THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiangxi Copper Company Limited**, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.

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)

(I) PROPOSED SHARE ISSUANCE AND CONNECTED TRANSACTIONS
(II) PROPOSAL IN RESPECT OF THE FEASIBILITY REPORT ON PROJECTS FUNDED BY USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES
(III) PROPOSAL IN RESPECT OF THE STATEMENT ON UTILIZATION OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES
(IV) PROPOSAL IN RESPECT OF THE REMEDIAL MEASURES REGARDING DILUTION ON CURRENT RETURNS BY THE NON-PUBLIC SHARE ISSUANCE OF THE COMPANY AND THE RELEVANT UNDERTAKINGS GIVEN BY THE COMPANY'S CONTROLLING SHAREHOLDER, DIRECTORS AND SENIOR MANAGEMENT
(V) PROPOSED ADOPTION OF THE DIVIDENDS DISTRIBUTION POLICY AND 3-YEAR PLAN FOR SHAREHOLDERS' RETURN
(VI) APPLICATION FOR WHITEWASH WAIVER
(VII) SPECIAL DEAL
(VIII) ISSUANCE OF CORPORATE BONDS
(IX) PROPOSED CHANGE OF DIRECTORS AND SUPERVISORS
NOTICE OF EXTRAORDINARY GENERAL MEETING
AND
NOTICE OF CLASS MEETINGS

Independent financial adviser to the Independent Board Committee and Independent Shareholders

八方金融有限公司
OCTAL Capital Limited

Octal Capital Limited

A letter from the Board is set out on pages 6 to 47 of this circular. A letter from the Independent Board Committee is set out on pages 48 to 49 of this circular.

A letter from Octal Capital, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 50 to 94 of this circular.

Notice convening the Extraordinary General Meeting of the Company to be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China at 2:00 p.m. on Monday, 18 July 2016 is set out on pages 340 to 347 of this circular.

Notice convening the class meeting of holders of A Shares of the Company to be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China at 2:30 p.m. on Monday, 18 July 2016 is set out on pages 348 to 351 of this circular.

Notice convening the class meeting of holders of H Shares of the Company to be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China at 3:00 p.m. on Monday, 18 July 2016 is set out on pages 352 to 355 of this circular.

If you intend to attend the Extraordinary General Meeting and the class meeting of holders of H Shares of the Company, please complete and return the accompanying reply slip in accordance with the instructions printed thereon as soon as possible and in any event by not later than 28 June 2016.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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In this circular, the following expressions have the following meanings unless the context otherwise requires:

"A Shareholders"	holders of A Shares
"A Share Issue"	the proposed issuance of not more than 298,380,221 A Shares to not more than 10 specific investors including JCC
"A Share Subscription Agreement"	the subscription agreement entered into between the Company and JCC on 25 February 2016 in relation to the subscription of not less than 10% of the A Shares to be issued pursuant to the A Share Issue by JCC at a subscription price of not lower than (i) RMB11.73 per A Share or (ii) the latest audited net asset per Share of the Company before the A Share Issue, whichever is higher
"A Shares"	Renminbi-denominated domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"A Shares Class Meeting"	the class meeting of A Shareholders
"A Shares Last Trading Day"	15 February 2016, being the last trading day of the A Shares on the Shanghai Stock Exchange prior to the execution of the Subscription Agreements
"acting in concert"	has the same meaning as defined in the Takeovers Code; and the term "concert parties" shall be construed accordingly
"Announcement"	the announcement of the Company dated 25 February 2016 in relation to, among other things, the Share Issuance, the Subscription and the Whitewash Waiver
"Articles"	the articles of association of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Board Meeting"	the sixth meeting of the seventh session of the Board held on 25 February 2016 for approving, among other things, the Share Issuance and the Subscription

"Business Day"	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
"Class Meetings"	A Shares Class Meeting and H Shares Class Meeting
"Company"	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
"Connected Directors"	Mr. Li Baomin, Mr. Long Ziping, Mr. Gan Chengjiu, Mr. Liu Fangyun and Mr. Shi Jialiang, who are deemed as connected directors of the Company under the Shanghai Listing Rules
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Bonds"	the bonds to be issued by the Company in the aggregate principal amount of not more than RMB10 billion
"CSRC"	China Securities and Regulatory Commission
"Directors"	director(s) of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
"Extraordinary General Meeting"	an extraordinary general meeting of the Company to be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China at 2:00 p.m. on Monday, 18 June 2016 and also convened for the purpose of considering and, if thought fit, approving, among other things, the Share Issuance, the Subscription, the Whitewash Waiver and the Special Deal
"Group"	the Company and its subsidiaries
"H Shareholders"	holders of H Shares
"H Share Issue"	the proposed issuance of not more than 527,318,932 H Shares to JCC or its designated wholly-owned subsidiary

"H Share(s)"	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and traded in Hong Kong dollars
"H Share Subscription Agreement"	the subscription agreement entered into between the Company and JCC on 25 February 2016 in relation to the subscription of not more than 527,318,932 H Shares by JCC or its designated wholly-owned subsidiary at a subscription price of not lower than HK$7.87 per H Share (subject to adjustment)
"H Shares Class Meeting"	the class meeting of H Shareholders
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, established to advise the Independent Shareholders in relation to the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal
"Independent Shareholders"	Shareholders other than (i) JCC and its associates and concert parties; and (ii) the Shareholders who are involved in or interested in the Share Issuance, Subscription, the Whitewash Waiver and/or the Special Deal. In the context of the Special Deal, independent shareholders refer to all H Shareholders (other than (i) JCC and its associates and concert parties; and (ii) the Shareholders who are involved in or interested in the Share Issuance, Subscription, the Whitewash Waiver and/or the Special Deal)
"Investor(s)"	the investors other than JCC which would subscribe for new A Shares to be issued by the Company under the proposed A Share Issue
"Invitation Documents"	the invitation documents to be delivered by the sponsors to invite targeted eligible investors to subscribe for A Share Issue
"JCC"	Jiangxi Copper Corporation, a substantial shareholder of the Company holding approximately 40.53% of the total issued share capital of the Company
"Latest Practicable Date"	30 May 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Octal Capital" or "Independent Financial Adviser"	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal
"PRC"	the People's Republic of China
"Pricing Benchmark Date"	26 February 2016, being the date of the announcement of the Company in the PRC in relation to the resolutions passed at the Board Meeting
"Relevant Period"	the period commencing 6 months preceding the date of the Announcement and ending on the Latest Practicable Date
"SASAC of Jiangxi Province"	State-owned Assets Supervision and Administration Commission of Jiangxi Province
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Listing Rules"	the rules governing the listing of securities on the Shanghai Stock Exchange
"Share Issuance"	A Share Issue and H Share Issue
"Shareholder(s)"	the holder(s) of the Shares of the Company
"Share(s)"	the A Shares and/or H Shares
"Special Deal"	the A Share Issue which constitutes a special deal under Rule 25 of the Takeovers Code
"Specific Mandate"	the specific mandate to be granted by the Shareholders to the Board in relation to the Share Issuance
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription"	the subscription for new A Shares in the Company by JCC pursuant to the A Share Subscription Agreement and the subscription for new H Shares in the Company by JCC or its designated wholly-owned subsidiary (where applicable) pursuant to the H Share Subscription Agreement
"Subscription Agreements"	the A Share Subscription Agreement and the H Share Subscription Agreement
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Takeovers Code"	the Code on Takeovers and Mergers
"Whitewash Waiver"	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of JCC to make a general offer for all securities of the Company (other than those already owned or agreed to be acquired by JCC and its concert parties) as a result of the allotment and issue of the Shares under the Subscription Agreements
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

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)

Board of Directors

Executive Directors:
Mr. Li Baomin
Mr. Long Ziping
Mr. Gao Jianmin
Mr. Liang Qing
Mr. Gan Chengjiu
Mr. Liu Fangyun
Mr. Shi Jialiang

Independent Non-executive Directors:
Mr. Qiu Guanzhou
Mr. Tu Shutian
Ms. Zhang Weidong
Mr. Deng Hui

Legal address:
15 Yejin Avenue
Guixi City
Jiangxi
The People's Republic of China

Place of business in Hong Kong:
Suite 4501, 45th Floor
Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

2 June 2016

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED SHARE ISSUANCE AND CONNECTED TRANSACTIONS
(II) PROPOSAL IN RESPECT OF THE FEASIBILITY REPORT ON PROJECTS FUNDED BY USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES
(III) PROPOSAL IN RESPECT OF THE STATEMENT ON UTILIZATION OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES
(IV) PROPOSAL IN RESPECT OF THE REMEDIAL MEASURES REGARDING DILUTION ON CURRENT RETURNS BY THE NON-PUBLIC SHARE ISSUANCE OF THE COMPANY AND THE RELEVANT UNDERTAKINGS GIVEN BY THE COMPANY'S CONTROLLING SHAREHOLDER, DIRECTORS AND SENIOR MANAGEMENT
(V) PROPOSED ADOPTION OF THE DIVIDENDS DISTRIBUTION POLICY AND 3-YEAR PLAN FOR SHAREHOLDERS' RETURN
(VI) APPLICATION FOR WHITEWASH WAIVER
(VII) SPECIAL DEAL
(VIII) ISSUANCE OF CORPORATE BONDS
(IX) PROPOSED CHANGE OF DIRECTORS AND SUPERVISORS
NOTICE OF EXTRAORDINARY GENERAL MEETING
AND
NOTICE OF CLASS MEETINGS

I. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Share Issuance, the Subscription and the Whitewash Waiver.

The following resolutions shall be proposed and, if thought fit, approved at the Extraordinary General Meeting and/or Class Meetings:

(1) resolution in relation to the satisfaction of the conditions of the non-public issuance of A Shares of the Company;

(2) resolution in relation to the proposed Share Issuance;

(3) resolution in relation to the execution of the conditional Subscription Agreements;

(4) resolution in relation to the proposal in respect of the non-public issuance of A Shares of the Company (revised version);

(5) resolution in relation to the Share Issuance constituting the connected transactions;

(6) resolution in relation to the authorisation to the Board and/or the Board committee authorized by the Board to complete matters relating to the Share Issuance;

(7) resolution in relation to the feasibility report on projects funded by use of proceeds from the non-public issuance of A shares of the Company (revised version);

(8) resolution in relation to the statement on utilization of proceeds from previous fund raising activities;

(9) resolution in relation to the remedial measures regarding dilution on current returns by the non-public Share Issuance of the Company (revised version);

(10) resolution in relation to the relevant undertakings given by the Company's controlling shareholder, directors and senior management in connection with the remedial measures in relation to dilution on current returns by the non-public Share Issuance of the Company;

(11) resolution in relation to the dividend distribution policy and 3-year plan for shareholders' return (2016–2018) of the Company;

(12) resolution in relation to the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance;

(13) resolution in relation to the application of the Whitewash Waiver by JCC;

(14) resolution in relation to the Special Deal;

(15) resolution in relation to the satisfaction of the conditions of the issuance of Corporate Bonds;

(16) resolution in relation to the issuance of Corporate Bonds; and

(17) resolution in relation to the proposed change of Directors and Supervisors.

The above resolutions 8, 12, 13 and 17 will be considered as ordinary resolutions, and the remaining resolutions will be considered as special resolutions.

In addition, the above resolutions 2, 3, 4, 5, 12, 13 and 14 are subject to approval of the Independent Shareholders. The above resolutions 2, 3, 4, 5, 6, 7, 9, 10, 11 and 14 are subject to approval of the A Shareholders and the H Shareholders by way of special resolutions at the Class Meetings.

As far as the Directors are aware, save for JCC and its concert parties, there are no other Shareholders who are interested or involved in the Share Issuance, the Subscription, the Whitewash Waiver and/or the Special Deal as at the Latest Practicable Date.

The purpose of this circular is to provide you with information regarding, among other things, (i) details of information in respect of the abovementioned resolutions to be proposed at the Extraordinary General Meeting and/or Class Meetings; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Subscription, the Share Issuance and the Whitewash Waiver and the Special Deal; (iii) a letter of advice by Octal Capital to the Independent Board Committee and the Independent Shareholders on the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal; and (iv) notice of Extraordinary General Meeting and Class Meetings.

II. RESOLUTION IN RELATION TO THE SATISFACTION OF THE CONDITIONS OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY

Based on a comparison of the qualifications and conditions of the non-public issuance of A Shares to the specified target investors by listed companies and after considering each of the relevant matters of the Company, it was concluded that the Company has complied with the requirements of the non-public issuance of A Shares pursuant to the Company Law of the PRC, the Securities Law of the PRC, "Measures for Administration of the Issuance of Securities by Listed Companies" (《上市公司證券發行管理辦法》) and the "Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》).

This resolution has been considered and approved by the Board, for which the independent Directors have given their independent opinion, and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting.

III. RESOLUTION IN RELATION TO THE PROPOSED SHARE ISSUANCE

General

On 25 February 2016, the Board approved the proposed issuance by the Company of (i) not more than 298,380,221 new A Shares to not more than 10 specific investors including JCC, and (ii) not more than 527,318,932 new H Shares to JCC or its designated wholly-owned subsidiary on the terms and conditions set out in the Announcement.

Accordingly, after trading hours on 25 February 2016, JCC entered into the A Share Subscription Agreement with the Company, pursuant to which, among other things, JCC has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue not less than 10% of the new A Shares to be issued pursuant to the A Share Issue to JCC at a subscription price identical to that offered to other Investors. JCC also entered into the H Share Subscription Agreement with the Company after trading hours on 25 February 2016, pursuant to which, among others, JCC has conditionally agreed to subscribe for and it may designate its wholly-owned subsidiary to subscribe for and the Company has conditionally agreed to allot and issue not more than 527,318,932 new H Shares to JCC or its designated wholly-owned subsidiary for a consideration of not more than HK$4,150 million or its equivalent RMB at a subscription price of not lower than HK$7.87 per H Share (subject to adjustment).

Structure of the A Share Issue

Class and par value of Shares to be issued:	A Shares with a par value of RMB1.00 each
Subscribers:	The new A Shares under the A Share Issue are proposed to be issued to not more than 10 specific Investors (including JCC). The Investors other than JCC include securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (including the proprietary accounts or investment product accounts managed by the abovementioned Investors), other domestic legal person investors and natural persons. Fund management companies, which hold shares with numerous investment accounts, shall each be taken as one single subscriber. The H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue. For further details, please refer to the section headed "RESOLUTION IN RELATION TO SPECIAL DEAL" below in this circular. As at the Latest Practicable Date, the Company is not aware of other existing Shareholders out of the 10 specific Investors (other than JCC). The final subscribers, other than JCC, will be determined by the Board, and/or the Board committee authorized by the Board with the sponsor (the lead underwriter) after obtaining the approval from CSRC in respect of the A Share Issue, with principles including priority to be given based on the price quoted by the Investors. Every investor (including existing A Shareholders) who is interested in participating in the A Share Issue may contact the Company and submit a letter of intent to subscribe for new A Shares under the A Share Issue. The existing Shareholders will not have preferential right or priority over other investors to subscribe for the A Shares under the A Share Issue.

As at Latest Practicable Date, apart from the A Share Subscription Agreement, the Company has not entered into any agreement with any potential Investors in respect of the A Share Issue. The Company currently expects that, with the exception of JCC, (i) the new A Shares to be issued under the A Share Issue will only be placed to Investors who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them will become substantial shareholders of the Company nor, together with parties acting in concert with it, would trigger the mandatory general offer obligation under the Takeovers Code, upon completion of their respective subscriptions of new A Shares under the A Share Issue, and (ii) the Investors will not be parties acting in concert with JCC. The Company will comply with the relevant requirements of the Listing Rules should there be any changes or if otherwise necessary.

Number of A Shares to be issued:

The number of A Shares to be issued under the A Share Issue will be not more than 298,380,221 A Shares. JCC will subscribe for not less than 10% of A Shares to be issued pursuant to the A Share Issue. Subject to the abovementioned size of the A Share Issue, the actual number of A Shares to be issued will be determined by the Board and/or the Board committee authorized by the Board in consultation with the sponsor (the lead underwriter) in accordance with the market conditions.

The maximum number of the new A Shares to be issued will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the Pricing Benchmark Date to the date of issuance.

Assuming that the total fund to be raised from the A Share Issue as S, the maximum number of the new A Shares to be issued after adjustment as Q and the base issue price of the new A Shares after adjustment as P_2, then:

$Q=S/P_2$

Further announcement(s) in relation to the aforesaid adjustment will be made in compliance with the Listing Rules and other relevant requirements in the PRC as and when appropriate.

Method of issue: Non-public offering of A Shares by way of cash subscription within 6 months after the approval from CSRC is obtained.

Basis for determining the issue price: The issue price of new A Shares shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date), which is RMB11.73 per A Share, or the latest audited net asset per Share of the Company before the A Share Issue, whichever is higher. Subject to the abovementioned benchmark price, the issue price of the A Share Issue shall be determined by book-building process. Upon obtaining the approval from the CSRC in respect of the A Share Issue, the Board, and/or the Board committee authorized by the Board along in consultation with the sponsor (the lead underwriter) will, with the authorization of the Shareholders, determine the issue price of the new A Shares in accordance with the applicable laws, regulations and other regulatory documents and principles including the priority based on the price quoted by the Investors. JCC will not participate in the pricing exercise for the A Share Issue, but will accept results of the book-building process and make subscription at the same price as other target subscribers. The net issue price per each new A Share will be determined and disclosed upon completion of the A Share Issue and the determination of relevant expenses incurred or to be incurred in relation to the A Share Issue in accordance with the requirements of the Listing Rules.

The pricing mechanism of the A Share Issue is made pursuant to the "Measures for Administration of the Issuance of Securities by Listed Companies" (《上市公司證券發行管理辦法》) and the "Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《上市非公開發行股票實施細則》). In addition, pursuant to the "Measure for the Administration of the Issuance of Securities by Listed Companies", the subscription price of the A shares under a non-public issue cannot be lower than 90% of the average trading price for 20 trading days immediately prior to the pricing benchmark date. In this case, 90% of the average trading price of the 20 trading days immediately prior to the Pricing Benchmark Date was RMB11.73. In this regard, the Company could not set the subscription price of A Shares below RMB11.73 per A Share.

The base issue price of the new A Shares will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the Pricing Benchmark Date to the date of issuance.

Assuming that the 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date before adjustment as P_0, the latest audited net asset per Share of the Company before the A Share Issue as BPS, the number of bonus Shares or Shares being issued upon transfer to Share capital from capital reserve of each Share as N, the number of new Shares or allotments of each Share as K, the price of the new Shares or allotments as A, distribution of dividends for each Share as D (RMB per A Share), the 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date after adjustment as P_1 and the base issue price of the new A Shares after adjustment as P_2, then:

For dividends distribution only: $P_1 = P_0\text{-}D$;

For bonus issue or transfer to share capital from capital reserve only: $P_1 = P_0/(1+N)$;

For issue of new Shares or allotments only: $P_1 = (P_0+AK)/(1+K)$;

For combination of the three items only: $P_1 = (P_0-D+AK)/(1+N+K)$;

Adjusted base issue price of the new A Shares: $P_2 = P_1$ or BPS, whichever is higher.

Further announcement(s) in relation to the aforesaid adjustment will be made in compliance with the Listing Rules and other relevant requirements in the PRC as and when appropriate.

On the A Shares Last Trading Day (i.e. 15 February 2016), the closing price of A Shares was RMB13.45 per A Share.

Conditions for the A Share Subscription Agreement to take effect:

The A Share Subscription Agreement will take effect on the date when all the following conditions have been satisfied:

(1) the approvals and/or authorisations having been granted by the Board and Independent Shareholders at a general meeting for the A Share Issue, the A Share Subscription Agreement and the transactions contemplated thereunder;

(2) the approval from SASAC of Jiangxi Province in relation to the A Share Issue having been obtained;

(3) the approval from CSRC in relation to the A Share Issue having been obtained;

(4) in accordance with the Regulations on Acquisitions of Listed Companies (《上市公司收購管理辦法》) and other relevant regulations, approval having been granted by Independent Shareholders at a general meeting for the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance;

(5) the Whitewash Waiver having been approved by the Board and Independent Shareholders at a general meeting and the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver and the fulfillment of conditions (if any) attached to the Whitewash Waiver; and

(6) the conditions for the H Share Subscription Agreement as set out in sub-paragraphs (1) to (5) in the paragraph headed "Conditions for the H Share Subscription Agreement to take effect" below having been satisfied.

None of the abovementioned conditions is waivable by the Company and JCC. If any of the conditions above cannot be fulfilled, the A Share Subscription Agreement will not take effect.

Lock-up period: The A Shares to be subscribed by JCC pursuant to the A Share Issue shall not be traded or transferred within 36 months from the date of completion of the A Share Issue while the A Shares to be subscribed by other Investors shall not be traded or transferred within 12 months from the date of completion of the A Share Issue.

Total funds to be raised and used: The total funds to be raised from the A Share Issue will be not more than RMB3,500 million. The net proceeds from the A Share Issue after deducting fees and expenses are proposed to be used in the following manner:

(1) as to approximately RMB1,434 million to be used for the engineering project of expansion of Chengmenshan copper reservoir (phase III);

(2) as to approximately RMB435 million to be used for the technical renovation for the deep mining expansion project of Yinshan Mine;

(3) as to approximately RMB632 million to be used for the new construction of No. 5 gangue reservoir of Dexing Copper Mine (Tieluoshan); and

(4) as to the remaining proceeds of not more than RMB1,000 million to be used to replenish working capital of the Company.

If the actual proceeds to be raised from the A Share Issue are less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will adjust and determine the specific projects, the order of priority and the specific investment amount of each project based on the net proceeds actually raised and the priority of each project, and will make up for the shortfall by utilising internal resources or through other financing methods. Before the actual receipt of the proceeds to be raised from the A Share Issue, the Company will, depending on the actual situations of the progress of the projects, finance these projects by proceeds raised through other measures, which will be replaced once the proceeds from the A Share Issue have been received according to procedures required by relevant regulations.

Place of listing:	The Company will apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the new A Shares to be issued pursuant to the A Share Issue.
Distribution of profit:	Upon completion of the A Share Issue, existing and new Shareholders shall be entitled to the undistributed profits of the Company.
Validity period of the resolution:	The resolution regarding the A Share Issue shall be valid for 12 months from the date of the passing of the resolution with respect to the A Share Issue at the Extraordinary General Meeting and the Class Meetings.
Specific mandate of the issuance of A Shares:	The Company will issue the A Shares under the Specific Mandate which is intended to be granted to the Board at the Extraordinary General Meeting and the Class Meetings.
Rights of the new A Shares:	The new A Shares to be issued pursuant to the A Share Issue, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the A Shares in issue at the time of the issue and allotment of such new A Shares, and will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of such new A Shares.

Structure of the H Share Issue

Class and par value of H Shares to be issued:	H Shares with a par value of RMB1.00 each.
Subscriber:	JCC shall subscribe all of the new H Shares and it may designate its wholly-owned subsidiary to subscribe the new H Shares.
Number of H Shares to be issued:	The number of H Shares to be issued under the H Share Issue will be not more than 527,318,932 H Shares. The maximum number of the new H Shares to be issued will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the date of the Board Meeting to the date of issuance. Assuming the total fund to be raised from the H Share Issue as S_1, the maximum number of the new H Shares to be issued after adjustment as Q_1 and the base issue price of the new H Shares after adjustment as P_4, then: $Q_1 = S_1/P_4$ Further announcement(s) in relation to the aforesaid adjustment will be made in compliance with the Listing Rules and other relevant requirements in the PRC as and when appropriate.
Method of issue:	Non-public offering of H Shares by way of cash subscription within the specified period approved by CSRC.
Issue price:	The issue price of new H Shares shall be the average trading price of the H Shares during the 20 trading days preceding the date of the Board Meeting (the average trading price of the H Shares in the 20 trading days preceding the date of the Board Meeting equals to the total trading amount of H Shares traded in the 20 trading days preceding the date of the Board Meeting divided by the total volume of H Shares traded in the 20 trading days preceding the date of the Board Meeting), which is HK$7.87 per H Share.

Adjustment to the issue price:

In the event that the closing price of the H Shares on the last trading day preceding the date of the Extraordinary General Meeting and the Class Meetings is higher than that of the last trading day preceding the date of the Board Meeting, which is HK$8.45 per H Share, the issue price of new H Shares shall be adjusted upwards proportional to the ratio on the basis of the abovementioned issue price but the upward adjustment should not exceed 5%. The upward adjustment mechanism was set up in order to protect the interests of the minority Shareholders and the 5% ceiling was determined in accordance with the market practice. The formula of the adjustment proportion and adjusted issue prices is as follows:

$$R = \frac{N_2}{N_1} - 1$$

$$P_2 = P_1 \times (1+R)$$

R: the upward adjustment ratio

P_1: issue price before adjustment

P_2: issue price after adjustment

N_1: closing price on the trading day preceding the date of the Board Meeting

N_2: closing price on the trading day preceding the date of the Extraordinary General Meeting and the Class Meetings

In the event that the closing price of the H Share on the last trading day preceding the date of the Extraordinary General Meeting and the Class Meetings does not exceed that of the last trading day preceding the date of the Board Meeting, which is HK$8.45 per H Share, there shall be no adjustment to the issue price of the new H Shares pursuant to the H Share Issue. The net issue price per each new H Share will be determined and disclosed upon completion of the H Share Issue and the determination of relevant expenses incurred or to be incurred in relation to the H Share Issue in accordance with the requirements of the Listing Rules.

The issue price of the new H Shares will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the date of the Board Meeting to the date of issuance.

Assuming the issue price of the new H Shares before adjustment as P_3 (after adjustment on the initial issue price due to the difference between the closing price of the H Shares on the last trading day preceding the date of the Extraordinary General Meeting and the Class Meetings and that of the last trading day preceding the date of the Board Meeting already considered and reflected), the number of bonus Shares or Shares being issued upon transfer to Share capital from capital reserve of each Share as N, the number of new Shares or allotments of each Share as K, the price of the new Shares or allotments as A, distribution of dividends for each Share as D (HK$ per H Share), the issue price of the new H Shares after adjustment as P_4, then:

For dividends distribution only: $P_4 = P_3\text{-}D$;

For bonus issue or transfer to share capital from capital reserve only: $P_4 = P_3/(1+N)$;

For issue of new Shares or allotments only: $P_4 = (P_3+AK)/(1+K)$;

For combination of the three items only: $P_4 = (P_3\text{-}D+AK)/(1+N+K)$

Furthermore, the closing price of the H Shares on the last trading day preceding the date of the Board Meeting, which is HK$8.45 per H Share, should also be adjusted in accordance with the aforesaid adjustment formula if there is any ex-right and ex-dividend arrangement.

Further announcement(s) in relation to the aforesaid adjustment will be made in compliance with the Listing Rules and other relevant requirements in the PRC as and when appropriate.

Assuming the issue price is fixed at HK$7.87 per H Share, it represents a discount of approximately 1.99% as compared to the closing price of HK$8.03 per H Share on the date of the H Share Subscription Agreement. In addition, assuming that the issue price is adjusted upward by 5%, the issue price will be adjusted to HK$8.26 per H Share and the number of H Shares to be issued under the H Share Issue after adjustment will be not more than 502,421,307 H Shares.

Conditions for the H Share Subscription Agreement to take effect:

The H Share Subscription Agreement will take effect on the date when all the following conditions have been satisfied:

(1) the approvals and/or authorisations having been granted by the Board and the Independent Shareholders at a general meeting for the H Share Issue, the H Share Subscription Agreement and transactions contemplated thereunder;

(2) all necessary approvals, consents from the relevant governmental and regulatory authorities, including but not limited to the approval from SASAC of Jiangxi Province and CSRC, in relation to the H Share Issue and the H Share Subscription Agreement having been obtained;

(3) in accordance with the Regulations on Acquisitions of Listed Companies (《上市公司收購管理辦法》) and other relevant regulations, approval having been granted by Independent Shareholders at a general meeting for the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance;

(4) the Whitewash Waiver having been approved by the Board and Independent Shareholders at a general meeting and the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver and the fulfillment of conditions (if any) attached to the Whitewash Waiver;

(5) the Listing Committee of the Stock Exchange granting the listing approval in relation to the listing of, and permission to deal in the new H Shares to be issued pursuant to the H Share Issue and the listing approval not subsequently withdrawn or revoked prior to the completion of the H Share Issue; and

(6) the conditions for the A Share Subscription Agreement as set out in sub-paragraphs (1) to (5) in the paragraph headed "Conditions for the A Share Subscription Agreement to take effect" above having been satisfied.

