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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)

2010 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

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

This announcement is extracted from the full text of the interim report, which will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (<http://www.hkex.com.hk>) and the Company (<http://www.jxcc.com>). Investors should read the full text of the interim report for details.

- (2) The Director, Mr. Wu Jianchang was unable to attend the Board meeting, but has appointed the Chairman, Mr. Li Yihuang, to attend the Board meeting and to vote on his behalf. Save as disclosed, all other Directors attended the Board meeting.

- (3) The interim financial report of the Company and its subsidiaries (the “Group”) has not been audited, but the interim financial information prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” and other relevant provisions (collectively referred to as “IFRS”) have been reviewed by Ernst & Young Certified Public Accountants and considered and approved by the independent audit committee (the “Audit Committee”) of the Company.
- (4) No non-operational funding appropriation by controlling shareholders and its connected parties was found in the Group.
- (5) The Group did not provide third-party guarantees in violation of stipulated procedures.
- (6) The Company’s Chairman, Mr. Li Yihuang, the principal accounting responsible person, Mr. Gan Chengjiu, and Head of Financial Department (accounting chief), Ms. Qiu Ling, warrant the truthfulness and completeness of the financial statements as set out in the interim report.

II. MAJOR FINANCIAL DATA AND INDICATORS

1. Consolidated Accounting Data and Financial Indicators Prepared in Accordance with IFRS

	For the six months ended 30 June		
	2010 (Unaudited) <i>RMB’000</i>	2009 (Unaudited) <i>RMB’000</i>	Increase/ (decrease) (%)
Revenue	37,433,645	21,212,232	76.47
Profit before taxation	2,960,039	1,654,403	78.92
Net profit for the period attributable to shareholders of the Company	2,199,213	1,270,668	73.08
Basic earnings per share (<i>RMB</i>)	0.73	0.42	73.81

	As at 30 June 2010 (Unaudited) RMB'000	As at 31 December 2009 (Audited) RMB'000	Increase/ (decrease) (%)
Total assets	42,817,096	38,427,695	11.42
Total liabilities	17,676,810	15,252,590	15.89
Net assets attributable to shareholders of the Company	24,761,170	22,813,886	8.54
Net assets per share attributable to shareholders of the Company (RMB)	8.19	7.55	8.48

2. Consolidated Accounting Data and Financial Indicators Prepared in Accordance with PRC Accounting Standards and Regulations (“PRC GAAP”)

	As at 30 June 2010 (Unaudited) RMB'000	As at 31 December 2009 (Audited) RMB'000	Increase/ (decrease) (%)
Total assets	42,449,707	38,034,215	11.61
Net assets attributable to shareholders of the Company	24,761,170	22,813,886	8.54
Net assets per share attributable to shareholders of the Company (RMB)	8.19	7.55	8.48

For the six months ended 30 June			
	2010	2009	Increase/ (decrease)
	(Unaudited)	(Unaudited)	
	<i>RMB'000</i>	<i>RMB'000</i>	(%)
Operating profit	2,818,999	1,541,357	82.89
Total profit	2,884,299	1,585,637	81.90
Net profit attributable to shareholders of the Company	2,124,210	1,201,903	76.74
Net profit after non-recurring items attributable to shareholders of the Company	1,974,619	987,123	100.04
Basic earnings per share (<i>RMB</i>)	0.70	0.40	75.00
Basic earnings per share after non-recurring items (<i>RMB</i>)	0.65	0.33	96.97
Diluted earnings per share (<i>RMB</i>)	0.65	0.38	71.05
Weighted average return on net assets (%)	8.87	5.66	Increased by 3.21 percentage points
Net cash inflow from operating activities	434,759	2,340,928	-81.43
Net cash inflow from operating activities per share (<i>RMB</i>)	0.14	0.77	-81.82

Net profit after non-recurring items attributable to shareholders of the Company (prepared under the PRC GAAP) is set out as follows:

	For the six months ended 30 June 2010 (Unaudited) RMB'000
Net profit attributable to shareholders of the Company	2,124,210
Add: Non-recurring items	
Net loss on disposal of non-current assets	5,699
Other non-recurring items included in non-operating income and expenses (excluding net loss from disposal of non-current assets and non-recurring government grants)	5,133
Realized gain from commodity derivative contracts not qualified for hedge accounting	(123,856)
Realized gain from ineffective portion of commodity derivative contracts qualified as cash flow hedges	(1,899)
Realized gain from ineffective portion of commodity derivative contracts qualified as fair value hedges	(4,756)
Non-recurring government grant	(76,132)
Fair value gain from equity investment at fair value through profit or loss	(369)
Realized gain of equity investment at fair value through profit or loss	(430)
Realized gain of bank finance products	(7,974)
Fair value gain from ineffective portion of commodity derivative contracts qualified as cash flow hedge	(1,810)
Fair value gain from ineffective portion of commodity derivative contracts qualified as fair value hedge	(2,462)

Fair value loss from commodity derivative contracts not qualified for hedge accounting	8,416
Impact of income tax on non-recurring items	46,939
Net profit after non-recurring items	1,970,709
Less: Impact of non-recurring items attributable to minority interest	(3,910)
Net profit after non-recurring items attributable to shareholders of the Company	1,974,619

Note: The Company's recognition of non-recurring items is in accordance with the regulations of No.1 Interpretation (CSRC [2008] No. 43) on Disclosure of Companies with Public Offering of Securities issued by the China Securities Regulatory Commission ("CSRC").

3. Reconciliation Between IFRS and PRC GAAP

	Consolidated net profit attributable to shareholders of the Company For the six months ended 30 June		Consolidated net assets attributable to shareholders of the Company	
	2010 (Unaudited) RMB'000	2009 (Unaudited) RMB'000	As at 30 June 2010 (Unaudited) RMB'000	As at 31 December 2009 (Audited) RMB'000
Financial statements prepared under PRC GAAP	2,124,210	1,201,903	24,761,170	22,813,886
Adjustment in accordance with IFRS:				
Provision of safety fund not qualified as expenses under IFRS	75,003	68,765	—	—
Financial statements prepared in accordance with IFRS	<u>2,199,213</u>	<u>1,270,668</u>	<u>24,761,170</u>	<u>23,813,886</u>

Note: Difference between PRC GAAP and IFRS refers to reversal of the safety fund accrued but not utilized made under PRC GAAP in the consolidated profit and loss statement under IFRS.

III. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(I) The number of shareholders and shareholdings

The number of shareholders at the end of the reporting period 141,909 shareholders in total, of which 140,748 were holders of A shares and 1,161 were holders of H shares

Unit: share

Shareholdings of the top ten shareholders

Name of shareholders	Type of shareholders	Shareholding percentage (%)	Total number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
Jiangxi Copper Corporation (“JCC”)	State-owned legal person	44.41%	1,342,474,893	1,282,074,893	Nil
HKSCC Nominees Limited (“HKSCC”)	Unknown	43.33%	1,309,888,521	—	Unknown
DA ROSA JOSE AUGUSTO MARIA	Unknown	0.20%	6,000,000	—	Unknown
Industrial and Commercial Bank of China-SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	Unknown	0.19%	5,634,027	—	Unknown
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund (中國工商銀行 — 景順長城精選藍籌股票型證券投資基金)	Unknown	0.17%	5,270,000	—	Unknown

Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務 有限責任公司)	Unknown	0.14%	4,160,000	—	Unknown
PICC Life Insurance Company Limited-Dividends-Individual Insurance Dividends (中國人民人壽保險股份 有限公司 — 分紅 — 個險分紅)	Unknown	0.10%	3,099,940	—	Unknown
Bank of China-Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300 指數證券投資基金)	Unknown	0.10%	3,074,464	—	Unknown
BOC International-Bank of China – The Dai-Ichi Mutual Life Insurance Company (中銀國際 — 中行 — 第一生命保險相互會社)	Unknown	0.08%	2,499,947	—	Unknown
Industrial and Commercial Bank of China Limited- China CSI 300 Index Securities Investment Fund (中國工商銀行股份 有限公司 — 華夏滬深300指數 證券投資基金)	Unknown	0.07%	2,227,743	—	Unknown

Shareholdings of the top ten shareholders not subject to trading moratorium

Name of shareholders	Number of shares not subject to trading moratorium	Class of shares
HKSCC	1,309,888,521	Overseas listed foreign shares (H Shares)
JCC	60,400,000	Overseas listed foreign shares (H Shares)
DA ROSA JOSE AUGUSTO MARIA	6,000,000	Overseas listed foreign shares (H Shares)
Industrial and Commercial Bank of China-SSE 50 Trading Index Securities Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	5,634,027	Ordinary shares denominated in RMB (A Shares)
Industrial and Commercial Bank of China-Invesco Great Wall Selected Blue Chip Securities Investment Fund (中國工商銀行 — 景順長城精選藍籌股票型證券投資基金)	5,270,000	Ordinary shares denominated in RMB (A Shares)
Sanjiang Aerospace Group Financial Company Limited (三江航天集團財務有限責任公司)	4,160,000	Ordinary shares denominated in RMB (A Shares)
PICC Life Insurance Company Limited – Dividends-Individual Insurance Dividends (中國人民人壽保險股份有限公司 — 分紅 — 個險分紅)	3,099,940	Ordinary shares denominated in RMB (A Shares)
Bank of China-Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	3,074,464	Ordinary shares denominated in RMB (A Shares)
BOC International-Bank of China – The Dai-Ichi Mutual Life Insurance Company (中銀國際 — 中行 — 第一生命保險相互會社)	2,499,947	Ordinary shares denominated in RMB (A Shares)

Industrial and Commercial Bank of
China Limited — China CSI 300
Index Securities Investment Fund
(中國工商銀行股份有限公司
— 華夏滬深300指數證券投資基金)

2,227,743

Ordinary shares denominated
in RMB (A Shares)

The explanation of the connected
relationship or parties acting
in concert among the
aforesaid shareholders

The Company is not aware of any connected
relationship among the above holders of shares
not subject to trading moratorium, nor aware
of any parties acting in concert as defined in
Administrative Measures on Acquisitions of
Listed Companies.

