhile, the slag residue can be further used to recover iron concentrate and for cement additive, thereby maximising the utilisation of resources.

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

The Company intended to invest RMB257.32 million in the project, of which RMB120.24 million will be financed through last raised proceeds and RMB137.08 million will be financed by self-funding. During the reporting period, RMB66.16 million was invested in the project by proceeds from non-public issue of A Shares and RMB129.15 million was invested by self-funding. As at the end of the reporting period, a total of RMB195.31 million was invested, representing 75.90% of total investment in the project. As the project is to expand the existing capacity of Wushan Copper Mine, upon completion and achieving its production targets, the current mining and production capacity of Wushan Copper Mine will increase from 2,000 tonnes per day to 5,000 tonnes per day. It can provide copper concentrates containing 12,800 tonnes of copper, 218 kg of gold, 7,512 kg of silver, 171,000 tonnes of sulfur as well as sulfur concentrates of 331,900 tonnes (containing 132,700 tonnes of sulfur).

As at 31 December 2007, the above investment projects were under construction. Therefore, no relevant benefits can be reflected.

During the reporting period, RMB225.67 million was raised by the Company through non-public issue of A Shares and used as working capital.

The Company had not changed the use of raised proceeds during the reporting period.

5.6. Projects financed by non-raised proceeds

1) Expansion project of arsenious acid

As a project of environmental protection and emission reduction, its total investment is estimated at RMB113 million. As at the end of the reporting period, a total of RMB73.36 million had been invested in the project, representing 65% of total investment. Upon its completion, the Company will be able to recover 1,300 tonnes of arsenious acid per annum and 2,500 tonnes of copper metal per annum.

2) Investment in Nanchang City Commercial Bank

In December 2007, the Company invested RMB280 million in Nanchang City Commercial Bank, holding 4.198% equity interest in the bank.

3) Jiangxi Copper EPI (Qingyuan) Limited

In January 2007, the Company invested RMB36 million to establish a joint venture, Jiangxi Copper EPI (Qingyuan) Limited with partners including the EPI (Holdings) Limited in Qingyuan of Guangdong, an important source of scrap copper. The Company owned 40% equity interest in the company.

4) Minmetals-JCC Mining Investment Company Limited

In December 2007, the Company invested RMB460 million to establish Minmetals-JCC Mining Investment Company Limited with China Minmetals Corporation, with the Company holding 40% equity interest in the company. The company mainly operated projects related to Northern Peru Copper Corp. (“NPC”).

5) JCC BioteQ Environmental Technologies Co., Ltd.

On 5 July 2007, the Company and BioteQ Environmental Technologies of Canada set up a joint venture, JCC BioteQ Environmental Technologies Co., Ltd, in which the Company contributed RMB14.1 million, holding 50% equity interest in the company. The company mainly extracts copper metal from sewage of the mine by making use of biological vulcanising technology. Upon achieving its production targets, approximately 700 tonnes of copper metal can be extracted from the sewage discharged from the mine per annum.

5.7 The Board's explanation for non-standard auditor's report issued by the auditors

Available Not Available

5.8 The Board of Directors' proposal on the profit distribution or transfer of capital reserve to share capital

The Board, based on the total share capital of 3,022,833,727 shares as at the end of 2007, proposed payment of a final dividend of RMB3 (tax inclusive for A shares) per ten shares to all shareholders, representing a total amount of RMB906,850,118.1. H Shares dividends will be distributed to Shareholders whose names appeared on the register of H Shares of the Company on 12 May 2008. Further announcement on the date for registration of holders of A Shares will be made in accordance with the relevant requirements after the application of the Company therefor has been accepted by the China Securities Clearing and Registration Company, Shanghai Branch.

No transfer of capital reserve to share capital was recommended for the year. A surplus of undistributed amount of RMB2,501,207,994 prepared in accordance with PRC GAAP is transferred to the following years for distribution.

6. SIGNIFICANT EVENTS

6.1 Acquisition of assets

Available Not Available

Unit: '000 Currency: RMB

Counter party or ultimate controlling party	Assets acquired	Date of completion of acquisition	Consideration	Net profit		Whether a connected transaction (if so, state the basis of pricing)	Whether the entitlement of the assets concerned are completely transferred	Whether the claims and debts concerned are completely transferred
				attributable to the Company since the date of acquisition to the end of the year	attributable to the end of the year (the merger of companies under common control)			
JCC	Chengmenshan Copper Mine assets of JCC	27 September 2007	1,458,945	(9,337)	79,683	Yes, with reference to the valuation	Yes	Yes
JCC	100% equity interest in JCC Chemical Company Limited	27 September 2007	49,293	5,076	9,308	Yes, with reference to the valuation	Yes	Yes
JCC	100% equity interest in the JCC (Dexing) Transportation Company Limited	27 September 2007	20,270	2,024	2,079	Yes, with reference to the valuation	Yes	Yes
JCC	40% equity interest in Jiangxi Copper Alloy Company Limited	27 September 2007	113,581	18,348	18,348	Yes, with reference to the valuation	Yes	Yes

JCC	40% equity interest in Jiangxi Copper Products Company Limited	27 September 2007	116,738	9,941	9,941	Yes, with reference to the valuation	Yes	Yes
JCC	Xiangsi Station of Detong Branch of Jiangxi Copper Corporation	27 September 2007	78,941	—	—	Yes, with reference to the valuation	Yes	Yes

- 1) On 27 September 2007, the Company acquired Chengmenshan Copper Mine of Jiangxi Copper Corporation from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB322.56 million and RMB1,458.95 million respectively. The acquisition consideration amounted to RMB1,458.95 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB79.68 million.
- 2) On 27 September 2007, the Company acquired 100% equity interest in JCC Chemical Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB47.48 million and RMB49.29 million respectively. The acquisition consideration amounted to RMB49.29 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB9.31 million.
- 3) On 27 September 2007, the Company acquired 100% equity interest in JCC (Dexing) Transportation Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB18.37 million and RMB20.27 million respectively. The acquisition consideration amounted to RMB20.27 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007. Net profit contributed by the assets attributable to the company from the beginning to the end of the year amounted to RMB2.08 million.

- 4) On 27 September 2007, the Company acquired 40% equity interest in Jiangxi Copper Alloy Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB109.81 million and RMB113.58 million respectively. The acquisition consideration amounted to RMB113.58 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007. The relevant financial data of the asset was included in the consolidated financial statement for 2006.
- 5) On 27 September 2007, the Company acquired 40% equity interest in Jiangxi Copper Products Company Limited from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB111.88 million and RMB116.74 million respectively. The acquisition consideration amounted to RMB116.74 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007. The relevant financial data of the asset was included in the consolidated financial statement for 2006.
- 6) On 27 September 2007, the Company acquired Xiangsi Station of JCC Detong Company from JCC, the controlling shareholder of the Company. The carrying amount and valuation of the assets is RMB45.27 million and RMB78.94 million respectively. The acquisition consideration amounted to RMB78.94 million, which was determined with reference to the valuation and was satisfied by the Company's non-public issue of A Shares on 17 September 2007 as consideration. The event was published in Shanghai Securities News on 11 October 2007.