None of the abovementioned conditions is waivable by the Company and JCC. If any of the conditions above cannot be fulfilled, the H Share Subscription Agreement will not take effect.

Lock-up period:	JCC undertook that within 36 months from the date of completion of the H Share Issue, it and/or its designated wholly-owned subsidiary (if applicable) shall not directly or indirectly (if applicable) transfer the H Shares subscribed pursuant to the H Share Issue.
Total funds to be raised and used:	The total funds to be raised from the H Share Issue will be not more than HK$4,150 million or its equivalent RMB. The net proceeds from the H Share Issue after deducting fees and expenses are proposed to be used to replenish working capital of the Company.
Place of listing:	The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the new H Shares to be issued pursuant to the H Share Issue.
Distribution of profit:	Upon completion of the H Share Issue, existing and new Shareholders shall be entitled to the undistributed profits of the Company.
Validity period of the resolution:	The resolution regarding the H Share Issue shall be valid for 12 months from the date of the passing of the resolution with respect to the H Share Issue at the Extraordinary General Meeting and the Class Meetings.
Specific mandate of the issuance of H Shares:	The Company will issue the H Shares under the Specific Mandate which is intended to be granted to the Board at the Extraordinary General Meeting and the Class Meetings.
Rights of the new H Shares:	The new H Shares to be issued pursuant to the H Share Issue, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the H Shares in issue at the time of the issue and allotment of such new H Shares, and will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of such new H Shares.

The subscription of new A Shares and H Shares by JCC or its designated wholly-owned subsidiary (where applicable) pursuant to the A Share Subscription Agreement and H Share Subscription Agreement are conditional upon each other obtaining the approvals and/or authorizations from SASAC of Jiangxi Province, the Extraordinary General Meeting, the Class Meetings, CSRC and other relevant authorities.

This resolution has been considered and approved by the Board, for which the independent Directors have given their prior consent and independent opinion. The Connected Directors have abstained from voting on this resolution of the Company approving the proposed Share Issuance.

This resolution will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings; and shall only be implemented after obtaining the approval of CSRC and be finalized subject to the proposal approved by CSRC. JCC and its associates and concert parties will abstain from voting on this resolution to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the proposed Share Issuance.

Reasons for and benefits of the Share Issuance

As the business scale of the Company has been constantly growing, it is urgent to replenish the working capital. As a leading enterprise in the domestic copper industry, in recent years, the performance of the Company has been among the forefront in the industry. Moreover, production of copper smelting of the Company in recent years has been constantly expanding. With the continuing expansion of scale of operation and capacity, the Company has larger needs for working capital. However, due to macro-economy downturn and industry depression, pressure in fund raising faced by the Company has become higher.

Moreover, it is urgent for the Company to replenish monetary capitals so as to reduce liquidity risk and improve capital structure. After the working capitals are replenished by the proceeds from the non-public issuance, the operating capitals pressure of the Company can be lowered while the assets structure shall be improved and the liquidity pressure shall be relieved. All these shall enhance the ability of the Company to survive various financial pressure and to develop business in the future. The net proceeds of the A Share Issue are proposed to be used as to (a) approximately RMB2,500 million for the expansion and construction of mines; and (b) approximately RMB1,000 million to replenish working capital of the Company, namely, purchase of raw materials, payment of remuneration of employees, selling expenses and management expenses as follows:

(i) as to approximately RMB5 million to RMB10 million to be used for payment of selling expenses;

(ii) as to approximately RMB5 million to RMB10 million to be used for payment of management expenses and remuneration of employees; and

(iii) as to the remaining of approximately RMB980 million to RMB990 million to be used for purchase of raw materials.

The net proceeds from the H Share Issue are intended to be used to purchase raw materials.

In view of the above, the Directors consider that the Share Issuance assists the steady expansion of mine production scale, increases the self-sufficiency rate of raw material, improves the production and operation efficiency and further reduces the production cost of the Company. Meanwhile, the Company will receive certain external funding for its daily production and operation and future development, which is beneficial to the reduction of its operating risks and enhancement of its resistance to risk exposure during the industry downturn. At the same time, the Share Issuance also benefits the Company to have more opportunities in terms of resources. In addition, the Share Issuance reduces debt ratio, improves the capital structure, optimizes the financial position and further improves the business performance of the Company.

The Company has considered other financing alternatives such as rights issue or open offer. However, as the A Shares and H Shares have to be issued at the same price in a rights issue, it may not be feasible to conduct rights issue given the substantial difference between the market price of A Shares and H Shares. In addition, pursuant to the Measures for Administration of the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) issued by CSRC, an A share listed company in PRC is allowed to issue new shares or convertible bonds to the public in the A share market if the average of weighted average returns on net assets (calculated by net income divided by net assets) in the previous three financial years is not less than 6%. The net income is calculated on the basis of the profit after tax and the profit after tax excluding non-recurring items, whichever is lower. Since the weighted average return on net assets of the Company is lower than 6% from 2013 to 2015, the Company will not be permitted to issue any new A Shares nor convertible bonds to the public in the A share market through open offer. Based on the above reasons, the Directors considered that the Company is unable to issue new A and H Shares to the public, hence the Share Issuance is considered as the best available fund-raising option for the Company.

The Directors (excluding the Connected Directors but including members of the Independent Board Committee who have expressed their views after receiving the advice from the Independent Financial Adviser) are of the view that the terms of the Share Issuance and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Effect on shareholding structure of the Company

As at the Latest Practicable Date, the number of issued Shares is 3,462,729,405 Shares, comprising, 2,075,247,405 A Shares and 1,387,482,000 H Shares.

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Issuance (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue and no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the Shares pursuant to the Share Issuance); and (iii) immediately after completion of the Share Issuance (assuming there was a 5% upward adjustment made to the issue price of H Shares pursuant to the H Share Issue but no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the Shares pursuant to the Share Issuance):

	Class of Shares	**As at the Latest Practicable Date**		**Immediately after completion of the Share Issuance assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue**		**Immediately after completion of the Share Issuance assuming there was a 5% upward adjustment made to the issue price of H Shares pursuant to the H Share Issue**	
		Number of Shares	*Approximate % of the total issued Shares*	*Number of Shares*	*Approximate % of the total issued Shares*	*Number of Shares*	*Approximate % of the total issued Shares*
JCC	A	1,205,479,110	34.81%	1,235,317,133	28.81%	1,235,317,133	28.97%
Sub-total for JCC and parties acting in concert with it	H	198,135,000	5.72%	725,453,932	16.92%	700,556,307	16.43%
		1,403,614,110	40.53%	1,960,771,065	45.72%	1,935,873,440	45.41%
Public holders of A Shares	A	869,768,295	25.12%	1,138,310,493	26.54%	1,138,310,493	26.70%
Public holders of H Shares	H	1,189,347,000	34.35%	1,189,347,000	27.73%	1,189,347,000	27.90%
Total		3,462,729,405	100%	4,288,428,588	100%	4,263,530,933	100%

As at the Latest Practicable Date, the Company has no outstanding options, warrants, derivatives or securities convertible into Shares.

Fund raising activities in the past twelve months

The Company has not carried out any fund raising activities during the twelve months immediately preceding the Latest Practicable Date.

IV. RESOLUTION IN RELATION TO THE EXECUTION OF THE CONDITIONAL SUBSCRIPTION AGREEMENTS

As disclosed in the paragraph headed "RESOLUTION IN RELATION TO THE PROPOSED SHARE ISSUANCE" in this circular above, after trading hours on 25 February 2016, the Company entered into the A Share Subscription Agreement with JCC, subject to the conditions as set out in the paragraph headed "Conditions for the A Share Subscription Agreement to take effect" in this circular above. After trading hours on 25 February 2016, the Company also entered into the H Share Subscription Agreement with JCC, subject to the conditions as set out in the paragraph headed "Conditions for the H Share Subscription Agreement to take effect" in this circular above.

This resolution has been considered and approved by the Board, for which the independent Directors have given their prior consent and independent opinions. The Connected Directors have abstained from voting on this resolution of the Company approving the execution of conditional Subscription Agreements.

This resolution will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings; and shall only be implemented after obtaining the approval of CSRC and be finalized subject to the proposal approved by CSRC. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the execution of conditional Subscription Agreements.

V. RESOLUTION IN RELATION TO THE PROPOSAL IN RESPECT OF THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY (REVISED VERSION)

The full text of "Proposal in respect of the Non-public issuance of A Shares of Jiangxi Copper Company Limited (revised version)" is set out in Appendix I of this circular.

This resolution has been considered and approved by the Board, for which the independent Directors have given their prior consent and independent opinions. The Connected Directors have abstained from voting on this resolution of the Company approving the Proposal in respect of the Non-public issuance of A Shares of the Company (revised version).

This resolution will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the proposal in respect of the Non-public issuance of A Shares of the Company (revised version).

VI. RESOLUTION IN RELATION TO THE SHARE ISSUANCE CONSTITUTING THE CONNECTED TRANSACTIONS

The Board has considered and approved the subscription of part of the A Shares to be issued pursuant to the A Share Issue by JCC; and the subscription of all of the H Shares to be issued pursuant to the H Share Issue by JCC or its wholly-owned subsidiary as designated by JCC, details of which have been disclosed in the paragraph headed "RESOLUTION IN RELATION TO THE PROPOSED SHARE ISSUANCE" in this circular above.

The independent Directors have given their prior consent and independent opinions to this resolution. The Connected Directors have abstained from voting on this resolution of the Company approving the Share Issuance constituting the connected transactions.

This resolution will be submitted, by way of special resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the Share Issuance constituting the connected transactions.

VII. RESOLUTION IN RELATION TO THE AUTHORISATION TO THE BOARD AND/OR THE BOARD COMMITTEE AUTHORIZED BY THE BOARD TO COMPLETE MATTERS RELATING TO THE SHARE ISSUANCE

To ensure orderly and efficient implementation of the Share Issuance, it will be proposed at the Shareholders' meeting to authorise the Board to handle matters relating to the Share Issuance pursuant to the rules and regulations including the Company Law of the PRC and the Securities Law of the PRC and the relevant requirements under the Articles, including but not limited to the following:

(1) subject to the laws, regulations and requirements of other regulatory department, authorise the Board to handle all matters relating to the Share Issuance, including but not limited to determining the issue method, issue size, issue price, method of determining the price, target subscribers and timing of issue;

(2) subject to the laws, regulations and requirements of other regulatory department, authorise the Board to handle the review, registration, filing, approval and consent in relation to the Share Issuance, to formulate, prepare, revise, finalise and execute all documents in relation to the Share Issuance and to execute all contracts, agreements and documents relating to the Share Issuance;

(3) subject to the laws, regulations and requirements of other regulatory department, if requested by the regulatory department or if there is any change to the policies relevant to the Share Issuance or market condition, authorise the Board to adjust the Share Issuance proposal (other than those matters requiring Shareholders' approval in accordance with the relevant laws, regulations or Articles or as requested by the regulatory department);

(4) authorise the Board to handle the relevant capital verification in respect of the Share Issuance;

(5) authorise the Board to set up designated account for the fund raised in respect of the Share Issuance;

(6) authorise the Board to determine and engage intermediaries in respect of the Share Issuance, including but not limited to preparing and filing of documents in accordance with regulatory requirements, and determine their remuneration;

(7) subject to the laws, regulations and requirements of other regulatory department, authorise the Board, within the scope of the resolutions proposed at the general meeting of the Company, to adjust the investment of raised proceeds in the projects, including but not limited to, advancing payments to the projects by utilizing other funds in accordance with the actual condition in the event that the availability of the proceeds is not consistent with the approval, authorisation, filing or the actual progress of these projects and replacing with raised proceeds once available. When the proceeds are available, the Board is authorised to be solely responsible for adjusting and determining the specific projects, the order of priority and the specific investment amount of the relevant projects according to conditions of practical implementation including the approval, authorisation, filing or the actual progress and urgency of financial needs of the relevant projects;

(8) authorise the Board to handle registration, lock-up and listing of the new Shares upon completion of the Share Issuance and to file the relevant documents;

(9) authorise the Board to amend the Articles and to handle the relevant approval, registration and filing procedures and the registration procedures for change of registered capital upon completion of the Share Issuance; and

(10) subject to the laws, regulations and requirements of other regulatory department, authorise the Board to determine and handle all other matters in relation to the Share Issuance.

Items No. 7 to 9 above shall have the validity period during the subsistence of the relevant item from the date on which the relevant resolution is passed at the general meeting of the Company and all other items shall have the validity period of 12 months commencing from the date on which the relevant resolution is passed at the general meeting of the Company.

On the basis of the abovementioned authorisation, the Board shall authorise and appoint any two of the executive Directors to form a committee of the Board, which shall decide, handle and deal with all matters relating to the A Share Issue and the H Share Issue.

This resolution has been considered and approved by the Board, and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings.

VIII. RESOLUTION IN RELATION TO THE FEASIBILITY REPORT ON PROJECTS FUNDED BY USE OF PROCEEDS FROM THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY (REVISED VERSION)

The full text of "Feasibility Report on Projects funded by Use of Proceeds from the Non-public issuance of A shares of Jiangxi Copper Company Limited (revised version)" is set out in Appendix II of this circular.

This resolution has been considered and approved by the Board and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings.

IX. RESOLUTION IN RELATION TO THE STATEMENT ON UTILIZATION OF PROCEEDS FROM PREVIOUS FUND RAISING ACTIVITIES

The full text of "Statement on Utilization of Proceeds from Previous Fund Raising Activities of Jiangxi Copper Company Limited" is set out in Appendix III of this circular.

This resolution has been considered and approved by the Board and will be submitted, by way of ordinary resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting.

X. RESOLUTION IN RELATION TO THE REMEDIAL MEASURES REGARDING DILUTION ON CURRENT RETURNS AND REPLENISHED RETURNS OF THE COMPANY (REVISED VERSION)

Pursuant to requirements set out in the "Opinion of the State Council on Further Facilitating the Healthy Development of the Capital Markets" (Guo Ban Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國辦發[2014]17號)), the "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets" (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), and the "Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring" (ZhengJianHui Gong Gao [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (證監會公告[2015]31號), the Board has prepared "Remedial Measures regarding Dilution on Current Returns and Replenished Returns and the Undertakings of the relevant Entities by the Non-public Share Issuance of Jiangxi Copper Company Limited (revised version)", the full text of which is set out in Appendix IV of this circular.

This resolution has been considered and approved by the Board and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings.

XI. RESOLUTION IN RELATION TO THE RELEVANT UNDERTAKINGS GIVEN BY THE COMPANY'S CONTROLLING SHAREHOLDER, DIRECTORS AND SENIOR MANAGEMENT IN CONNECTION WITH THE REMEDIAL MEASURES IN RELATION TO DILUTION ON CURRENT RETURNS BY THE NON-PUBLIC SHARE ISSUANCE OF THE COMPANY

Pursuant to requirements set out in the "Opinion of the State Council on Further Facilitating the Healthy Development of the Capital Markets" (Guo Ban Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國辦發[2014]17號)), the "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets" (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), and the "Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring" (ZhengJianHui Gong Gao [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (證監會公告[2015]31號), JCC, being the controlling shareholder of the Company, has issued the "Undertaking given by Jiangxi Copper Corporation in connection with the Remedial measures in relation to Dilution on Current Returns by the Non-Public Share Issuance of Jiangxi Copper Company Limited", the full text of which is set out in Appendix V of this circular; and the Directors and senior management of the Company have issued "Undertaking given by all Directors and senior management in connection with the Remedial measures in relation to Dilution on Current Returns by the Non-Public Share Issuance of Jiangxi Copper Company Limited", the full text of which is set out in Appendix VI of this circular.

This resolution has been considered and approved by the Board and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings.

XII. RESOLUTION IN RELATION TO THE DIVIDEND DISTRIBUTION POLICY AND 3-YEAR PLAN FOR SHAREHOLDERS' RETURN (2016–2018) OF THE COMPANY

Pursuant to the relevant requirements under "Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies" (ZhengJianFa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and the "Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies" (ZhengJianHui Gong Gao [2013] No. 43) (《上市公司監管指引第3號 – 上市公司現金分紅》(證監會公告[2013]43號)) issued by CSRC, and the Articles, the "Dividend Distribution Policy and 3-year plan for Shareholders' Return (2016–2018) of Jiangxi Copper Company Limited" has been prepared, the full text of which is set out in Appendix VII of this circular.

This resolution has been considered and approved by the Board, for which the independent Directors have given their independent opinions, and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting and the Class Meetings.

XIII. RESOLUTION IN RELATION TO THE WAIVER OF JCC'S OBLIGATION TO MAKE A GENERAL OFFER OF THE SECURITIES OF THE COMPANY AS A RESULT OF THE SHARE ISSUANCE

As at the Latest Practicable Date, JCC, being the controlling shareholder of the Company, holds approximately 40.53% of the issued share capital of the Company. As the Subscription will increase JCC's shareholding in the Company from approximately 40.53% to approximately 45.72% (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue) as enlarged by the issue of new Shares under the Share Issuance, JCC has potentially triggered obligation to make a general offer of the securities of the Company to other Shareholders pursuant to the relevant requirements of "Measures for the Administration of the Takeover of Listed Companies" (《上市公司收購管理辦法》) issued by CSRC and the Takeovers Codes. As such, JCC undertakes that the A Shares to be subscribed by JCC pursuant to the A Share Issue shall not be transferred within 36 months from the date of completion of the A Share Issue; and within 36 months from the date of completion of the H Share Issue, JCC and/or its designated wholly-owned subsidiary (if applicable) shall not directly or indirectly (if applicable) transfer the H Shares subscribed pursuant to the H Share Issue. It will be submitted to the Extraordinary General Meeting for the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance to be approved.

This resolution has been considered and approved by the Board, for which the independent Directors have given their prior consent and independent opinions. The Connected Directors have abstained from voting on this resolution of the Company approving the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance.

This resolution will be submitted, by way of ordinary resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting to approve waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance.

XIV. RESOLUTION IN RELATION TO THE APPLICATION OF THE WHITEWASH WAIVER BY JCC

Implications under the Takeovers Code and Application for Whitewash Waiver

As disclosed in the announcement of the Company dated 24 September 2015, JCC has, during the period from 21 July 2015 to 24 September 2015, cumulatively acquired 68,480,000 H Shares from Hong Kong market through target asset management (定向資產管理) by securities companies which are entrusted by JCC to acquire H Shares for the account of JCC through the market, representing approximately 1.978% of the total issued share capital of the Company (collectively, the "**Acquisition**"), resulting in an increase of shareholding from approximately 38.56% to approximately 40.53%. Details of the Acquisition are set out as follows:

Date of relevant Acquisition	Number of H Shares	Percentage of shareholding in the total issued share capital in the Company immediately after the relevant Acquisition
21 July 2015	2,364,000	38.626%
22 July 2015	2,420,000	38.695%
23 July 2015	5,250,000	38.847%
24 July 2015	5,000,000	38.991%
26 August 2015	1,036,000	39.021%
27 August 2015	3,000,000	39.108%
28 August 2015	3,750,000	39.216%

Date of relevant Acquisition	Number of H Shares	Percentage of shareholding in the total issued share capital in the Company immediately after the relevant Acquisition
31 August 2015	3,000,000	39.303%
1 September 2015	3,000,000	39.390%
2 September 2015	6,500,000	39.577%
4 September 2015	3,093,000	39.667%
7 September 2015	3,000,000	39.753%
8 September 2015	3,000,000	39.840%
9 September 2015	1,000,000	39.869%
11 September 2015	2,000,000	39.927%
14 September 2015	3,000,000	40.013%
15 September 2015	2,000,000	40.071%
16 September 2015	3,000,000	40.158%
17 September 2015	5,000,000	40.302%
18 September 2015	2,500,000	40.374%
21 September 2015	1,000,000	40.403%
22 September 2015	1,000,000	40.432%
23 September 2015	2,500,000	40.504%
24 September 2015	1,067,000	40.535%

As at the Latest Practicable Date, JCC holds 1,205,479,110 A Shares and 198,135,000 H Shares, representing approximately 40.53% of the issued share capital of the Company. As the Subscription will increase JCC's shareholding of the Company from approximately 40.53% to approximately 45.72% (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue) as enlarged by the issue of new Shares under the Share Issuance, the Subscription will give rise to an obligation on the part of JCC to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by it under Rule 26 of the Takeovers Code.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will not normally waive an obligation under Rule 26 if there occurs any disqualifying transaction for such a waiver. Disqualifying transactions include, among others, a situation where the person seeking a waiver or any person acting in concert with him has acquired voting rights in the relevant company in the six months immediately prior to the announcement of the proposals but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such company (which would include informal discussions) in relation to the relevant proposal. Other than the Acquisition which took place prior to the negotiations, discussions or the reaching of understandings or agreements with the Directors (including informal discussions) in relation to the relevant proposal, JCC and its concert parties have no other dealings and have not acquired or been deemed to have acquired, any voting rights in the Company during the six months period immediately prior to the Latest Practicable Date.

An application has been made by JCC to the Executive for granting a waiver from such obligation pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval of Independent Shareholders by way of poll.

This resolution has been considered and approved by the Board, for which the independent Directors have given their prior consent and independent opinions. The Connected Directors have abstained from voting on this resolution of the Company approving the application of the Whitewash Waiver.

This resolution will be submitted, by way of ordinary resolution, for the Independent Shareholders' consideration and approval at the Extraordinary General Meeting. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting to approve the application of the Whitewash Waiver.

XV. RESOLUTION IN RELATION TO SPECIAL DEAL

Pursuant to the "Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》) issued by CSRC, the sponsors shall, on the day immediately preceding the commencement date of the offer period, deliver the Invitation Documents to invite targeted eligible investors to subscribe for A Share Issue. Such targeted eligible investors include, among others, top 20 existing shareholders of the listed companies. Every investor (including existing A Shareholders but other than northbound trading investors under the Shanghai-Hong Kong Stock Connect) who is interested in participating in the A Share Issue are also entitled to express their interests to the Company and submit a letter of intent to subscribe for new A Shares after the Board Meeting so as to receive the Invitation Documents.

According to the applicable PRC laws, regulations and regulatory requirements, foreign investors cannot subscribe in non-public issue of A shares of listed companies by way of cash unless they are approved qualified foreign institutional investors or foreign strategic investors. In order to ensure the independence of the H Shareholders, and after considering the applicable PRC laws, regulations and regulatory requirements, the scope of targeted subscribers under the A Share Issue will exclude all the H Shareholders (including approved qualified foreign institutional investors, foreign strategic investors and approved PRC investors which could invest in H Shares, including the qualified domestic institutional investors and the southbound trading investors under the Shanghai-Hong Kong Stock Connect). The above scope of targeted subscribers does not contravene the applicable PRC laws, regulations and regulatory requirements.

As such, the A Share Issue constitutes Special Deal under Rule 25 of the Takeovers Code and which is not capable of being extended to all Shareholders and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser opining that the terms of the Special Deal are fair and reasonable and (ii) the approval of the Special Deal by the Independent Shareholders by way of poll at the H Shares Class Meeting. Accordingly, the resolution in respect of the Special Deal will be submitted, by way of special resolution, for H Shareholders' consideration and approval at the H Shares Class Meeting. JCC and its associates and concert parties and those who are involved in or interested in the Share Issuance, Subscription, Whitewash Waiver and/or the Special Deal will abstain from voting on the resolution to be proposed at the H Shares Class Meeting to approve the Special Deal.

Pursuant to the Articles and the applicable PRC regulations, if the rights attached to any class of shares are varied, a special resolution shall be passed at the shareholders' general meeting and by holders of shares of the affected class passed at a separate general meeting of the holders of shares of the class. Accordingly, the resolution in respect of the Special Deal will also be submitted, by way of special resolution, for Shareholders' consideration and approval at the Extraordinary General Meeting and the A Shares Class Meeting. JCC and its associates and concert parties will abstain from voting on the resolution to be proposed at the Extraordinary General Meeting and A Shares Class Meeting to approve the Special Deal.

XVI. RESOLUTION IN RELATION TO THE SATISFACTION OF THE CONDITIONS OF THE ISSUANCE OF CORPORATE BONDS

Based on a comparison of the qualifications and conditions of the issuance of Corporate Bonds by the Company and after considering each of the relevant matters of the Company, the Board concluded that the Company has complied with the requirements of the issuance of Corporate Bonds pursuant to the provisions and rules under law, rules and regulatory documents including the Company Law of the PRC, the Securities Law of the PRC, "Measures for Administration of the Issuance and Trading of Corporate Bonds" (《公司債券發行與交易管理辦法》) issued by CSRC.

This resolution has been considered and approved by the Board, and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting.

XVII. RESOLUTION IN RELATION TO THE ISSUANCE OF CORPORATE BONDS

Pursuant to requirements under national law, rules, relevant law and rules and regulatory documents including the Company Law of the PRC, the Securities Law of the PRC, "Measures for Administration of the Issuance and Trading of Corporate Bonds" (《公司債券發行與交易管理辦法》) issued by CSRC, the proposed terms of the issuance of Corporate Bonds are set out below:

(1) Nominal value, issue price and size

The Corporate Bonds will be issued at a nominal value of RMB100 each. The aggregate principal amount of the Corporate Bonds to be issued will not exceed RMB10 billion subject to the compliance with the relevant laws, rules and requirements of the regulatory authorities. The actual amount to be issued will be determined by the Board or the Board Committee authorised by the Board within the above scope after obtaining shareholders' authorisations.

(2) Target subscribers and the arrangement regarding subscription by Existing Shareholders

The Corporate Bonds are proposed to be publicly issued to public investors or qualified investors by way of subscription in cash. The current PRC laws and regulations do not restrict existing Shareholders of listed companies who are qualified to subscribe for the corporate bonds. All investors (including existing Shareholders) who are interested and qualified to subscribe for the Corporate Bonds are able to participate in book-entry and file-building process. As such, existing Shareholders will not have priority over other investors in subscribing for the Corporate Bonds. The Company is currently not aware that the Corporate Bonds will be issued to existing Shareholders.

(3) Term and types of Corporate Bonds

The term of the Corporate Bonds will not exceed 15 years (including 15 years) from the date of issue, and the Corporate Bonds may consist of types of Corporate Bonds with one fixed term or types of Bonds with a combination of various fixed terms. The actual term(s) and types of Corporate Bonds shall be determined by the Board or the Board Committee authorised by the Board and as authorised by the Shareholders with reference to the market condition and the funding needs of the Company.

(4) Interest rate and basis of determination

The interest rate of the Corporate Bonds is a fixed simple rate and the coupon rate of the Corporate Bonds shall be determined by the Company and the lead underwriter with reference to the results of offline price quotes and finalized by way of book-entry and file-building within the range of the interest rate. The coupon rate of the Corporate Bonds shall be simple rate calculated annually without compound interest. Interests is payable once a year and the principal amount will be paid in one lump sum upon maturity.

(5) Guarantee

No guarantee will be provided in the issuance of Corporate Bonds.

(6) Method of issuance

The Corporate Bonds may be publicly issued to public investors or publicly issued to qualified investors by way of publication of an announcement on the issuance of the Corporate Bonds. According to the Securities Law of the PRC, "Measures for Administration of the Issuance and Trading of Corporate Bonds" (《公司債券發行與交易管理辦法》)issued by CSRC, qualified investors should possess relevant ability of identifying and bearing risks. They should also understand and bear their own investment risk of the Corporate Bonds. Furthermore, they shall fulfil the following conditions:

(1) financial institutions, including securities companies, fund management companies and their subsidiaries, futures companies, commercial banks, insurance companies and trust companies, of which the establishment has been authorised by relevant financial regulatory departments and the private fund managers registered under Asset Management Association of China (中國證券投資基金業協會) ("**AMAC**");

(2) financial products for investors issued by the aforesaid financial institutions, including but not limited to asset management products of securities companies, products of funds and funds' subsidiaries, asset management products of futures companies, financial products of banks, insurance products, trusts products and private funds filed under AMAC;

(3) corporate institutional entities and partnerships with net assets of not lower than RMB10 million;

(4) qualified foreign institutional investors and RMB-qualified foreign institutional investors;

(5) pension funds including society security funds and enterprise annuities fund and society welfare funds including charity funds;

(6) individual investors who hold financial assets of not lower than RMB3 million;

(7) other qualified investors authorized by CRSC.