- (1) So far as the Directors are aware, JCC, the controlling shareholder of the Company, and the other top ten shareholders are neither connected persons nor parties acting in concert. The Company is not aware of the existence of such relationship amongst any other top ten shareholders.
- (2) HKSCC held a total of 1,309,888,521 H Shares of the Company in the capacity of nominee on behalf of a number of customers, representing approximately 43.33% of the issued share capital of the Company. HKSCC is a member of Central Clearing and Settlement System, providing securities registration and custodial services for customers.
- (3) During the reporting period, JCC increased its shareholdings in the Company by 60,400,000 H shares, representing not more than 2% of the total share capital of the Company. The H Shares held by JCC have been registered with HKSCC and were separately listed from the other shares held by HKSCC when disclosed in this announcement. Taking into account the H shares held by JCC, HKSCC held 1,370,288,521 shares, representing approximately 45.33% of the issued share capital of the Company.

IV. REPORT OF THE BOARD

During the reporting period, following its development strategy, the Group continued to deepen its reformation, expanded in an orderly manner, and strengthened its internal management and strictly controlled the cost, thereby achieving sound operating results.

(I) Discussion and Analysis on the Overall Operations during the Reporting Period

1. Industry Overview

During the reporting period, the overall copper price kept fluctuating at a high level against the effect of the slow recovery of the global economy, the weak performance of United States Dollars (“US\$”) and the expectation on rising inflation in the first half of 2010. During the reporting period, the average monthly closing price of three-month copper futures on London Metal Exchange (“LME”) was US\$7,160 per tonne, representing an increase of US\$3,089 per tonne or 75.9% as compared with the corresponding period last year. Weighted average price of three-month copper futures on the Shanghai Futures Exchange (inclusive of tax) was RMB57,707 per tonne, representing an increase of RMB26,504 per tonne or 84.94% as compared with the corresponding period last year.

On the other hand, notwithstanding the continuous expansion of the production capacity of copper smelting in recent years, the supply of copper concentrate slumped further due to the downgrading of copper concentrate, the expiry of term of service of certain mines and the slow construction of new mines. The copper smelting processing fee continued to decline in the first half of 2010. Major refiners in China have reached consensus with the suppliers on the copper smelting processing fee (represented by treatment charge / refinery charge) for futures copper at US\$46.5 per tonne and 4.65 US cents per pound (being US\$75 per tonne and 7.5 US cents per pound last year respectively), but the processing fee for spot copper was often lower than futures copper.

Gold, as a joint-product, has maintained its price at record high level.

Prices of sulphuric acid, sulphuric concentrate and rare metals, as the joint-products, increased as compared with the corresponding period last year.

2. *Business Review*

During the reporting period, operating results of the Group had increased substantially. According to the unaudited consolidated financial statements prepared under PRC GAAP, the operating revenue of the Group amounted to RMB37,570.49 million, representing an increase of RMB16,217.90 million or 75.95% over the corresponding period last year. Operating profit amounted to RMB2,819.00 million, representing an increase of RMB1,277.64 million or 82.89% over the corresponding period last year. Net profit attributable to shareholders of the Company amounted to RMB2,124.21 million, representing an increase of RMB922.31 million or 76.74% over the corresponding period last year. Basic earnings per share was RMB0.7, representing an increase of RMB0.3 or 75% over the corresponding period last year.

During the reporting period, the Group fulfilled the production volume as planned. The Group produced 452,000 tonnes of copper cathode (including processed copper cathode), representing a growth of 22.16% over the corresponding period last year (2009 interim: 370,000 tonnes). Compared with the corresponding period last year, the production of gold increased by 4% to 10,414 kg (2009 interim: 10,013kg); while the production of silver decreased by 0.84% to 237 tonnes (2009 interim: 239 tonnes). The production of copper rods and wires decreased by 7.4% to 199,000 tonnes as compared with the corresponding period last year (2009 interim: 215,000 tonnes). Sulphuric acid increased by 10.9% to 1,220,000 tonnes as compared with the corresponding period last year (2009 interim: 1,100,000 tonnes). The production of sulphuric concentrate reached 758,700 tonnes, representing a decrease of 12.1% over the corresponding period last year (2009 interim: 863,300 tonnes). Copper concentrates (containing copper) increased by 3.7% to 84,000 tonnes as compared with the corresponding period last year (2009 interim: 81,000 tonnes). Production of molybdenum concentrate (45%) was 2,259 tonnes, representing an increase of 19.7% as compared with the corresponding period last year (2009 interim: 1,887 tonnes). Production of copper processing products other than copper rods and wires decreased by 6.1% to 31,000 tonnes over the corresponding period last year (2009 interim: 33,000 tonnes).

(II) Prospect for the second half of the year

The overall global economy is on the track of recovery. The actual demand for copper will increase gradually while the US Dollars will remain weak. The gradual increase in prices of consumer products and production materials indicated that the pressure on preventing inflation becomes stronger. Under such circumstances, prices of the Company's products including copper, gold, silver and rare metals are unlikely to experience any substantial fall while price rise could still be expected. The smelting processing fee for copper cathode has been at the historical low and even lower than the production cost of the industry. Basically, there is no room to decline further. The smelting processing fees may possibly be increased as a result of the extremely low smelting processing fee and decrease in production by the smelting processing companies.

From the perspective of industry development, the core competitiveness of the resources-based industry depends on the resource control and the supply rate of own raw materials. The Group will enhance its resources reserve as its basic strategy. In the long run, the Group will be committed to securing its resource through exploration and acquisition. Therefore, through its development strategy "to develop mines, consolidate smelting, improve refining and diversify into related sectors", the Group will focus on the following tasks in the second half of the year:

1. Further implement the resources development strategy

The Group will accelerate the expansion of its existing mines: extension of open-pitting mining project at Yongping Copper Mine and expansion project of phase II of Chengmenshan Copper Mine are to be completed and to commence operation in the year; construction of main structure of 130,000 tonnes technical renovation project of Dexing Mine is to be completed basically by the end of the year; constructions of 5,000 tonnes/day technical improvement of Yinshan Mine and No.5 mine exploitation project of Dongtong Mine are under smooth progress. Following the gradual production of these mines, the Group's own production of mining products will be increased substantially.

The Group endeavours to press ahead the establishment of overseas mining projects and the implementation of Aynak Copper Mine project in Afghanistan and Northern Peru Copper Corp. are under smooth progress.

2. *Adhere to the promotion of corporate reform*

In view of its continuous and rapid development, the Group has restructured and adjusted its internal business and organization in recent years to strengthen internal management and improve operation efficiency. Upon streamlining of its headquarters, the Group is also implementing organizational adjustments, staff deployment and position arrangement on its units, and supplement staff assessment mechanism to promote performance assessment and basic salary system reform and implement a position-value based remuneration distribution system.

Besides, the Group's internal quota management, information construction and establishment of an internal control system and risk control system are progressing smoothly.

3. *Seek opportunities to expand corporate scale*

In the recent years, the Group has been seeking and negotiating appropriate projects in the PRC and overseas to increase its resources reserve on one hand and to expand its market shares on the basis of ensured raw materials on the other hand.

4. *Strive for exercise of warrants and utilization of raised proceeds*

The Company issued warrants ("Jiangxi Copper CWB1") in year 2008. The latest exercise price for Jiangxi Copper CWB1 is RMB15.33 per A share, and the proportion of exercise rights for the warrants is 4:1. The last trading date of those warrants will be 21 September 2010. The exercise period of the warrants shall be five trading days commencing from 27 September 2010, namely, 27 September 2010, 28 September 2010, 29 September 2010, 30 September 2010 and 8 October 2010. The rights attaching to Jiangxi Copper CWB1 which are not exercised by 3 p.m., on 8 October 2010 will be cancelled.