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

Available Not Available

Name of companies being held	Amount of initial investment (RMB'000)	Number of shares held (share)	Percentage of the company's equity	Book value at the end of the reporting 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
JCC Finance Company Limited	105,000	—	35%	115,718	30,608	30,608	Interest in associate	Cash
Nanchang City Commercial Bank	280,000	100,000,000	4.198%	280,000	0	0	Available-for-sale investment	Cash
Subtotal	385,000		—	395,718	30,608	30,608	—	—

6.3 Model Code for Securities Transactions by Directors

During the reporting period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors of the Company have complied with the requirements of the Model Code during the year.

6.4 Code on Corporate Governance Practice

The Company is committed to maintaining and establishing high level of corporate governance. The Company has not employed a Qualified Accountant as senior management of the Company pursuant to Rule 3.24 of the Listing Rules. As at the end of the reporting period, the Company has not finalized any employment terms with any candidate. The Company is actively seeking a suitable candidate to act as the Qualified Accountant.

Save as disclosed, the Company has complied with the code provisions of the Code of Corporate Governance Practice as set out in Appendix 14 to the Listing Rules.

6.5 Purchase, sale or redemption of listed securities of the Company

During the reporting period, the Company has not redeemed any of its listed securities. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the reporting period.

6.6 Post balance sheet events

(1) *Joint acquisition of 100% equity interests in Northern Peru Copper Corp. in Canada by the Company and China Minmetals Non-Ferrous Metals Co., Ltd.*

On 25 January 2008 (local time in Canada), the Company received notice that 95.92% shares in NPC has voted for this acquisition, exceeding the limit of 66.67%. Pursuant to the relevant regulations in Canada, the acquisition of the remaining part will be completed in the following 2 months through compulsory acquisition.

(2) *Equity incentives*

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

7. REPORT OF SUPERVISORY COMMITTEE

The Supervisory Committee is of opinion that the Company operates in compliance with laws, and there exists no problems in the Company's financial status, use of raised proceeds, acquisition and disposal of assets, as well as connected transactions.

8. FINANCIAL REPORT

8.1. Auditor's opinion

Financial report Available Not Available

8.2 Financial Statements Prepared in accordance with IFRS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Prepared in accordance with IFRSs)

		2007	2006
	<i>Notes</i>	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
REVENUE	3	41,280,618	24,582,665
Cost of sales		(35,623,351)	(17,560,473)
Gross profit		5,657,267	7,022,192
Other income and gains	4	145,176	37,876
Selling and distribution costs		(149,373)	(106,213)
Administrative expenses		(453,618)	(491,134)
Other expenses	5	(18,811)	(545,773)
Finance costs	6	(262,700)	(186,130)
Share of profits and losses of:			
Jointly-controlled entity		(314)	—
Associates		23,178	70
PROFIT BEFORE TAX	7	4,940,805	5,730,888
Income tax expense	8	(722,531)	(905,549)
PROFIT FOR THE YEAR		<u>4,218,274</u>	<u>4,825,339</u>

Attributable to:			
Equity holders of the company		4,145,004	4,744,121
Minority interests		73,270	81,218
		<u>4,218,274</u>	<u>4,825,339</u>
PROPOSED FINAL DIVIDEND	9	<u>906,850</u>	<u>1,158,015</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO			
ORDINARY EQUITY HOLDERS			
OF THE COMPANY			
– Basic	10	<u>RMB1.40</u>	<u>RMB1.62</u>

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

(Prepared in accordance with IFRSs)

	2007	2006
		(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	10,664,343	8,957,256
Prepaid land lease payments	193,386	135,829
Intangible assets	454,840	307,542
Interest in a jointly-controlled entity	13,786	—
Interests in associates	634,973	109,608
Available-for-sale investments	290,000	10,000
Deferred tax assets	75,348	—
	<hr/>	<hr/>
Total non-current assets	12,326,676	9,520,235
	<hr/>	<hr/>
CURRENT ASSETS		
Inventories	8,939,919	6,146,772
Trade and bills receivables	4,528,176	2,992,232
Prepayments, deposits and other receivables	1,617,617	893,458
Derivative financial instruments	54,704	38,747
Cash and cash equivalents	2,753,091	1,021,495
	<hr/>	<hr/>
Total current assets	17,893,507	11,092,704
	<hr/>	<hr/>
Total assets	30,220,183	20,612,939
	<hr/> <hr/>	<hr/> <hr/>

CURRENT LIABILITIES		
Trade and bills payables	1,944,705	839,627
Other payables and accruals	1,243,437	1,080,438
Derivative financial instruments	—	19,279
Interest-bearing bank and other borrowings	7,516,603	3,417,678
Dividend payable	3,228	18,000
Income tax payable	532,617	634,352
	<hr/>	<hr/>
Total current liabilities	11,240,590	6,009,374
	<hr/>	<hr/>
NET CURRENT ASSETS	6,652,917	5,083,330
	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	18,979,593	14,603,565
	<hr/> <hr/>	<hr/> <hr/>
NON-CURRENT LIABILITIES		
Interest - bearing bank and other borrowings	402,046	1,204,797
Deferred revenue — Government grants	96,287	72,680
Deferred tax liabilities	5,779	—
Provision for rehabilitation	48,224	—
Other long term payables	32,445	35,561
	<hr/>	<hr/>
Total non-current liabilities	584,781	1,313,038
	<hr/>	<hr/>
Net assets	18,394,812	13,290,527
	<hr/> <hr/>	<hr/> <hr/>

EQUITY

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Share capital		3,022,834	2,895,038
Reserves		14,220,975	8,822,143
Proposed final dividend	9	906,850	1,158,015
		18,150,659	12,875,196
Minority interests		244,153	415,331
Total equity		<u>18,394,812</u>	<u>13,290,527</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

(Prepared in accordance with IFRSs)

	Attributable to equity holders of the parent													Minority interests	Total equity	
	Share capital	Share premium	Capital reserve	Other reserves	Statutory			Retained earnings	Exchange fluctuation reserve	Hedging earnings	Proposed final dividend	Total				
					surplus reserve	public welfare fund	Discretionary surplus reserve									
					RMB'000	RMB'000	RMB'000						RMB'000			RMB'000
At 1 January 2006																
As previously reported	2,895,038	1,945,551	70,546	(92,506)	453,347	379,128	921,605	1,274,463	(661)	(71,023)	555,847	8,331,335	367,291	8,698,626		
Effect of business combination under common control	—	—	335,600	—	99	—	—	411	—	—	—	336,110	—	336,110		
As restated	2,895,038	1,945,551	406,146	(92,506)	453,446	379,128	921,605	1,274,874	(661)	(71,023)	555,847	8,667,445	367,291	9,034,736		
Profit for the year (as restated)	—	—	—	—	—	—	—	4,744,121	—	—	—	4,744,121	81,218	4,825,339		
Exchange difference arising on translation of operation in Hong Kong	—	—	—	—	—	—	—	—	(1,079)	—	—	(1,079)	(884)	(1,963)		
Decrease in fair value of cash flow hedges	—	—	—	—	—	—	—	—	—	(846,183)	—	(846,183)	—	(846,183)		
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	—	—	—	955,952	—	955,952	—	955,952		
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(60)	(60)		
Effect of business combination under common control	—	—	30,814	—	—	—	—	—	—	—	—	30,814	—	30,814		
Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	—	—	—	—	(120,027)	—	—	—	(120,027)	—	(120,027)		
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(32,234)	(32,234)		
2005 final dividends declared	—	—	—	—	—	—	—	—	—	—	(555,847)	(555,847)	—	(555,847)		
Proposed 2006 final dividends	—	—	—	—	—	—	—	(1,158,015)	—	—	1,158,015	—	—	—		
Transfers	—	—	—	—	853,983	(379,128)	1,392,012	(1,866,867)	—	—	—	—	—	—		
At 31 December 2006 (restated)	2,895,038	1,945,551	436,960	(92,506)	1,307,429	—	2,313,617	2,874,086	(1,740)	38,746	1,158,015	12,875,196	415,331	13,290,527		