The aforementioned financial products include bank deposits, stocks, bonds, fund shares, asset management scheme, banking financial products, trust schemes, insurance products and futures interests.

The Corporate Bonds may be issued in tranches after obtaining the CSRC's approval.

(7) Use of proceeds

The proceeds raised from the issuance of Corporate Bonds, after deducting the expenses, are intended to be applied towards repayment of loans and/or replenishment of working capital.

(8) Measures for safeguarding repayment

After the issuance of the Corporate Bonds, if it is foreseeable that the Company cannot repay the principal or interests when it falls due, the Company shall establish and adopt various measures for safeguarding repayment for protection of interest of the holders of Corporate Bonds.

(9) Place of listing of Corporate Bonds

Upon the completion of the issuance of Corporate Bonds, the Company will apply to the Shanghai Stock Exchange for the listing of the Corporate Bonds subject to the satisfaction of the conditions of the listing. The Corporate Bonds may also be listed on other designated stock exchanges permitted by law upon obtaining approval from the regulatory authorities.

(10) Authorisation to the Board in respect of the issuance of Corporate Bonds

To ensure orderly and efficient implementation of the issuance of Corporate Bonds, it will be proposed at the Shareholders' meeting to authorise the Board to handle matters relating to the issuance of the Corporate Bonds within the scope regulated by the relevant law and rules, including but not limited to the following:

(i) subject to the laws, regulations, other requirements of regulatory and monitoring institutions and the resolution passed at the general meeting, the Board will be authorised to determine and adjust the specific terms and proposal of the issuance of Corporate Bonds in accordance with the actual conditions of the Company and the market, including but not limited to all matters relating to the issuance such as to determine the actual size of the Corporate Bonds, terms, type of Corporate Bonds, interest rate or its determination basis, timing of issue, target subscribers, method of issue, whether the Corporate Bonds are to be issued once or by tranches, number of tranches of issuance and size of each tranche, sale back or redemption provisions, specific use of raised proceeds, issue proportion of online and offline offering, credit rating arrangement, specific subscription method, repayment of principal and interest, measures of safeguarding repayments, listing arrangement and underwriting arrangement;

(ii) determine and select the employment of intermediaries and custodian in respect of the issuance of Corporate Bonds;

(iii) responsible for the specific implementation and execution of the issuance and application for listing of the Corporate Bonds, including but not limited to formulating, authorising, signing, executing, revising and completion relevant documentations in respect of the issuance and listing of the Corporate Bonds such as the offer document, underwriting agreement, custodian agreement, meeting requirements of bond holders, listing agreement and various announcements, and relevant information disclosures in accordance with the laws, rules and other regulating documents;

(iv) if there is any changes to laws, rules, regulatory documents or relevant policies of the regulatory institutions or market condition, other than matters which require another shareholders' approval under the applicable laws, rules, regulatory documents or the Articles, the Board may adjust the specific proposals in respect of the issuance of Corporate Bonds in accordance with the relevant laws, rules, the Articles or advice of regulatory institutions (if any) or determine whether to proceed with the relevant work regarding the issuance of Corporate Bonds according to the actual condition; and

(v) the Board will be authorised to handle, with absolute discretion, all other matters in relation to the issuance and listing of the Corporate Bonds.

On the basis of the abovementioned authorisation, the Board shall authorise and appoint any two of the executive Directors to form a committee of the Board, which shall decide, handle and deal with all matters relating to the issuance and listing of the Corporate Bonds. The abovementioned authorisations shall remain valid from the date of passing of the resolutions in respect of the issuance of Corporate Bonds at the general meeting to the date of completion of the authorised matters.

(11) Validity of the resolution

The resolution approving the issuance of Corporate Bonds will be valid for 24 months commencing from the date of passing of the resolutions at the general meeting.

This resolution has been considered and approved by the Board, and will be submitted, by way of special resolution, for the Shareholders' consideration and approval at the Extraordinary General Meeting.

XVIII. PROPOSED CHANGE OF DIRECTORS AND SUPERVISORS

Reference is made to the announcements of the Company dated 31 December 2015 in relation to the resignation of independent non-executive Directors and the proposed change of Directors and Supervisors respectively.

Change of Directors

Mr. Liu Fangyun, Mr. Gan Chengjiu and Mr. Shi Jialiang will resign as executive Directors with effect from the date of the Extraordinary General Meeting after the resolution in respect of the Whitewash Waiver has been approved by the Independent Shareholders at the Extraordinary General Meeting due to the work allocation by relevant PRC authority.

In addition, as disclosed in the announcement of the Company dated 31 December 2015, the Board received written resignations tendered by Mr. Qiu Guanzhou, Mr. Deng Hui and Mr. Zhang Weidong. Pursuant to the relevant requirements under the Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises (《關於進一步規範黨政領導幹部在企業兼職(任職)問題的意見》) issued by the Organization Department of the Central Committee of the Communist Party of China and the Notice on Commencement of Special Inspection of Party and Political Leaders and Cadres Working Part-Time (Holding Offices) In Enterprise (《關於開展黨政領導幹部在企業兼職情況專項檢查的通知》) issued by the General Office of Ministry of Education, leaders and cadres at deputy chief level or above in universities shall not serve as independent directors of listed companies. As such, Mr. Qiu Guanzhou and Mr. Deng Hui will resign as independent non-executive Directors and their corresponding positions as members of the remuneration committee, the independent audit committee (audit committee) and the nomination committee of the Company with effect from the date of the Extraordinary General Meeting after the resolution in respect of the Whitewash Waiver has been approved by the Independent Shareholders at the Extraordinary General Meeting due to their personal work engagement. Mr. Zhang Weidong will continue to discharge his duties as independent non-executive Director and the member of committees under the Board according to the relevant laws, administrative regulations and the Articles prior to the appointment of a new independent non-executive Director to replace him.

The Board wishes to take this opportunity to express its sincere gratitude to Mr. Liu Fangyun, Mr. Gan Chengjiu, Mr. Shi Jialiang, Mr. Qiu Guanzhou and Mr. Deng Hui (collectively, the "**Outgoing Directors**") for their past contribution towards the Group. Each of the Outgoing Directors has confirmed that he had no disagreement with the Board and there was no matter which has to be brought to the attention of the Shareholders or the Stock Exchange. The resignation of each of the Outgoing Directors is subject to the approval from Shareholders at the Extraordinary General Meeting.

The Board also announces that Mr. Wang Bo, Mr. Wu Jinxing, Mr. Wu Yuneng will be appointed as executive Directors, in place of Mr. Liu Fangyun and Mr. Gan Chengjiu and Mr. Shi Jialiang respectively, for the term of office commencing from the date of the Extraordinary General Meeting to the date of the annual general meeting of the Company for the year of 2018.

The Board has also received written notice from JCC nominating Mr. Sun Chuanyao and Mr. Liu Erfei as independent non-executive Directors for the term of office commencing from the date of the Extraordinary General Meeting to the date of the annual general meeting of the Company for the year of 2018. Subject to the appointment of Mr. Sun Chuanyao and Mr. Liu Erfei as independent non-executive Directors, they will be appointed as members of audit committee, remuneration committee and nomination committee, in place of Mr. Qiu Guanzhou and Mr. Deng Hui respectively.

Each of the appointment of Mr. Wang Bo, Mr. Wu Jinxing, Mr. Wu Yuneng, Mr. Sun Chuanyao and Mr. Liu Erfei (collectively, the "**Proposed Directors**") is subject to the approval from Shareholders at the Extraordinary General Meeting.

Change of Supervisors

Mr. Wu Jinxing and Ms. Wan Sujuan will resign as Supervisors and Mr. Lin Jinliang (together with Mr. Wu Jinxing and Ms. Wan Sujuan, the "**Outgoing Supervisors**") will resign as a Supervisor representing the staff and workers due to change in job positions with effect from the date of the Extraordinary General Meeting.

The Supervisory Committee wishes to take this opportunity to express its sincere gratitude to the Outgoing Supervisors for their past contribution towards the Group. Each of the Outgoing Supervisors has confirmed that he/she had no disagreement with the Board and there was no matter which has to be brought to the attention of the Shareholders or the Stock Exchange. Each of the resignation of Mr. Wu Jinxing and Ms. Wan Sujuan is subject to the approval from Shareholders at the Extraordinary General Meeting.

The Board announces that Mr. Liao Shengsen and Mr. Zhang Jianhua will be appointed as the Supervisors in place of Mr. Wu Jinxing and Ms. Wan Sujuan with effect from the date of the Extraordinary General Meeting. Furthermore, Mr. Zeng Min (together with Mr. Liao Shengsen and Mr. Zhang Jianhua, the "**Proposed Supervisors**") was elected at an employee representative congress to be appointed as a Supervisor representing the staff and workers in place of Mr. Lin Jinliang. Each of the appointment of Mr. Liao Shengsen and Mr. Zhang Jianhua is subject to the approval from Shareholders at the Extraordinary General Meeting.

Particulars of the candidates proposed to be elected as directors and Supervisors

Directors

Mr. Wang Bo (汪波), born in June 1963, aged 52, graduated from Fuzhou Education College (撫州師範專科學校) majoring in chemistry in July 1984 and started working in the same year. Mr. Wang Bo is a post graduate and joined the communist party of the People's Republic of China in January 1985. Mr. Wang Bo is a senior administrative officer and has been the deputy secretary to the communist party committee of the Company since December 2008.

Mr. Wu Jinxing (吳金星), born in February 1962, aged 54, graduated from Zhejiang Metallurgy College (浙江冶金高等專科學校) majoring in accounting (associate degree) in July 1982 and started working in the same year. Mr. Wu Jinxing obtained his master degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) and is a senior accountant. Mr. Wu Jinxing has been the chief accountant of Dexing Copper Mine (德興銅礦) of the Company and the general manager of Jiangxi Copper Group Financial Company Limited (江西銅業集團財務公司). Mr. Wu Jinxing is currently the chief financial officer and member of the communist party committee of the Company.

Mr. Wu Yuneng (吳育能), born in February 1962, aged 54, graduated from Jiangxi Cadre's Institute of Economic Administrators (江西經濟管理幹部學院) majoring in industrial management engineering. Mr. Wu Yuneng is an economist, and was the general manager of Baoxin Cable Company under Jiangtong Southern Company (江銅南方公司寶興電纜公司), the general manager of Jiangtong Southern Company (江銅集團南方總公司) and the general manager of Jiangxi Copper Trading Company Limited (江銅營銷有限公司), a subsidiary of Jiangxi Copper Company Limited. Mr. Wu Yuneng has extensive experience in business management and marketing.

Mr. Sun Chuanyao (孫傳堯), born in December 1944, aged 71, graduated from Northeastern Industrial College (東北工學院) majoring in ferrous metallurgy in 1968. Mr. Sun Chuanyao obtained his master degree in ore-dressing from Beijing General Research Institute of Mining & Metallurgy (北京礦冶研究總院). Mr. Sun Chuanyao is a part-time professor and doctoral tutor at Central South University (中南大學). Mr. Sun Chuanyao is also the deputy supervisor of the expert committee of China Nonferrous Metals Industry Association (中國有色金屬工業協會) and supervisor of ore-dressing committee of China Mining Association (中國礦業聯合會). Mr. Sun Chuanyao has been the director, the deputy dean and the dean of Beijing General Research Institute of Mining & Metallurgy (北京礦冶研究總院) and supervisor of National Main Laboratory of Mining Processing (礦物加工國家重點實驗室). Furthermore, Mr. Sun Chuanyao has been the independent director of listed companies including the Company, China Nonferrous Metal Mining (Group) Co., Ltd and China Aluminum International Engineering Corporation Limited.

Mr. Liu Erfei (劉二飛), born in November 1958, aged 57, graduated from Beijing Foreign Studies College (北京外國語學院) with bachelor degree in English in 1981. Mr. Liu Erfei obtained his bachelor degree in Economics and International Relations from Brandeis University in 1984 and his master degree from Harvard Business School in 1987. Mr. Liu Erfei has been senior management in various financial institutions including Goldman Sachs, Morgan Stanley, Salomon Smith Barney International and Bank of America Merrill Lynch. Mr. Liu Erfei is currently the co-founder of Cindat Capital Management Ltd..

Save as disclosed above, each of the Proposed Directors did not hold any directorship in other listed companies in the last three years. Save as disclosed above, each of the Proposed Directors does not have any relationships with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company. Each of the Proposed Directors does not have any interest in shares of the Company ("**Shares**") within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("**SFO**").

Subject to the approval of the Shareholders at the Extraordinary General Meeting, the Company will enter into service contracts with Mr. Wang Bo, Mr. Wu Jinxing and Mr. Wu Yuneng, and letter of appointment with Mr. Sun Chuanyao and Mr. Liu Erfei. The initial length of services will be from the date of the Extraordinary General Meeting up to the date on which the annual general meeting of the Company for the year 2018 being held. The Company has yet to fix the remuneration of the Proposed Directors and it will seek approval from the Shareholders at the Extraordinary General Meeting for authorisation that any one Director to enter into a service contract or letter of appointment with each of them. The Board will consider the duties of the Proposed Directors in the Company with reference to the salary of the other executive Directors and independent non-executive Directors in determining the remunerations of the Proposed Directors.

The Board is not aware that there are any other matters that need to be brought to the attention of Shareholders in respect of the appointment of the Proposed Directors and there is no other information relating to the Proposed Directors which is required to be disclosed pursuant to any of the requirement of Rule 13.51(2) of the Listing Rules.

Supervisors

Mr. Liao Shengsen (廖勝森), born in November 1960, aged 55, is a post graduate. Mr. Liao Shengsen graduated from Jiangxi Radio and Television University (江西廣播電視大學) majoring in industrial enterprises management in 1987. Mr. Liao Shengsen started working in July 1981 and is a senior accountant. Mr. Liao Shengsen has been the chief accountant of Guixi Smelting Factory (貴溪冶煉廠) of the Company and is currently the general manager of the risk and internal control department of the Company.

Mr. Zhang Jianhua (張建華), born in August 1964, aged 51, is a associate degree holder and a senior economist. Mr. Zhang Jianhua has been the deputy officer of corporate management office under JCC, the deputy general manager of planning and development department of the Company. He is currently the general manager of legal affairs department of the Comapny. Mr. Zhang Jianhua has extensive experience in corporate development and planning and legal affairs management.

Mr. Zeng Min (曾敏), born in September 1964, aged 51, graduated from Central South Industrial University (中南工業大學) majoring in industrial enterprises management engineering in July 1989 and is a bachelor degree holder. Mr. Zeng Min started working in the same year and is a senior administrative officer. Mr. Zeng Min has been the supervisor of the communist party committee office of the Company and the secretary to the communist party committee of Jiangxi Copper Products Company Limited. Mr. Zeng Min is currently the vice chairman of the labour union of the Company.

Save as disclosed above, the Proposed Supervisors did not hold any directorship in other listed companies in the last three years. Save as disclosed above, the Proposed Supervisors do not have any relationships with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company. The Proposed Supervisors do not have any interest in Shares within the meaning of Part XV of the SFO.

Subject to the approval of the Shareholders at the Extraordinary General Meeting, the Company will enter into the service contract or letter of appointment with Mr. Liao Shengsen and Mr. Zhang Jianhua. The initial length of services will be from the date of the Extraordinary General Meeting up to the date on which the annual general meeting of the Company for the year 2018 being held. The Company has yet to fix the remuneration of Mr. Liao Shengsen and Mr. Zhang Jianhua and it will seek approval from the Shareholders at the Extraordinary General Meeting of the Company for the authorisation that any one Director to enter into the service contract or letter of appointment with each of them. The Board will consider the duties of Mr. Liao Shengsen and Mr. Zhang Jianhua in the Company with reference to the salary of the other Supervisors in determining the remunerations of the Proposed Supervisors.

The Board is not aware that there are any other matters that need to be brought to the attention of Shareholders in respect of the appointment of the Proposed Supervisors and there is no other information relating to the Proposed Supervisors which is required to be disclosed pursuant to any of the requirement of Rule 13.51(2) of the Listing Rules.

XIX. INFORMATION OF THE GROUP

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. The Company's main scope of operations include: non-ferrous metal, rare metals and non-metallic ores; smelting, rolling processing and further processing of non-ferrous metal and related by-products; after sale services for self-manufactured products; overseas futures and hedging business and related enquiry services and business.

XX. EXTRAORDINARY GENERAL MEETING AND CLASS MEETINGS

JCC, as the controlling shareholder of the Company, is a collective enterprise (全民所有制企業) on which the SASAC of Jiangxi Province performs contributor function. The principal business of JCC covers non-ferrous mines, non-metal mines and non-ferrous smelting and rolling processed products. JCC undertakes the construction of overseas non-ferrous industry and domestic international tendering construction, the necessary equipment for the abovementioned overseas construction, export of materials and the necessary labour sent to overseas for the implementation of the abovementioned overseas construction.

It is the intention of JCC that the Company will maintain its existing business after completion of the Share Issuance. JCC has currently no intention to introduce any major changes to the existing operation of the Company. As at the Latest Practicable Date, JCC and its concert parties have no intention to re-deploy the fixed assets, or to discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

JCC is a substantial shareholder holding approximately 40.53% of the total issued share capital of the Company, and therefore JCC is a connected person of the Company under the Listing Rules. As such, the Share Issuance constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A notice convening the Extraordinary General Meeting to be held at the Conference Room of the Company, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 2:00 p.m. on Monday, 18 July 2016 is set out on pages 340 to 347 of this circular.

A notice convening the A Shares Class Meeting to be held at the Conference Room of the Company, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 2:30 p.m. on Monday, 18 July 2016 is set out on pages 348 to 351 of this circular

A notice convening the H Shares Class Meeting to be held at the Conference Room of the Company, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 3:00 p.m. on Monday, 18 July 2016 is set out on pages 352 to 355 of this circular

In order to determine the identity of the Shareholders entitled to attend and vote at the Extraordinary General Meeting and the Class Meetings, the register of members of the Company will be closed from Saturday, 18 June 2016 to Monday, 18 July 2016 (both days inclusive), during such period no share transfer will be registered. All transfer documents accompanied by the relevant share certificates, must be lodged with the H Share Registrar of the Company, Hong Kong Registrars Limited, whose address is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) by no later than 4:30 p.m. on Friday, 17 June 2016.

If you intend to attend the Extraordinary General Meeting and the Class Meetings, please complete and return the accompanying reply slip in accordance with the instructions printed thereon as soon as possible and in any event by not later than 28 June 2016.

Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

XXI. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 48 which contains its recommendation to the Independent Shareholders on the terms of the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal, and the letter of advice from Octal Capital, the text of which is set out on pages 50 to 94 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the resolutions approving, inter alia, the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal.

XXII. FURTHER INFORMATION

Your attention is drawn to the further information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Li Baomin
Chairman

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)

2 June 2016

To the Independent Shareholders

Dear Sir or Madam,

(I) PROPOSED SHARE ISSUANCE AND CONNECTED TRANSACTION
(II) APPLICATION FOR WHITEWASH WAIVER
(III) SPECIAL DEAL

We refer to the circular of the Company dated 2 June 2016 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Subscription, the Share Issuance and the transactions contemplated thereunder, the Whitewash Waiver and the Special Deal, details of which are set out in the letter from the Board in the Circular. Octal Capital has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the "Letter from the Board" set out on pages 6 to 47 of the Circular and the "Letter from Octal Capital" set out on pages 50 to 94 of the Circular and the additional information set out in the appendices of this Circular.

Having taken into the terms of the Subscription, and the principal factors and reasons considered by Octal Capital as set out in the "Letter from Octal Capital" in the Circular, we concur with the view of Octal Capital and consider that the terms of the Subscription and the Share Issuance are on normal commercial terms and the terms of the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings for approving the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal.

Yours faithfully,
Qiu Guanzhou **Tu Shutian**
Zhang Weidong **Deng Hui**
Independent Board Committee

金融有限公司
OCTAL Capital Limited

Octal Capital Limited
801–805, 8th Floor, Nan Fung Tower
88 Connaught Road Central
Hong Kong

To the Independent Board Committee
and Independent Shareholders of
Jiangxi Copper Company Limited

2 June 2016

Dear Sirs,

(I) PROPOSED SHARE ISSUANCE AND CONNECTED TRANSACTIONS; (II) APPLICATION FOR WHITEWASH WAIVER; AND (III) SPECIAL DEAL

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders of Jiangxi Copper Company Limited (the "**Company**") in respect of the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 2 June 2016, of which this letter forms part, which has been despatched by the Company to the Independent Shareholders of the Company in relation to the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as ascribed to them under the section headed "Definitions" in the Circular.

As set out in the Letter from the Board, the Company held a board meeting on 25 February 2016 and approved the proposed issuance of (i) not more than 298,380,221 new A Shares at the subscription price of not lower than RMB11.73 per A Share, or the latest audited net asset per Share of the Company before the A Share Issue, whichever is higher to not more than 10 specific investors (including JCC). The Investors other than JCC include securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (including the proprietary accounts or investment product accounts managed by the abovementioned Investors), other domestic legal person investors and natural persons. Fund management companies, which hold shares with numerous investment accounts, shall each be taken as one single subscriber; and (ii) not more than 527,318,932 new H Shares to JCC or its designated wholly-owned subsidiary at the subscription price of HK$7.87 per H Share (subject to adjustment). Gross proceeds to be raised from the A Share Issue and H Share Issue will be not more than RMB3,500 million and HK$4,150 million or its equivalent RMB respectively. The A Shares and H Shares to be issued under the A Share Issue and H Share Issue respectively will be issued pursuant to the Specific Mandate to be approved by the Independent Shareholders at the Extraordinary General Meeting and the Class Meetings.

On 25 February 2016 (after trading hours), the Company and JCC entered into the A Share Subscription Agreement, pursuant to which, the Company has conditionally agreed to allot and issue and JCC has conditionally agreed to subscribe for not less than 10% of new A Shares to be issued pursuant to the A Share Issue at a subscription price identical to that offered to other Investors. JCC also entered into the H Share Subscription Agreement with the Company on 25 February 2016 (after trading hours), pursuant to which, the Company has conditionally agreed to allot and issue and JCC has conditionally agreed to subscribe for or its designated wholly-owned subsidiary to subscribe for not more than 527,318,932 H Shares with a total subscription money of not more than HK$4,150 million or its equivalent RMB at a subscription price of HK$7.87 per H Share (subject to adjustment). The subscription of new A Shares and H Shares by JCC or its designated wholly-owned subsidiary (where applicable) pursuant to the A Share Subscription Agreement and H Share Subscription Agreement are conditional upon each other obtaining the approvals and/or authorizations from SASAC of Jiangxi Province, the Extraordinary General Meeting, the Class Meetings, CSRC and other relevant authorities.

JCC is a substantial shareholder holding approximately 40.53% of the total issued share capital of the Company, and therefore JCC is a connected person of the Company under the Listing Rules. As such, the Subscription constitutes a connected transaction for the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the announcement of the Company dated 24 September 2015, JCC has, during the period from 21 July 2015 to 24 September 2015, cumulatively acquired 68,480,000 H Shares from Hong Kong market through target asset management (定向資產管理) by securities companies, which are entrusted by JCC to acquire H Shares for the account of JCC through the market, representing approximately 1.978% of the total issued share capital of the Company (collectively the "**Acquisition**"). Upon the Acquisition and as at the Latest Practicable Date, JCC holds 1,205,479,110 A Shares and 198,135,000 H Shares, in aggregate, representing approximately 40.53% of the issued share capital of the Company. As the Subscription will increase JCC's shareholding of the Company from approximately 40.53% to approximately 45.72% (assuming JCC has conditionally agreed to subscribe for not less than 10% of A Shares to be issued under the A Share Issue and there is no adjustment made to the subscription price of H Shares pursuant to the H Share Issue) as enlarged by the issue of new Shares under the Subscription, the Subscription will give rise to an obligation on the part of JCC to make a mandatory offer for all the Shares other than those already owned or agreed to be acquired by it under Rule 26 of the Takeovers Code. JCC will apply for a waiver from such obligation pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of Independent Shareholders by way of poll at the Extraordinary General Meeting.

The A Share Issue constitutes Special Deal under Rule 25 of the Takeover Codes which is not capable of being extended to all Shareholders and requires the consent of the Executive. The Company has applied to the Executive for the consent, under Rule 25 of the Takeover Code in respect of Special Deal which will be subject to the approval of the Independent Shareholders at the H Shares Class Meeting by way of poll.

JCC and parties acting in concert with it and those who are involved in or interested in the Share Issuance, Subscription, the Whitewash Waiver and/or the Special Deal will abstain from voting in respect of the resolution(s) to approve the Share Issuance, the Subscription, the Whitewash Waiver and the Special Deal at the Extraordinary General Meeting and/or the Class Meetings.

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to consider, inter alias, the terms of the Subscription, Share Issuance, the Whitewash Waiver, the Special Deal and the transactions contemplated thereunder, and to advise the Independent Shareholders of the Company on whether they are on normal commercial terms, fair and reasonable to the Independent Shareholders and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders of the Company as to whether to vote in favour of the relevant resolutions to be proposed at the Extraordinary General Meeting, A Shares Class Meeting and H Shares Class Meeting. We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard.

Octal Capital is not connected with the directors, chief executive and substantial shareholders of the Company or JCC or any of their respective subsidiaries or their respective Associates or parties acting in concert with any of them and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group as at the Latest Practicable Date and therefore is considered suitable to give independent advice to the Independent Shareholders of the Company. During the last two years, there was no engagement between the Group and Octal Capital. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Octal Capital will receive any fees or benefits from the Group or the directors, chief executive and substantial shareholders of the Company or JCC or any of its subsidiaries or their respective associates or parties acting in concert with any of them.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the Group, the Subscription, Share Issuance, the Whitewash Waiver and the Special Deal, including the information and representations contained in this Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company respectively in this Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group and JCC and their respective associates, nor have we carried out any independent verification of the information supplied to us. The Company will notify the Shareholders of any material changes after the Latest Practicable Date and after the despatch of the Circular. The Independent Shareholders of the Company will also be notified of any material changes to such information provided and our opinion as soon as possible.

THE SHARE ISSUANCE

Principal factors and reasons considered

In arriving at our opinion regarding the terms of the Share Issuance, we have considered the following principal factors and reasons:

(i) Information of the Group

The Company is a sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. The Company's main scope of operations include non-ferrous metal, rare metals and non-metallic ores, smelting, rolling processing and further processing of non-ferrous metal and related by-products; after-sale services for self-manufactured products; overseas futures and hedging business and related enquiry services and business.

(ii) Financial information of the Group

Financial performance

The following is a summary of the financial results of the Group, which were prepared in accordance with the International Financial Reporting Standards (the "**IFRS**"), for the three financial years ended 31 December 2013, 2014 and 2015 as extracted from the Company's annual reports.

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Revenue			
– Copper cathodes	106,506,289	117,265,741	113,156,063
– Copper rods and processing products	46,362,399	51,266,734	41,206,179
– Gold	7,410,471	7,343,048	6,154,781
– Silver	3,413,396	2,641,269	2,816,113
– Others	12,197,636	20,316,694	22,449,355
Revenue analysis prepared in accordance with ASBE *(Note)*	175,890,191	198,833,486	185,782,491
Less: Sales related taxes	(598,438)	(569,311)	(554,321)
Revenue analysis prepared in accordance with IFRSs	175,291,753	198,264,175	185,228,170
Gross profit	6,532,790	5,721,433	3,774,546
Gross profit margin	3.73%	2.89%	2.04%
Profit after taxation	3,631,329	2,899,264	738,651
Profit attributable to owners of the Company	3,555,692	2,899,091	689,556

Note: ASBE refers to PRC Accounting Standards for Business Enterprises.