The Company will endeavor to facilitate the exercise of its warrants to raise proceeds for its 130,000 tonnes technical renovation project of Dexing Mine and Aynak Copper Mine project in Afghanistan and Northern Peru Copper Corp. project, as well as to secure funds for scheduled progress of such projects. This move will not only increase the equity of existing shareholders of the Company, but also allow more investors to participate in the Company's development and enjoy gains in future. If the rights attached to the warrants are fully exercised, proceeds raised by the Company will amount to approximately RMB6.75 billion.

(III) Based on the Company's preliminary assessment, if there is no significant decrease in the selling price of products during the third quarter of 2010 as compared with the first half of 2010, the increase in accumulated profit for the nine months ended 30 September 2010 (prepared in accordance with PRC GAAP) will exceed 50% as compared with the same period last year.

V. MANAGEMENT DISCUSSION AND ANALYSIS

The following figures are extracted from the unaudited consolidated accounting statements prepared in accordance with PRC GAAP.

1. Principal operations by industry and product

Unit: '000 Currency: RMB

By industry or by product	Operating revenue	Operating cost	Operating profit margin (%)	Increase/ (decrease) in operating revenue over the corresponding period last year (%)	Increase/ (decrease) in operating cost over the corresponding period last year (%)	Increase/ (decrease) in operating profit margin over the corresponding period last year (%)
<i>By industry</i>						
Revenue from principal operation:						
Copper cathode	19,952,969	18,538,685	7.09%	91.48 %	91.61%	Decreased by 0.07 percentage points
Copper rods and wires	10,672,558	9,851,665	7.69%	71.24%	72.91%	Decreased by 0.89 percentage points
Copper processing products	1,612,765	1,527,691	5.28%	46.99%	46.23%	Increased by 0.49 percentage points
Precious metals (gold/silver)	3,512,079	2,705,871	22.96%	40.50%	68.23%	Decreased by 12.70 percentage points
Chemical products	845,770	556,999	34.14%	196.56%	132.66%	Increased by 18.09 percentage points

Rare metals	305,758	148,282	51.50%	-8.97%	-36.44%	Increased by 20.97 percentage points
Other products	<u>296,713</u>	<u>192,420</u>	35.15%	18.30%	-13.63%	Increased by 23.97 percentage points
Sub-total	37,198,612	33,521,613	9.88%	76.11%	79.05%	Decreased by 1.48 percentage points
Revenue from other businesses	<u>371,880</u>	<u>333,635</u>	10.28%	61.33%	62.67%	Decreased by 0.74 percentage points
Total	<u><u>37,570,492</u></u>	<u><u>33,855,248</u></u>	9.89%	75.95%	78.88%	Decreased by 1.47 percentage points

1) *Copper cathode*

During the reporting period, operating revenue from copper cathode increased by RMB9,532.34 million or 91.48% over the corresponding period last year mainly due to the increase in selling price and quantity of copper cathode as compared with the corresponding period last year. Operating costs of copper cathode increased by RMB8,863.46 million or 91.61% as compared with the corresponding period last year due to the increase in purchase prices of outsourced raw materials, materials and appliances as well as the increased impurity in ores and sales quantities. As a result, the operating profit of copper cathode for the first half of the year increased by RMB668.88 million or 89.73% as compared with the corresponding period last year while operating profit margin decreased from 7.15% to 7.09%.

2) *Copper rods and wires*

During the reporting period, operating revenue from copper rods and wires increased by RMB4,439.88 million or 71.24% over the corresponding period last year mainly due to the increase in selling price of copper rods and wires as compared with the corresponding period last year. Operating costs of copper rods and wires increased by RMB4,154.07 million or 72.91% as compared with the corresponding period last year mainly due to the increase in purchase price of outsourced raw materials. As a result, operating profit of copper rods and wires increased by RMB285.81 million or 53.42% as compared with the corresponding period last year and operating profit margin decreased from 8.59% in the corresponding period last year to 7.69%.

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

During the reporting period, due to the increase in selling price of copper processing products other than copper rods and wires as compared with the corresponding period last year, operating revenue increased by RMB515.57 million or 46.99% as compared with the corresponding period last year. Operating costs increased by RMB482.98 million or 46.23% as compared with the corresponding period last year due to the increased purchase price of outsourced raw materials. Operating profit increased by RMB32.59 million or 62.11% as compared with the corresponding period last year and operating profit margin increased from 4.78% in the corresponding period last year to 5.28%.

4) *Precious metals (gold and silver)*

During the reporting period, operating revenue from precious metals increased by RMB1,012.37 million or 40.50% as compared with the corresponding period last year due to the increase in its selling price. Operating costs of precious metals increased by RMB1,097.45 million or 68.23% as compared with the corresponding period last year due to the increase in price of outsourced raw materials. Operating profit of precious metals decreased by RMB85.07 million or 9.55% as compared with the corresponding period last year and operating profit margin decreased from 35.66% in the corresponding period last year to 22.96%.

5) *Chemical products*

During the reporting period, operating revenue from chemical products increased by RMB560.57 million or 196.56% mainly due to the increase in the selling price as compared with the corresponding period last year. Operating costs of chemical products increased by RMB317.60 million or 132.66% as compared with the corresponding period last year. Operating profit of chemical products increased by RMB242.97 million or 530.56% as compared with the corresponding period last year and operating profit margin increased from 16.06% in the corresponding period last year to 34.14%.

6) *Rare metals*

During the reporting period, the decrease in sales volume of rare metals resulted in the decrease of its operating revenue by RMB30.12 million or 8.97% compared with the corresponding period last year. Operating costs of rare metals decreased by RMB85.02 million or 36.44%. Operating profit of rare metals increased by RMB54.91 million or 53.53% as compared with the corresponding period last year and operating profit margin increased from 30.54% in the corresponding period last year to 51.50%.

2. Principal operation by geographical areas

Unit: '000 Currency: RMB

Geographical areas	Operating revenue	Increase/ (decrease) in operating revenue over the corresponding period last year (%)
Mainland China	34,844,016	68.32
Hong Kong, China	2,111,184	538.38
Others	243,412	168.69
Total	<u>37,198,612</u>	<u>76.11</u>

3. Analysis on Financial Position during the Reporting Period

1. Financial Position

As at the end of the reporting period, the total assets of the Group amounted to RMB42,449.71 million, representing an increase of RMB4,415.49 million or 11.61% as compared with the beginning of the reporting period, in which: (1) the balance of cash and bank amounted to RMB4,695.93 million, representing an increase of RMB1,095.92 million or 30.44% as compared with the beginning of the reporting period, primarily due to net cash inflow of RMB434.76 million from operating activities, net cash outflow of RMB886.75 million from investing activities, net cash inflow of RMB780.13 million from financing activities, outflow of RMB0.28 million caused by the effect of changes in exchange rate on cash and cash equivalents and the changes in restricted cash and bank of the Group, which is not defined as cash and cash equivalents: an increase of RMB106.71 million in mandatory reserve deposits maintained with the People's Bank of China by a subsidiary of the Group, an increase of RMB585.81 million in mortgaged bank deposits for bank borrowings, and an increase of RMB75.54 million in deposit for issuing bank acceptance notes; (2) the balance of notes receivable amounted to RMB1,891.50 million, representing an increase of RMB1,155.60 million or 157.03% as compared with the beginning of the reporting period. The main reason is that more notes receivable were used by the Group for settlement of selling copper processing products. Also as with the increase in discount rate, the Group reduced the transaction of discounting notes resulting in the increase of the balance of notes receivable as compared with the beginning of the reporting period; (3) the balance of trade receivables amounted to RMB2,611.39 million, representing an increase of RMB882.17 million or 51.02% as compared with the beginning of the reporting period. The increase in the trade receivables for this period is mainly due to the increase in sales volume and price of copper processing products; (4) the balance of prepayment amounted to RMB1,931.13 million, representing an increase of RMB575.08 million or 42.41% as compared with the beginning of the reporting period, mainly due to the sharp increase in purchase volume to meet the expansion of production volume increase in purchase price and the extension of prepayment settlement period; (5) the balance of other receivables amounted to RMB951.52 million, representing an increase of RMB124.77 million or 15.09% as compared with the beginning of the reporting period, mainly due to the drop in price of copper at the end of the period, which led to the gap of prepayment amount for purchasing copper concentrate over the final settlement amount; (6) the balance of available-for-sale financial assets amounted to zero, representing a decrease of

RMB300 million or 100% as compared with the beginning of the reporting period, mainly due to the expiration and receipt of bank financial products invested by a subsidiary of the Company at the end of last year during the reporting period; (7) the balance of other current assets amounted to RMB1,344.69 million, representing an increase of RMB798.56 million or 146.22% as compared with the beginning of the reporting period, mainly due to the increase of RMB392.20 million in balance of short-term loans from a finance company of the Group to related parties and the increase of RMB406.36 million in the balance of derivative financial instrument-provisional price arrangement; (8) the balance of long-term equity investments amounted to RMB852.97 million, representing an increase of RMB446.78 million or 109.99% as compared with the beginning of the reporting period, mainly due to the additional investment cost of RMB440 million in Minmetals Jiangxi Copper Mining Investment Company Limited (五礦江銅礦業投資有限公司) during the period.