Attributable to equity holders of the parent

	Share capital	Share premium	Capital reserve	Other reserves	Statutory	Discretionary	Retained earnings	Exchange	Hedging earnings	Proposed	Minority interests	Total equity	
					surplus reserve	surplus reserve		fluctuation reserve		final dividend			Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2007													
As previously reported	2,895,038	1,945,551	70,546	(92,506)	1,307,273	2,313,617	2,873,156	(1,740)	38,746	1,158,015	12,507,696	415,331	12,923,027
Effect of business combination under common control	—	—	366,414	—	156	—	930	—	—	—	367,500	—	367,500
As restated	2,895,038	1,945,551	436,960	(92,506)	1,307,429	2,313,617	2,874,086	(1,740)	38,746	1,158,015	12,875,196	415,331	13,290,527
Profit for the year	—	—	—	—	—	—	4,145,004	—	—	—	4,145,004	73,270	4,218,274
Exchange difference arising on translation of operation in Hong Kong	—	—	—	—	—	—	—	(2,352)	—	—	(2,352)	(1,923)	(4,275)
Increase in fair value of cash flow hedges	—	—	—	—	—	—	—	—	114,031	—	114,031	—	114,031
Transfer to profit and loss on cash flow hedges	—	—	—	—	—	—	—	—	(130,181)	—	(130,181)	—	(130,181)
Issue of new shares	127,796	2,268,200	—	—	—	—	—	—	—	—	2,395,996	(218,067)	2,177,929
Effect of business combination under common control	—	371,785	(371,785)	—	—	—	—	—	—	—	—	—	—
Dividends paid by acquirees of business combination under common control before the acquisition date	—	—	—	—	—	—	(89,020)	—	—	—	(89,020)	—	(89,020)
Dividends paid to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(24,458)	(24,458)
2006 final dividends declared	—	—	—	—	—	—	—	—	—	(1,158,015)	(1,158,015)	—	(1,158,015)
Proposed 2007 final dividends	—	—	—	—	—	—	(906,850)	—	—	906,850	—	—	—
Transfers	—	—	—	—	385,627	1,156,880	(1,542,507)	—	—	—	—	—	—
At 31 December 2007	<u>3,022,834</u>	<u>4,585,536</u>	<u>65,175</u>	<u>(92,506)</u>	<u>1,693,056</u>	<u>3,470,497</u>	<u>4,480,713</u>	<u>(4,092)</u>	<u>22,596</u>	<u>906,850</u>	<u>18,150,659</u>	<u>244,153</u>	<u>18,394,812</u>

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

(Prepared in accordance with IFRSs)

	2007	2006
		(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM		
OPERATING ACTIVITIES		
Profit before tax	4,940,805	5,730,888
Adjustments for:		
Finance costs	262,700	186,130
Share of profits and losses of a jointly-controlled entity and associates	(22,864)	(70)
Interest income	(21,802)	(25,625)
Loss on disposal of items of property, plant and equipment	7,819	19,922
Fair value gains/(losses), net		
Derivative instruments – transactions not qualifying as hedges	(32,107)	19,279
Dividend income from available-for-sale investments	—	(2,573)
(Reversal)/provision for impairment of trade and other receivables	(13,539)	69,364
Depreciation of property, plant and equipment	584,615	528,583
Amortisation of prepaid land lease payments	2,328	258
Amortisation of intangible assets	14,994	6,750
Deferred revenue released to income statement	(7,058)	(6,392)
	5,715,891	6,526,514
Increase in inventories	(2,793,147)	(2,852,017)
Increase in trade and other receivables	(2,243,855)	(2,735,146)
Increase in trade and other payables	1,060,234	891,248

Cash generated from operations	1,739,123	1,830,599
Income tax paid	(893,835)	(836,519)
	<hr/>	<hr/>
Net cash inflow from operating activities	845,288	994,080
	<hr/>	<hr/>
CASH FLOWS FROM		
INVESTING ACTIVITIES		
Interest received	21,802	25,625
Purchases of items of property, plant and equipment	(2,179,398)	(1,902,397)
Additions to prepaid land lease payments	(62,594)	(866)
Additions to intangible assets	(162,292)	(4,551)
Proceeds from disposal of items of property, plant and equipment	11,900	6,468
Purchase of available-for-sale investments	(280,000)	—
Dividend income received from available-for-sale investments	—	3,511
Receipt of government grants	30,665	4,437
Purchases of shareholding in associates	(502,187)	(125,549)
Purchases of shareholding in a jointly-controlled entity	(14,100)	—
	<hr/>	<hr/>
Net cash outflow from investing activities	(3,136,204)	(1,993,322)
	<hr/>	<hr/>

CASH FLOWS FROM

FINANCING ACTIVITIES

Proceeds from issue of shares	2,214,664	—
Share issue expenses	(49,825)	—
New debentures	1,000,000	1,000,000
Repayment of debentures	(500,000)	(500,000)
New bank loans	8,155,194	8,713,299
Repayment of bank loans	(5,359,020)	(7,611,332)
Interest paid	(233,393)	(164,994)
Dividends paid	(1,158,015)	(565,005)
Dividends paid to minority shareholders	(39,230)	(14,236)
	<hr/>	<hr/>
Net cash inflow from financing activities	4,030,375	857,732
	<hr/>	<hr/>
NET INCREASE/(DECREASE)		
IN CASH AND CASH EQUIVALENTS	1,739,459	(141,510)
Cash and cash equivalents at beginning of year	1,021,495	1,164,968
Effect of foreign exchange rate changes, net	(7,863)	(1,963)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS		
AT END OF THE YEAR	2,753,091	1,021,495
	<hr/> <hr/>	<hr/> <hr/>
Non-cash transactions		
Acquisition of subsidiaries and minority interests by issue of new shares (<i>note 2</i>)	1,785,336	—
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET OF THE COMPANY

AS AT 31 DECEMBER 2007

(Prepared in accordance with IFRSs)