Source: Annual reports of the Company

For the financial year ended 31 December 2013 ("**FY2013**")

For the financial year ended 31 December 2013, the Group recorded revenue of approximately RMB175.29 billion, representing an increase of approximately 10.94% as compared to the year ended 31 December 2012 ("**FY 2012**"). The expansion of business scale and higher product sales of copper cathodes and copper rods were the key factors to drive the growth in revenue.

The major revenue of the Group was derived from the sale of copper cathode. Revenue from copper cathode was approximately RMB106.51 billion (FY2012: RMB103.58 billion) and accounted for approximately 60.76% (FY2012: 65.56%) of the total revenue of the Group. The Group's major market was in the Mainland China which accounted for approximately 89.20% (FY2012: 91.91%) of the total revenue of the Group.

The Group recorded a profit after taxation and profit attributable to owners of the Company of approximately RMB3.63 billion and RMB3.56 billion respectively. The profit after taxation has been reduced by approximately RMB1.62 billion or 30.80% from FY2012 to FY2013 mainly because the gross profit margin of the Group decreased from 4.71% to 3.73% from FY2012 to FY2013 mainly due to the drop in general product selling prices.

For the financial year ended 31 December 2014 ("**FY2014**")

As disclosed in the annual report of the Company, for the year ended 31 December 2014 the global mining industry has been experiencing a "severe winter" due to the overall downturn of global economy and the downward pressure of the Chinese domestic economy. Moreover, the structural overcapacity, fierce market competition together with the slumping of product prices, the operation risks of the non-ferrous metal industry are getting more and more severe.

During the financial year ended 31 December 2014, the revenue of the Group was approximately RMB198.26 billion, representing an increase of RMB22.97 billion from the last year. The increase in revenue was due to the expansion of business scale and the rise in product sales of copper cathodes and copper rods.

The major revenue of the Group was derived from the sale of copper cathode, representing approximately 59.15% of the Group's total revenue. Revenue from copper cathode increased by 10.10% to approximately RMB117.27 billion (FY2013: RMB106.51 billion). The major market of the Group was in the Mainland China where approximately 87.90% of the total revenue was generated (FY2013: 89.20%).

The Group recorded a profit after taxation and profit attributable to owners of the Company of approximately RMB2.90 billion and RMB2.90 billion respectively. The profit after taxation has been reduced by approximately RMB0.73 billion or 20.16% from FY2013 to FY2014, due to the decrease in gross profit margin. The gross profit margin of the Group decreased from 3.73% to 2.89% from FY2013 to FY2014 due to the drop in general product selling prices.

For the year ended 31 December 2015 ("**FY2015**")

As disclosed in the annual report for the year ended 31 December 2015, the revenue was approximately RMB185.23 billion, representing a decrease of approximately RMB13.0 billion or 6.58% compared to last year. It was mainly due to the significant decrease in the average selling prices of copper cathode and copper rod. The gross profit margin decreased from 2.89% in FY2014 to 2.04% in FY2015. The major revenue of the Group was still derived from the sale of copper cathode, representing approximately RMB113.2 billion or 61.09% of the Group's total revenue. The Group's major market was still in the Mainland China which accounted for approximately 89.20% of the total revenue of the Group.

The Group recorded a profit after taxation of approximately RMB0.74 billion, representing a decrease of approximately RMB2.16 billion or 74.52% as compared to the last year. The profit attributable to owners of the Company amounted to approximately RMB0.69 billion, representing a decrease of approximately RMB2.21 billion or 76.21% as compared to FY2014. The decrease of profit is due to the deterioration in gross profit by approximately 34.03%, which was caused by the continuous decrease in the international commodities prices and significant drop in the average selling prices of copper products and gold products.

The continuous drop of copper price has adversely affected the operation performance of the Group. In response to the decreasing copper price, the Group has implemented various measures, for example, streamlining the production organization, strengthening cost control and actively seeking mining investment opportunities.

For the three months ended 31 March 2016

The following is a summary of the unaudited financial results of the Group for the three months ended 31 March 2015 and 31 March 2016 as extracted from the Company's first quarterly report of 2016 ("**2016 First Quarterly Report**"). The 2016 First Quarterly Report was prepared under PRC Accounting Standards for Business Enterprises.

	Three months ended 31 March	
	2015	**2016**
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	32,466,197	38,849,829
Profit before taxation	269,372	322,960
Income tax expenses	109,079	98,945
Profit after taxation	160,293	224,015
Profit attributable to owners of the Company	134,904	201,372

Source: 2016 First Quarterly Report

Pursuant to the 2016 First Quarterly report dated 28 April 2016, the Group recorded revenue of approximately RMB38.85 billion, representing an increase of approximately RMB6.38 billion or 19.66% compared with approximately RMB32.47 billion in the corresponding period last year. During the three months ended 31 March 2016, the profit after tax was approximately RMB0.22 billion, representing an increase of approximately RMB0.06 billion or 39.75% compared with approximately RMB0.16 billion in the corresponding period last year.

Financial position

The table below summaries the consolidated financial position of the Group, which were prepared in accordance with the IFRS, as at 31 December 2013 and 2014 and 2015:

	As at 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Assets			
Non-current assets	27,992,957	28,605,796	29,699,103
Current assets	60,766,441	66,710,473	60,051,926
Total assets	88,759,398	95,316,269	89,751,029
Capital and reserves			
Equity attributable to the owners of the Company	44,515,715	45,727,950	45,902,357
Non-controlling interest	1,116,707	1,292,214	1,926,944
Total equity	45,632,422	47,020,164	47,829,301
Liabilities			
Non-current liabilities	6,828,171	7,815,811	1,417,740
Current liabilities	36,298,805	40,480,294	40,503,988
Total liabilities	43,126,976	48,296,105	41,921,728
Total equity and liabilities	88,759,398	95,316,269	89,751,029
Net current assets	24,467,636	26,230,179	19,547,938
Total assets less current liabilities	52,460,593	54,835,975	49,247,041
Net assets	45,632,422	47,020,164	47,829,301

Source: Annual reports of the Company

Current ratio[1]	1.67	1.65	1.48
Quick ratio[2]	1.27	1.30	1.15
Gearing ratio[3]	0.05	0.18	0.14
Total liabilities/total assets	0.49	0.51	0.47

Notes:

1. Current ratio = Total current assets/total current liabilities.

2. Quick ratio = (Total current assets – inventories)/total current liabilities.

3. Gearing ratio = Net debt/total equity (Net debt is equal to the aggregate of current and non-current borrowings and bonds payable, less bank balances and cash.)

The total assets of the Group amounted to approximately RMB88.76 billion, RMB95.32 billion and RMB89.75 billion as at 31 December 2013, 2014 and 2015 respectively.

As at 31 December 2013, 2014 and 2015, property, plant and equipment, bank balances and cash, trade and bills receivable, inventories, prepayments, deposits and other receivable as well as restricted bank deposits were major assets of the Group, which accounted for approximately 89.20%, 87.62% and 85.38% of total assets of the Group respectively.

The total liabilities of the Group amounted to approximately RMB43.13 billion, RMB48.30 billion and RMB41.92 billion as at 31 December 2013, 2014 and 2015 respectively.

As at 31 December 2013, 2014 and 2015, bank borrowings, trade and bills payable, bonds payable, other payables and accruals as well as held for trading financial liabilities are major items of liabilities. They accounted for approximately 92.81%, 92.62% and 91.32% of total liabilities of the Group as at 31 December 2013, 2014 and 2015 respectively.

The net asset value of the Group amounted to approximately RMB45.63 billion, RMB47.02 billion and RMB47.83 billion as at 31 December 2013, 2014 and 2015 respectively.

The equity attributable to owners of the Company amounted to approximately RMB44.52 billion, RMB45.73 billion and RMB45.90 billion as at 31 December 2013, 2014 and 2015 respectively.

As at 31 December 2015, the Group's gearing ratio (measured by net debt to total equity) was approximately 0.14, as compared to approximately 0.18 and 0.05 as at 31 December 2014 and 2013 respectively. The decrease in gearing ratio from 0.18 as at 31 December 2014 to 0.14 as at 31 December 2015 was mainly due to the partial repayment of the bank borrowings and decrease of new borrowings raised in the year of 2015.

As shown above, the Group's gearing ratio is maintained at approximately 0.14 as at 31 December 2015. According to the annual report for the year ended 31 December 2014, the Group's policy is to maintain the gearing ratio in the range between 0.10 and 0.50.

As at 31 December 2015, the current ratio and quick ratio were approximately 1.48 and 1.15 respectively. The Group is currently at a healthy financial position.

For the three months ended 31 March 2016

The following is a summary of the unaudited financial position of the Group for the three months ended 31 March 2015 and 31 March 2016 as extracted from the 2016 First Quarterly Report of 2016. The 2016 First Quarterly Report was prepared under PRC Accounting Standards for Business Enterprises.

	As at 31 March	
	2015	**2016**
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Assets		
Non-current assets	32,540,862	33,216,731
Current assets	57,214,349	59,680,140
Total assets	89,755,211	92,896,871
Capital and reserves		
Equity attributable to the owners of the Company	45,906,380	46,115,081
Non-controlling interest	1,927,102	1,969,377
Total equity	47,833,482	48,084,458
Liabilities		
Non-current liabilities	1,417,740	1,552,065
Current liabilities	40,503,989	43,260,348
Total liabilities	41,921,729	44,812,413
Total equity and liabilities	89,755,211	92,896,871
Net current assets	16,710,360	16,419,792
Total assets less current liabilities	49,251,222	49,636,523
Net assets	47,833,482	48,084,458

Source: 2016 First Quarterly Report

The total assets of the Group amounted to approximately RMB89.76 billion and RMB92.90 billion as at 31 March 2015 and 31 March 2016 respectively.

As at 31 March 2016, the property, plant and equipment, bank balance and cash, trade receivable as well as inventories were major assets of the Group, which accounted for approximately 75.26% of total assets of the Group.

The total liabilities of the Group amounted to approximately RMB41.92 billion and RMB44.81 billion as at 31 March 2015 and 31 March 2016 respectively.

As at 31 March 2016, the borrowings, trade and bills payable, advance from customers and non-current liabilities due within one year were major liabilities of the Group, which accounted for approximately 81.82% of total liabilities of the Group.

The net asset value as at 31 March 2016 was RMB48.08 billion, representing a slight increase of approximately RMB0.25 billion or approximately 0.52%, compared to the net asset value of RMB47.83 billion as at 31 March 2015.

Cash flow position

	Year ended 31 December		
	2013	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	(audited)	(audited)
Net cash generated from operating activities	4,811,952	1,739,863	2,268,161
Net cash generated from/(used in) investing activities	(4,125,512)	(4,653,035)	1,598,964
Net cash generated from/(used in) financing activities	2,384,409	2,622,693	(6,698,053)
Net increase/(decrease) in cash and cash equivalents	3,070,849	(290,479)	(2,830,928)

Source: Annual reports of the Company

We noted that the Group has maintained net operating cash inflow in FY2013, FY2014 and FY2015. The net operating cash inflow of FY2014 was RMB1,740 million, representing a decrease of approximately RMB3,072 million or 63.84% as compared to FY2013. The decrease was mainly due to the increase in operating receivable items and decrease in operating payable items. The net operating cash inflow of FY2015 was RMB2,269 million, representing an increase of approximately RMB528 million. The increase was driven by improvement in inventory control and collection of trade receivables.

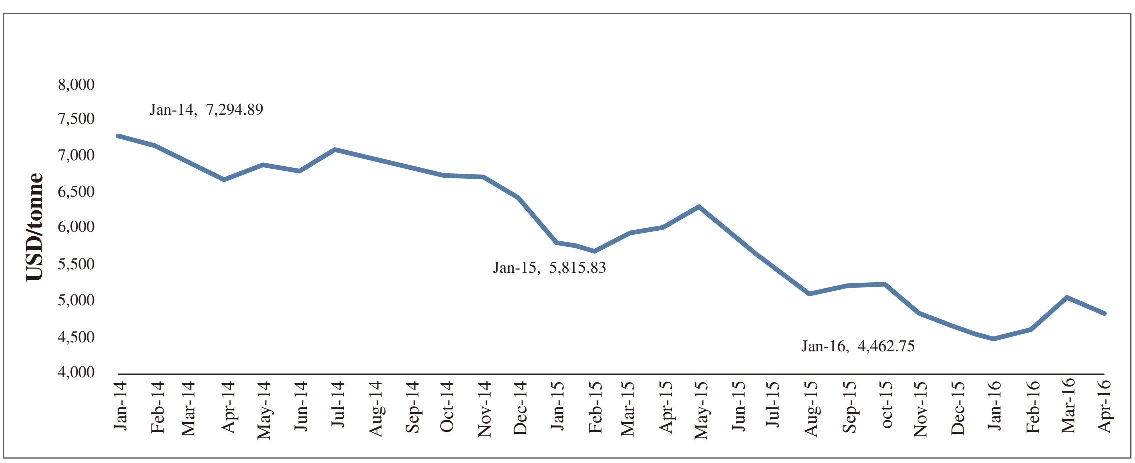
The Group recorded net cash outflow in relation to investing activities in FY2013 and FY2014. The investing cash outflow were mainly attributable to purchase of available-for-sale investments which were approximately RMB1,160 million and RMB1,233 million in FY2013 and FY2014 respectively. During FY2015, the Group recorded net cash inflow of approximately RMB1,599 million in relation to investing activities and it was mainly attributable to reduction in purchase of available-for-sale investments.

The Group recorded net cash inflow of financing activities in FY2013 and FY2014 but a net cash outflow of financing activities that amounted to RMB6,698 million in FY2015. The net cash outflow of financing activities for the year ended 31 December 2015 was mainly attributable to the net repayment of bank borrowings of approximately RMB4,136 million and led to a net decrease in cash and cash equivalents of approximately RMB2,830 million.

As a result of the decrease in operating cash inflow, the Group recorded a net decrease in cash and cash equivalents of approximately RMB290 million in FY2014, as compared to a net increase in cash and cash equivalents of approximately RMB3,071 million in FY2013. The cash and cash equivalents were further reduced by RMB2,830 million in FY2015, mainly due to the net cash outflow arisen from financing activities.

(iii) Industry overview and prospects

The following graph presents the monthly average official cash settlement prices of copper quoted from London Metal Exchange ("**LME**") during January 2014 to April 2016.



The following table sets out the price movement of copper from 2010 to April 2016.

	2010	2011	2012	2013	2014	2015	January–April 2016	CAGR 2010–April 2016
Average price of copper *(USD per tonne)*	7,538.4	8,823.5	7,958.9	7,331.5	6,859.7	5,501.7	4,713.8	-6.49%

Source: *LME Monthly Copper Overview and Commodity Market Monthly Report of International Monetary Fund*

According to the monthly reviews issued by LME from January 2014 to April 2016, the average official cash settlement price of copper was continuously decreasing since January 2014. During January 2014 to April 2016, the highest copper price was USD7,294.9/tonne and the lowest copper price was USD4,462.8/tonne. The overall copper price trend was moving downwards although the copper price rebounded temporarily from March 2015 to May 2015. The copper price in April 2016 was USD4,850.6/tonne, representing a year-on-year decrease of 19.54%.

The historical average price of copper decreased from USD7,538.4/tonne to USD4,713.8/tonne from 2010 to April 2016, representing a negative compound annual growth rate of 6.49%.

In accordance with the January 2016 commodity market report issued by International Monetary Fund, the copper price has reached the six-year low in January 2016 as copper production cuts failed to offset weak demand of copper. The January 2016 commodity price outlook and risk report of International Monetary Fund forecasted that the metal prices likely remain at a low level due to the slower demand growth in China and general ample supply.

Due to the copper price outlook, we concur with the Directors that the operation environment for copper enterprises in 2016 will be challenging.

Benefits and proposed use of proceeds of the Share Issuance

Reasons for the Share Issuance

As set out in the Letter from the Board, the business scale of the Company has been constantly growing, it is urgent to replenish the working capital. As a leading enterprise in the domestic copper industry, in recent years, the performance of the Company has been among the forefront in the industry. Moreover, production volume of copper cathode of the Company in recent years has been constantly expanding. With the continuing expansion of scale of operation and capacity, the Company has larger needs for working capital. However, due to macro-economy downturn and industry depression, pressure in fund raising faced by the Company has become higher.

Moreover, it is urgent for the Company to replenish monetary capitals so as to reduce liquidity risk and improve capital structure. After the working capitals are replenished by the proceeds from the non-public issuance, the operating capitals pressure of the Company can be lowered while the assets structure shall be improved and the liquidity pressure shall be relieved. All these shall enhance the ability of the Company to survive various financial pressure and to develop business in the future.

In view of the above, the Directors consider that the Share Issuance assists steady expansion of mine production scale, increases the self-sufficiency rate of raw material, improves the production, operational efficiency and further reduces the production cost of the Company. Meanwhile, the Company will receive certain external funding for its daily production and operation and future development, which is beneficial to the reduction of its operating risks and enhancement of its resistance to risk exposure during the industry downturn. At the same time, the Share Issuance also benefits the Company to have more opportunities in obtaining resources. In addition, the Share Issuance reduces debt ratio, improves the capital structure, optimizes the financial position and further improves the business performance of the Company.

As advised by the management of the Company, the main raw materials for the production of copper cathode, being the major product of the Group, are copper concentrate and crude copper. In FY2015, the Group had a total exploration and processing capacity of 150,000 tonnes/day (equivalent to 54,000,000 tonnes/year). The Group's annual output of copper contained in copper concentrate is approximately 209,000 tonnes and the annual production volume of sulphuric concentrate is approximately 2,510,000 tonnes. Upon completion of the following expansion and renovation projects, the Group will reach annual output of copper contained in copper concentrate of approximately 224,000 tonnes/year and the annual production capacity of sulphuric concentrate of approximately 3,200,000 tonnes/year.

We reviewed the information and documents provided to us by the Company for the following:

(i) Engineering project of expansion of Chengmenshan copper reservoir (phase III)

We understand that, in 2015, Chengmenshan copper reservoir's exploration and processing capacity is 7,000 tonnes/day (equivalent to 2,310,000 tonnes/year) with annual output of copper contained in copper concentrate up to 16,000 tonnes/year and annual production capacity of sulphuric concentrate up to 260,000 tonnes/year respectively. For the year ended 31 December 2015, the Group produced over 1,200,000 tonnes of copper cathode in which 17.42% of copper concentrate was self-sufficient and the remaining copper concentrate was purchased from local and overseas suppliers. Upon completion of the engineering project of expansion of Chengmenshan copper reservoir (phase III), the exploration and processing capacity will reach 17,000 tonnes/day (equivalent to 5,610,000 tonnes/year) and the production of copper concentrate and sulphuric concentrate of Chengmenshan copper reservoir will increase up to 30,000 tonnes/year and 950,000 tonnes/year respectively. The estimated total investment cost for the engineering project of expansion of Chengmenshan copper reservoir (phase III) is RMB2,867 million, of which not more than approximately RMB1,434 million will be funded by A Share Issue.

(ii) Technical renovation for the deep mining expansion project of Yinshan Mine

We understand that, in 2015, the existing exploration and processing capacity of Yinshan Mine is 5,000 tonnes/day with annual output of copper contained in copper concentrate up to 7,118 tonner/year and production capacity of sulphuric concentrate up to 380,000 tonnes/year. The expansion project is divided into two phases in which (i) phase I will construct a new underground mining system and an exploration industrial site; and (ii) phase II will improve and expand the mining and milling capacity of the mine and ancillary facilities of phase I. Upon completion of the technical renovation for the deep mining expansion project of Yinshan Mine, the mining and milling capacity will increase by 8,000 tonnes/day. The estimated total investment cost for the technical renovation for the deep mining expansion project of Yinshan Mine is RMB1,478 million, of which not more than approximately RMB435 million will be funded by A Share Issue.

(iii) New construction of No. 5 gangue reservoir of Dexing Copper Mine (Tieluoshan)

We understand that since 2010, upon the completion of expansion of Dexing Copper Mine, the exploration and processing capacity of Dexing Copper Mine increased from 100,000 tonnes/day to 130,000 tonnes/day and this exploration and processing scale will remain until mining rights expire. Given the existing mining and milling capacity of Dexing Copper Mine, the existing storage capacity will be saturated by 2021, hence the Group requires new construction of additional gangue reservoir. The estimated total investment cost for the new construction of No. 5 gangue reservoir of Dexing Copper Mine (Tieluoshan) is RMB3,123 million, of which not more than approximately RMB632 million will be funded by A Share Issue.

(iv) Replenish working capital of the Company

We understand that the net proceeds of not more than RMB1,000 million from A Share Issue for replenishing working capital will be mainly allocated to the following areas: (i) as to approximately RMB5 million to RMB10 million to be used for payment of selling expenses; (ii) as to approximately RMB5 million to RMB10 million to be used for payment of management expenses and remuneration of employees; and (iii) as to the remaining of approximately RMB980 million to RMB990 million to be used for purchase of raw materials.

The net proceeds of not more than HK$4,150 million from the H Share Issue are intended to be used to purchase raw materials.

As disclosed in the annual report for the year ended 31 December 2015, the bank balances and cash were approximately RMB16,705 million and the net proceeds for replenishing working capital of not more than RMB1,000 million from the A Share Issue and HK$4,150 million (equivalent to approximately RMB3,455 million using exchange rate RMB1 = HK$1.2012) from the H Share Issue, the Group will have not more than RMB21,160 million general working capital available for the operation and development of the Group upon completion of the Share Issuance. During the year ended 31 December 2015, the Group incurred cost of raw material of approximately RMB50,643 million. The total selling and distribution expenses and administrative expenses were approximately RMB2,556 million for the year ended 31 December 2015. We further discussed with the management of the Company that in order to be in line with the Group's operating scale and continuous expansion of production capacity, the Group may incur additional operating expenses in its business.

Based on the amount of cash and cash equivalents of the Group on hand as at 31 December 2015, we note that the Group would require additional resources to alleviate the pressure on operating capital and future development of its business.

We also noted that the planned usage of the net proceeds from the Share Issuance is in line with that of the previous fund raising activities, including non-public issuance of A Shares in 2007 and exercise of warrants in 2010.

Pursuant to the announcement of the Company dated 19 March 2007, the proceeds from the non-public issuance of A Shares in 2007 have been applied to (i) the expansion of phase II of Chengmenshan Copper Mine; (ii) the renovation of technology for mining method of Yongping Copper Mine; (iii) the technology renovation of the Fujiawu Copper Mine; (iv) the expansion of the processing capacity of Wushan Copper Mine by 5,000 tonnes per day (v) the expansion of copper recovering from slag; (vi) the expansion of anode mud treatment and comprehensive utilisation; and (vii) the utilization of the heat recovered from smelting process.

Pursuant to the announcement of the Company dated 22 January 2008, the proceeds from exercise of warrants in 2010 have been utilized in (i) the expansion and upgrading of mining technology facility for Dexing Copper Mine; (ii) the overseas expansion projects in Afghanistan and Peru and (iii) general working capital.

In addition, according to the annual report of the Company for the year ended 31 December 2015 published on 29 April 2016, the Group places development of mines as the most important strategy and has been dedicated to seeking and controlling more resources and raising the production volume of self-owned mines.

Given the abovementioned business strategy and development of the Group, we concur with the Directors that (i) the net proceeds can assist the steady expansion of mine production scale, increases the self-sufficiency rate of raw material, improves the production and operation efficiency and further reduces the production cost of the Company; (ii) intended use of net proceeds from the Share Issuance is similar to that of the previous fund raising activities; and (iii) the business strategy and development is in line with the expansion and renovation projects of the Group, the net proceeds from the Share Issuance provide additional resources to the Group to cope with the challenges ahead brought by the projects and ensure the smooth implementation of the expansion and renovation projects.

Other financing alternatives available to the Group

As discussed with the management of the Company, we note that when formulating the terms of the Share Issuance, the Directors have considered various fund raising activities, including both equity financing and debt financing.

We have enquired and were informed by the management of the Group that in considering debt financing alternatives, they are of the view that additional bank borrowings and debt issuance will increase interest burden and repayment obligations of the Group.

As for equity financing, pursuant to the Measures for Administration of the Issuance of Securities by Listed Companies(《上市公司證券發行管理辦法》)issued by China Securities Regulatory Commission ("**CSRC**"), an A share listed company in PRC is allowed to issue new shares or convertible bonds to the non-specific public investors in the A share market if the average of weighted average returns on net assets (calculated by net income divided by net assets) in the previous three financial years is not less than 6%. The net income is calculated on the basis of the profit after tax and the profit after tax excluding non-recurring items, whichever is lower. Since the weighted average return on net assets of the Company is lower than 6% from FY2013 to FY2015, the Company will not be permitted to issue any new A Shares nor convertible bonds to the non-specific public investors in the A share market through open offer.

The Company has also considered other equity financing alternatives such as rights issue and open offer. However, as the A Shares and H Shares have to be issued at the same price in a rights issue or an open offer, it may not be feasible to conduct rights issue or open offer given the substantial difference between the market price of A Shares and H Shares.

Given the above-mentioned statutory requirements and other fund raising alternatives for the Group, the Directors consider that the Share Issuance is considered as the best available fund-raising option for the Company.

JCC is a collective enterprise (全民所有制企業), on which the SASAC of Jiangxi Province performs contributor function, was established in the PRC on 26 June 1979, and is the controlling shareholder of the Company. The principal business of JCC covers non-ferrous mines, non-metal mines and non-ferrous smelting and rolling processed products. JCC undertakes the construction of overseas non-ferrous industry and domestic international tendering construction, the necessary equipment for the abovementioned overseas construction, export of materials and the necessary labour sent to overseas for the implementation of the abovementioned overseas construction. We are of the view that, during this uncertain market outlook, JCC, being a substantial shareholder of the Company, agreed to subscribe new shares which shows confidence and support on the future development of the Group.

Having considered the benefits to the Group from the Subscription, Share Issuance and the limited choices of financing methods available to the Group, we concur with the Directors' view that the planned usage of proceeds from the Share Issuance is, on balance, fair and reasonable application of the fund raised and is in the interests of the Group and the Shareholders as a whole.

(iv) Principal Terms of the Share Issuance

Issue of Shares

Pursuant to the Share Issuance, (i) JCC conditionally agrees to subscribe for and the Company conditionally agrees to allot and issue to JCC not less than 10% of A Shares to be issued pursuant to the A Share Issue at an subscription price not less than RMB11.73 per A Share, or the latest audited net asset per Share of the Company before the A Share Issue, whichever is higher; and (ii) JCC conditionally agrees to subscribe or designate its wholly-owned subsidiary to subscribe for and the Company conditionally agrees to allot and issue to JCC or its wholly-owned subsidiary not more than 527,318,932 new H Shares at an subscription price of HK$7.87 per H Share (subject to adjustment).

Assuming there is no change in the total issued share capital of the Company from the Latest Practicable Date and up to the completion of the Share Issuance, the new A Shares and H Shares will represent not more than (i) approximately 23.85% of the total Shares in issue; (ii) approximately 12.57% of total Shares in issue as enlarged by the issue of new A Shares; (iii) approximately 27.54% of total Shares in issue as enlarged by the issue of new H Shares (assuming there is no adjustment made to the subscription price of H Shares pursuant to the H Share Issue); and (iv) approximately 19.25% of the total Shares in issue as enlarged by the issue of the new A Shares and H Shares (assuming there is no adjustment made to the subscription price of H Shares pursuant to the H Share Issue).

Conditions for the A Share Subscription Agreement to take effect

The A Share Subscription Agreement will take effect on the date when all the following conditions have been satisfied:

1. the approvals and/or authorisations having been granted by the Board and Independent Shareholders at a general meeting for the A Share Issue, the A Share Subscription Agreement and the transactions contemplated thereunder;

2. the approval from SASAC of Jiangxi Province in relation to the A Share Issue having been obtained;

3. the approval from CSRC in relation to the A Share Issue having been obtained;

4. in accordance with the Regulations on Acquisitions of Listed Companies (《上市公司收購管理辦法》)and other relevant regulations, approval having been granted by Independent Shareholders at a general meeting for the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance;

5. the Whitewash Waiver having been approved by the Board and Independent Shareholders at a general meeting and the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver and the fulfillment of conditions (if any) attached to the Whitewash Waiver; and

6. the conditions for the H Share Subscription Agreement as set out in sub-paragraphs (1) to (5) in the paragraph headed "Conditions for the H Share Subscription Agreement to take effect" in the Letter from the Board having been satisfied.