As at the end of the reporting period, the total liabilities of the Group amounted to RMB17,309.42 million, representing an increase of RMB2,450.31 million or 16.49% as compared with the beginning of the period, in which: (1) the balance of short-term borrowings amounted to RMB4,010.67 million, increased by RMB1,479.73 million or 58.47% as compared with the beginning of the reporting period, mainly attributable to an increase of RMB723.12 million of the additional pledged RMB deposits to obtain USD bank borrowings; and an increase of RMB668.75 million in credit borrowings by the Group as compared with the beginning of the reporting period; (2) the balance of advances from customers amounted to RMB569.98 million, representing an increase of RMB275.09 million or 93.29% as compared with the beginning of the reporting period. The main reasons giving rise to the significant increase in advances are the substantial increase in sales in this reporting period and that the Group adopted settlement by way of advances towards the new customers; (3) the balance of taxes payable amounted to RMB421.29 million, representing an increase of RMB182.74 million or 76.60% as compared with the beginning of the reporting period, mainly attributable to the sharp increase in the balance of income tax payable at the end of the period; (4) the balance of dividends payables amounted to RMB305.73 million, mainly due to unpaid dividends to shareholders for year 2009; (5) the balance of other payables amounted to RMB1,070.14 million, increased by RMB290.13 million or 37.20% as compared with the beginning of the reporting period, mainly due to the settlement of the payable balance of construction, equipment and material costs upon the completion of projects at the end of the year.

During the reporting period, the total revenue of the Group amounted to RMB37,570.49 million, representing an increase of RMB16,217.90 million or 75.95% as compared with the same period last year. Please refer to the subsection headed “Principal operations by industry and product” under the section headed “Management Discussion and Analysis” in the announcement for details. Investment income/(loss) represented an increase of RMB252.40 million or 220.82% as compared with the corresponding period last year. Such increase is mainly due to the realization of gains from futures comparing to the loss in the same period last year.

2. *Capital Structure*

As at the end of the reporting period, the total assets of the Group increased to RMB42,449.71 million from RMB38,034.22 million as at the beginning of the period; the total liabilities increased to RMB17,309.42 million from RMB14,859.11 million as at the beginning of the period. Gearing ratio was 40.78%, representing an increase of 1.71 percentage points as compared with the beginning of the reporting period. Capital-liabilities ratio (liabilities/shareholders’ equity) was 68.85%, representing an increase of 4.73 percentage points as compared with the beginning of the reporting period.

3. *Cash Flow*

During the reporting period, the net cash inflow of the Group from operating activities amounted to RMB434.76 million, representing a decrease of net cash inflow of RMB1,906.17 million as compared with the corresponding period last year. Although, the net profit increased as compared with the corresponding period, the operating receivables increased and the operating payables decreased, which caused the decrease in net operating cash inflow.

During the reporting period, net cash outflow of the Group from investing activities amounted to RMB886.75 million, representing a decrease of net cash outflow of RMB865.80 million as compared with the corresponding period last year. The main reasons for decrease in net cash outflow were as follows: an increase of RMB332.10 million in cash received from investment; a decrease of RMB934.15 million in cash paid for acquisition of fixed assets, intangible assets and other long-term assets; an increase of RMB392.21 million in cash paid for investments; and a decrease of RMB8.24 million in net cash inflow from other investing activities.

During the reporting period, net cash inflow of the Group from financing activities amounted to RMB780.13 million, representing an increase of net cash inflow of RMB895.14 million as compared with the corresponding period last year. The main reasons for increase in net cash inflow were as follows: an increase of RMB2,559.52 million in cash received from borrowings; an increase of RMB1,088.00 million in cash for repayment of borrowings; an increase of RMB585.81 million of pledged RMB deposits to obtain USD bank borrowings; and a decrease of RMB9.43 million in net cash outflow from other financing activities.

As at the end of the reporting period, the balance of cash and cash equivalents of the Group was RMB2,030.48 million, representing an increase of RMB327.86 million as compared with the beginning of the reporting period.

VI. SIGNIFICANT EVENTS

(I) Implementation of Profit Distribution Plan during the Reporting Period

The Company's profit distribution plan for 2009 was to distribute a dividend of RMB1 (inclusive of tax) for every ten shares to all shareholders. The profit distribution plan was approved at the annual general meeting of the Company held on 17 June 2010. On 8 July 2010, the Company distributed RMB0.1 (inclusive of tax) per share in cash to the holders of H shares whose names appeared on the register of H shares of the Company on 17 June 2010 and to holders of A shares whose names appeared on the register of A shares of the Company on 1 July 2010, respectively.

(II) Interim Dividend

The articles of association of the Company specifies that the Company may distribute dividends in cash or stocks. The profit distribution policy of the Company shall be maintained with certain continuity and stability and in accordance with the relevant governing regulations as amended from time to time.

The Board does not recommend the payment of interim dividends for the six months ended 30 June 2010. No interim dividends were distributed by the Company in the corresponding period of last year.

(III) Appointment and Termination of Appointment of the Auditors

During the reporting period, the Company did not change its auditors. The Company has appointed Ernst & Young Hua Ming Certified Public Accountants and Ernst & Young Certified Public Accountants as its domestic and overseas auditors respectively.

(IV) Audit Committee

The Company has convened Audit Committee meeting at which the unaudited interim condensed consolidated financial statements and the interim report for the six months ended 30 June 2010 were considered and approved.

(V) Code on Corporate Governance Practice

The Company is committed to maintaining and establishing high level of corporate governance. The Company has complied with the code provisions of the Code of Corporate Governance Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

(VI) Purchase, disposal and repurchase of the Company’s listed securities

At any time during the six months ended 30 June 2010, the Company did not repurchase any of its shares. Neither the Company nor any of its subsidiaries purchased or disposed of any shares of the Company during the six months ended 30 June 2010.

(VII) 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 Listing Rules. Having made specific enquiries to all Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the requirements of the Model Code during the reporting period.

(VIII) Detailed results announcement

The interim report for 2010 containing all relevant information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) in due course.

VII. UNAUDITED INTERIM FINANCIAL INFORMATION PREPARED IN ACCORDANCE WITH IFRS

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
	Notes		
Revenue	3	37,433,645	21,212,232
Cost of sales		(33,808,858)	(19,141,224)
Gross profit		3,624,787	2,071,008
Other income and gains	4	246,651	300,881
Selling and distribution costs		(156,039)	(125,075)
Administrative expenses		(512,656)	(376,896)
Other expenses		(16,294)	(4,750)
Finance costs		(222,064)	(200,029)
Share of profits and losses of:			
A jointly-controlled entity		4,561	1,770
Associates		(8,907)	(12,506)
PROFIT BEFORE TAX		2,960,039	1,654,403
Income tax expense	5	(737,873)	(394,944)
PROFIT FOR THE PERIOD		2,222,166	1,259,459

INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT *(Continued)*

		For the six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Attributable to:			
Owners of the Company		2,199,213	1,270,668
Non-controlling interests		22,953	(11,209)
		<u>2,222,166</u>	<u>1,259,459</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY OWNERS OF THE COMPANY			
— Basic	7	RMB 0.73	RMB 0.42
— Diluted	7	<u>RMB 0.67</u>	<u>RMB 0.40</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE PERIOD	<u>2,222,166</u>	<u>1,259,459</u>
OTHER COMPREHENSIVE INCOME		
Cash flow hedges:		
Effective portion of changes in fair value of		
hedging instruments arising during the period	5,795	—
Reclassification adjustments for losses included		
in revenue in the consolidated		
profit and loss statement	41,928	—
Income tax effect	<u>(7,907)</u>	<u>—</u>
	39,816	—
Exchange differences on translation of		
foreign operations	<u>10,254</u>	<u>(54)</u>
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE PERIOD, NET OF TAX	<u>50,070</u>	<u>(54)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>2,272,236</u>	<u>1,259,405</u>
Attributable to:		
Equity holders of the Company	2,249,567	1,270,626
Non-controlling interests	<u>22,669</u>	<u>(11,221)</u>
	<u>2,272,236</u>	<u>1,259,405</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,411,539	15,167,577
Prepaid land lease payments		184,230	185,591
Intangible assets		892,355	910,418
Exploration and evaluation assets		198,018	187,188
Interest in a jointly-controlled entity		23,498	18,937
Interests in associates		829,470	387,250
Available-for-sale investments		410,080	410,080
Deferred tax assets	9	165,633	172,831
Total non-current assets		18,114,823	17,439,872
CURRENT ASSETS			
Inventories		10,897,460	11,489,973
Trade and bills receivables	10	4,502,891	2,465,126
Prepayments, deposits and other receivables		3,258,019	2,585,449
Loans to related parties		938,335	547,136
Available-for-sale investments		—	300,000
Equity investments at fair value through profit or loss		3,275	120
Derivative financial instruments	11	406,359	—
Pledged deposits		2,665,451	1,897,393
Cash and cash equivalents	12	2,030,483	1,702,626
Total current assets		24,702,273	20,987,823
Total assets		42,817,096	38,427,695