	2007	2006
		(Restated)
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	9,759,305	7,813,294
Prepaid land lease payments	188,421	130,713
Intangible assets	427,758	90,142
Investments in subsidiaries	874,122	586,577
Interest in a jointly-controlled entity	14,100	—
Interests in associates	596,000	100,000
Available-for-sale investments	280,000	—
Deferred tax assets	66,669	—
	<hr/>	<hr/>
Total non-current assets	12,206,375	8,720,726
	<hr/>	<hr/>
CURRENT ASSETS		
Inventories	8,780,301	6,004,387
Trade and bills receivables	3,999,772	2,639,726
Prepayments, deposits and other receivables	1,439,127	737,695
Derivative financial instruments	22,597	38,747
Cash and cash equivalents	2,186,548	515,988
	<hr/>	<hr/>
Total current assets	16,428,345	9,936,543
	<hr/>	<hr/>
Total assets	28,634,720	18,657,269
	<hr/> <hr/>	<hr/> <hr/>

CURRENT LIABILITIES		
Trade and bills payables	1,379,875	683,363
Other payables and accruals	1,052,987	867,995
Interest-bearing bank and other borrowings	7,305,758	2,813,278
Income tax payable	513,100	612,075
	<hr/>	<hr/>
Total current liabilities	10,251,720	4,976,711
	<hr/>	<hr/>
NET CURRENT ASSETS	6,176,625	4,959,832
	<hr/>	<hr/>
TOTAL ASSETS LESS		
CURRENT LIABILITIES	18,383,000	13,680,558
	<hr/>	<hr/>
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	303,046	1,104,797
Deferred revenue-Government grants	94,637	72,680
Provision for rehabilitation	48,224	—
Other long term payables	28,094	35,561
	<hr/>	<hr/>
Total non-current liabilities	474,001	1,213,038
	<hr/>	<hr/>
Net assets	17,908,999	12,467,520
	<hr/>	<hr/>
EQUITY		
Share capital	3,022,834	2,895,038
Reserves	13,979,315	8,414,467
Proposed final dividend	906,850	1,158,015
	<hr/>	<hr/>
Total equity	17,908,999	12,467,520
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(Prepared in accordance with IFRSs)

1. BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL, ACQUISITION OF MINORITY INTERESTS AND BASIS OF PRESENTATION

As detailed in the Company's circular dated 2 April 2007 (the "Circular"), the Company acquired the following interests and businesses from JCC (the "Acquisition").

- a 40% equity interests in Jiangxi Copper Alloy Materials Company Limited ("JCAC");
- a 40% equity interest in Jiangxi Copper Products Company Limited ("JCPC");
- 100% equity interests in both Jiangxi Copper Corporation Chemical Company Limited ("Detong Chemical") and Jiangxi Copper Corporation Dexing Transportation Company Limited ("Detong Transportation"); and
- the operating assets and liabilities, and the related business of the Chengmenshan Copper Mine ("Chengmenshan mine").

The Acquisition was satisfied by the Company's issue of 57,039,479 A shares of RMB1 each at a price of approximately RMB31.30 per share (RMB1,785 million) and RMB52 million settled in cash, representing a total consideration of RMB1,837 million. The Acquisition was completed on 27 September 2007.

The Company held 60% equity interests in JCAC and JCPC before the Acquisition. Hence, the above acquisition of the remaining 40% equity interests of JCAC and JCPC was accounted for as an acquisition of minority interests in accordance with the Company's accounting policies.

The Company, Detong Chemical, Detong Transportation and Chenmenshen mine (the "combining entities") were under the common control of JCC, before and after the Acquisition. The financial statements of the Group have been prepared based on the principles of merger accounting as if the business combination under common control had occurred from the date when the combining entities first came under the control of JCC.

The comparative amounts of the financial statements of the Group have been restated to include the financial statement items of the acquired companies and business. The effects of the Acquisition on the Group's comparative financial statements are as follows:

The operating results previously reported by the Group for the year ended 31 December 2006 have been restated to include the operating results of the acquired companies and business as set out below:

	The Group (As previously reported)	Acquired companies and business under common control	Total	Consolidation adjustment	The Group (as restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating profit:					
Revenue	24,558,151	397,585	24,955,736	(373,071)	24,582,665
Profit before tax	5,549,324	181,564	5,730,888	—	5,730,888
Profit for the year	<u>4,704,736</u>	<u>120,603</u>	<u>4,825,339</u>	<u>—</u>	<u>4,825,339</u>

The financial position previously reported by the Group at 31 December 2006 has been restated to include the assets and liabilities of the acquired companies and business as set out below:

	The Group (As previously reported)	Acquired companies and business under common control	Total	Consolidation adjustment	The Group (as restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial position:					
Non-current assets	9,009,064	511,171	9,520,235	—	9,520,235
Current assets	11,018,357	84,949	11,103,306	(10,602)	11,092,704
Current liabilities	5,791,357	228,619	6,019,976	(10,602)	6,009,374
Non-current liabilities	1,313,038	—	1,313,038	—	1,313,038
Equity	<u>12,923,026</u>	<u>367,501</u>	<u>13,290,527</u>	<u>—</u>	<u>13,290,527</u>

2. IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has adopted the following new and revised IFRSs for the first time for the current year’s financial statements. Except as explained below, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

IFRS 7	Financial Instruments: Disclosures
IAS 1 Amendment	Capital Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised IFRSs are as follows:

(a) *IFRS 7 Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) *Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group’s objectives, policies and processes for managing capital.

(c) *IFRIC 8 Scope of IFRS 2*

This interpretation requires IFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group’s equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group has no such equity instruments, the interpretation has had no impact on the financial statements.

(d) *IFRIC 9 Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) *IFRIC 10 Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no such impairment losses previously recognised in its interim financial statements, the interpretation has had no impact on the financial position or results of operations of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; and the value of services rendered, less sales taxes, for the year. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue, by goods and services categories, is as follows:

	2007	2006
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Sales of goods		
– copper cathodes	16,421,810	11,774,601
– copper rods and wires	18,169,375	10,020,405
– other joint products and by-products	5,879,541	2,552,494
Tolling services	809,892	235,165
	<u>41,280,618</u>	<u>24,582,665</u>

The Group's revenue and profit for the year are almost entirely derived from the production and sale of copper cathodes, copper rods and wires and other related products. The directors consider that these activities constitute one single business segment since the products are related and are subject to common risks and returns.

Over 90% of the Group's revenue is derived from Mainland China. All of the production facilities of the Group are located in Mainland China. Therefore, no business and geographical segments are presented.

4. OTHER INCOME AND GAINS

		2007	2006
	<i>Notes</i>	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Net gains of derivative financial instruments (<i>note</i>)	7	84,386	—
Foreign exchange gain, net	7	15,626	—
Interest income		21,802	25,625
Deferred revenue released to income statement		7,058	6,392
Others		16,304	5,859
		145,176	37,876

Note: This item relates to fair value changes of derivative financial instruments which are not designated as hedging instruments and/or not qualified for hedge accounting.

5. OTHER EXPENSES

		2007	2006
			(Restated)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net losses of derivative financial instruments (note)	7	—	491,139
Foreign exchange loss, net	7	—	15,216
Donations		2,103	10,930
Loss on disposal of items of property, plant and equipment	7	7,819	19,922
Others		8,889	8,566
		18,811	545,773

Note: This item, relates to fair value changes of derivative financial instruments which are not designated as hedging instruments and/or not qualified for hedge accounting.