None of the abovementioned conditions is waivable by the Company and JCC. If any of the conditions above cannot be fulfilled, the A Share Subscription Agreement will not take effect.

Conditions for the H Share Subscription Agreement to take effect

The H Share Subscription Agreement will take effect on the date when all the following conditions have been satisfied:

1. the approvals and/or authorisations having been granted by the Board and the Independent Shareholders at a general meeting for the H Share Issue, the H Share Subscription Agreement and transactions contemplated thereunder;

2. all necessary approvals, consents from the relevant governmental and regulatory authorities, including but not limited to the approval from SASAC of Jiangxi Province and CSRC, in relation to the H Share Issue and the H Share Subscription Agreement having been obtained;

3. in accordance with the Regulations on Acquisitions by Listed Companies (《上市公司收購管理辦法》)or other relevant regulations, approval having been granted by Independent Shareholders at a general meeting for the waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance;

4. the Whitewash Waiver having been approved by the Board and Independent Shareholders at a general meeting and the Executive having granted, and not having withdrawn or revoked such grant, the Whitewash Waiver and the fulfillment of conditions (if any) attached to the Whitewash Waiver;

5. the Listing Committee of the Stock Exchange granting the listing approval in relation to the listing of, and permission to deal in the new H Shares to be issued pursuant to the H Share Issue and the listing approval not subsequently withdrawn or revoked prior to the completion of the H Share Issue; and

6. the conditions for the A Share Subscription Agreement as set out in sub-paragraphs (1) to (5) in the paragraph headed "Conditions for the A Share Subscription Agreement to take effect" in the Letter from the Board having been satisfied.

None of the abovementioned conditions is waivable by the Company and JCC. If any of the conditions above cannot be fulfilled, the H Share Subscription Agreement will not take effect.

Apart from the above-mentioned conditions under A Share Subscription Agreement and H Share Subscription Agreement, the subscription of new A Shares and H Shares by JCC or its designated wholly-owned subsidiary are conditional upon each other obtaining the approvals and/or authorization from SASAC of Jiangxi Province, the Extraordinary General Meeting, the Class Meetings, CSRC and other relevant authorities.

Adjustment to subscription price and number of new A Shares

The maximum number of the new A Shares to be issued and the subscription price of new A Shares will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the Pricing Benchmark Date (i.e. 26 February 2016) to the date of issue of new A Shares.

Assuming that the total fund to be raised from the A Share Issue as S, the maximum number of the new A Shares to be issued after adjustment as Q and the base issue price of the new A Shares after adjustment as P_2, then:

$Q = S/P_2$

Adjustment to subscription price and number of new H Shares

The maximum number of the new H Shares to be issued and the subscription price of new H Shares will be adjusted accordingly if there is any ex-right or ex-dividend arrangement such as equity distribution, capitalization of capital reserves or rights issue from the date of the Board Meeting to the date of issue of new H Shares.

Assuming the total fund to be raised from the H Share Issue as S_1, the maximum number of the new H Shares to be issued after adjustment as Q_1 and the base issue price of the new H Shares after adjustment as P_4, then:

$Q_1 = S_1/P_4$

In the event that the closing price of the H Shares on the last trading day preceding the date of the Extraordinary General Meeting and the Class Meetings is higher than that of the last trading day preceding the date of the Board Meeting, which is HK$8.45 per H Share, the subscription price of new H Shares shall be adjusted upwards proportional to the ratio on the basis of the abovementioned subscription price but the upward adjustment should not exceed 5%. The upward adjustment mechanism was set up in order to protect the interests of the minority Shareholders and the 5% ceiling was determined in accordance with the market practice. The formula of the adjustment proportion and adjusted issue prices is as follows:

$$R = \frac{N_2}{N_1} - 1$$

$$P_2 = P_1 \times (1+R)$$

R: the upward adjustment ratio

P_1: issue price before adjustment

P_2: issue price after adjustment

N_1: closing price on the trading day preceding the date of the Board Meeting

N_2: closing price on the trading day preceding the date of the Extraordinary General Meeting and the Class Meetings

Subscription price of new A Shares

Subscription price of new A Shares shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date), which is RMB11.73 per A Share, or the latest audited net asset per Share of the Company before the A Share Issue, whichever is higher.

Based on the audited net assets of the Group attributable to the Shareholders of approximately RMB45,902 million and 3,462,729,405 Shares in issue as at 31 December 2015 (disclosed in the annual report for the year ended 31 December 2015), the net asset value per Share as at 31 December 2015 was approximately RMB13.26, which is higher than the benchmark price of RMB11.73 per A Share by 13.04%.

As advised by the Directors and we reviewed the relevant documents, the pricing mechanism of issuing new A Shares at a discount to the market is made pursuant to the "Measures for Administration of the Issuance of Securities by Listed Companies" (《上市公司證券發行管理辦法》) and the "Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》). Pursuant to the "Measure for the Administration of the Issuance of Securities by Listed Companies", the subscription price of the A shares under a non-public issue cannot be lower than 90% of the average trading price for 20 trading days immediately prior to the pricing benchmark day. In this case, 90% of the average trading price of the 20 trading days immediately prior to the Pricing Benchmark Date was RMB11.73. In this regard, the Company could not set the subscription price of A Shares below RMB11.73 per A Share.

In accordance to the pricing mechanism of A Shares, the minimum issue price of new A Shares being the benchmark price, which is RMB11.73 per A Share or the latest audited net asset value per Share of the Company before the A Share Issue, which is RMB13.26 per Share, whichever is higher. Given that, the subscription price of new A Share will not be lower than RMB13.26 per A Share.

The following analysis will be based on the minimum subscription price of RMB13.26 per A Share which represents:

(i) a premium of approximately 3.84% over the closing price of RMB12.77 per A Share as quoted on the Shanghai Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 1.41% to the closing price of RMB13.45 per A Share as quoted on the Shanghai Stock Exchange on the A Shares Last Trading Day;

(iii) a premium of approximately 5.74% over the average closing price of RMB12.54 per A Share as quoted on the Shanghai Stock Exchange for the last five consecutive trading days immediately prior to A Shares Last Trading Day;

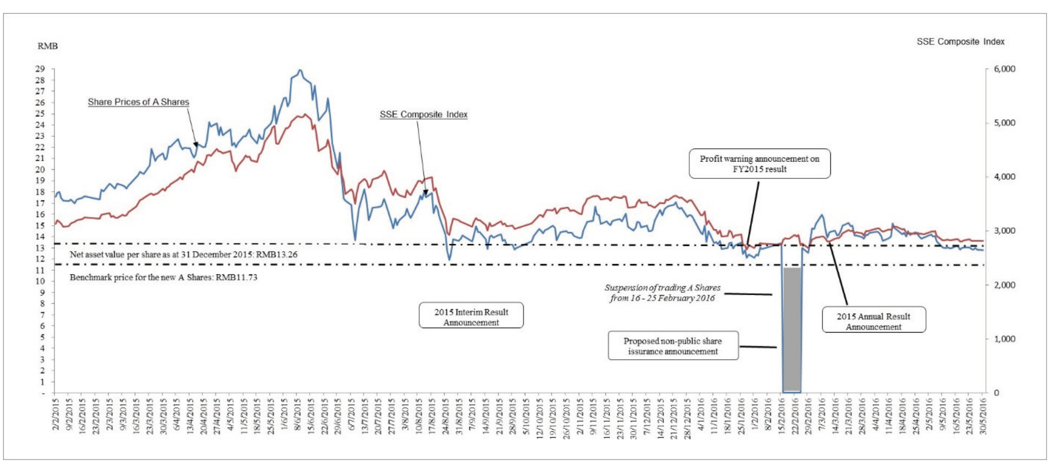
(iv) a premium of approximately 5.32% over the average closing price of RMB12.59 per A Share as quoted on the Shanghai Stock Exchange for the last ten consecutive trading days immediately prior to A Shares Last Trading Day; and

(v) a premium of approximately 2.47% over the average closing price of RMB12.94 per A Share as quoted on the Shanghai Stock Exchange for the last 20 consecutive trading days immediately prior to A Shares Last Trading Day.

Subject to the abovementioned pricing mechanism, the subscription price of the A Share Issue is determined by book-building process. Upon obtaining the approval from the CSRC in respect of the A Share Issue, the Board, and/or the Board committee authorized by the Board along in consultation with the sponsor (the lead underwriter) will, with the authorization of the Shareholders, determine the subscription price of the new A Shares in accordance with the applicable laws, regulations and other regulatory documents and principles including the priority based on the price quoted by the Investors. JCC will not participate in the pricing exercise for the A Share Issue, but will accept results of the book-building process and make subscription at the same price as other target subscribers.

Historical performance of A Share prices

In order to assess the fairness and reasonableness of the subscription price of new A Shares under the A Share Subscription Agreement, we reviewed the daily closing price of the A Shares during the period from 2 February 2015 up to 24 February 2016 (the "**Pre-announcement Period**"), to illustrate the trading performance of the A Shares, which is a reasonably long period for comparison purpose and further up to the Latest Practicable Date (the "**Review Period**"). The comparison of the closing price of the A Share with the benchmark price and the latest audited net asset value per Share of the Company under the A Share Subscription Agreement is illustrated below:



Source: *Website of Shanghai Stock Exchange*

During the Pre-announcement Period, the closing prices per A Share ranged from RMB11.91 to RMB28.94 with an average closing price of RMB17.24 per A Share. The highest closing price per A Share of RMB28.94 was recorded on 9 June 2015, being the date for the publication of the results of the 2014 annual general meeting. While the lowest closing price per A Share of RMB11.91 was recorded on 26 August 2015, being the date of the publication of the interim result for the six months ended 30 June 2015. We noted that the closing prices of A Shares were in line with the performance of SSE Composite Index during the Pre-announcement Period.

The latest audited net asset per Share of RMB13.26 represents (i) a premium of approximately 11.34% over the lowest closing price per A Share of RMB11.91; (ii) a discount of approximately 54.18% to the highest closing price per A Share of RMB28.94; and (iii) a discount of approximately 23.09% to the average closing price of the Pre-announcement Period, which is RMB17.24 per A Share.

Subscription price of new H Shares

The number of H Shares to be issued and the subscription price of new H Shares under the H Share Issue were determined with reference to the average trading price of the H Shares during the 20 trading days preceding the date of Board Meeting (the average trading price of the H Shares in the 20 trading days preceding the date of the Board Meeting equals to the total trading amount of the H Shares traded in the 20 trading days preceding the date of the Board Meeting divided by the total volume of H Shares traded in the 20 trading days preceding the date of the Board Meeting), i.e. 25 February 2016, being HK$7.87 per H Share.

The following analysis will be based on the subscription price of HK$7.87 per H Share (subject to adjustment), which represents:

(i) a discount of approximately 5.29% to the closing price of HK$8.31 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 1.99% to the closing price of HK$8.03 per H Share as quoted on the Stock Exchange on the date of Board Meeting;

(iii) a discount of approximately 6.20% to the closing price of HK$8.39 per H Share as quoted on the Stock Exchange on the Pricing Benchmark Date;

(iv) a discount of approximately 6.20% to the average closing price of HK$8.39 per H Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of Board Meeting;

(v) a discount of approximately 3.44% to the average closing price of HK$8.15 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of Board Meeting; and

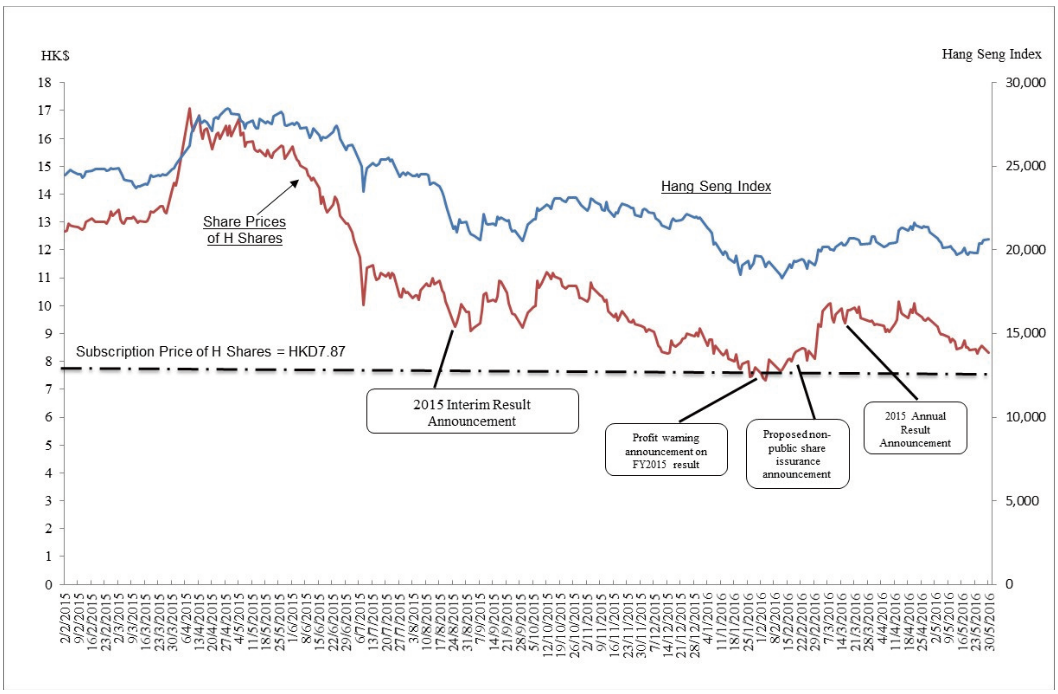
(vi) a discount of approximately 0.25% to the average closing price of HK$7.89 per H Share as quoted on the Stock Exchange for the last 20 consecutive trading days immediately prior to the date of Board Meeting.

In light of the substantial investment by JCC or its designated wholly-owned subsidiary in the Company and the benefits of the subscription for new H Shares in the Company pursuant to the H Share Subscription Agreement as disclosed in the Circular, the Company considers that the discount rate of the subscription price of new H Shares under the H Share Subscription Agreement is fair and reasonable. The funding requirements and prevailing market prices of shares are common factors to determine the number of subscription shares and subscription price of share placements or subscriptions as disclosed by other companies listed on the Stock Exchange. For the comparison of the subscription prices of shares between the Company and other listed companies in the market, please refer to the section headed "Comparison of the subscription price of new H Shares" below.

For the purpose of assessing the fairness and reasonableness of the subscription price of new H Shares under the H Share Subscription Agreement, we set out the following analysis for illustrative purpose:

Historical performance of H Share prices

In order to assess the fairness and reasonableness of the subscription price of new H Shares under the H Share Subscription Agreement, we reviewed the daily closing price of the H Shares during the Pre-announcement Period, to illustrate the trading performance of the H Shares, which is a reasonably long period for comparison purpose and further up to the Latest Practicable Date, being the Review Period. The comparison of the closing price of the H Shares with the subscription price of new H Shares under the H Share Subscription Agreement is illustrated below:



Source: *Website of Stock Exchange*

During the Pre-announcement Period, the closing prices per H Share ranged from HK$7.31 to HK$17.08 with an average closing price of HK$11.48 per H Share. The highest closing price per H Share of HK$17.08 was recorded on 8 April 2015, while the lowest closing price per H Share of HK$7.31 was recorded on 3 February 2016. During the Pre-announcement Period, the subscription price of new H Shares under the H Share Subscription Agreement represents (i) a premium of approximately 7.66% over the lowest closing price per H Share of HK$7.31; (ii) a discount of approximately 53.92% to the highest closing price per H Share of HK$17.08; and (iii) a discount of approximately 31.45% to the average closing price of the Pre-announcement Period of HK$11.48.

The closing prices of H Shares are in line with the Hang Seng Index during the Pre-announcement Period.

Historical trading liquidity of the H Shares

We set out below the trading liquidity of the H Shares during the Review Period:

Month	Highest daily turnover (number of H Shares)	Average daily turnover (number of H Shares) *(Note 1)*	Number of trading days *(days)*	Percentage of average daily turnover to total number of H Shares in issue	Percentage of average daily turnover to total number of H Shares held by public shareholders *(Note 2)*
2015					
February	18,616,265	6,540,099	18	0.47%	0.55%
March	36,692,815	8,776,703	22	0.63%	0.74%
April	61,697,912	19,808,083	19	1.43%	1.67%
May	17,195,550	10,147,620	19	0.73%	0.85%
June	15,884,607	9,734,938	22	0.70%	0.82%
July	33,554,173	13,708,649	22	0.99%	1.15%
August	20,423,998	9,436,418	21	0.68%	0.79%
September	23,413,329	12,585,850	20	0.91%	1.06%
October	22,479,791	8,761,177	20	0.63%	0.74%
November	21,152,164	11,846,675	21	0.85%	1.00%
December	61,689,002	14,385,805	22	1.04%	1.21%
2016					
January	16,161,489	7,496,530	20	0.54%	0.63%
February	12,224,303	6,774,417	18	0.49%	0.57%
March	30,379,533	12,427,920	21	0.90%	1.04%
April	22,342,963	7,387,238	20	0.53%	0.62%
May (up to and including the Latest Practicable Date)	12,847,442	5,449,759	20	0.39%	0.46%

Source: *Website of the Stock Exchange*

Note:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. Public shareholders refer to H Shareholders other than JCC.

The average daily turnover volume in the Review Period was within the range of 5,449,759 H Shares (approximately 0.39% of total number of H Shares in issue) and 19,808,083 H Shares (approximately 1.43% of total number of H Shares in issue). We note from the above table that save and except for April 2015, trading in the H Shares had been generally thin during the Review

Period, with the average daily trading volume below 1.05% of the total number of issued H Shares held by public shareholders. We are unaware of any major events that significantly influenced the trading liquidity during the Review Period.

Subsequent to the release of the Announcement on 25 February 2016, we note that trading of the H Shares in March 2016 has increased to an average daily turnover of 12,427,920 H Shares which is approximately 1.83 times of that of February 2016. Subsequently, the average daily turnover of May 2016 reduced to 5,449,759 shares, which was slightly lower than that of February 2016 by approximately 19.6%. Based on the above, we consider that the trading volume of the H Shares during the entire Review Period was considerably thin.

The latest audited net asset per Share of the Company before the Share Issue, which is RMB13.26 (equivalent to approximately HK$15.93 per share using the exchange rate of RMB1 = HK$1.2013 as of the Pricing Benchmark Date) represents a premium of approximately 102.40% over the subscription price of H Shares.

The difference in the subscription price of A Shares and H Shares is mainly attributable to the difference in valuation and the investors in the A Shares market and the H Shares market.

As set out in the Letter from the Board in the paragraph headed "Reasons for and benefits of the Share Issuance" and further set out in the paragraph headed "Financial impact of the Share Issuance" below, the Share Issuance reduces the debt ratio, improves the capital structure, optimizes the financial position and thus improves the business performance of the Company and it will be beneficial to the Shareholders.

Having considered that, (i) the Directors advised that the Subscription is an arm's length transaction; (ii) the subscription price of new H Shares under the H Share Subscription Agreement is within the range of prices of H Share during the Review Period; (iii) the difference in valuation and investors in the A shares market and the H shares market; (iv) the legal restriction on setting the subscription price of A Share; and (v) the benefits of the Group upon completion of the Share Issuance, we are of the view that the Share Issuance is in the interest of the Company and the Shareholders as a whole.

Comparison with peer companies of A Shares

The subscription price of new A Shares under the A Share Subscription Agreement shall not be lower than a benchmark price which is 90% of the average trading price of the A Shares during the 20 trading days preceding the Pricing Benchmark Date (the average trading price of the A Shares in the 20 trading days preceding the Pricing Benchmark Date equals to the total trading amount of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date divided by the total volume of A Shares traded in the 20 trading days preceding the Pricing Benchmark Date), which is

RMB11.73 per A Share, or the latest audited net asset per Share of the Company before the A Share Issue, which is RMB13.26 per Share, whichever is higher. With a view to analysing the market price of the A Shares (valuation of the Company) and thus the subscription price of new A Shares under the A Share Subscription Agreement, we have compared the price/earnings multiple (the "**P/E ratio**") and the price-to-book ratio (the "**P/B ratio**") of the Company with those of other companies that are (i) profit-making in the latest financial year; (ii) have market capitalization greater than RMB10,000 million; (iii) listed on the Shanghai Stock Exchange; (iv) principally engaged in, among others, the exploration, production and sale of metals; (v) at least 50% of revenue derived from the principal business mentioned in (iv); and (vi) at least 50% of revenue derived from the PRC market.

Company (Stock code)	**Share price as at the A Shares Last Trading Day**	**Market capitalisation as at the A Shares Last Trading Day**	**Latest published earnings per share (audited)**	**Latest published net asset value per share (audited/ unaudited)**	**P/E ratio**	**P/B ratio**
	RMB	*RMB'million (Note 1)*	*RMB (Note 2)*	*RMB*	*times*	*times*
Western Mining (601168) *(Note 3)*	5.98	14,250	0.1200	4.73	49.83	1.26
Zijin Mining Group (601899)	3.32	71,622	0.0800	1.28	41.50	2.60
Xiamen Tungsten (600549)	15.33	12,574	0.6468	8.94	23.70	1.72
China Molybdenum (603993)	3.40	54,420	0.0500	1.08	68.00	3.14
Northern Rare Earth (600111)	11.71	28,362	0.2650	3.43	44.19	3.42
Mean					45.44	2.43
Median					44.19	2.60
Maximum					68.00	3.42
Minimum					23.70	1.26
Company	13.45	46,574	0.2000	13.26	67.25	1.01
A Share Issue	13.26 *(Note 4)*	45,916	0.2000	13.26	66.30	1.00
Outliners:						
Yunnan Chihong Zinc & Germanium (600497)	9.24	15,408	0.0966	4.14	95.65	2.23
Jinduicheng Molybdenum (601958)	6.81	12,973	0.0110	3.97	619.09	1.71

Source: *Website of Shanghai Stock Exchange*

Notes:

1. The closing share prices of the A Shares Market Comparables are sourced from the website of the Shanghai Stock Exchange.

2. Figures are extracted from the annual reports/latest quarterly reports of the A Shares Market Comparables for their latest financial year.

3. The share had been suspended trading on 1 February 2016, the closing price of its last trading day (i.e. 29 January 2016) is RMB5.98.

4. Based on the latest audited net asset value per Share before the Share Issuance

We have identified seven companies listed on the Shanghai Stock Exchange, which match the selection criteria above. Meanwhile, we also note that the P/E ratios of Yunnan Chihong Zinc & Germanium and Jinduicheng Molybdenum were extremely high which were mainly distorted by the low latest published earnings per share as compared to their share prices as at the A Shares Last Trading Day. In view of the fact that the high P/E ratios of these two companies which may impact our comparison, we have shortlisted five companies for comparison (the "**A Shares Market Comparables**"). We consider the A Shares Market Comparables set forth in the table above an exhaustive list given such criteria.

Based on the above table, we noted that the P/E ratios of the A Shares Market Comparables ranged from approximately 23.70 times to 68.00 times as at the A Shares Last Trading Day, with a median and an average of approximately 44.19 times and 45.44 times respectively. The P/B ratios of the A Shares Market Comparables ranged from approximately 1.26 times to 3.42 times as at the A Shares Last Trading Day, with a median and an average of approximately 2.60 times and 2.43 times respectively. We note that the P/E ratio and P/B ratio of the A Share Issue (assuming the minimum subscription price to be RMB13.26 per A Share) is approximately 66.30 times and 1.0 times respectively, which is at the upper range of P/E ratios of the A Shares Market Comparables and fall outside the range of P/B ratios of the A Shares Market Comparables. Given that (i) the minimum subscription price per A Share is in line with the prevailing market practice in setting the subscription price; (ii) the P/E ratios of the A Share Issue is at the upper range of P/E ratios of the A Shares Market Comparables; and (iii) the Company operates in exploration, production and sales of metal in the PRC with profit-making for FY2015 which P/E ratio is a more appropriate indicator in assessing the financial performance of companies for comparable purpose. We are of the view that the minimum subscription price of RMB13.26 per A Share is fair and reasonable.

Comparison with peer companies of H Shares

The subscription price of new H Shares under the H Share Subscription Agreement are agreed between the Company and JCC with reference to the average trading price of the H Shares during the 20 trading days preceding the date of Board Meeting, being 25 February 2016. With a view to analysing the market price of the H Shares (valuation of the Company) and thus the subscription price of new H Shares under the H Share Subscription Agreement, we have compared the P/E ratio and the P/B ratio of the Company with those of other companies that are (i) profit-making in the latest financial year; (ii) have market capitalization greater than HK$10,000 million; (iii) listed on the Main Board of the Stock Exchange; (iv) principally engaged in, among others, the exploration, production and sale of metals; (v) at least 50% of revenue derived from the principal business mentioned in (iv); and (vi) at least 50% of revenue derived from the PRC market (the "**H Shares Market Comparables**").

Company (Stock code)	Share price as at the date of the Board Meeting	Market capitalisation as at the date of the Board Meeting	Latest published earnings per share (audited)	Latest published net asset value per share (audited)	P/E ratio	P/B ratio
	HK$	*HK$'million*	*HK$*	*HK$*	*times*	*times*
	(Note 1)	*(Note 4)*	*(Note 2)*	*(Note 3)*		
China Hongqiao (1378)	4.31	27,154	0.6917	6.73	6.23	0.64
China Zhongwang (1333)	3.41	24,104	0.4770	4.39	7.15	0.78
Zijin Mining (2899)	2.32	50,012	0.0954	1.53	24.32	1.52
Zhaojin Mining Industry (1818)	6.25	18,536	0.1193	4.32	52.41	1.45
China Molybdenum (3993)	1.07	17,126	0.0596	1.29	17.95	0.83
Mean					21.61	1.04
Median					17.95	0.83
Maximum					52.41	1.52
Minimum					6.23	0.64
Company	8.03	27,806	0.2385	15.81	33.67	0.51
H Share Issue	7.87	27,252	0.2385	15.81	33.00	0.50
	(Note 5)	*(Note 6)*				
Outliner:						
Aluminium Corp of China Ltd (2600)	2.76	39,393	0.0119	3.24	231.45	0.85

Source: *Website of the Stock Exchange, annual reports and annual result announcements of the Market Comparables*

Notes:

1. The closing share prices of the H Shares Market Comparables are sourced from the website of the Stock Exchange.

2. Figures are extracted from the annual reports/annual result announcements of the H Shares Market Comparables for their latest financial year, where figures are translated at an exchange rate of RMB1 = HK$1.1925 as at 31 December 2015.

3. The net asset value per share of the H Shares Market Comparables is calculated by dividing the equity attributable to the owners of the company by the number of shares as at 31 December 2015.

4. Based on the share price (as at the date of the Board Meeting) multiplied by total number of shares issued (including both A and H Shares in issue) as at 31 December 2015.

5. Based on the subscription price of new H Shares under the H Share Subscription Agreement of HK$7.87 per H Share (subject to adjustment).

6. Based on the subscription price of new H Shares under the H Share Subscription Agreement of HK$7.87 per H Share (subject to adjustment) multiplied by total number of shares 3,462,729,405 (including both A and H Shares in issue) as at the date of the Board Meeting.

We have identified six companies listed on the Main Board of the Stock Exchange, which match the selection criteria above. Meanwhile we also note that the P/E ratio of Aluminium Corp of China Ltd. is extremely high which was mainly distorted by the low latest published earnings per share as compared to its share price as at the date of the Board Meeting. In view of the fact that the high P/E ratio of the company which may impact our comparison, we have shortlisted to five companies for comparison purpose (the "**H Shares Market Comparables**"). We consider the H Shares Market Comparables set forth in the table above an exhaustive list given such criteria.