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)

		30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade and bills payables	13	3,424,416	4,086,694
Other payables and accruals		2,360,708	1,624,540
Derivative financial instruments	11	87,735	433,858
Interest-bearing bank borrowings	14	4,010,675	2,530,943
Deposits from customers		1,278,170	697,424
Repurchase agreement		155,562	51,677
Dividend payable		305,733	—
Income tax payable		577,742	473,417
Total current liabilities		12,200,741	9,898,553
NET CURRENT ASSETS		12,501,532	11,089,270
TOTAL ASSETS LESS			
CURRENT LIABILITIES		30,616,355	28,529,142
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	14	115,570	111,922
Bonds payable		5,063,089	4,947,993
Deferred revenue - government grants		162,449	165,181
Deferred tax liabilities	9	3,538	409
Provision for rehabilitation		116,196	113,045
Other long term payables		15,227	15,487
Total non-current liabilities		5,476,069	5,354,037
Net assets		25,140,286	23,175,105

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
	<i>Notes</i>		
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	15	3,022,834	3,022,834
Equity component of bonds with warrants		2,008,917	2,008,917
Reserves		19,729,419	17,479,852
Proposed final dividend	6	—	302,283
		24,761,170	22,813,886
Non-controlling interests		379,116	361,219
Total equity		25,140,286	23,175,105

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent														
	Equity					Statutory	Discretionary	Safety fund	Exchange				Non-controlling	Total equity
	component	of bond with	Share	Capital					Retained	fluctuation	Hedging	Proposed final		
	Share capital	warrants	premium	reserve	Other reserves	surplus	surplus	surplus	earnings	reserve	reserve	dividends	Total	interests
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 15)											(note 6)		
At 1 January 2010 (audited)	3,022,834	2,008,917	4,340,514 **	(934,681) *	(92,506) *	2,216,165 *	4,737,279 *	158,720 *	7,179,406 *	(88,377) *	(36,668) **	302,283	22,813,886	361,219
Total comprehensive														
income	—	—	—	—	—	—	—	—	2,199,213	10,538	39,816	—	2,249,567	22,669
Capital injection by														
a non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	—	1,000
Distribution to														
non-controlling														
shareholders	—	—	—	—	—	—	—	—	—	—	—	—	—	(5,772)
2009 final														
dividends declared	—	—	—	—	—	—	—	—	—	—	—	(302,283)	(302,283)	—
Transfer	—	—	—	—	—	—	—	75,003	(75,003)	—	—	—	—	—
At 30 June 2010														
(unaudited)	3,022,834	2,008,917	4,340,514 *	(934,681) *	(92,506) *	2,216,165 *	4,737,279 *	233,723 *	9,303,616 *	(77,839) *	3,148 *	—	24,761,170	379,116

* These reserve accounts comprise the consolidated reserves of RMB19,729,419,000 (2009: RMB17,479,852,000) in the condensed consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

	Attributable to owners of the Company													
	Equity													
	component					Statutory	Discretionary	Safety fund		Exchange	Proposed		Non-	
	of bond with	Share	Capital	Other	surplus	surplus	surplus	Retained	fluctuation	final		controlling		
	Share capital	warrants	premium	reserve	reserves	reserve	reserve	reserve	earnings	reserve	dividend	Total	interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 15)									(note 6)				
At 1 January 2009 (audited)	3,022,834	2,008,917	4,340,514	(934,681)	(92,506)	1,990,901	4,061,488	124,747	6,034,060	(45,757)	241,827	20,752,344	366,632	21,118,976
Total comprehensive income	—	—	—	—	—	—	—	—	1,270,668	(42)	—	1,270,626	(11,221)	1,259,405
Capital injection by														
a non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—	1,500	1,500
Liquidation of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(737)	(737)
Dividends paid to														
non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—	(1,984)	(1,984)
2008 final dividends declared	—	—	—	—	—	—	—	—	—	—	(241,827)	(241,827)	—	(241,827)
Transfers	—	—	—	—	—	—	—	68,765	(68,765)	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—	—	—
At 30 June 2009 (unaudited)	3,022,834	2,008,917	4,340,514	(934,681)	(92,506)	1,990,901	4,061,488	193,512	7,235,963	(45,799)	—	21,781,143	354,190	22,135,333

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June

	2010 (Unaudited) RMB'000	2009 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,960,039	1,654,403
Adjustments for:		
Finance costs	185,502	200,029
Foreign exchange (gains)/losses arising from borrowings, net	(3,504)	1,739
Share of (profits) and losses of — A jointly-controlled entity	(4,561)	(1,770)
— Associates	8,907	12,506
Losses/(gains) on disposal of items of property, plant and equipment	5,699	(671)
Fair value (gains)/losses, net:		
Derivative instruments - transactions not qualifying as hedges and ineffective portion of cash flow and fair value hedge		
— Commodity derivative contracts	4,144	(340,510)
— Provisional price arrangement	(31,019)	592,089
Equity investment at fair value through profit or loss	(799)	—
Dividend income from available-for-sale investments	(3,531)	(5,880)
Provision for write-down of inventories to net realizable value	60,371	3,721
Provision/(reversal) for impairment of trade and other receivables	22,875	(16,075)
Depreciation of items of property, plant and equipment	454,960	434,212
Amortization of prepaid land lease payments	3,205	9,551
Amortization of intangible assets	18,363	18,145
Gains on partial disposal of subsidiaries	—	(10,738)
Gains on disposal of available-for-sale investment	(7,974)	—
Rehabilitation cost	3,151	1,456
Deferred revenue released to the income statement	(7,969)	(3,317)
	3,667,859	2,548,890

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Continued)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Decrease in inventories	532,142	83,385
(Increase)/decrease in trade and other receivables	(2,573,949)	66,848
Increase in loans to related parties	(391,199)	(230,975)
Increase in pledged deposits	(182,245)	(659,181)
Increase in trade and other payables	6,533	491,879
Increase in deposits from customers	580,746	343,256
Increase in repurchase agreement	103,885	—
Decrease in effective portion of fair value hedge		
— Commodity derivative contracts	(70,113)	—
— Provisional price arrangement	(607,771)	—
Cash generated from operations	1,065,888	2,644,102
Income tax paid	(631,128)	(303,178)
Net cash inflow from operating activities	434,760	2,340,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments of items of property, plant and equipment	(758,081)	(1,182,845)
Addition to exploration and evaluation assets	(10,830)	—
Addition to prepaid land lease payments	(1,844)	(1,049)
Addition to intangible assets	(300)	(521,309)
Proceeds from disposal of items of property, plant and equipment	9,921	22,024
Receipt of government grants	5,237	5,538
Dividend income received from available-for-sale investments	3,531	5,880
Dividend income received from a jointly-controlled entity	—	1,000
Additional investment in an associate	(440,000)	—
Proceeds from disposal of an associate	—	894
Proceeds from disposal of equity investment at fair value through profit or loss	2,530	—

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Continued)

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Addition of equity investment at fair value through profit or loss	(4,886)	—
Proceeds from disposal of available-for-sale investments	337,974	—
Addition of available-for-sale investments	(30,000)	(82,680)
Net cash outflow from investing activities	(886,748)	(1,752,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital to non-controlling shareholders	—	(737)
Proceeds from capital injection of non-controlling shareholders	1,000	1,500
Increase of pledged RMB time deposits to secure USD bank borrowings	(585,813)	—
New bank loans	4,028,773	1,469,258
Repayment of bank loans	(2,634,715)	(1,546,714)
Interest paid	(26,794)	(36,330)
Dividends paid to non-controlling shareholders	(2,322)	(1,984)
Net cash inflow/(outflow) from financing activities	780,129	(115,007)
NET INCREASE IN CASH AND CASH EQUIVALENTS	328,141	473,370
Cash and cash equivalents at beginning of period	1,702,626	3,944,766
Effect of foreign exchange rate changes, net	(284)	(51)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,030,483	4,418,085

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Jiangxi Copper Company Limited (the “Company”) was registered in the People’s Republic of China (the “PRC”) as a joint stock limited company. The registration number of the Company’s business licence is Qi He Kan Zhong Zi 003556. The Company was established on 24 January 1997 by Jiangxi Copper Corporation (“JCC”), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province’s Administrative Bureau for Industry and Commerce. The Company’s H Shares were listed on the Stock Exchange of Hong Kong Limited and London Stock Exchange on 12 June 1997 and the Company’s A shares were listed on Shanghai Stock Exchange on 11 January 2002. As approved by the board of directors on 29 October 2009, the Company’s H share was delisted from the LSE from 27 November 2009. The head office of the Company is located in 15 Yejin Avenue, Guixi, Jiangxi Province, PRC. The Company’s holding company is JCC, and the ultimate controller is the State-owned Assets Supervision & Administration Commission (“SASAC”) of People’s Government of Jiangxi Province.