6. FINANCE COSTS

		2007	2006
			(Restated)
		<i>RMB'000</i>	<i>RMB'000</i>
Interests on borrowings		262,700	190,270
Less: Interest capitalized		—	(4,140)
		262,700	186,130

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		2007	2006
	<i>Notes</i>	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Cost of inventories sold		34,371,802	16,419,134
Depreciation		584,615	528,583
Amortization of prepaid			
land lease payments		2,328	258
Amortization of intangible assets		14,994	6,750
Minimum lease payments			
under operating leases:			
– Land use rights		16,781	15,912
– Property, plant and equipment		15,056	15,693
Employee benefits expense (including directors' remuneration)			
– Wages and salaries		483,634	410,908
– Pension scheme contributions		80,937	77,074
– Housing fund costs		22,652	15,354
– Other staff costs		140,301	112,065
Foreign exchange (gains)/losses, net	4,5	(15,626)	15,216
(Reversal)/Provision for impairment of trade and other receivables		(13,539)	69,364
Auditors' remuneration		6,100	5,039
Net (gains)/losses for derivative financial instruments	4,5	(84,386)	491,139
Loss on disposal of items of property, plant and equipment	5	7,819	19,922

8. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

	2007	2006
		(Restated)
The Group	RMB'000	RMB'000
Current income tax payable:		
PRC income tax	789,157	904,806
HK income tax	2,943	743
	<hr/>	<hr/>
	792,100	905,549
Deferred income tax	(69,569)	—
	<hr/>	<hr/>
Income tax charge for the year	<u>722,531</u>	<u>905,549</u>

Hong Kong profits tax on one of the Group's subsidiaries has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC current income tax is based on a statutory rate of 33% of the assessable profit of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain companies in Mainland China, which are exempted from income tax or taxed at preferential rates.

Pursuant to a notice dated 16 April 2001 and 13 September 2004 issued by the Jiangxi Provincial Tax Bureau, the Company, being located in the mid-western part of Mainland China, is subject to a reduced income tax rate of 16.5% for a period of three years from year 2005 to year 2007.

Pursuant to a notice dated 14 January 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Company with the Jiangxi Provincial Tax Bureau, the Company, being a Sino-foreign joint venture joint stock limited company, is entitled to a tax benefit ("Tax Benefit"), which is calculated as 40% of the current year's additions of PRC manufactured plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the amount of the preceding year. The portion of the Tax Benefit that is not utilised can be carried forward for future application for a period of not more than five years from the year in which the plant and equipment are acquired. There is no Tax Benefit not utilised as at 31 December 2007 and 31 December 2006.

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for each of the year 2007 and year 2006, are as follows:

	2007		2006 (Restated)	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Profit before tax	<u>4,940,805</u>	<u>100.0</u>	<u>5,730,888</u>	<u>100.0</u>
Tax at the statutory income tax rate	1,630,466	33.0	1,891,193	33.0
Lower tax rates for the Company and the subsidiaries	(819,163)	(16.6)	(942,132)	(16.4)
Reduction of income tax in respect of the Tax Benefit	(26,670)	(0.5)	(106,404)	(1.9)
Profits and losses attributable to a jointly-controlled entity and associates	(3,773)	(0.1)	(23)	(0.0)
Non-deductible expenses	14,181	0.3	18,432	0.2
Previously unrecognised deferred tax assets	<u>(72,510)</u>	<u>(1.5)</u>	<u>44,483</u>	<u>1.0</u>
Income tax expense at the Group's effective rate	<u><u>722,531</u></u>	<u><u>14.6</u></u>	<u><u>905,549</u></u>	<u><u>15.9</u></u>

At 31 December 2007, the Group has RMB6 million (2006: RMB4 million) unused tax losses in respect of a subsidiary acquired in 2005 available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of the subsidiary's future profit streams.

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law") was approved and became effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. New income tax rates have been applied in measuring deferred tax assets and liabilities resulting from temporary differences estimated to be realized after 1 January 2008.

The applicable income tax rate for the Group's subsidiaries in 2008 will be 25%, except for certain subsidiaries which will enjoy reduced tax rates during a transition period from 2008 to 2012.

9. DIVIDENDS

	2007	2006
	<i>RMB'000</i>	(Restated) <i>RMB'000</i>
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2006: RMB0.4 per share (2005: RMB0.192 per share)	<u>1,158,015</u>	<u>555,847</u>
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2007: RMB0.3 per share (2006: RMB0.4 per share)	<u>906,850</u>	<u>1,158,015</u>

On 16 July 2007, a dividend of RMB0.40 per share (tax inclusive for A shares) on 2,895,038,200 shares, in aggregate approximately RMB1,158,015,000 was paid to the shareholders as the final dividend for year 2006.

The directors propose to distribute a final dividend of RMB0.3 per share (tax inclusive for A shares) for the year ended 31 December 2007 (2006: RMB0.4). Total estimated dividend to be paid is approximately RMB906,850,000 (based on the existing issued 3,022,833,727 shares).

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the company, and the weighted average number of ordinary shares in issue during the year. Ordinary shares issued as part of the cost of a business combination involving entities under common control are included in the weighted average number of shares from the beginning of relevant reporting periods, since the Group incorporates into its income statement the acquiree's profits and losses during the relevant reporting periods.

The calculation of basic earnings per share is based on:

	2007	2006 (Restated)
Profit attributable to ordinary equity holders of the company (<i>RMB'000</i>)	<u>4,145,004</u>	<u>4,744,121</u>
Weighted average number of ordinary shares in issue	<u>2,953,564,327</u>	<u>2,928,843,649</u>
	<u><u>RMB1.40</u></u>	<u><u>RMB1.62</u></u>

No diluted earnings per share have been presented as there were no dilutive ordinary shares in issue in either year 2007 or 2006.

8.3 Financial Statements prepared in accordance with PRC GAAP

The comparative financial figures prepared in accordance with PRC GAAP have been restated to adopt the new Accounting Standards for Business Enterprise and apply merger accounting for business combination under common control.