Based on the above table, we noted that the P/E ratios of the H Shares Market Comparables ranged from approximately 6.23 times to 52.41 times as at the date of the Board Meeting, with a median and an average of approximately 17.95 times and 21.61 times respectively. The P/B ratios of the H Shares Market Comparables ranged from approximately 0.64 times to 1.52 times as at the date of the Board Meeting, with a median and an average of approximately 0.83 times and 1.04 times respectively. We note that the P/E ratio and P/B ratio of the H Share Issue is approximately 33.00 times and 0.50 times respectively, which is within the range of P/E ratios of the H Shares Market Comparables and fall outside the range of P/B ratios of the H Shares Market Comparables.

Although the P/B ratio of the Company falls outside the range of the P/B ratios of the H Shares Market Comparables, having consider that (i) the P/E ratio of the Company is within the range and significantly higher than the mean and median of P/E ratios of the H Shares Market Comparables; (ii) P/E ratio is a more appropriate indicator in assessing the financial performance of companies for comparable purposes; and (iii) the decrease in product prices and deterioration of the Group's financial performance is making the Company less appealing to investors, we are of the view that the subscription price of the new H Shares under the H Share Subscription Agreement is fair and reasonable.

The P/E ratio of H Shares on the date of the Board Meeting was 33.00 times and the P/E ratio of A Shares (assuming the subscription price being RMB13.26 per A Share) on the A Shares Last Trading Day was 66.30 times, representing 101% higher than H Share P/E ratio.

Furthermore, we found out that the P/E ratio of Hang Seng Index on the date of the Board Meeting was 7.77 times and the P/E ratio of SSE Composite index on the A Shares Last Trading Day was 13.78 times, representing 77% higher than Hang Seng Index P/E ratio and indicating that a valuation gap always existed between these two stock markets.

Comparison of the subscription price of new A Shares

To further assess the fairness and reasonableness of the subscription price of new A Shares under the A Share Issue, we have tried to search for transactions regarding issuance of new shares by subscription or placing conducted by companies listed on both the Main Board of the Stock Exchange and Shanghai Stock Exchange with fixed terms announced during first two months of 2016. However, no such transactions have been conducted. We extend our sample search to the period between January 2015 and December 2015. We have identified transactions regarding subscription of new shares under specific mandate conducted by companies listed on both the main board of the Stock Exchange and Shanghai Stock Exchange with fixed terms announced during 2015 (the "**A Shares Transaction Comparables**"), being the latest available information to demonstrate the prevailing market practices for subscription under specific mandate prior to the date of the A Share Subscription Agreement. To the best of our knowledge, we found nine transactions that met the aforesaid criteria, which represented an exhaustive list. Notwithstanding the market capitalisation and/or industries of the A Shares Transaction Comparables are different from the Company, we consider that the A Shares Transaction Comparables and the number of A Shares Transaction Comparables identified under the criteria are fair and representative samples for comparison purpose and can reflect the prevailing market trend in relation to subscription exercises. The table below illustrates the details of the A Shares Transaction Comparables.

			Premium/(discount) over/to the closing price of the shares			
Date	**Company (Stock code)**	**Subscription price** *(RMB)*	**as at the last trading day on/prior to the date of announcement** %	**for the last 5 consecutive trading days on/prior to the date of announcement** %	**for the last 10 consecutive trading days on/prior to the date of announcement** %	**for the last 20 consecutive trading days on/prior to the date of announcement** %
12/01/2015	Guangzhou Baiyunshan Pharmaceutical (874.HK and 600332.SH) *(Note 1)*	23.84	(12.03)	(10.89)	(10.25)	(9.74)
26/03/2015	BBMG Corporation (2009.HK and 601992.SH)	8.53	(15.21)	(11.70)	(9.39)	(8.96)

Date	Company (Stock code)	Subscription price (RMB)	Premium/(discount) over/to the closing price of the shares as at the last trading day on/prior to the date of announcement %	for the last 5 consecutive trading days on/prior to the date of announcement %	for the last 10 consecutive trading days on/prior to the date of announcement %	for the last 20 consecutive trading days on/prior to the date of announcement %
09/04/2015	CSSC Offshore & Marine Engineering (Group) (317.HK and 600685.SH)	37.78	(7.49)	(11.41)	(12.29)	(8.75)
16/04/2015	Beijing North Star (588.HK and 601588.SH)	4.51	(20.32)	(17.76)	(12.41)	(4.60)
25/08/2015	Metallurgical Corporation of China Ltd. (1618.HK and 601618.SH)	6.92	(11.17)	(15.84)	(12.14)	(7.63)
10/09/2015	Chongqing Iron & Steel (1053.HK and 601005.SH)	3.86	(3.02)	(11.71)	(14.24)	(10.58)
04/12/2015	Shanghai Electric Group (2727.HK and 601727.SH)	10.41	(7.30)	(9.18)	(10.04)	(9.68)
11/12/2015	Air China (753.HK and 601111.SH)	7.89	(2.71)	(5.35)	(5.67)	(9.41)
11/12/2015	Zijin Mining (2899.HK and 601899.SH)	3.22	(11.29)	(10.56)	(9.22)	(9.47)
	Mean		(10.06)	(11.60)	(10.63)	(8.76)
	Median		(11.17)	(11.41)	(10.25)	(9.41)
	Maximum		(2.71)	(5.35)	(5.67)	(4.60)
	Minimum		(20.32)	(17.76)	(14.24)	(10.58)
	A Share Issue	13.26	(1.41)	5.74	5.32	2.47

Source: *Website of Shanghai Stock Exchange*

Note 1: The company also announced application for whitewash waiver under the same announcement.

During the search for transactions, we noted one of the companies identified also applied for whitewash wavier and none of the companies involve a mandatory general offer. However, any elimination of the A Shares Transaction Comparables will reduce the sample size and as such may result in a less thorough comparison.

As shown in the above table, (i) the subscription shares of all A Shares Transaction Comparable were issued at a discount to the closing price on the last trading day on/prior to the date of announcement; and (ii) the subscription shares of all A Shares Transaction Comparables were also issued at a discount to the average closing price on the last five consecutive trading days, last ten consecutive trading days and last 20 consecutive trading days on/prior to the date of announcement.

The latest audited net asset value per Share of RMB13.26 represents a discount of approximately 1.41% to the closing price on the A Shares Last Trading Day. It also represents a premium of 5.74%, 5.32% and 2.47% over the last five consecutive trading days, the last ten consecutive trading days and the last 20 consecutive trading days on or prior to the A Shares Last Trading Day respectively.

The minimum subscription price of new A Share was above the respective range of the A Shares Transaction Comaprables. As such, we consider that the subscription price of A Shares is fair and reasonable.

Comparison of the subscription price of new H Shares

To further assess the fairness and reasonableness of the subscription price of new H Shares under the H Share Issue, we have identified transactions regarding subscription of new shares under specific mandate conducted by companies listed on the Main Board of the Stock Exchange, which involve either whitewash application or mandatory general offer, with fixed terms announced during the three-month period immediately before the date of the H Share Subscription Agreement (the "**H Shares Transaction Comparables**"), being the latest available information to demonstrate the prevailing market practices for subscription under specific mandate prior to the date of the H Share Subscription Agreement. To the best of our knowledge, we found six transactions that met the aforesaid criteria, which represented an exhaustive list. Notwithstanding the market capitalisation and/or industries of the H Shares Transaction Comparables are different from the Company, we consider that the H Shares Transaction Comparables and the number of H Shares Transaction Comparables identified under the criteria are fair and representative samples for comparison purpose and can reflect the prevailing market trend in relation to subscription exercises. The table below illustrates the details of the H Shares Transaction Comparables.

			Premium/(discount) over/to the closing price of the shares			
Date	**Company (Stock code)**	**Subscription price** *(HK$)*	**as at the last trading day prior to the date of announcement** %	**for the last 5 consecutive trading days prior to the date of announcement** %	**for the last 10 consecutive trading days prior to the date of announcement** %	**for the last 20 consecutive trading days prior to the date of announcement** %
2015						
04/12	Yuhua Energy (2728)	1	0.00	(2.15)	(2.44)	(6.54)
14/12	Optics Valley Union (798)	0.8	(15.80)	(13.00)	(14.90)	(16.67)
16/12	FDG Electric (729)	0.465	0.00	(3.93)	(5.10)	(7.00)
2016						
05/01	Addchance (3344)	0.56	(60.84)	(66.86)	(61.38)	(56.92)
14/02	Sun East Technology (365) *(Note 1)*	0.4	(72.79)	(70.59)	(68.92)	(67.21)
16/02	Varitronix (710)	3.5	(33.71)	(34.53)	(33.38)	(33.46)
	Mean		(30.52)	(31.84)	(31.02)	(31.30)
	Median		(24.76)	(23.77)	(24.14)	(25.07)
	Maximum		0.00	(2.15)	(2.44)	(6.54)
	Minimum		(72.79)	(70.59)	(68.92)	(67.21)
	H Share Issue	7.87	(1.99)	(6.20)	(3.44)	(0.25)

Source: *Website of the Stock Exchange*

Note 1: The company also announced unconditional mandatory cash general offer under the same announcement.

As shown in the above table, out of the six H Shares Transaction Comparables, (i) the subscription shares of four H Shares Transaction Comparables were issued at a discount to the closing price prior to the publication of their respective announcements; (ii) the subscription shares of all six H Shares Transaction Comparables were at a discount to the closing price on their respective last five consecutive trading days, last 10 consecutive trading days and last 20 consecutive trading days prior to the publication of their respective announcements. The subscription price of new H Share of HK$7.87, which represents a discount of approximately 1.99%, 6.20%, 3.44% and 0.25% to the closing price on the date of the Board Meeting, the last five consecutive trading days, the last 10 consecutive trading days and the last 20 consecutive trading days prior to the date of the Board Meeting respectively was within the respective range of the H Shares Transaction Comparables.

Despite the subscription price of new H Shares represents moderate discounts to the closing prices of the H Shares, having considered in particular that (i) the fact that the P/E ratio of the Company implied by the closing price of the H Shares on the date of the Board Meeting was within the range but above the mean and median of the H Share Market Comparables; (ii) the historical discounts of the price per H Share during the Review Period; (iii) the discount of the subscription price of new H Share to the closing price of the H Shares on the date of the Board Meeting, the last five consecutive trading days and the last ten consecutive trading days prior to the date of the Board Meeting respectively was within the respective range of the H Shares Transaction Comparables; and (iv) the trading volume of the H Shares was relatively thin during the Review Period; (v) decreasing trend of copper price which worsening the financial position and performance of the Group which would be less appealing to potential investors, we consider the subscription price of new H Shares under the H Share Issue is fair and reasonable so far as Independent Shareholders are concerned.

Lock-up Arrangement

Pursuant to the A Share Subscription Agreement, the A Shares to be subscribed by JCC pursuant to the A Share Issue shall not be transferred within 36 months from the date of completion of the A Share Issue while the A Shares to be subscribed by other Investors shall not be transferred within 12 months from the date of completion of the A Share Issue (the "**A Share Lock-up Arrangement**").

Pursuant to the H Share Subscription Agreement, JCC undertakes that within 36 months from the date of completion of the H Share Issue, it and/or its designated wholly-owned subsidiary shall not directly and indirectly (if applicable) transfer the H Shares subscribed pursuant to the H Share Issue (the "**H Share Lock-up Arrangement**").

Furthermore, according to the Measures for Administration of the Issuance of Securities by Listed Companies, the non-public issuance of new A shares is generally subject to a lock-up period of 36 months for controlling shareholders or their associate and a lock-up period of 12 months for other investors. The A Share Lock-up Arrangement is in compliance with the relevant rules.

We are advised by the Directors that JCC or its designated wholly-owned subsidiary voluntarily undertakes to have the H Share Lock-up Arrangement to demonstrate JCC's confidence and support to the Group.

The A Share Lock-up Arrangement and H Share Lock-up Arrangement in the A Share Subscription Agreement and the H Share Subscription Agreement respectively restrict JCC and/or its designated wholly-owned subsidiary and other Investors from selling their newly subscribed A Shares and H Shares (where applicable) into the stock market within 36 and 12 months respectively.

(v) Financial impact of the Share Issuance

Working capital/cash flow

As per the annual report of FY2015, the Group had bank balances and cash of approximately RMB16,705 million and net current assets of approximately RMB19,548 million. Upon completion of the Share Issuance, the liquidity and cash position of the Group would be substantially improved as the Share Issuance will raise estimated net proceeds of not more than RMB3,500 million and HK$4,150 million (equivalent to approximately RMB3,455 million using exchange rate RMB1 = HK$1.2012) from the A Share Issue and H Share Issue respectively. The Group's bank balances would substantially increase by the net proceeds of not more than RMB6,955 million and the net current assets position of the Group would be greatly improved accordingly subject to all other things remaining unchanged. As such we are of the view that the Group's available working capital and net current assets are expected to be significantly improved by the net proceeds upon completion of the Share Issuance.

Net asset value

As per the annual report of FY2015, as at 31 December 2015, the Group's net asset value (excluding non-controlling interest) was approximately RMB45,902 million and the net asset value per Share was approximately RMB13.26. The Share Issuance is expected to result in (i) an increase in cash by the amount of the net proceeds of not more than RMB3,500 million and HK$4,150 million from the A Share Issue and H Share Issue respectively; and (ii) an increase by the relevant amount in the issued capital and reserve of the Company. As such, we are of the view that upon Completion and assuming there is no other change to the balance sheet items since 31 December 2015 save for the changes caused by the Share Issuance, the net asset value of the Group will be increased by the amount of the net proceeds from the Share Issuance and the net asset value per Share (excluding non-controlling interest) (assuming there is no adjustment made to the subscription price of H Shares pursuant to the H Share Issue) is approximately RMB12.33. As such, the net assets per Share upon Completion expected a decrease of approximately 7.01% as compared to the net asset value as at 31 December 2015.

Gearing

As disclosed in the annual report of FY2015, as at 31 December 2015, the Group's current borrowings, non-current borrowing, current bond payable in aggregate were approximately RMB23,607 million. The bank balance and cash and the total equity were approximately RMB16,705 million and RMB47,829 million. The gearing ratio as at 31 December 2015 (measured by net debt to total equity) was approximately 0.14. The bank balance and cash of the Group will increase upon completion of the Share Issuance, provided that there is no change to the total liabilities of the Group as a result of the Share Issuance. As such, total equity of the Group is expected to increase and thus the gearing ratio of the Group will reduce immediately upon completion of the Share Issuance.

Based on the foregoing, the Share Issuance would have an overall positive effect on the Group's financial position upon completion of the Share Issuance though there will be a decrease in the net asset value per Share. However, we consider that the decrease in net asset value per Share is acceptable in light of the benefits of the Share Issuance as a whole. On such basis, we are of the view that the Share Issuance is in the interests of the Company and the Independent Shareholders as a whole.

It should be noted that the above analyses are for illustrative purpose only and do not purport to represent how the financial position or results of the Group will be upon completion of the Share Issuance.

(vi) Effect on the shareholding structure of the Company

The shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Issuance (assuming there is no adjustment made to the subscription price of H Shares pursuant to the H Share Issue and no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the Shares pursuant to the Share Issuance); and (iii) immediately after completion of the Share Issuance (assuming there was a 5% upward adjustment made to the subscription price of H Shares pursuant to the H Share Issue but no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the Shares pursuant to the Share Issuance):

	Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Share Issuance assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue		Immediately after completion of the Share Issuance assuming there was a 5% upward adjustment made to the issue price of H Shares pursuant to H Share Issue	
		Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
JCC	A	1,205,479,110	34.81%	1,235,317,133	28.81%	1,235,317,133	28.97%
JCC and parties acting in concert with it	H	198,135,000	5.72%	725,453,932	16.92%	700,556,307	16.43%
		1,403,614,110	40.53%	1,960,771,065	45.72%	1,935,873,440	45.41%
Public holders of A Shares	A	869,768,295	25.12%	1,138,310,493	26.54%	1,138,310,493	26.70%
Public holders of H Shares	H	1,189,347,000	34.35%	1,189,347,000	27.73%	1,189,347,000	27.90%
Total		3,462,729,405	100%	4,288,428,558	100%	4,263,530,933	100%

Upon completion of the Share Issuance (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue and no change in the total issued share capital of the Company since the Latest Practicable Date save for the issue of the Shares pursuant to the Share Issuance), (i) the shareholding of the public A Shareholders will be increased from approximately 25.12% to approximately 26.54%; and (ii) the shareholding of the public H Shareholders will be decreased from approximately 34.35% to approximately 27.73%.

Although there will be dilution effect to the shareholding interest of the existing public holders of A Shares and H Shares as a result of the Share Issuance, we have, however taken into account (i) reasons for and benefits of the Subscription, Share Issuance and proposed use of proceeds; (ii) the limited alternative fund raising methods available to the Company; (iii) the generally thin liquidity in the trading of the existing H Shares during the Review Period; and (iv) the fairness and reasonableness of the subscription price of new Shares under the Share Issuance in the section headed “Principal terms of the Share Issuance” above, we consider that the Share Issuance is an acceptable means of funds raising by the Company and the shareholding dilution effects upon completion of the Share Issuance is acceptable so far as the Independent Shareholders are concerned.

THE WHITEWASH WAIVER

As at the Latest Practicable Date, JCC is a substantial shareholder of the Company, assuming that there is no other change in the issued share capital of the Company, JCC holding, together with parties acting in concert with it, an aggregate of 1,403,614,110 Shares, representing approximately 40.53% of the total issued share capital of the Company.

Upon completion of the Share Issuance, the shareholding of the JCC and parties acting in concert with it will increase to approximately 45.72% of the total issued share capital of the Company as enlarged by the Share Issuance (assuming JCC has conditionally agreed to subscribe for 10% of A Shares to be issued under the A Share Issue and there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue. Also, no additional Shares other than the new A Shares and H Shares will be allotted and issued since the date of the Subscription Agreements and up to the completion of the Subscription). Pursuant to Rule 26.1 of the Takeover Code, JCC and parties acting in concert with it will be required to make a mandatory general offer for all the issued securities of the Company (other than those already owned or agreed to be acquired by JCC and parties acting in concert with it) in the absence of the Whitewash Waiver.

JCC has made an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensation from Rule 26 of the Takeovers Code in respect of the Share Issuance pursuant to the Subscription Agreements and the Executive has indicated that it will grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders taken on a poll at the Extraordinary General Meeting.

The Independent Shareholders should also note that the grant and approval of the Whitewash Waiver is condition precedent to the completion of the Share Issuance. In the case where the Share Issuance is approved by the Independent Shareholders in the Extraordinary General Meeting and the Whitewash Waiver is not granted or approved by the Independent Shareholders, the Subscription Agreements will not become unconditional and the Subscription will not proceed. Accordingly, the Company will lose all the benefits that are expected to be brought by the Subscription, including but not limited to, the availability of funds out of the net proceeds to be raised from the Subscription for the purpose of the Group's expansion and renovation projects of various mines and general working capital for the operation of the Group's business.

Having considered the benefits of the Share Issuance as mentioned in the previous sections in this letter, in particular, (i) the Share Issuance is a reasonable financing means available to the Group; (ii) the Share Issuance would strengthen the Group's capital base and working capital position and provide funding for the Group's projects; (iii) the dilution effect to the Independent Shareholders as a result of the Share Issuance is acceptable and unavoidable; (iv) the Share Issuance would have an overall positive effect on the financial position of the Group in terms of the net asset value, cash flows and gearing upon completion of the Share Issuance, and (v) all the other factors as discussed under the section headed "Benefits and proposed use of proceeds of the Share Issuance" above, we are of the view that the granting of the Whitewash Waiver, which is a prerequisite for the completion of the Subscription, is fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and we are of the view that the purpose of the Share Issuance and the approval of the Whitewash Waiver by the Independent Shareholders at the Extraordinary General Meeting is fair and reasonable, and in the interests of the Independent Shareholders as a whole.

SPECIAL DEAL

As set out in the section headed "XV. Resolution in relation to Special Deal" in the "Letter from the Board" contained in this Circular, the applicable PRC laws, regulations and regulatory requirements, foreign investors cannot subscribe in non-public issue of A shares of listed companies by way of cash unless they are approved qualified foreign institutional investors or foreign strategic investors. The scope of targeted subscribers under the A Share Issue will exclude all the H Shareholders (including approved qualified foreign institutional investors, foreign strategic investors and approved PRC investors which could invest in H Shares, including the qualified domestic institutional investors and the southbound trading investors under the Shanghai-Hong Kong Stock Connect). The above scope of targeted subscribers does not contravene the applicable PRC laws, regulations, and regulatory requirements. As such, the A Share Issue constitutes Special Deal under Rule 25 of the Takeover Codes which is not capable of being extended to all Shareholders and requires the consent of the Executive and such consent, if grant, shall be subject to (i) the Independent Financial Adviser opining that the terms of the Special Deal are fair and reasonable and (ii) the approval of the Special Deal by the Independent Shareholders by way of a poll at the H Shares Class Meeting. Accordingly, the resolution in respect of the Special Deal will be submitted, by way of special resolution, for H Shareholders' consideration and approval at the H Shares Class Meeting.

Pursuant to the Articles and the applicable PRC regulations, if the rights attached to any class of shares are varied, a special resolution shall be passed at the shareholders' general meeting and by holders of shares of the affected class passed at a separate general meeting of the holders of shares of the class. Accordingly, the resolution in respect of the Special Deal will also be submitted, by way of special resolution, for Shareholders' consideration and approval at the Extraordinary General Meeting and the A Shares Class Meeting.

We have reviewed this Circular and relevant documents, and understand from the management of the Company that,

(i) pursuant to the "Implementation Rules for the Non-public Issuance of Shares by Listed Companies" (《上市公司非公開發行股票實施細則》) ("**Implementation Rules**") issued by the CSRC, if the resolution of the board of directors does not determine the specified target subscriber, upon obtaining the approval from CSRC, the listed company and sponsors shall, within the validity period, determine the time of issuance. On the day immediately preceding the commencement date of the offer period, the sponsors shall provide documents relating to the invitation to subscribe for A Share Issue ("**Invitation Documents**") to eligible targeted subscribers. The list of targeted subscribers shall jointly be determined by the listed company and sponsors and shall include (i) investors (including existing A Shareholders but other than northbound trading investors under the Shanghai – Hong Kong Stock Connect) that have submitted letter of intent in respect of the subscription of new A shares after the Board approved and resolved the Share Issuance ("**Board Resolution**"); (ii) top 20 existing A Shareholders and (iii) targeted subscribers qualified under "Measures for the Administration of Securities Issuance and Underwriting" (《證券發行與承銷管理辦法》). As at the Latest Practicable Date, the Company has yet to obtain approval from CSRC and no Invitation Documents have been delivered;

(ii) according to the relevant guidance documents of the CSRC, the controlling shareholders or controller of the issuer, or its connected persons, directors, supervisors, senior management and lead underwriters and parties connected with the abovementioned entities and person (collectively, the "**Excluded Parties**") will not participate in the pricing exercise of the non-public issue and the final subscribers do not include the Excluded Parties.

Pursuant to the "Letter from the Board", JCC will not participate in the pricing exercise for the A Share Issue, but will accept results of the book-building process and make subscription at the same price as other Investors.

We further understand that the sponsors shall exclude the Excluded Parties when delivering the Invitation Documents to the top 20 A Shareholders. This arrangement is in compliance with the relevant PRC regulatory requirements;

(iii) in addition, every existing A Shareholder who is interested in participating in the A Share Issue are entitled to express their interests to the Company and submit a letter of intent to subscribe for new A Shares after the Board Meeting. The interested investors will be invited to participate in the book-building process and priority will be given based on the price quoted by the relevant investors. The existing Shareholders will not have preferential right or priority over other investors to subscribe for the A Shares under the A Share Issue.

As at the Latest Practicable Date, the Company is not aware of other existing Shareholders out of the 10 specific Investors (other than JCC);

(iv) the H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue; and

(v) JCC and its associates and concert parties and those who are involved in or interested in the Share Issuance, Subscription, Whitewash Waiver and/or Special Deal will abstain from voting on the resolution in relation to Special Deal at the Extraordinary General Meeting, A Shares Class Meeting and H Shares Class Meeting to approve the Special Deal.

The Company has applied to the Executive for the consent, under Rule 25 of the Takeover Code in respect of Special Deal which will be subject to the approval of the Independent Shareholders at the H Shares Class Meeting by way of poll and provided that the Independent Financial Advisers publicly states in its opinion that the terms of Special Deal are in the interest of Independent Shareholders.

Taking into account (i) the Special Deal is in compliance with the Implementation Rules; (ii) the Excluded Parties will not participate in the pricing exercise for the A Share Issue in order to protect the interests of Independent Shareholders; (iii) all the A Shareholders, who are interested to participate in the A Share Issue, are entitled to express interest and receive Invitation Documents; (iv) all the H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue; (v) JCC and parties acting in concert with it and those who are involved in or interested in the Share Issuance, Subscription, the Whitewash Waiver and the Special Deal will abstain from voting in respect of the resolution(s) to approve the Share Issuance, the Subscription, the Whitewash Waiver and the Special Deal at the Extraordinary General Meeting and Class Meetings; and (vi) all Independent Shareholders are entitled to vote at the Extraordinary General Meeting for or against the special resolution in relation to Special Deal, we are of the view that the approval of the Special Deal by the Independent Shareholders at the H Shares Class Meeting is fair and reasonable, and in the interests of the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons, in particular,

(i) the benefits to the Group from the Share Issuance in the paragraph headed "Benefits and proposed use of proceeds of the Share Issuance";

(ii) the issue price of new H Shares under the H Share Subscription Agreement is within the range of prices of the H Shares during the Review Period;

(iii) legal restriction on setting the subscription price of A Share;

(iv) The latest audited net asset value per share as of 31 December 2015 amounted to RMB13.26 per Share, being the minimum subscription price under the A Share Issue, was at a premium over the closing price of A Shares on the last five consecutive trading days, the last ten consecutive trading days and the last 20 consecutive trading days prior to the A Shares Last Trading Day;

(v) the discount of the subscription price of new H Shares under the H Share Issue to the closing price of the H Shares on the date of the Board Meeting, the last five consecutive trading days and the last ten consecutive trading days and the last 20 consecutive trading days prior to the date of the Board Meeting are above the mean and median of the H Shares Transaction Comparables;

(vi) the Share Issuance provides an immediate and effective means for the Group to replenish its working capital and reduce its interest obligations, as well as improve the net asset position and gearing position of the Group;

(vii) the dilution effect of the Share Issuance is acceptable;

(viii) JCC, being a substantial shareholder of the Company, agreed to subscribe the Shares and will undertake not to trade or transfer the Shares within the respective period from the date of the Share Issuance which shows confidence and support on the future development of the Group;

(ix) the grant and approval of the Whitewash Waiver is condition precedent to the completion of the Share Issuance; and

(x) The terms of the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Independent Shareholders.

We are of the opinion that the terms of the Share Issuance are on normal commercial terms and the terms of the Subscription, Share Issuance, the Whitewash Waiver and the Special Deal are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders of the Company, and the Independent Board Committee to advise the Independent Shareholders of the Company, to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings for approving the Subscription, Share Issuance, the Whitewash Waiver and the Special Deal.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung — *Managing Director*
Wong Wai Leung — *Executive Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Wong has more than 15 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Takeovers Code.

*This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail. Pursuant to the Implementation Rules for the Non-public Issue of Shares by Listed Companies (2011 Revision) (上市公司非公開發行股票實施細則(2011年修訂)) promulgated by the CSRC, the Board shall prepare the Proposal for Non-public Issuance of A Shares in accordance with the requirements set out in No. 25 Guideline on the Contents and Formats of Information Disclosure by the Companies – Advanced Proposal and Issuance Reports on the Non-public Issue of Shares by Listed Companies (公司信息披露內容與格式準則第25號 – 上市公司非公開股票預案和發行情況報告書) ("**No. 25 Guideline**"). The said proposal is required to be approved by the Board and the Shareholders in accordance with the Administrative Measures for the Issuance of Securities by Listed Companies (上市公司證券發行管理辦法) promulgated by the CSRC. The said proposal is set out in this appendix in order for Shareholders to have a better understanding of the Share Issuance.*

Jiangxi Copper Company Limited

(Registered address: 15 Yejin Avenue, Guixi City, Jiangxi Province, the People's Republic of China)

Proposal for Non-public Issuance of A Shares (Revised Version)

STATEMENT OF THE COMPANY

1. The Board of Directors of the Company and all directors warrant the truthfulness, accuracy and completeness of the information herein without any false representations, misleading statements or material omissions, and take responsibility for the same jointly and severally.