The Group is an integrated producer of copper in the PRC. Its operations consist of copper mining, milling, smelting and refining for the production of copper cathodes, copper rods and wires and other related products, including pyrite concentrates, sulphuric acid, and electrolytic gold and silver, and rare metals such as molybdenum, etc.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2010 has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (*Continued*)

2.1 BASIS OF PREPARATION (*Continued*)

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2009.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial information is consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new standards and interpretations effective for the period beginning on or after 1 January 2010, as set out below:

IFRS 1(Revised)	<i>First-time Adoption of IFRS</i>
IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of IFRS — Additional Exemptions for First-time Adopter</i>
IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment — Group Cash-settled share based payment Transactions</i>
IFRS 3 (Revised)	<i>Business Combinations</i>
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
IAS 39 Amendments	Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to IFRS 5 included in <i>Improvements to IFRSs</i> issued in October 2008	Amendments to IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary</i>
Improvements to IFRSs 2009 (Issued in May 2009)*	

* Improvements to IFRSs 2009 set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording, including IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (*Continued*)

2.2 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

The principal effects of adopting these new and revised IFRSs, which give rise to changes in accounting policies, are as follows:

The IFRS 2 Amendments provide guidance on how to account for cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods and services when the entity has no obligation to settle the share-based payment transactions. The amendments also incorporate guidance that was previously included in IFRIC 8 *Scope of IFRS 2* and IFRIC 11 *IFRS 2 - Group and Treasury Share Transactions*.

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes introduced by IFRS 3 (Revised) and IAS 27 (Revised) were applied prospectively and will affect future acquisitions, loss of control and transactions with non-controlling interests.

Except as stated above, the adoption of the above new and revised IFRSs has had no significant financial effect on the Group's interim financial information.

3. REVENUE AND SEGMENT INFORMATION

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

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; less sales tax, for the six months ended 30 June 2010 and 2009. All significant transactions within the Group have been eliminated.

An analysis of the Group's revenue, by category of goods, is as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods		
— copper cathodes	19,863,812	10,350,558
— copper rods	10,624,869	6,162,389
— copper processing products	1,612,765	1,097,192
— gold	2,604,629	1,960,959
— silver	907,450	538,747
— chemical product	845,770	285,198
— rare metals	305,758	335,874
— other joint products and by-products	668,592	481,315
	37,433,645	21,212,232

3. REVENUE AND SEGMENT INFORMATION (*Continued*)

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
— Mainland China	35,079,048	20,790,928
— Hong Kong, China	2,111,184	330,710
— Thailand	—	75,861
— Others	243,413	14,733
	<u>37,433,645</u>	<u>21,212,232</u>

The revenue information above is based on the location of the customers.

(b) Non-current assets

All of the non-current assets of the Group are located in Mainland China except for certain investments in Afghanistan, Peru and Japan of which the carrying amount is minimal. The non-current assets information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No revenue amounting to 10 per cent or more of the Group's revenue was derived from sales to a single customer or a group of customers under common control for the six months ended 30 June 2010 and 2009. State-Owned Entities are not identified as a group of customers under common control by the directors of the Company.

4. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Fair value gains, net:		
Derivative financial instruments - commodity derivative contracts		
Transactions not qualifying as hedges*	115,440	220,326
— Unrealized (losses)/gains of the outstanding contracts	(8,416)	340,510
— Realized gains/(losses) from the settled contracts	123,856	(120,184)
Transactions qualifying as fair value hedges**	7,218	—
— Inventory hedged by commodity derivative contracts	(47,868)	—
— Fair value gains of commodity derivative contracts as hedging instrument	55,086	—
Ineffective portion of cash flow hedges**	3,709	—
Equity investment at fair value through profit or loss	799	—
Dividend income from available-for-sale investments	3,531	5,880
Income from VAT refund	7,094	10,465
Interest income	26,034	18,100
Gains on disposal of subsidiaries	—	10,738
Subsidy income of imported copper concentrate	61,069	27,974
Gains on disposal of available-for-sale investments	7,974	—
Deferred revenue released to the income statement	7,969	3,317
Foreign exchange gain/(loss), net	3,504	(1,739)
Others	2,310	5,820
	246,651	300,881

4. OTHER INCOME AND GAINS (*Continued*)

- * This item related to fair value changes of commodity derivative contracts which are not designated as hedging instruments and/or not qualified for hedge accounting (note 11).
- ** This item related to fair value changes of commodity derivative contracts which are designated as hedging instruments (note 11). The net fair value changes of the commodity derivative contracts qualifying as hedges are as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Transactions qualifying as fair value hedges:		
— Unrealized gains of the outstanding contracts	2,462	—
— Realized gains from the settled contracts	4,756	—
	7,218	—
Ineffectiveness of cash flow hedges:		
— Unrealized gains of the outstanding contracts	1,810	—
— Realized gains from the settled contracts	1,899	—
	3,709	—

5. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2010 and 2009 are:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax payable:		
PRC income tax	720,965	346,169
HK income tax	14,489	6,880
	735,454	353,049
Deferred income tax movement	2,419	41,895
Income tax charge for the period	737,873	394,944

Hong Kong profits tax on two of the Group's subsidiaries has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2010.

The provision for PRC income tax is based on a statutory rate of 25% (2009: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, except for certain subsidiaries in Mainland China, which enjoy preferential tax rates during a transition period from 2008 to 2012.

6. DIVIDENDS

For the six months ended 30 June	
2010	2009
(Unaudited)	(Unaudited)
<i>RMB'000</i>	<i>RMB'000</i>
Dividends on ordinary shares declared during the six-month period:	
Final dividend for 2009: RMB0.1 per share (2008: RMB0.08 per share)	
302,283	241,827

On 17 June 2010, a dividend of RMB0.1 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB302,283,000 was declared to the shareholders as the final dividend for year 2009.

On 26 June 2009, a dividend of RMB0.08 per share (tax inclusive) on 3,022,833,727 shares, in aggregate approximately RMB241,827,000 was declared to the shareholders as the final dividend for year 2008.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010. No interim dividend was declared for the same period last year.

7. 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 period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

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

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Company (RMB'000)	<u>2,199,213</u>	<u>1,270,668</u>
Weighted average number of ordinary shares in issue	3,022,833,727	3,022,833,727
Effect of dilution-weighted average number of ordinary shares:		
Warrants attached to bonds	<u>237,603,333</u>	<u>132,409,058</u>
Diluted average number of ordinary shares in issue	<u>3,260,437,060</u>	<u>3,155,242,785</u>
— Basis	<u>RMB0.73</u>	<u>RMB0.42</u>
— Diluted	<u>RMB0.67</u>	<u>RMB0.40</u>

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group acquired items of property, plant and equipment with a cost of RMB714,542,000 (six months ended 30 June 2009: RMB844,663,000). Depreciation for items of property, plant and equipment is RMB454,960,000 (six months ended 30 June 2009: RMB434,212,000) during the period.

Property, plant and equipment with a net book value of RMB15,620,000 (six months ended 30 June 2009: RMB114,383,000) was disposed of by the Group during the six months ended 30 June 2010, resulting in a net loss on disposal of RMB5,699,000 (a net loss in six months ended 30 June 2009: RMB671,000).

9. DEFERRED TAX

The components of deferred tax assets and liabilities are as follows:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
<i>Deferred tax assets:</i>		
Impairment of assets	42,195	48,283
Accrued expenses	77,939	66,633
Unrealized profits	4,418	9,083
Fair value loss from commodity derivative contracts	21,157	28,585
Deductible taxable loss	7,902	7,902
Others	12,022	12,345
	165,633	172,831
	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
<i>Deferred tax liabilities:</i>		
Fair value gain from provisional price arrangement	3,538	—
Others	—	409
	3,538	409

At 30 June 2010, there was no significant unrecognised deferred tax liability (31 December 2009: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associates or jointly-controlled entity as the Group has no liability to additional tax should such amounts be remitted.