CONSOLIDATED BALANCE SHEET

31 DECEMBER 2007

	<i>Unit: RMB</i>	
Assets	31 December 2007	31 December 2006 Restated
Current assets:		
Cash and bank	2,753,091,382	1,021,494,768
Notes receivable	2,824,293,880	2,096,287,797
Accounts receivable	1,703,882,290	895,944,408
Advance to supplies	1,076,252,061	631,552,230
Other receivables	366,862,217	197,806,224
Inventories	8,939,919,227	6,146,771,959
Other current assets	54,703,559	38,747,100
Total current assets	17,719,004,616	11,028,604,486
Non-current assets:		
Available-for-sale financial assets	290,000,000	10,000,000
Long-term equity investments	648,758,765	109,607,853
Fixed assets	9,427,742,279	6,659,083,387
Construction in progress	1,236,600,955	2,298,172,354
Intangible assets	653,263,989	445,699,517
Deferred tax assets	79,437,957	—
Total non-current assets	12,335,803,945	9,522,563,111
Total assets	30,054,808,561	20,551,167,597

Liabilities and shareholders' equity	31 December 2007	31 December 2006 Restated
Current liabilities		
Short term loans	7,012,556,702	3,166,278,046
Notes payable	249,921,676	34,421,893
Accounts payable	1,694,783,773	805,205,333
Advance from customers	232,819,117	57,334,692
Payroll payable	206,323,048	148,815,626
Taxes payable	575,149,324	894,631,320
Interests payable	46,844,169	17,535,886
Dividends payable	3,227,511	18,000,000
Other payables	525,067,796	532,832,017
Non-current liabilities due within one year	524,433,261	253,270,000
Other current liabilities	—	19,279,150
	<hr/>	<hr/>
Total current liabilities	11,071,126,377	5,947,603,963
	<hr/>	<hr/>
Non-current liabilities:		
Long-term loans	402,046,000	1,204,797,000
Long-term payables	48,803,863	35,561,000
Other non-current liabilities	96,286,946	72,680,000
Provision	48,224,000	—
Deferred tax liabilities	5,779,260	—
	<hr/>	<hr/>
Total non-current liabilities	601,140,069	1,313,038,000
	<hr/>	<hr/>
Total liabilities	11,672,266,446	7,260,641,963
	<hr/>	<hr/>

Shareholders' equity:		
Share capital	3,022,833,727	2,895,038,200
Capital reserves	4,613,812,761	2,361,762,817
Surplus reserves	5,163,553,020	3,621,046,542
Retained earnings	5,342,280,409	3,999,087,695
Translation difference on financial statements in foreign currency	(4,090,600)	(1,740,229)
Total equity attributable to the equity holders of the Company	18,138,389,317	12,875,195,025
Minority interests	244,152,798	415,330,609
Total shareholders' equity	18,382,542,115	13,290,525,634
Total liabilities and shareholders' equity	<u>30,054,808,561</u>	<u>20,551,167,597</u>

*Legal
representative:*

*Chief
Financial Officer:*

*Person in-charge-of
Accounting:*

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	2007	2006 Restated
Revenue	41,407,393,766	25,071,039,240
Less: Cost of sales	35,491,144,214	17,846,956,010
Business tax and surcharges	126,775,617	58,152,171
Selling and distribution costs	149,372,782	106,212,516
General and administrative expenses	601,835,091	560,053,997
Finance expenses	241,766,654	181,176,392
(Reversal)/provision of assets impairment	(13,538,855)	69,363,529
Add: Gain/(loss) from change in fair value	32,107,000	(19,279,150)
Investments income/(loss)	73,523,707	(469,217,088)
Including: Share of profits and losses of joint-controlled entities and associates	22,864,100	70,202
Operating profit	4,915,668,970	5,760,628,387
Add: Non-operating income	24,981,585	8,740,450
Less: Non-operating expenses	16,204,905	38,480,664
Including: Loss on disposal of non-current assets	7,816,714	19,921,782

Total profit	4,924,445,650	5,730,888,173
Less: Income tax expense	718,441,137	905,548,623
Net profit	4,206,004,513	4,825,339,550
Including: Net profit of acquirees in business combination under common control before acquisition date	93,306,569	120,601,265
Net profit attributable to shareholders of the Company	4,132,734,558	4,744,120,761
Minority interests	73,269,955	81,218,789
Earnings per share		
Attributable to shareholders of the Company	1.40	1.62

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	Shareholders' equity attributable to the Company						Minority interests	Total Shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Subtotal		
I. Balance at 1 January 2007	2,895,038,200	2,047,773,923	3,620,890,129	3,998,964,769	(1,740,229)	12,560,926,792	415,330,609	12,976,257,401
Add: Effect of business combination under common control	—	366,413,922	156,413	927,948	—	367,498,283	—	367,498,283
Effect of first time adoption of accounting standards for business enterprise	—	(52,425,028)	—	(805,022)	—	(53,230,050)	—	(53,230,050)
II. Balance at 1 January 2007	2,895,038,200	2,361,762,817	3,621,046,542	3,999,087,695	(1,740,229)	12,875,195,025	415,330,609	13,290,525,634
III. Charges in this year								
(I) Net profit	—	—	—	4,132,734,558	—	4,132,734,558	73,269,955	4,206,004,513
(II) Gains and losses directly charged to owner's equity								
1. Change in fair value of cash flow hedge	—	114,030,092	—	—	—	114,030,092	—	114,030,092
2. Transfer to profit and loss on cash flow hedge	—	(130,180,633)	—	—	—	(130,180,633)	—	(130,180,633)
3. Exchange a difference arising on translation of operation in Hong Kong	—	—	—	—	(2,350,371)	(2,350,371)	(1,923,032)	(4,273,403)
(III) Issue or disposal of shares								
1. Capital injection by shareholder	127,795,527	2,268,200,485	—	—	—	2,395,996,012	(218,066,639)	2,177,929,373
(IV) Profit appropriation								
1. Provision for of surplus reserve	—	—	1,542,506,478	(1,542,506,478)	—	—	—	—
2. Dividend paid to shareholders	—	—	—	(1,158,015,280)	—	(1,158,015,280)	(24,458,095)	(1,182,473,375)
3. Dividends paid by acquirees in business combination under common control before the acquisition date	—	—	—	(89,020,086)	—	(89,020,086)	—	(89,020,086)
Subtotal of above (I) to (IV)	127,795,527	2,252,049,944	1,542,506,478	1,343,192,714	(2,350,371)	5,263,194,292	(171,177,811)	5,092,016,481
IV. Balance at 31 December 2007	<u>3,022,833,727</u>	<u>4,613,812,761</u>	<u>5,163,553,020</u>	<u>5,342,280,409</u>	<u>(4,090,600)</u>	<u>18,138,389,317</u>	<u>244,152,798</u>	<u>18,382,542,115</u>

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

Unit: RMB

	Shareholders' equity attributable to the Company						Minority interests	Total Shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Subtotal		
I. Balance at 1 January 2006	2,895,038,200	2,043,336,795	1,754,080,747	1,812,275,967	(660,852)	8,504,070,857	368,937,343	8,873,008,200
Add: Effect of business combination under common control	—	335,599,605	99,029	411,489	—	336,110,123	—	336,110,123
Effect of first time adoption of accounting standards for business enterprise	—	(157,757,000)	—	(14,979,000)	—	(172,736,000)	(1,646,345)	(174,382,345)
II. Balance at 1 January 2006	2,895,038,200	2,221,179,400	1,754,179,776	1,797,708,456	(660,852)	8,667,444,980	367,290,998	9,034,735,978
III. Charges in this year								
(I) Net profit	—	—	—	4,744,120,761	—	4,744,120,761	81,218,789	4,825,339,550
(II) Gains and losses directly charged to owner's equity								
1. Change in fair value of cash flow hedge	—	(846,182,900)	—	—	—	(846,182,900)	—	(846,182,900)
2. Transfer to profit and loss on cash flow hedge	—	955,952,000	—	—	—	955,952,000	—	955,952,000
3. Exchange a difference arising on translation of operation in Hong Kong	—	—	—	—	(1,079,377)	(1,079,377)	(884,000)	(1,963,377)
(III) Issue or disposal of shares								
1. Capital injection by shareholder	—	—	—	—	—	—	(60,000)	(60,000)
2. Profit distribution of the acquiree before the merger of enterprises under same control	—	30,814,317	—	—	—	30,814,317	—	30,814,317
(IV) Profit appropriation								
1. Provision for of surplus reserve	—	—	1,866,866,766	(1,866,866,766)	—	—	—	—
2. Dividend paid to shareholders	—	—	—	(555,847,334)	—	(555,847,334)	(32,235,178)	(588,082,512)
3. Dividends paid by acquirees in business combination under common control before the acquisition date	—	—	—	(120,027,422)	—	(120,027,422)	—	(120,027,422)
Subtotal of above (I) to (IV)	—	140,583,417	1,866,866,766	2,201,379,239	(1,079,377)	4,207,750,045	48,039,611	4,255,789,656
IV. Balance at 31 December 2006 (restated)	<u>2,895,038,200</u>	<u>2,361,762,817</u>	<u>3,621,046,542</u>	<u>3,999,087,695</u>	<u>(1,740,229)</u>	<u>12,875,195,025</u>	<u>415,330,609</u>	<u>13,290,525,634</u>