2. Following the completion of the non-public issuance of A shares described herein, the Company shall be responsible for any of its changes in operation and profits, and the investors for investment risks caused by the non-public issuance of A shares.

3. The Proposal is the representation made by the Board of Directors for non-public issuance of A shares, and any statement against the information herein shall be deemed as misrepresentation.

4. In case of any doubts, the investors shall consult their own stock brokers, legal counselors, professional accountant or other professional advisers.

5. Any information herein shall not represent judgment, confirmation, approval or verification of competent authorities for the non-public issuance of A shares. The effectiveness and completion of any matters relevant to non-public issuance of A shares, have not yet been approved or verified by the competent authorities.

SPECIAL NOTES

1. The matters relevant to non-public issuance of A and H shares were approved at the sixth meeting of the seventh session of the Board of Directors held on February 25, 2016 after discussion.

2. The matters relevant to non-public issuance of A and H shares are to be approved by the SASACJP, to be approved on the general meeting, the A shares class meeting and the H shares class meeting of the Company and to be approved by the CSRC.

3. The target subscribers of the non-public issuance of A shares include securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (including proprietary accounts of these investors or value-based investments account managed by the same), other domestic corporate investors and natural persons (including Jiangxi Copper Corporation, the controlling shareholder of the Company and no more than 10 specific entities or persons). Where a fund management company holds the shares through multiple investment accounts, the company shall be deemed as one single subscriber. The H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue. The final subscribers, except for Jiangxi Copper Corporation, will be determined by the board of directors and/or the Board Committee authorized by the board of directors and the sponsor (lead underwriter) after obtaining written approval of non-public issuance of A shares by the CSRC with principles including the priority given based on the price quoted by the subscribers. The aforesaid specific subscribers shall all subscribe the non-public issuance shares in cash at same price.

   Every investor (including existing A Shareholders) who is interested in participating in the A Share Issue may contact the Company and submit a letter of intent.

4. The Company is to issue no more than 298,380,221 A shares to specific investors pursuant to the non-public issuance of A Shares, no less than 10% of which shall be subscribed by Jiangxi Copper Corporation. Subject to the abovementioned issuance size, the board of directors and/or the Board Committee authorized by the board of directors shall determine final issuance quantity of non-public A shares after consultation with the sponsor (lead underwriter) based on market conditions. In case of the Company's ex dividend and ex right arrangements such as equity distribution, capitalization of capital reserves or rights issue from the pricing benchmark date to the date of issuance, the maximum number of A Shares to be issued pursuant to of non-public issuance of A shares shall be adjusted accordingly.

Moreover, the Company is to issue no more than 527,318,932 shares of H shares, all of which shall be subscribed by Jiangxi Copper Corporation or may be subscribed by wholly-owned subsidiary designated by Jiangxi Copper Corporation. In case of the Company's ex-dividend and ex right arrangements such as equity distribution, capitalization of capital reserves or rights issue from the date of board meeting and the date of issuance, the maximum number of H shares to be issued pursuant to the non-public issuance of H shares shall be adjusted accordingly.

5. The pricing benchmark date of non-public issuance of A shares shall be the date of the announcement in relation the resolutions passed in the sixth meeting of the seventh session of the Board of Directors (February 26, 2016). The issuing price shall be no less than 90% of average trading price of the Company's A shares of 20 trading days before the pricing benchmark date (the average trading price of the A shares in the 20 trading days preceding the pricing benchmark date equals to the total trading amount of A shares traded in the 20 trading days divided by the total volume of A shares traded in the 20 trading days preceding the pricing benchmark date) (being RMB11.73/A share) or the last audited value of net asset per share of the Company before issuance, whichever is higher. In case of the Company's ex-dividend and ex right arrangements such as equity distribution, capitalization of capital reserves or rights issue from the pricing benchmark date and the date of issuance, the minimum price of non-public issuance of A shares shall be adjusted accordingly.

   Subject to the abovementioned benchmark price, the issue price of the non-public issuance shall be determined by book-building process. Following the approval by CSRC, the final issue price shall be determined by the board of directors and/or the Board Committee authorized by the board of directors with the authorization of shareholders according to applicable laws, regulations and other regulatory documents and the priority given based on the price quoted by investors and through consultation with sponsor (lead underwriter). Jiangxi Copper Corporation will not participate in market auction and is willing to accept the results of the book-building process, with its subscription price being the same as that of other subscribers.

6. The non-public issuance of A shares and the non-public issuance of H shares are inter-conditional, which means any one of them will be suspended automatically in case that the other one is not approved or authorised by the SASACJP, the general meeting, A shares class meeting and H shares class meeting of the Company and the CSRC.

7. After the non-public issuance of A shares and the non-public issuance of H shares is completed, the A shares of the Company to subscribed Jiangxi Copper Corporation shall not be traded or transferred within thirty six months after the date of the completion of the issuance, and those A shares to be subscribed by other investors shall not be traded or transferred within twelve months. In addition, Jiangxi Copper Corporation undertakes Jiangxi Copper Corporation and/or its designated wholly-owned subsidiary (if applicable) will not transfer directly or indirectly (if applicable) H shares of the Company to be subscribed within thirty six months after he date of the completion of the issuance.

8. Total proceeds from non-public issuance of A shares shall not exceed RMB3.5 billion, which, after deduction of expenses relevant to issuance, shall be used to invest in construction of the engineering project of expansion of Chengmenshan copper reservoir (phase III), the technical renovation for the deep mining expansion project of Yinshan Mine, and the construction of No.5 gangue reservoir of Dexing Copper Mine (Tieluoshan). The remaining proceeds shall be used to replenish working capital.

   Total proceeds from non-public issuance of H shares shall not exceed HKD4.150 billion or equivalent in RMB, all of which, after deduction of expenses relevant to the issuance, shall be used to replenish working capital.

9. The non-public issuance will not cause any share distribution of the Company which fails to meet the listing requirements.

10. The subscription of non-public issued A shares by Jiangxi Copper Corporation constitutes connected transaction with the Company, and the Company will implement the approval procedure for connected transaction in strict accordance with applicable laws and regulations as well as internal provisions of the Company. When voting on the proposals relevant to non-public issuance of A shares at the board of directors meeting, connected directors shall abstain from voting and independent directors shall make comments on the connected transaction. In review of matters related to the issuance at the general meeting, connected shareholders shall abstain from voting on the relevant resolution. As it is uncertain whether the issuance will be approved at the general meeting, the investors shall consider risks involved.

11. The controlling shareholder of the Company is Jiangxi Copper Corporation, of which the beneficial controller is the SASACJP respectively and these will remain unchanged after the issuance.

12. See "Section VIII Establishment and Implementation of Profit Distribution Policies" herein for profit distribution policies of the Company and details on its cash dividend of the last three years.

13. The matters relevant to non-public issuance of A shares and H shares were reviewed and adopted at the board meeting on February 25, 2016. From the date of the announcement in relation to this Proposal, the Company will carry out the following work in sequence:

    (1) To submit the scheme for non-public issuance of A shares and H shares to the SASACJP;

    (2) To issue the notice of the general meeting, the A shares class meeting and the for H shares class meeting of the Company and H shareholders circular for reviewing the matters relevant to the issuance;

    (3) To hold general meeting, the A shares class meeting and the H shares class meeting of the Company for reviewing the matters relevant to the issuance after obtaining approval by the SASACJP;

    (4) To submit the scheme for non-public issuance of A shares and H shares to the Issuing Department and the International Business Department of the CSRC respectively after the adoption at general meeting, the A shares class meeting and the H shares class meeting of the Company.

CONTENTS

Unless otherwise noted, the following abbreviations herein shall have the following meaning:

Jiangxi Copper Company Limited, the Company, the listed company, company, the issuer	means	Jiangxi Copper Company Limited
Jiangxi Copper Corporation, corporation, controlling shareholder	means	Jiangxi Copper Corporation
Non-public issuance of A shares, non-public issuance of shares, the non-public issuance, the issuance of this time	means	the activity that Jiangxi Copper Company Limited proposes to issue no more than 298,380,221 A Shares to no more than 10 designated investors including JCC by means of non-public offering
Non-public issuance of H shares, and non-public issuance of H shares of this time	means	Jiangxi Copper Company Limited is to issue no more than 527,318,932 shares of H shares in non-public way, all of which will be subscribed by Jiangxi Copper Corporation or may be subscribed by its designated wholly-owned subsidiary
SASACJP	means	State-owned Assets Supervision and Administration Commission of Jiangxi Province
CSRC	means	China Securities Regulatory Commission
SCRES	means	PRC State Commission for Restructuring the Economic System
MOFTEC	means	Ministry of Foreign Trade and Economic Cooperation
SSE	means	Shanghai Stock Exchange
SEHK	means	Stock Exchange of Hong Kong Ltd.
Articles of Association	means	Articles of Association of Jiangxi Copper Company Limited
A Shares	means	the ordinary shares issued to domestic investors, listed on a domestic securities exchange, and denominated, subscribed and traded in RMB subject to CSRC's approval

H shares	means	Common share with par value of RMB1.00 approved to issue by the CSRC, listed at SEHK and subscribed and traded in HK$
H Shares Subscription Agreement	means	The Subscription Agreement for Non-public Issued H Shares of Jiangxi Copper Company Limited is entered into between and by Jiangxi Copper Company Limited and Jiangxi Copper Corporation on February 25, 2016
The Proposal	means	The Proposal for Non-public issuance of A shares of Jiangxi Copper Company Limited
Final issuing price	means	Final issuing price determined, based on the minimum price, after verification by CSRC, by the Board of Directors and/or the Board Committee authorized by the Board of Directors according to applicable laws, regulations and other normative documents and based on offers of investors and the principle of price priority and through consultation with sponsor (lead underwriter)
Board of Directors meeting date	means	The date on which the sixth meeting of the seventh session of the Board of Directors of the Company was held, namely February 25, 2016
Pricing benchmark date	means	The date on which the resolution made on the sixth meeting of the seventh session of the Board of Directors is made public, namely February 26, 2016
Shareholder meeting date	means	The date on which general meeting of the Company, shareholders' meeting for A shares and shareholders' meeting for H shares are held for reviewing the matters relevant to the non-public issuance
Board Committee	means	A team composed of any two executive directors authorized by the Board of Directors for the purpose of the issuance and on the basis of the Board of Directors authorized to handle with the matters relevant to the issuance at the general meeting

Copper Concentrate	means	the copper product made from copper ores through mining, crushing, grinding-flotation and other processes as an important raw material for copper smelting. The Issuer has Copper Concentrates at a grade of 18%–30% copper generally
Cathode Copper	means	Prefabricate thick plate with crude copper as anode and sheet with fine copper as cathode, and take the mixed solution of sulfuric acid and copper sulfate as electrolyte. After electrification, the copper is dissolved on the anode as copper ions, which then move from the anode to the cathode, pick up electrons and are deposited on the cathode
Crude Copper	means	the raw copper materials including blister copper and impure copper
Grade	means	the average content of useful minerals in the ores, expressed in percentage or weight ratio
Reserve	means	the economically minable part in the surviving period of the reserve base
RMB	means	Refers to RMB unless other noted

SECTION I BRIEF OF SCHEME FOR NON-PUBLIC ISSUANCE OF A SHARES

I. BASIC INFORMATION OF THE ISSUER

Company name (Chinese):	江西銅業股份有限公司
Company name (English):	Jiangxi Copper Company Limited
Chinese abbreviation:	江西銅業
Legal representative:	Li Baomin
Incorporation (Registration) date:	January 24, 1997
Registered capital:	RMB3,462,729,405
A shares listed at:	Shanghai Stock Exchange
Abbreviation for A shares:	Jiangxi Copper
Code of A shares:	600362.SH
H shares listed at:	The Stock Exchange of Hong Kong Ltd.
Abbreviation for H shares:	Jiangxi Copper Company Limited
Code of H shares:	0358.HK
Registered address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Business address:	7666 Changdong Avenue, Hi-tech Development Zone, Nanchang City, Jiangxi Province
Post code:	330096
Tel:	86-0791-8271 0117, 8271 0111
Fax:	86-0791-8271 0114
E-mail:	jccl@jxcc.com

II. BACKGROUND AND PURPOSES OF THE NON-PUBLIC ISSUANCE

(I) Background

1. Company profile

As approved according to the Pre-incorporating Agreement of Jiangxi Copper Company Limited, the document (G.Z.Q.F. [1996] No. 231) issued by the State-owned Assets Administration Bureau ("**SAAB**"), the document (T.G.S. [1996] No. 189) issued by the SCRES, the document (W.J.M.Z.E.H.Z. [1996] No. 707) issued by the MOFTEC, the document (G.Z.P. [1996] No. 789) issued by the SAAB, the Company was incorporated jointly by Jiangxi Copper Company (changed to Jiangxi Copper Corporation in September 2002), Hongkong International Copper (China) Investment Co., Ltd, Shenzhen Baoheng (Group) Co., Ltd., Shangrao Zhenda Steel Industrial Group, and Hubei Huangshi Gold & Copper Mine Limited Company on January 24, 1997.

As adopted at extraordinary general meeting of the Company on April 10, 1997 in the form of special resolution and approved according to the document (Z.Q.F. [1997] No. 27) issued by the State Council Securities Committee, the document (T.G.S. [1997] No. 64) issued by the SCRES, and the document (G.Z.Q.F. [1997] No. 47) issued by the SAAB, the Company issued 656,482,000 shares of H shares in 1997 and was listed at the SEHK and the London Stock Exchange ("**LSE**").

As adopted at extraordinary general meeting of the Company on January 19, 2001 in the form of special resolution and approved according to the document (Z.J.F.X.Z. [2001] No. 61) issued by the CSRC, the Company issued 230,000,000 shares of A shares in December, 2001 domestically and was listed on the SSE in January 2002.

On October 29, 2009, the resolution on revocation of the Company listed at the LSE was adopted at the fourth meeting of the fifth session of Board of Directors, and H shares of the Company was delisted at the LSE on November 27, 2009.

The Company is mainly engaged in mining, dressing, smelting and processing of non-ferrous metals and rare metals and related technology development, smelting, rolling processing and deep processing of non-ferrous metal ore, rare metals, non-metallic ore, non-ferrous metals and related by-products, overseas futures hedging, related consultancy services and business, and agency of import and export business.

The Company boasts the richest copper and accompanied and symbiotic mine resources domestically, with the degree of raw materials self-supply leading the copper industry at home. As for development of overseas resources, the Company established the Minmetals-JCL Mine Investment Co., Ltd. in joint with China Minmetals Non-ferrous Metals Co., Ltd, acquired 100% of equity of Northern Peru Copper; the Company established the MCC-JCL Aynak Minerals Company Ltd in joint with the MCCT in Afghanistan, acquiring the qualification for prospecting and mining in middle and western part of Aynak Copper Mine; the Company also acquired 50% of equity of Nesko engaging in copper mining and dressing in Turkey in joint with Beijing metal Challenge Global Trading Co., Ltd and CRM International (Beijing) Co., Ltd..

2. *Equity structure*

Jiangxi Copper Corporation, the controlling shareholder of the Company, is a state-owned enterprise funded by the SASACJP. The SASACJP is the actual controller of the Company.

As of September 30, 2015, the top ten shareholders of the Company were as follows:

Name of shareholders	**Quantity of shares held** *(share)*	**Proportion in the total equity** *(%)*	**Nature of equity**
Jiangxi Copper Corporation	1,400,544,110	40.45[note]	Outstanding A shares Outstanding H shares
Hong Kong Securities Clearing Company Nominees Limited	1,180,230,495	34.08	Outstanding H shares
China Securities Finance Corporation Limited	103,538,208	2.99	Outstanding A shares
Central Huijin Investment Company Limited	31,843,800	0.92	Outstanding A shares
Bank of China Limited – HuaAn New Silk Road Theme Equity Securities Investment Fund	10,110,000	0.29	Outstanding A shares

Name of shareholders	Quantity of shares held *(share)*	Proportion in the total equity *(%)*	Nature of equity
Huaxia Fund – Agricultural Bank of China – Huaxia CSI Financial Asset Management Scheme	8,480,000	0.24	Outstanding A shares
Guangfa Fund – Agricultural Bank of China – Guangfa CSI Financial Asset Management Scheme	8,480,000	0.24	Outstanding A shares
ICBC Credit Suisse Fund – Agricultural Bank of China – ICBC Credit Suisse – CSI Financial Asset Management Scheme	8,480,000	0.24	Outstanding A shares
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Scheme	8,480,000	0.24	Outstanding A shares
Boshi Fund – Agricultural Bank of China – Boshi CSI Financial Asset Management Scheme	8,480,000	0.24	Outstanding A shares
Total	2,771,736,613	80.01	

Note: The Company's register of shareholder as of September 30, 2015 states that Jiangxi Copper Corporation held 1,202,409,110 shares of A shares and 198,135,000 shares of H shares (totaling 1,400,544,110 shares)of the Company, accounting for 40.45% of the Company's issued share capital. As Jiangxi Copper Corporation held additional 68,480,000 shares of H shares and was involved in security lending of A shares of the Company between July and September 2015, Jiangxi Copper Corporation held 1,205,479,110 shares of A shares and 198,135,000 shares of H shares as of the end of September, 2015, accounting for 40.53% of total share capital of the Company.

As of 30 September 2015, the equity structure of the Company had been as follows:

Equity structure	**Before issuance** *(share)*	**Proportion in all issued equity**
A Shares	2,075,247,405	59.93%
H Shares	1,387,482,000	40.07%
Total share capital	**3,462,729,405**	**100.00%**

3. Information on major subsidiaries

As September 30, 2015, the Company held a total of 49 subsidiaries, which mainly engage in prospecting, mining, smelting, rolling processing and deep processing of copper, gold, silver, scare metal, sulfur chemicals and related technology development as well as financing, trade and import & export businesses. In addition, the Company registered an overseas platform in Hong Kong, Singapore, Istanbul respectively.

4. Businesses of the Company

The Company's main products are cathode copper, copper processing products, gold, silver, sulfuric acid, and sulfur concentrate.

In 2014 and from January to September 2015, the production of main products of the Company is as follows:

Product name	**January to September 2015**	**Year-on-year increase** *(%)*	**2014**	**Year-on-year increase** *(%)*
Cathode copper *(in 10,000t)*	85	-4.15%	120	6.36%
Copper processing products *(in 10,000t)*	71	11.94%	86	3.46%
Gold *(t)*	19	0	26	2.36%
Silver *(t)*	417	-8.03%	567	-21.03%
Sulfuric acid *(in 10,000t)*	234	3.84%	301	0.99%
Sulfur concentrate *(in 10,000t)*	188	-1.34%	252	19.23%

In 2014 and from January to September 2015, the revenue from main businesses of the Company is as follows:

Unit: RMB (10,000)

Jiangxi Copper Company Limited	**January to September 2015**	**Proportion**	**2014**	**Proportion**
Product	11,280,101	100.00%	19,774,168	100.00%
Cathode Copper	6,619,173	58.68%	11,726,574	59.30%
Copper rod and wire	2,583,261	22.90%	4,607,983	23.30%
Rare metals (gold and silver)	775,907	6.88%	998,432	5.05%
Copper processing products	372,069	3.30%	518,690	2.62%
Chemical products (sulfuric acid and sulfur concentrate.)	119,546	1.06%	138,269	0.70%
Scare metal and other non-ferrous metals	681,270	6.04%	1,554,851	7.86%
Others	128,876	1.14%	229,369	1.16%
Region	11,280,101	100.00%	19,774,168	100.00%
Mainland China	9,811,619	86.98%	17,318,142	87.58%
Hong Kong, Macao and Taiwan and overseas	1,468,482	13.02%	2,456,025	12.42%

(II) Purposes and Significance of the Issuance

1. Stable expansion of mine capacity and scale, further increasing of degree of raw materials self-supply and cost reduction

Under the context of downturn of international and domestic macro-economy and recession of non-ferrous industry, the copper price has been on the decline in recent years. In the last few years, the Company has made profits successively due to joint efforts of the management and all staff of the Company, with main performance indicators leading the copper industry, comprehensive strength and influence on the rise, despite of unfavorable external conditions, great operating pressure faced by all non-ferrous enterprises at home and abroad, and most domestic non-ferrous enterprises losing money in 2015. The Company's leading role in domestic non-ferrous industry is looming large, playing a significant role in negotiation on raw materials and processing charges and coordinating operation. The proceeds from the issuance to be invested in Chengmenshan Copper Mine Phase III Expansion Project and

Yinshan Mining Co., Ltd. Deep Exploration and Production Expansion Technology Modification Project will help the Company on stable expansion of mine capacity and scale, further increasing of degree of raw materials self-supply and cost reduction to consolidate its position in the market and lay a solid foundation for better and faster development in the future.

2. ***Increase of cash reserve to cope with risks from industry recession***

As the leading enterprise in the domestic copper industry, the Company has led the industry in terms of operation performance. However, due to the macro-economic recession and industrial depression, the capitals pressure on the Company was on the rise. From 2012 to 2014 and from January to September 2015, the Company's net cash flow in operation activities was RMB6.334 billion, RMB5.233 billion, RMB1.735 billion and RMB5.589 billion respectively, and net increase in cash RMB5.596 billion, RMB2.988 billion, RMB-272,000,000 and RMB-2.066 billion. The decrease of net increase in cash undermined the Company's ability to cope with risks from industry recession and acquire more mines through acquisition and merger in the periodic downturn of the industry. With the issuance, the Company will acquire external fund of RMB7 billion in total for daily production, operation and follow-up business development, which will help reduce operation risks, improve the ability to cope risks from industry downturn and invest in the industry downturn so as to lay a solid foundation for better and faster development in the upturn period of the industry.

3. ***Optimization of equity structure and further improvement of financial state***

The non-ferrous industry is a typical periodic industry, and regulation of financial risks is extremely crucial to the safety and long-term development of the enterprises therein. Under guiding principle of sound operation, the Company has been keeping asset-liability ratio low in the long term. However, the asset-liability ratio of the Company rose year by year between 2012 and 2014 under unfavorable industry conditions, increasing from 43.80% at the end of 2012 to 50.67% at the end of 2014 which was higher than that of comparable enterprises and exceeded the Company's regulation goal of being lower than 50%. With equity financing through the issuance, the Company's capital base will be supplemented efficiently and the asset-liability ratio decreased greatly, which will make for improvement of capital structure, optimization of financial state and reduction of financial expenses.

III. BRIEF OF THE ISSUANCE SCHEME

(I) Type and Par Value of Shares

The shares to be issued fall into ordinary share (A shares) listed domestically, with par value per share of RMB1.

(II) Issuance Mode

All of A shares herein will be issued to specific targets in a non-public way at appropriate time within 6 months after verification by the CSRC.

(III) Subscribers

The Non-public issuance of A shares is to target at securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (including proprietary accounts of these investors or value-based investments account managed by the same), other domestic corporate investors and natural persons (including Jiangxi Copper Corporation and no more than 10 specific entities or persons). Where a fund management company holds the shares through multiple investment accounts, the company shall be deemed as a subscriber. The H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue. The subscribers, except for Jiangxi Copper Corporation, will be determined after the Board of Directors and/or the Board Committee authorized by the Board of Directors and the sponsor (lead underwriter) obtain written approval of non-public issuance of A shares by the CSRC and based on the offers of the subscribers and principle of price priority.

(IV) Subscription Mode

The subscribers of this non-public issuance of A shares shall subscribe A shares by cash.

(V) Issuing Price and Pricing Principles

The pricing benchmark date of non-public issuance of A shares shall be the date when the resolution made on the sixth meeting of the seventh session of Board of Directors is made public (February 26, 2016). The issuing price shall be no less than 90% (namely RMB11.73/share) of average transaction price (equal to total transaction price of A shares of the same period divided by total transaction volume of A shares of the same period) of the Company's A shares of 20 transaction days before the pricing benchmark date or the last audited value of a share of net asset before issuance, whichever is higher. In case of the Company's ex dividend and ex right matters such as rights and interests distribution, reserve increase by transferring or allotment of shares between benchmark pricing date and issuing date, the minimum price of non-public issuance of A shares shall be adjusted accordingly.

The issuing price of non-public issuance shall be determined based on the aforesaid minimum price and through inquiry. Following verification by the CSRC, the final issuing price shall be determined by the Board of Directors and/or the Board Committee authorized by the Board of Directors according to applicable laws, regulations and other normative documents and based on offers of investors and the principle of price priority and through consultation with sponsor (lead underwriter). Jiangxi Copper Corporation will not participate in market auction and be willing to subject to market inquiry results, with its subscription price same as that of other subscribers.

(VI) Issuance Quantity

The non-public issuance quantity of A shares will not exceed 298,380,221 shares, no less than 10% of which shall be subscribed by Jiangxi Copper Corporation. The Board of Directors and/or the Board Committee authorized by the Board of Directors shall determine final issuance quantity within the above issuance range after consultation with the sponsor (lead underwriter) based on market conditions. In case of the Company's ex dividend and ex right matters such as rights and interests distribution, reserve increase by transferring or allotment of shares between benchmark pricing date and issuing date, the upper limit of non-public issuance quantity of A shares shall be adjusted accordingly.

(VII) Lock-up Period and Listing Arrangements

Jiangxi Copper Corporation shall not trade or transfer the A shares of the Company it subscribes within thirty six months after issuance end date. Other investors involved shall not trade or transfer the shares of the Company it subscribes within twelve months after issuance end date.

The Company will apply to the SSE for listing the non-public issued A shares. The non-public issued A shares may be traded at the SSE upon expiration of the lock-up period.

(VIII) Use of Proceeds

The total proceeds from non-public issuance of A shares shall not exceed RMB3.5 billion, which, after deduction of expenses relevant to issuance, is to be used for the following projects:

S/N	**Project Name**	**Estimated Total Project Investment** *(RMB0.1 billion)*	**Proposed Total Contribution from the Proceeds** *(RMB0.1 billion)*
1	Expansion Project of Phase III of Chengmenshan Copper Mine	28.67	14.34
2	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company	14.78	4.35
3	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine	31.23	6.32
4	Working Capital Replenishment	–	No more than 10.00
	Total		No more than 35.00

If the net amount of the proceeds from this non-public offering is less than the proposed total investment, the Company will adjust and finally determine the projects to be invested, the priorities and the amount to be invested according to the net amount of the actually raised proceeds and the order of precedence, and the insufficient amount shall be covered by the self-owned funds or by any other financing means.

Before the proceeds from this non-public offering are put into place, the Company will otherwise raise the funds according to the actual progress requirement, and the proceeds once put into place will replace the otherwise raised funds that have been input according to relevant legal procedures.

(IX) Accumulated Profits Arrangement before the Issuance

The undistributed accumulated profits before the issuance shall be shared by the existing and new shareholders upon completion of the issuance.

(X) Valid Term of the Issuance Resolution

The issuance resolution will be valid within twelve months after the date on which the resolution was adopted at the general meeting.

IV. WHETHER THE ISSUANCE SHALL BE TAKEN AS CONNECTED TRANSACTION

Non-public issuance of the shares is to target at the Company Jiangxi Copper Corporation (the controlling shareholder of the Company), securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (including proprietary accounts of these investors or value-based investments account managed by the same), other domestic corporate investors and natural persons (no more than 10 specific entities or persons). The H Shareholders (other than JCC) are not entitled to subscribe for A Shares under the A Share Issue.

The controlling shareholder (Jiangxi Copper Corporation) of the Company is to subscribe the non-public issued A share in cash, and the issuance constitutes related transaction. According to the Administrative Measures for the Issuance of Securities by Listed Companies and the Implementation Rules for the Non-public Issuance of Shares by Listed Companies promulgated by the CSRC and the Articles of Association, related directors shall abstain from voting on the relevant resolution when voting on the proposals relevant to the issuance at the Board of Directors meeting, and related shareholders shall abstain from voting on the relevant resolution when the matters related to the issuance are reviewed at the general meeting.