10. TRADE AND BILLS RECEIVABLES

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Trade receivables	2,775,838	1,890,713
Bills receivable	1,891,500	735,904
Less: Provision for impairment of trade receivables	<u>(164,447)</u>	<u>(161,491)</u>
	<u>4,502,891</u>	<u>2,465,126</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months, extending up to one year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates and related parties, as detailed in note 17, which are repayable on similar credit terms to those offered to the major customers of the Group.

10. TRADE AND BILLS RECEIVABLES (*Continued*)

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Within 1 year	2,597,290	1,708,225
1 to 2 years	44,315	48,055
2 to 3 years	1,818	2,093
Over 3 years	132,415	132,340
	<u>2,775,838</u>	<u>1,890,713</u>

The terms of bills receivable are all within six months. As at 30 June 2010, the bills receivable are neither past due nor impaired.

11. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Assets/(liabilities)		
Commodity derivative contracts	(87,735)	(201,427)
Provisional price arrangement	<u>406,359</u>	<u>(232,431)</u>
	<u>318,624</u>	<u>(433,858)</u>
Including:		
Under hedge accounting		
Cash flow hedge		
— Commodity derivative contracts	4,506	(45,027)
Fair value hedge		
— Commodity derivative contracts	5,132	(67,443)
— Provisional price arrangement	398,648	(219,827)
Not under hedge accounting		
— Commodity derivative contracts	(97,373)	(88,957)
— Provisional price arrangement	<u>7,711</u>	<u>(12,604)</u>
	<u>318,624</u>	<u>(433,858)</u>

The Group uses commodity derivative contracts and provisional price arrangement to hedge its commodity price risk. Commodity derivative contracts utilised by the Group are standardised copper cathode future contracts in SHFE and LME.

The fair value of the commodity derivative contracts represents the difference between the quoted market price of copper forward contract at period end and the quoted price at inception of the contract. The fair value of the provisional price arrangements are estimated by reference to the quoted market price at period end of copper forward contract with similar maturity as the provisional price contract compared to the quoted market price of copper forward contracts on the date of delivery of the purchased material.

11. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Under hedge accounting

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

— Cash flow hedge

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 30 June 2010, the expected delivery period of the forecasted sales for copper related products is from July to October 2010.

— Fair value hedge

The Group utilizes commodity derivative contracts and provisional price arrangements to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories.

Since 1 July 2009, at the inception of above hedging relationships, the Group formally designates and documents the hedge relationship, risk management objective and strategy for undertaking the hedge. The cash flow hedge and fair value hedge mentioned above were assessed to be highly effective.

Accordingly, a net gain of RMB5,795,000 for effectiveness portion under cash flow hedge was included in the hedging reserve, and a net gain of RMB3,709,000 for ineffectiveness portion was included in income statement. Further details are given in other comprehensive income and note 4, respectively.

For the six months ended 30 June 2010, the fair value gains of commodity forward contracts designated as fair value hedges of the Group are RMB55,086,000. The net fair value losses of the hedged item, inventories, attributable to the risk hedged is RMB47,868,000 in aggregate. Further details are given in note 4.

11. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Not under hedge accounting

In the six months ended 30 June 2010 and twelve months ended 31 December 2009, the Group utilizes commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper concentrate, and forecast sales of copper wires and rods. These arrangements are designed to address significant fluctuations in the price of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathodes. However, these arrangements are not considered as an effective hedge and hence do not qualify for hedge accounting. Further details are given in note 4.

12. CASH, CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Cash and bank balances	2,661,719	2,151,617
Time deposits	2,034,215	1,448,402
	4,695,934	3,600,019
Less: Pledged deposits (a)	(2,665,451)	(1,897,393)
Cash and cash equivalents	2,030,483	1,702,626

(a) As at 30 June 2010, the pledged deposits include:

- Time deposits amounting to RMB2,034,215,000 (31 December 2009: RMB1,448,402,000) were pledged to secure current bank borrowings amounting to USD319,766,000, which was equivalent to RMB2,182,322,000 (31 December 2009: RMB1,458,579,000);
- Deposit amounting to RMB291,106,000 which was pledged as security for issuing bank accepted notes (31 December 2009: RMB215,566,000); and

12. CASH, CASH EQUIVALENTS AND PLEDGED DEPOSITS (*Continued*)

(a) As at 30 June 2010, the pledged deposits include: (*Continued*)

- Required mandatory reserve deposits and other restricted deposits amounting to RMB340,130,000 (31 December 2009: RMB233,425,000) placed by Finance Company, a subsidiary of the Group, with the People's Bank of China ("PBC"). Mandatory reserve deposits with the central bank and other restricted deposits are not available for use in the Group's daily operations.

13. TRADE AND BILLS PAYABLES

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Trade payables	1,658,920	2,140,047
Bills payable	1,765,496	1,946,647
	<u>3,424,416</u>	<u>4,086,694</u>

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Within 1 year	1,605,291	2,053,044
1 to 2 years	24,516	45,289
2 to 3 years	9,915	30,570
Over 3 years	19,198	11,144
	<u>1,658,920</u>	<u>2,140,047</u>

13. TRADE AND BILLS PAYABLES (*Continued*)

The trade payables are non-interest-bearing and are normally settled on terms of 60 days.

The directors consider that the carrying amounts of trade and bills payables approximate to their fair values.

Trade payables due to related parties included in the trade and bills payables are disclosed in note 17 to the interim financial information.

14. INTEREST-BEARING BANK BORROWINGS

	30 June 2010 (Unaudited) <i>RMB'000</i>	31 December 2009 (Audited) <i>RMB'000</i>
Current:		
Bank loans — secured	2,413,822	1,647,838
Bank loans — unsecured	1,596,853	883,105
	<u>4,010,675</u>	<u>2,530,943</u>
Non-current:		
Bank loans — unsecured	115,570	111,922
	<u>4,126,245</u>	<u>2,642,865</u>

For the six months ended 30 June 2010, the bank borrowings carry interest at rates ranging from 0.36% to 6.48% (2009: 0.36% to 7.56%) per annum.

14. INTEREST-BEARING BANK BORROWINGS (*Continued*)

Certain of the Group's bank loans are secured by:

- (i) pledges over the commercial accepted notes held by the Group, which had an aggregate carrying value at the balance sheet date of approximately RMB100,000,000 (31 December 2009: RMB10,740,000), respectively;
- (ii) mortgages over the Group's machinery, which had an aggregate carrying value at the balance sheet date of approximately RMB71,290,000 (31 December 2009: RMB53,577,000);
- (iii) mortgages over the Group's inventories, which had an aggregate carrying value at the balance sheet date of approximately RMB226,412,000 (31 December 2009: RMB225,494,000);
- (iv) mortgages over the Group's buildings and mining infrastructure which had an aggregate carrying value at the balance sheet date of approximately RMB46,611,000 (31 December 2009: RMB61,176,000);
- (v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying value at the end of 31 December 2009 of approximately RMB2,729,000(30 June 2010: RMB nil); and
- (vi) time deposits amounting to RMB2,034,215,000 which were pledged to secure current bank borrowings amounting to USD319,766,000 (31 December 2009: USD213,611,000).

The directors estimate that the carrying amounts of the Group's current and non-current borrowings approximate to their fair values.

15. SHARE CAPITAL

	30 June 2010 (Unaudited)		31 December 2009 (Audited)	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
Listed shares subject to trading restrictions	1,282,074,893	1,282,075	1,282,074,893	1,282,075
H shares	1,387,482,000	1,387,482	1,387,482,000	1,387,482
A shares	353,276,834	353,277	353,276,834	353,277
	3,022,833,727	3,022,834	3,022,833,727	3,022,834

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders should be PRC investors or foreign investors, listed shares subject to trading restrictions, H shares and A shares rank pari passu in all respects with each other.

16. H SHARE SHARE APPRECIATION RIGHTS SCHEME

In accordance with the “Resolution Regarding Adoption and Approval of the H Share Share Appreciation Rights Scheme and Implementation Methods” passed at the Company’s Special General Meeting held on 19 February 2008, the Company implemented an H Share share appreciation rights scheme as an appropriate incentive policy for its directors and senior management. Under this scheme, the H Share share appreciation rights (the “Rights”) are granted in units with each unit representing one H Share. On 22 February 2008, 509,000 units of the Rights were granted to seven directors and senior management members at the offer price of HKD18.9 each. No shares will be issued under the share appreciation rights scheme. Upon exercise of the Rights, the grantees will receive a cash payment in RMB, subject to any applicable withholding tax, translated from the Hong Kong dollar (“HKD”) amount equal to the number of units of Rights exercised multiplied by the appreciation, if any, in the market price of the Company’s H Share above the offer price of the Rights, based on the applicable exchange rate between RMB and HKD at the date of the exercise. Not less than 20% of the cash payments so deposited shall remain in the account until the end of the term of service of the relevant grantee. In addition, the cash payments shall only be payable if the grantee has passed a final performance assessment.