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	2007	2006 Restated
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	50,433,233,307	31,893,708,586
Cash received from refunds of taxes	52,199,162	—
Cash receipts relating to other operating activities	246,935,955	95,819,541
	<hr/>	<hr/>
Sub-total of cash inflows from operating activities	50,732,368,424	31,989,528,127
	<hr/>	<hr/>
Cash paid for goods and services	45,075,543,756	25,557,252,933
Cash paid to and on behalf of employees	706,873,905	603,401,604
Cash paid for all types of taxes	2,588,581,075	1,813,983,871
Cash paid relating to other operating activities	765,692,397	1,806,204,458
	<hr/>	<hr/>
Sub-total of cash outflows from operating activities	49,136,691,133	29,780,842,866
	<hr/>	<hr/>
Net cash flow from operating activities	1,595,677,291	2,208,685,261
	<hr/>	<hr/>

II. Cash flows from investing activities

Cash received from disposal of investments	—	15,786,343
Cash received from return on investments	—	3,510,529
Net cash received from disposal of fixed assets, intangible assets and other long-term investment	11,900,666	6,468,158
Cash received relating to other investing activities	30,665,000	4,549,858
	<hr/>	<hr/>
Sub-total of cash inflows from investment activities	42,565,666	30,314,888
	<hr/>	<hr/>
Cash paid for acquiring of fixed assets, intangible assets and other long-term assets	2,404,284,850	1,907,814,253
Cash paid for acquisition of investments	796,286,812	125,549,223
Cash paid relating to other investing activities	1,619,216	—
	<hr/>	<hr/>
Sub-total of cash outflows from investment activities	3,202,190,878	2,033,363,476
	<hr/>	<hr/>
Net cash flows from investing activities	(3,159,625,212)	(2,003,048,588)
	<hr/>	<hr/>

III. Cash flows from financing activities

Cash received from capital contribution	2,164,838,974	—
Cash received from issuing bonds	1,000,000,000	1,000,000,000
Cash received from borrowings	6,125,213,423	6,472,473,399
Cash received relating to other financing activities	—	468,818
	<hr/>	<hr/>
Subtotal of cash inflows from financing activities	9,290,052,397	7,472,942,217
	<hr/>	<hr/>

Cash paid for repayments of borrowings	4,056,008,369	6,573,516,221
Cash paid for repayments of debentures	500,000,000	500,000,000
Cash paid for distribution of dividends or profits or interest expenses	1,430,637,968	744,703,861
Including: Dividends and profits paid by subsidiaries to minority shareholders	39,230,584	14,236,308
Cash paid relating to other financing activities	—	1,870,000
	<hr/>	<hr/>
Subtotal of cash outflows from financing activities	5,986,646,337	7,820,090,082
	<hr/>	<hr/>
Net cash flows from financing activities	3,303,406,060	(347,147,865)
	<hr/>	<hr/>
IV. Effect on cash and cash equivalents due to change in foreign exchange rate	(7,861,525)	(1,962,502)
	<hr/> <hr/>	<hr/> <hr/>
V. Net increase in cash and cash equivalents	1,731,596,614	(143,473,694)
Add: Cash and cash equivalent at beginning of year	1,021,494,768	1,164,968,462
	<hr/> <hr/>	<hr/> <hr/>
VI. Cash and cash Equivalents at the end of the year	2,753,091,382	1,021,494,768
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET*31 DECEMBER 2007**Unit: RMB*

Assets	31 December 2007	31 December 2006 Restated
Current assets:		
Cash and bank	2,186,547,620	515,988,371
Notes receivable	2,785,852,908	1,968,902,900
Accounts receivable	1,213,919,259	670,822,645
Advance to supplies	954,994,863	586,010,499
Other receivables	313,540,205	93,827,770
Inventories	8,780,300,514	6,004,386,937
Other current assets	22,596,559	38,747,100
Total current assets	16,257,751,928	9,878,686,222
Non-current assets:		
Available-for-sale financial assets	280,000,000	—
Long-term equity investments	1,506,504,940	686,582,311
Fixed assets	8,527,514,838	5,873,488,010
Construction in progress	1,231,789,996	1,939,805,558
Intangible assets	621,065,568	223,030,439
Deferred income tax assets	70,612,658	—
Total non-current assets	12,237,488,000	8,722,906,318
Total assets	28,495,239,928	18,601,592,540

Liabilities and shareholders' equity	31 December 2007	31 December 2006 Restated
Current liabilities:		
Short term loans	6,832,712,240	2,608,278,046
Notes payable	249,921,676	34,421,893
Accounts payable	1,129,953,366	648,941,402
Advance from customers	167,084,256	44,634,620
Payroll payable	186,779,498	133,951,996
Taxes payable	530,053,356	857,877,844
Interests payable	46,844,169	17,535,886
Other payables	449,232,036	368,517,537
Non-current liabilities due within one year	493,433,261	206,870,000
Total current liabilities	10,086,013,858	4,921,029,224
Non-current liabilities:		
Long-term loans	303,046,000	1,104,797,000
Long-term payables	43,868,654	35,561,000
Other non-current liabilities	94,636,946	72,680,000
Provision	48,224,000	—
Total non-current liabilities	489,775,600	1,213,038,000
Total liabilities	10,575,789,458	6,134,067,224
Shareholders' equity:		
Share capital	3,022,833,727	2,895,038,200
Capital reserves	4,619,183,609	1,995,348,895
Surplus reserves	5,145,125,770	3,602,619,292
Retained earnings	5,132,307,364	3,974,518,929
Total shareholders' equity	17,919,450,470	12,467,525,316
Total liabilities and shareholders' equity	28,495,239,928	18,601,592,540