16. H SHARE SHARE APPRECIATION RIGHTS SCHEME (*Continued*)

The stipulated lock-up period for exercising the Rights is two years after the date of grant. Not more than 40%, 70% and 100% of the Rights can be exercised during the third year, fourth year and fifth year, respectively. The directors and senior management members must retain not less than 20% of their exercisable Rights as at the end of their respective terms of service subject to their final performance assessment results at the end of their terms of service. The remaining Rights can be exercised before the expiration of the term of the scheme (10 years). The Rights which have not been exercised by then shall lapse.

During the period ended 30 June 2010, no Rights granted were exercised or expired.

For the period ended 30 June 2010 and as at 30 June 2010, the Group did not recognise share compensation cost and the liability related to the Rights as the directors believe that the related compensation cost is not material to the interim financial information for the period ended 30 June 2010.

17. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in these financial statements, the Group had transactions with (i) JCC and its affiliates, (ii) Jiangxi Copper Everprofit Qing Yuan Copper Company Limited (“Qing Yuan”) and Minmetals Jiangxi Copper Mining Investment Company Limited (“Jiangxi Copper Minmetals”) which are the Company’s associates, (iii) Jiangxi JCC-BIOTEQ Environmental Technologies Co., Ltd. (“Jiang Tong Bioteq”) which is the Company’s jointly controlled entity and (iv) other state-controlled entities in China, and paid compensation to management personnel as summarized below:

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) *Related party transactions with JCC and its affiliates:*

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of goods:		
Sales of copper cathode	597	—
Sales of brass wires	2,639	150,761
Sales of copper rods and wire and semi-finished products	278,488	108,463
Sales of other products	18,979	4,844
	<u>18,979</u>	<u>4,844</u>
Purchases of goods:		
Purchases of copper waste	402,586	404,621
Purchases of auxiliary industrial and other products	92,018	113,355
	<u>92,018</u>	<u>113,355</u>
Services provided by the Group :		
Loans provided	1,104,000	290,500
Interest charge for financing services	11,113	8,690
Processing services	291	731
Repair and maintenance services	2,593	3,263
Supply of electricity	3,152	2,748
Construction service	12,021	—
Leasing services	630	—
Supply of water	78	—
Supply of gas	20	—
Vehicle transportation services	704	154
	<u>704</u>	<u>154</u>

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(a) Related party transactions with JCC and its affiliates (Continued):

	For the six months ended 30 June	
	2010	2009
	(Unaudited) RMB'000	(Unaudited) RMB'000
Services provided to the Group:		
Pension contributions	78,127	64,601
Construction services	7,234	3,797
Repair and maintenance services	12,926	9,298
Brokerage agency services for commodity derivative contracts	16,946	7,726
Rentals for land use rights	21,999	7,873
Rentals for public facilities	10,465	7,503
Interest charges for deposits from customers	1,154	6,900
Labor services	2,224	—
Vehicle transportation services	147	354
Other supporting services	2,334	990
Other management fees	2,357	1,000
Social welfare and support services provided to the Group:		
— welfare and medical services	33,671	29,749
— use of representative offices	—	1,800
— technical education services	1,876	1,440

The sales to and purchases from related parties are negotiated and agreed by both parties with reference to market prices.

The daily credit balance offered by the Finance Company, a subsidiary of the Group, to JCC and its affiliates will neither exceed the deposits from JCC and its affiliates nor exceed the total amount of credit facilities regulated by the financial service agreement entered by the two parties.

17. RELATED PARTY TRANSACTIONS AND BALANCES (*Continued*)

(b) *Transactions with Qing Yuan and Jiangxi Copper Minmetals, which are the Company's associates:*

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Qing Yuan:		
Purchases of goods:		
Purchases of copper waste	<u>132,210</u>	<u>95,438</u>
Provide services to the Group:		
Processing of copper waste	<u>20,393</u>	<u>—</u>
Jiangxi Copper Minmetals:		
Service provided by the Group:		
Loans provided	—	240,000
Interest charge for financing services	<u>1,274</u>	<u>3,115</u>

(c) *Transactions with other state-controlled entities in the PRC:*

The Group operates in an economic environment predominated by entities directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organizations (collectively “State-owned Entities”). During the period, the Group had transactions with State-owned Entities including, but not limited to, the sales of goods, purchases of goods, purchases of items of property, plant and equipment; obtaining loans and making deposits with financial institutions.

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(c) Transactions with other state-controlled entities in the PRC (Continued):

The directors consider that the transactions with other State-owned Entities are conducted in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-owned Entities are ultimately controlled or owned by the PRC government. The Group has established pricing policies for products and services, and these pricing policies do not depend on whether or not the customers are State-owned Entities. The directors have confirmed that these transactions are carried out on terms similar to those that would be entered into with non-State-owned Entities and have been reflected in the financial statements. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material related party transactions that require separate disclosures.

(d) Compensation of key management personnel of the Group:

The remuneration of key management during the period was as follows:

	For the six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Total compensation paid to key management personnel	<u>4,780</u>	<u>3,500</u>

Having due regard to the substance of the relationships, the directors are of the opinion that meaningful information relating to related party disclosures has been adequately disclosed.

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) Outstanding balances with related parties:

The Group had the following significant balances with related parties at the balance sheet date:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Amounts due from related parties:		
Trade and bills receivables:		
JCC	761	4,207
JCC's affiliates	130,678	118,602
Jiang Tong Bioteq	86	886
Qing Yuan	—	103
	131,525	123,798
Prepayments and other receivables:		
JCC	166	236
JCC's affiliates	541,856	519,051
Jiangxi Copper Minmetals	—	389
Qing Yuan	153,940	96,185
	695,962	615,861
Loans to - short term loans:		
JCC	700,000	—
JCC's affiliates	238,335	307,136
Jiangxi Copper Minmetals	—	240,000
	938,335	547,136

17. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(e) *Outstanding balances with related parties (Continued):*

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Amounts due to related parties		
Trade and bills payables:		
JCC	4,713	2,758
JCC's affiliates	89,073	27,389
	<u>93,786</u>	<u>30,147</u>
Other payables and accruals:		
JCC	279,791	299,699
JCC's affiliates	22,339	66,172
Jiang Tong Biotech	5,918	1,138
	<u>308,048</u>	<u>367,009</u>
Deposits from customers:		
JCC	316,835	349,564
JCC's affiliates	961,335	347,488
Jiangxi Copper Minmetals	—	372
	<u>1,278,170</u>	<u>697,424</u>
Dividend payable:		
JCC	128,207	—
Other long term payable:		
JCC	15,227	15,487

17. RELATED PARTY TRANSACTIONS AND BALANCES (*Continued*)

(e) *Outstanding balances with related parties (Continued):*

The above balances arose from the aforementioned transactions, deposits and advances to/from related parties and payments made by the Group and related parties on behalf of each other. These balances were unsecured, interest-free and had no fixed repayment terms except for loans, deposits from customers, and other long term payable, the terms of which have not changed from that disclosed in last year's annual financial statements.

18. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Within one year	47,223	47,223
In the second to fifth years, inclusive	62,912	62,912
After five years	177,062	200,673
	287,197	310,808

19. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	30 June 2010 (Unaudited) RMB'000	31 December 2009 (Audited) RMB'000
Commitments for the acquisition of items of property, plant and equipment: — contracted for, but not provided in the financial statements	359,436	404,453
Investment in an associate — contracted for, but not provided in the financial statements (i)	<u>2,192,677</u>	<u>2,192,677</u>
	<u>2,552,113</u>	<u>2,597,130</u>

- (i) The Company and China Metallurgical Group Corporation (“CMCC”) incorporated MCC-JCL Aynak Minerals Company Limited (“MCC-JCL”), an associate of the Group, in September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in MCC-JCL shall be 25% and 75% respectively. The principal business of MCC-JCL is to explore and exploit minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

As agreed between the partners, the total investment of MCC-JCL shall initially be USD4,390,835,000 and shall be funded by equity funding from shareholders and by project loan financing in the proportions of 30% and 70% respectively. The capital injection shall be contributed by the Company and CMCC on a pro rata basis consistent with their shareholdings. The Company shall not be obliged to provide guarantees, indemnities or capital commitments for the project loan financing.

20. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorised for issue by the board of directors on 25 August 2010.

By Order of the Board
JIANGXI COPPER COMPANY LIMITED
Li Yihuang
Chairman

25 August 2010, Jiangxi, the PRC

As at the date of this announcement, the executive Directors of the Company are Mr. Li Yihuang, Mr. Li Baomin, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Gan Chengjiu, Mr. Hu Qingwen and Mr. Shi Jialiang; and the independent non-executive Directors of the Company are Mr. Wu Jianchang, Mr. Tu Shutian, Ms. Zhang Rui and Mr. Gao Dezhu.