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	2007	2006 Restated
Revenue	38,065,561,733	24,807,534,620
Less: Operating cost	32,716,488,438	18,110,613,239
Business tax and surcharges	120,670,785	51,711,105
Selling and distribution costs	107,312,675	71,183,394
General and administrative expenses	506,944,128	478,571,003
Finance expenses	213,576,845	155,530,888
(Reversal)/provision of assets impairment	(13,777,304)	70,836,996
Add: Gain from change in fair value	—	—
Investments income/(loss)	79,363,779	(434,355,925)
Including: Share of profits and losses of joint-controlled entities and associates	22,277,283	5,311
Operating profit	4,493,709,945	5,434,732,070
Add: Non-operating income	20,097,674	8,610,437
Less: Non-operating expenses	12,206,472	17,159,335
Including: Loss on disposal of non-current assets	6,557,499	21,267,437
Total profit	4,501,601,147	5,426,183,172
Less: Income tax expense	643,290,954	822,652,258
Net profit	<u>3,858,310,193</u>	<u>4,603,530,914</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Subtotal
I. Balance at 1 January 2007	2,895,038,200	2,047,773,923	3,602,619,292	4,050,823,955	12,596,255,370
Add: Effect of first time adoption of accounting standards for business enterprise	—	(52,425,028)	—	(76,305,026)	(128,730,054)
II. Balance at 1 January 2007 (restated)	2,895,038,200	1,995,348,895	3,602,619,292	3,974,518,929	12,467,525,316
III. Changes in this year					
(I) Net profit	—	—	—	3,858,310,193	3,858,310,193
(II) Gains and losses directly charged to owner's equity					
1. Change in fair value of cash flow hedge	—	114,030,092	—	—	114,030,092
2. Transfer to profit and loss on cash flow hedge	—	(130,180,633)	—	—	(130,180,633)
(III) Issue or disposed of shares					
1. Capital injection by shareholder	127,795,527	2,639,985,255	—	—	2,767,780,782
(IV) Profit distribution					
1. Provision for surplus reserve	—	—	1,542,506,478	(1,542,506,478)	—
2. Dividend paid to shareholders	—	—	—	(1,158,015,280)	(1,158,015,280)
Subtotal of above (I) to (IV)	127,795,527	2,623,834,714	1,542,506,478	1,157,788,435	5,451,925,154
IV. Balance at 31 December 2007	<u>3,022,833,727</u>	<u>4,619,183,609</u>	<u>5,145,125,770</u>	<u>5,132,307,364</u>	<u>17,919,450,470</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

Unit: RMB

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Subtotal
I. Balance at 1 January 2006	2,895,038,200	2,043,336,795	1,746,601,671	1,822,644,856	8,507,621,522
Add: Effect of first time adoption of accounting standards for business enterprise	—	(157,757,000)	—	(39,791,886)	(197,548,886)
II. Balance at 1 January 2006 (restated)	2,895,038,200	1,885,579,795	1,746,601,671	1,782,852,970	8,310,072,636
III. Changes in this year					
(I) Net profit	—	—	—	4,603,530,914	4,603,530,914
(II) Gains and losses directly charged to owner's equity					
1. Change in fair value of cash flow hedge	—	1,420,748,100	—	—	1,420,748,100
2. Transfer to profit and loss on cash flow hedge	—	(1,310,979,000)	—	—	(1,310,979,000)
(III) Capital injection by shareholder					
(IV) Profit distribution					
1. Provision for surplus reserve	—	—	1,856,017,621	(1,856,017,621)	—
2. Dividend paid to shareholders	—	—	—	(555,847,334)	(555,847,334)
Subtotal of above (I) to (IV)	—	109,769,100	1,856,017,621	2,191,665,959	4,157,452,680
IV. Balance at 31 December 2006 (restated)	<u>2,895,038,200</u>	<u>1,995,348,895</u>	<u>3,602,619,292</u>	<u>3,974,518,929</u>	<u>12,467,525,316</u>

STATEMENT OF CASHFLOW

FOR THE YEAR ENDED 31 DECEMBER 2007

Unit: RMB

	2007	2006 Restated
I. Cash flows from operating activities		
Cash received from sale of goods or rendering of services	48,161,858,749	30,568,735,576
Cash received from refunds of taxes	52,199,162	—
Cash receipts relating to other operating activities	222,119,497	127,852,878
	<hr/>	<hr/>
Sub-total cash inflows from operating activities	48,436,177,408	30,696,588,454
	<hr/>	<hr/>
Cash paid for goods and services	42,948,482,868	24,866,852,754
Cash paid to and on behalf of employees	602,954,460	467,123,011
Cash paid for all types of taxes	3,171,125,285	1,508,305,094
Cash paid relating to other operating activities	759,401,571	1,711,734,556
	<hr/>	<hr/>
Sub-total cash outflows from operating activities	47,481,964,184	28,554,015,415
	<hr/>	<hr/>
Net cash flow from operating activities	954,213,224	2,142,573,039
	<hr/>	<hr/>
II. Cash flows from investing activities		
Cash received from return on investments	36,076,646	34,046,819
Net cash received from disposal of fixed assets, intangible assets and other long-term investment	11,675,591	1,656,865
Cash received relating to other investing activities	28,665,000	—
	<hr/>	<hr/>
Sub-total cash inflows from investment activities	76,417,237	35,703,684
	<hr/>	<hr/>

Cash paid for acquiring of fixed assets, intangible assets and other long-term assets	2,312,027,984	1,533,152,420
Cash paid for acquisition of investments	790,100,000	160,000,000
Sub-total cash outflows from investment activities	3,102,127,984	1,693,152,420
Net cash flows from investing activities	(3,025,710,747)	(1,657,448,736)
III. Cash flows from financing activities		
Cash received from capital contribution	2,164,838,973	—
Cash received from borrowings	5,874,994,700	5,626,353,500
Cash received from issuing bonds	1,000,000,000	1,000,000,000
Subtotal of cash inflows from financing activities	9,039,833,673	6,626,353,500
Cash paid for repayments of debentures	500,000,000	500,000,000
Cash paid for repayments of borrowings	3,405,709,217	6,222,216,221
Cash paid for distribution of dividends or profits or interest expenses	1,389,888,108	705,296,441
Cash paid relating to other financing activities	—	1,870,000
Subtotal of cash outflows from financing activities	5,295,597,325	7,429,382,662
Net cash flows from financing activities	3,744,236,348	(803,029,162)
IV. Effect on cash and cash equivalents due to change in foreign exchange rate		
	(2,179,576)	—
V. Net increase in cash and cash equivalents		
Add: Cash and cash equivalents at beginning of year	515,988,371	833,893,230
VI. Cash and cash Equivalents at the end of the year		
	2,186,547,620	515,988,371

The Company proposes to hold the annual general meeting on 6 June 2008. Notice of the annual general meeting will be published and issued to shareholders in due course.

As at the date of this announcement, the executive Directors of the Company are Mr. Li Yihuang, Mr. Li Baomin, Mr. Wang Chiwei, Mr. Long Ziping, Mr. Wu Jinxing, Mr. Gao Jianmin and Mr. Liang Qing and the independent non-executive Directors of the Company are Mr. Kang Yi, Mr. Yin Hongshan, Mr. Tu Shutian and Ms. Zhang Rui.

By order of the Board of Directors

Li Yihuang

Chairman

Guixi, Jiangxi Province, the PRC

25 March 2008