V. WHETHER CONTROL RIGHT CHANGES SHALL BE CAUSED BY THE ISSUANCE

The Company has a total equity of 3,462,729,405 shares before the issuance, of which 1,403,614,110 shares (40.53%) are held by Jiangxi Copper Corporation as the controlling shareholder. The SASACJP is the actual controller of the Company.

The non-public issuance quantity of A shares will not exceed 298,380,221 shares, no less than 10% of which shall be subscribed by Jiangxi Copper Corporation. A total of 527,318,932 shares of H shares are to be issued in a non-public way and subscribed by Jiangxi Copper Corporation or its designated wholly-owned subsidiary. After non-public issuance of A shares and H shares, Jiangxi Copper Corporation will hold 45.72% of total shares of the Company and remain to be the controlling shareholder. And the SASACJP remains to be the actual controller of the Company

Therefore, the issuance will not cause any change in controlling power of the Company.

VI. APPROVALS OBTAINED FROM THE RELEVANT DEPARTMENTS AND TO BE OBTAINED FOR THE ISSUANCE

The matters relevant to non-public issuance of A shares were adopted at the sixth meeting of the seventh session of Board of Directors held on February 25, 2016 after discussion.

The issuance has not been approved by the SASACJP yet.

The issuance has not been adopted at the general meeting of the Company, shareholders' meeting for A shares and shareholders' meeting for H shares yet.

The issuance has not been authorised by the CSRC yet.

After authorisation by the CSRC, the Company will apply to the SSE and Shanghai Branch of China Securities Depository & Clearing Corp. Ltd. for going through shares issuing and listing formalities to complete all procures for submission for approval of the issuance.

VII. RELATION BETWEEN NON-PUBLIC ISSUANCE OF A SHARES AND H SHARES

Non-public issuance of A shares and that of H shares are inter-conditional, which means non-public issuance of A shares or H shares will be suspended automatically in case of the other kind of share not approved or authorised by the State-owned Assets Supervision and Administration Commission of Jiangxi Province, general meeting of the Company, shareholders' meeting for A shares and shareholders' meeting for H shares and the CSRC.

VIII. INTRODUCTION TO THE SCHEME FOR NON-PUBLIC ISSUANCE OF H SHARES

(I) Progress of Non-public Issuance of H Shares

The Company is to issue the A shares and H shares in a non-public way at the same time. The scheme for non-public issuance of H shares has been adopted at the sixth meeting of the seventh session of Board of Directors, and has not been adopted at the general meeting of the Company, shareholders' meeting for A shares and shareholders' meeting for H shares and approved by SASACJP and the CSRC.

(II) Subscribers, Subscription Mode, Issuance Quantity and Price

(1) Subscribers: All of non-public issued H shares are to be subscribed by Jiangxi Copper Corporation or its designated wholly-owned subsidiary.

(2) Subscription mode: by cash

(3) Issuance quantity: No more than 527,318,932 shares of H shares; in case of the Company's ex dividend and ex right matters such as rights and interests distribution, reserve increase by transferring or allotment of shares between the Board of Directors meeting date and issuing date, the upper limit of non-public issuance quantity of H shares shall be adjusted accordingly.

(4) Issuing price: The issuing price of non-public issued H shares is to be average transaction price (equal to total transaction price of H shares of the same period divided by total transaction volume of H shares of the same period) of the Company's H shares of 20 transaction days before the Board of Directors meeting date, namely 7.87 HKD/share.

In case of closing price on one transaction day before the general meeting date higher than that (HKD8.45/share) before the Board of Directors meeting date, the issuing price of non-issued H shares shall be increased accordingly on the basis of the aforesaid issuing price without exceeding 5%. The equation for calculating the issuing price after adjustment is as follows:

$$R = \frac{N_2}{N_1} - 1$$

$$P_2 = P_1 \times (1+R)$$

R: Ratio of upward adjustment

P_1: Issuing price before adjustment

P_2: Issuing price after adjustment

N_1: Closing price on one transaction day before the Board of Directors meeting date

N_2: Closing price on one transaction day before the general meeting date

In case of closing price on one transaction day before the general meeting date not higher than that (HKD8.45/share) before the Board of Directors meeting date, the issuing price of non-issued H shares shall not be adjusted.

In case of the Company's ex dividend and ex right matters such as rights and interests distribution, reserve increase by transferring or allotment of shares between the Board of Directors meeting date and issuing date, the issuing price of non-public issuance of H shares shall be adjusted accordingly.

(III) Lock-up Period

Jiangxi Copper Corporation undertakes Jiangxi Copper Corporation and/or its designated wholly-owned subsidiary (if applicable) will not transfer directly or indirectly (if applicable) H shares of the Company it subscribes within thirty six months after issuance end date.

(IV) Use of Proceeds from Non-Public Issuance of H shares

Total proceeds from non-public issuance of H shares shall not exceed HKD4.150 billion or equivalent in RMB, all of which, after deduction of expenses relevant to issuance, will be used as supplement to working capital.

SECTION II PROFILE OF SUBSCRIBER

The issuance object of non-pubic issuance of A shares are no more than specific investors (including Jiangxi Copper Corporation). Jiangxi Copper Corporation is controlling shareholder of the Company and is profiled as follows:

I. BASIC INFORMATION OF JIANGXI COPPER CORPORATION

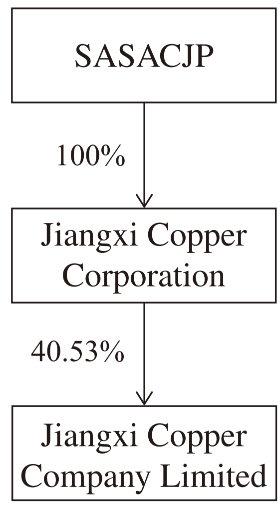
(I) Overview

Chinese name:	江西銅業集團公司
Registered address:	Guixi City, Jiangxi Province
Legal representative:	Li Baomin
Registered Capital:	RMB2,656.15 million

Business scope: Smelting and rolling processing of non-ferrous metal ore, non-metallic ore, and non-ferrous metal; contracting projects in non-ferrous metallurgical industry overseas and international bidding projects domestically; export of equipment and materials required for these overseas projects; dispatch of labors required for these overseas projects;comprehensive recycling of non-ferrous metals, non-metallic ores, and smelting resources; export of self-produced products and related technologies; import of raw and auxiliary materials, machinery, equipment, instruments, spare parts and other items required for the Corporation and related technology; undertaking joint and cooperative production with foreign enterprises and “three-plus-one” trading-mix; property management and rental, market management, community service, landscaping projects, public facilities and housing maintenance, sanitation engineering; consulting and technical services; and technology development and transfer (excluding the businesses subjected to special national provisions).

(II) Equity and Control Relation

As of the disclosure date of the Proposal, the equity and control relation among the Company, the controlling shareholder and actual controller was as follows:



(III) Main Businesses and Operation State in the Last Three Years

Jiangxi Copper Corporation is the largest SOE with the highest level of modernization and assets quality in Jiangxi and in the copper industry of China. Cathode copper produced by the Corporation ranks first domestically and second internationally, gold and silver leads at home, and rare and scare metals such as selenium, tellurium, rhenium, and arsenic oxide and such products as lead, zinc, and rare earth concentrate also takes up a large proportion of market share throughout the country. In 2014, Jiangxi Copper Corporation ranked 381st in Global 500, and 26th in top 500 in the manufacturing industry of China.

At present, the Corporation's revenue mainly comes from production and sale of cathode copper and copper rods, the revenue from which accounted for 76.99%, 78.20% and 78.10%of total operating revenue in 2012, 2013 and 2014 respectively.

(IV) Brief Financial Statements in the Last Year

According to the audit report (Z.H.S.Z. (2015) No. 011228) issued by Zhonghuan Haihua Accounting Firm, the brief financial statements in 2014 of Jiangxi Copper Corporation are as follows:

1. Main data of consolidated balance sheets

Unit: RMB0.1 billion

Items	31 December 2014
Total assets	1,125.95
Total current assets	750.85
Total non-current assets	375.10
Total debts	625.70
Total current liability	520.75
Total non-current assets	104.95
Total owner's equity	500.25
Minority shareholder's interests	298.52
Total equity attributable to the owner of the parent company	201.73

2. Main data in consolidated statement of profit

Unit: RMB0.1 billion

Items	2014
Operating revenue	2,081.23
Operating costs	2,015.34
Operating profit (loss indicated by "-")	30.60
Total profit (loss decimal places with "-")	31.57
Net profit attributable to the owners of the parent company	3.25

3. *Main data in consolidated statement of cash flow*

Unit: RMB0.1 billion

Items	**2014**
Net cash flow generated from business activities	15.61
Net cash flow from investing activities	-32.66
Net cash flow from financing activities	9.02
Net increase in cash and cash equivalents	-7.84
Cash and cash equivalents balance at the end of this period	221.27

II. PUNISHMENTS IMPOSED ON THE JIANGXI COPPER CORPORATION AND ITS MAIN PERSONNEL IN CHARGE IN THE LAST FIVE YEARS

Jiangxi Copper Corporation and its President, Vice President and senior executives have neither been subject to administrative punishments (except for those obviously unrelated to the securities market) and criminal punishments nor involved in the major civil suit or arbitration related to economic disputes in the last five years.

III. COMPETING BUSINESS AND CONNECTED TRANSACTION AMONG THE COMPANY, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER AFTER THE ISSUANCE

There is no substantial competing business among the Company, controlling shareholder and actual controller for the time being, and no new competing business among the same will be caused by the issuance.

There will be no new connected transactions except that the controlling shareholder (Jiangxi Copper Corporation) is to subscribe part of non-issued shares described herein. The Company will observe the provisions on related transaction of listed companies established by the CSRC to ensure legal operation of the Company and protect the rights and profits of Company and other shareholders against impairment.

IV. MAJOR TRANSACTIONS AMONG THE SUBSCRIBER, CONTROLLING SHAREHOLDER, ACTUAL CONTROLLER AND THE ISSUER 24 MONTHS BEFORE THE DISCLOSURE OF THIS PROPOSAL

There have been major related transactions such as material product procurement, loans, and labor provision and reception between the Company and the controlling shareholder and its subsidiaries 24 months before disclosure of the Proposal, and the material related transaction agreements involving the related parties have been disclosed and made public. See the regular reports and interim announcements of the Companies for details.

SECTION III BRIEF OF SHARE SUBSCRIPTION AGREEMENT WITH CONDITION PRECEDENT

Jiangxi Copper Corporation and the Company entered into the Subscription Agreement for Non-public Issued Shares of Jiangxi Copper Company Limited on January 25, 2016, which is briefed as follows:

I. CONTRACT PARTIES AND SIGNING DATE

Party A:	Jiangxi Copper Corporation (the "**Subscriber**")
Address:	Guixi City, Jiangxi Province
Legal representative:	Li Baomin
Party B:	Jiangxi Copper Company Limited (the "**Issuer**")
Address:	15 Yejin Avenue, Guixi City, Jiangxi, the People's Republic of China
Legal representative:	Li Baomin
Signing Date:	February 25, 2016

II. SUBSCRIPTION MODE, PRICE & QUANTITY, LOCK-UP PERIOD AND PAYMENT MODE

1. Subscription mode: cash by Party A.

2. Subscription price and pricing method: subscription price is the same as the issue price (same subscription price applicable to other specific investors), Party A standing aside market bidding process during this issuance and willing to accept market rates. Both parties agree to develop pricing guidelines for this issuance in accordance with Administrative Measures for the Issuance of Securities by Listed Companies and Detailed Implementation Rules for the Non-public Issuance of Stocks by Listed Companies. In light of provisions specified above, subscription price of each share shall not lower than 90% of the average trading price of A shares of Party B for twenty (20) trading days prior to the pricing ex-date (average trading price of A shares for 20 trading days prior to the pricing ex-date = total trading amount of A shares for 20 trading days prior to the pricing ex-date/total quantity of A shares for 20 trading days prior to the pricing ex-date) (which is RMB11.73/share), or audited net asset value per share of Party B for the last period, whichever is higher. With approval from CSRC, the final issue price shall be decided, based on related laws, regulations and other normative documents as well as subscription quotations of investors, by Board of Directors of Party B and/or Board Committee authorized by Board of Directors after negotiated with the sponsor (lead underwriter) as per principle of price priority. If Party B has interests distributed, capital reserves converted into share capital, shares allotted or other ex-right and ex-dividend behaviors from pricing ex-date to issue date, bottom issue price of this non-public issuance of A shares shall be adjusted accordingly. If approved and adjusted by legal procedures, issue price of this issuance shall be the one after adjusted. Both parties agree that accumulated undistributed profit of Party B before this issuance shall be shared by all shareholders in this issuance. Total subscription capital paid by Party A to Party B for this non-public issuance shall equal to subscription price of Party A* subscription quantity of Party A.

3. Subscription quantity: subscription quantity shall not less than 10% of total quantity of A shares issued. If Party B has interests distributed, capital reserves converted into share capital, shares allotted or other ex-right and ex-dividend behaviors from pricing ex-date to issue date, quantity ceiling of this issuance shall be adjusted accordingly. Both Party A and Party B agree that after subscription price and quantity bought by Party A are finally decided, representatives from both parties shall sign the Confirmation Letter. As attachment, the Confirmation Letter is an integral part of this agreement and equally valid.

4. Lock-up Period: A shares subscribed by Party A in this issuance may not be listed for transactions or for transfer thirty-six (36) months after the end of this issuance, unless CSRC and Shanghai Stock Exchange have different regulations. Party A shall provide lock-up commitment and complete related share lock-up affairs in accordance with relevant law and regulations, relevant regulations of CSRC and Exchange located in where Party B situated as well as requirements of Party B.

5. Payment method: when shares are issued by Party B after this agreement taking effect, Party A shall deposit all subscription capital into a special account opened by the sponsor (lead underwriter) for this issuance as required (Party A shall be notified in advance regarding it). After the capital verification and withholding the relevant expenses, the subscription capital shall be deposited into the special capital raising account assigned by Party B.

III. CONDITIONS PRECEDENTS

1. This agreement shall come into existence after representatives or authorized representatives of Party A and B signed and stamped and take effect as from the date on which the following conditions are satisfied (these conditions may not be exempted):

   (1) Non-public issuance and transactions proposed by and under this agreement are approved and/or authorized by Board of Directors of Party B as well as independent shareholders in general meeting of stockholders;

   (2) Non-public issuance of Party B is approved by State Asset Supervision and Administration Commission;

   (3) Non-public issuance of Party B is approved by CSRC;

(4) According to Regulations on the Takeover of Listed Companies and related regulations, independent shareholders of Party B has agreed that no take-over offer shall be required from Party A regarding this issuance and H shares issuance in general meeting of stockholders;

(5) Whitewash wavier of Party B has been approved by Board of Directors of Party B as well as independent shareholders in general meeting of stockholders. Meanwhile, executive director has authorized the whitewash wavier and its additional conditions with no withdrawal and revocation happened;

(6) Conditions in 7.01 (1) to (5) of H Share Subscription Agreement are satisfied.

2. Any conflicts in any written intention, summaries, letters or other documents with this agreement shall be invalid after the effective date of this agreement.

IV. RESPONSIBILITY FOR BREACH OF CONTRACT

1. Both Party A and B agree to make full compensation to the other side if one of them violates statement, guarantee or commitment made in this agreement and brings loss to the other party. Full compensation shall be made to the other side if either party violates or fail to perform any or all obligations under this agreement and brings loss to the other party.

2. Where Party A fails to subscribe the agreed shares after Party B initiates subscription procedure upon this agreement taking into effect, Party A shall pay damages automatically with an amount of 5% of the total sum of ceiling quantity to be bought by Party A specified in this agreement.

3. Where CSRC demands adjustment for issue scheme, Party B shall have right to make adjustment to it as required by CSRC, for which Party A shall grant permission (Party A shall give its permission if supplemental agreement is needed). In this case, behaviors of Party B shall not constitute violation. If the adjustment mentioned above is rejected by Party A, behaviors of Party A shall be deemed to be violation of this agreement and it should pay penalty with an amount of 5% of the total sum of ceiling quantity to be bought specified in this agreement to Party B. However, if the money paid by Party A still cannot cover the losses caused to Party B, Party A shall make further compensation until the actual losses suffered by Party B are covered.

SECTION IV FEASIBILITY ANALYSIS BY BOARD OF DIRECTORS ON THE USE OF PROCEEDS RAISED IN THIS ISSUANCE

I. USE OF PROCEEDS RAISED

The Company proposes to issue A Shares by means of non-public offering for no more than RMB3.5 billion. Deducted by relevant offering expenses, such proceeds will be used for Expansion Project of Phase II of Chengmenshan Copper Mine, Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company, Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine, and the remaining proceeds will be used to replenish the working capitals as below:

Unit: RMB0.1 billion

S/N	Project Name	Estimated Total Project Investment *(RMB0.1 billion)*	Proposed Total Contribution from the Proceeds *(RMB0.1 billion)*
1	Expansion Project of Phase III of Chengmenshan Copper Mine	28.67	14.34
2	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company	14.78	4.35
3	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine	31.23	6.32
4	Working Capital Replenishment	–	No more than 10.00
	Total		No more than 35.00

If the net amount of the proceeds from this non-public offering is less than the proposed total investment, the Company will adjust and finally determine the projects to be invested, the priorities and the amount to be invested according to the net amount of the actually raised proceeds and the order of precedence, and the insufficient amount shall be covered by the self-owned funds or by any other financing means.

Before the proceeds from this non-public offering are put into place, the Company will otherwise raise the funds according to the actual progress requirement, and the proceeds once put into place will replace the otherwise raised funds that have been input according to relevant legal procedures.

II. BACKGROUND OF THIS PROJECT

(I) Expansion Project of Phase III of Chengmenshan Copper Mine

1. Basic information of this Project

Project Name:	Expansion Project of Phase III of Chengmenshan Copper Mine
Project Location:	the jurisdiction of Chengmen Town which is 18 km from the southwest Jiujiang City
Implementation Entity:	Jiangxi Copper Company Limited
Construction Scope:	The principal works includes pre-production stripping of open pit, construction of open pit dike, construction of partial water prevention and control works, construction of Dujiawan waste-rock yard and Chengmengou tailing pond, and construction of a new dressing plant with a capacity of 10,000 t/day (three-step dressing plant). The ancillary works includes waterproof and drainage of open pit (a fixed pump station on +14m platform and pipes as well as a movable bottom pump station), water supply and drainage system for mine, power supply and distribution system for mine, oil depot, service workshop, blasting materials depot, and the accesses to industrial places and facilities in mine.
Construction Scale:	with additional 10,000 t/day (330×10^4 t/a) comprehension mining and dressing capacity, the production capacity will reach 17,000 t/day (561×10^4 t/a).

2. Necessity of the Project

(1) Improve the self-sufficiency in raw materials of the Company

The copper concentrate producers are concentrated in South America like Chile and Peru and the copper market is monopolized to some extent. Copper resources are rare with relatively low grade and very low self-sufficiency in China. A great number of copper resources are imported overseas every year, including copper concentrate, waste copper, refined copper, unwrought copper and copper materials. The domestic reserve of copper resources is very limited, and the domestic market of copper concentrates will be more and more dependent on import in the future.

The principal product of the Company is Cathode Copper which is generally made from copper concentrates and crude copper. Notwithstanding that the proved, controlled and inferred copper reserves of the Company rank first in the domestic industry and that the Company has a high self-sufficiency in copper concentrates among the major cathode copper manufacturers domestically, the expansion of smelting capacity in recent years has made the Company more and more dependent on the purchased raw materials. Although the Company has purchased many copper resources domestically and overseas in recent years, it is very hard to improve the self-sufficiency in a short period as the projects are under construction.

Resource expansion is one of key objectives of the Company. The self-sufficiency is so low that the ability of the Company to resist the price fluctuation in the raw material market needs to be improved. Since the establishment of the Company, it adheres to the strategic policy of "to develop mines, consolidate smelting, improve refining and diversify into related sectors". In the Thirteen Five-year Plan period, the Company will focus on the strategic objective of "leading the development of copper industry in China, becoming the most competitive mining enterprise around the globe and ranking among the top five mining companies in the world". The Company will regard the first-class international mining company and the best historic performance as its standards, consider increase of resource reserve as the core strategy of the Company, improve the self-sufficiency of the Company in raw materials by all means and promote the Company's comprehensive strengths. With the completion of Expansion project of phase III of Chengmenshan Copper Mine, yield of copper concentrate (containing copper) and standard sulfur concentrate are $3×10^4$ t/a and $95×10^4$ t/a, respectively with a selecting and purchasing scale amounting to 17,000 t/d, which makes Chengmenshan Copper Mine one of the first-class copper mines.

(2) *Improve the Company's risk resistance capacity*

As hit by the global and domestic macro-economic downturn and by the pressure of falling nonferrous industry, the copper price continued falling in recent years. In the past years, notwithstanding the unfavorable external environment, the operation performance of the Company was superior to the industry average with the efforts of the management of the Company. However, the business operation of the Company is substantially challenged by the macro-economic recession and industrial depression. The completion of Expansion Project of Phase III of Chengmenshan Copper Mine is helpful to improve the self-sufficiency in raw materials, productivity, business scale and mine capacity of the Company. The financial internal rate of return of the Project will be 12.25% (excluding taxes). Also, it is helpful to improve the risk resistance capacity and sustainable development capacity of the Company.

(3) *Improve the coordination between the mine productivity and resource scale*

Chengmenshan has a large resource scale. As of the end of 2012, assuming the grade is EQCu 0.35% (equivalent to single Cu 0.3%), the proved and controlled ores were about $11,006.5\times10^4$ tons. If the capacity is 231×10^4 t/a, the service life of the mine will be 48 years. Upon the completion of Expansion Project of Phase III of Chengmenshan Copper Mine, the mine capacity will be increased to 561×10^4 t/a and service lift will be decreased to 20 years. Thus, the production scale and the resource scale will be coordinated.

3. ***Feasibility study for the Project***

Chengmenshan Copper Mine has abundant copper, sulfur, gold and silver resources, and the external construction conditions are sound. Over years of exploration and experimental investigation and a decade of production practice, the Company has a deep knowledge of complex exploitation process and ore milling process and has prepared reliable solutions to prevention and control of ground and underground water, mud stripping, mineral processing, slope stabilization, environmental protection and other major technical problems. Moreover, the construction of the initial scale and Phase II Expansion has laid a good foundation to realize the final construction scale of 17,000 t/day.

4. ***Matters to be declared for approval under the Project***

As of the issuance date of this plan, environment assessment, land as well as examination and approval of National Development and Reform Commission (NDRC) involved in this project are under in progress.

5. ***Project investment estimate and economic assessment***

Expansion Project of Phase III of Chengmenshan Copper Mine has a total investment of RMB2.867 billion, of which RMB1.434 billion proposes to be financed by the proceeds raised from this non-public offering and the remaining will be funded from self-owned funds or by any other financing means.

As estimated, after the Project achieves the desired productivity, the financial internal rate of return of the Project (excluding taxes) will be 12.25% and the investment return period (excluding taxes) will be 9.37 years.

(II) Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company

1. Basic information of this Project

Project Name:	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company
Project Location:	Yincheng Town, Dexing City
Implementation Entity:	Jiangxi Copper Corporation Yinshan Mining Company
Construction Scope:	The construction of the Project will be divided into two phases. Phase I: a new underground mining system and industrial ground mining site, including sinking and driving works of pit development transportation system, ore mix well hoisting system, barren rock mix well hoisting system, ground ore movement system, ventilating system, north return air well, south return air well, fillings preparation station and pit filling system, pit transportation system, pit crushing system, pit drainage works, pit wind and water supply system, pit service chamber, etc. Phase II: the reconstruction and expansion of new site for 5,000 t/d mining and dressing technology innovation project of Jiuqu Copper-gold Mine and the reconstruction and expansion of the ancillary facilities in connection with Phase I including power supply, water supply, service facilities.
Scale of construction:	deep exploration and expansion technological transformation project of Yinshan Mining Company will enlarge the mining scale of copper sulfide ore containing gold of Yinshan mine and it is estimated that underground mining scale of copper sulfide ore containing gold will be 8,000 t/d.

2. *Necessity of the Project*

(1) Develop and use the deep ore resources to the maximum extent

Due to the low average grade in connection with the deposit of the Company, the annual output of copper content in the copper concentrates is about 210,000 t and a great number of copper concentrates are imported annually. Therefore, it is very helpful to ensure the supply of raw materials for copper concentrates to carry out the reconstruction and expansion of the mine with rich resources, to reasonably expand the mining and dressing capacity and increase the copper content in the copper concentrates. The deep exploration and expansion technological transformation project of Yinshan Mining Company maximizes the exploration and use of deep ore resources upon the pre-condition of reasonable economy.

(2) Realize the ground and underground combined mining

In the Yinshan Mine, now the strip mining will be adopted for Jiuqu Copper-gold Mine.The deep exploration and expansion technological transformation project of Yinshan Mining Company will enlarge the mining scale of copper sulfide ore containing gold of Yinshan mine and it is estimated that underground mining scale of copper sulfide ore containing gold will be 8,000 t/d. After the mining and dressing and production system for underground mining and supply is completed, the ground and underground combined mining will be realized to form the scale operation so as to reduce the mining cost and improve the economic efficiency of the deposit development.

(3) Improve the sustainable development capacity of the Company

The deep exploration and expansion technological transformation project of Yinshan Mining Company is developed based on two facts: the proved reserves cannot be recovered in an economic way with the method of opencut; new resources discovered by deep exploration. Technical Renovation Project for Deep Mining and Expansion of Production Scale is constructed by making full use the geological state-owned resources to realize the scale merit, lengthen the service life of stable production of the mine and improve the sustainable development capacity of the Company.

3. Feasibility study for the Project

Yinshan Mine has good conditions for mineralization with unclosed deep orebody and has the prerequisite to increase resource deposit after prospection. The strip mining is only applicable to the orebody on the upper deposit, so the remaining ores below the strip mine (-288m) will be collected by underground mining. The controlled orebody discovered by the deep prospection reaches -1,150m with good geological resource conditions. This lays a good foundation to expand the mining and dressing capacity of Yinshan Mine.

4. Matters to be declared for approval under the Project

As of the issuance date of this plan, the deep exploration and expansion technological transformation project of Yinshan Mining Company has been approved by some competent departments:

(1) Department of Land and Resources of Jiangxi Province issued *Preliminary Opinions on Phase I Project of the Deep Exploration and Expansion Technological Transformation of Yinshan Mining Company of Jiangxi Copper Corporation* (G.G.T.Z.H. [2014] No. 930) on November 18, 2014.

(2) Environmental Protection Department of Jiangxi Province issued *Official Reply for Environmental Impact Statement of the Deep Exploration and Expansion Technological Transformation Project of Yinshan Mining Company of Jiangxi Copper Corporation* (G.H.P.Z. [2015] No. 80) on June 29, 2015.

(3) Jiangxi Development and Reform Commission issued *Letter of Approval for Deep Exploration Project of Yinshan Mining Company of Jiangxi Copper Corporation* (G.F.G.W.Z. [2015] No. 1230) on October 29, 2015.

(4) On December 7, 2015, the *Pre-review Opinion of Department of Land and Resources of Jiangxi Province on the Land Use in Phase I of Technical Renovation Project for Deep Mining and Expansion of Production Scale of Jiangxi Copper Corporation Yinshan Mining Company* (G.G.T.Z.H. [2015] No. 1045) was issued by Department of Land and Resources of Jiangxi Province for the Project.

5. *Project investment estimate and economic assessment*

The estimated total investment of the Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company is about RMB1.478 billion, of which RMB435 million will be financed by the proceeds of the non-public issuance of A Shares and the insufficient funds will be funded from self-owned funds or by any other financing means.

As estimated, after this Project achieves the desired productivity, the financial internal rate of return will be 11.34% with the payback period of 10.27 years.

(III) Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine

1. *Basic information of this Project*

Project Name:	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine
Project Location:	Tieluoshan District, East Dexing Copper Mine No. 4 Tailing Pond, Sizhou Town, Dexing City, Jiangxi Province
Implementation Entity:	Jiangxi Copper Company Limited
Construction Scope:	tailing pond, upstream and downstream tailing pond dams (including initial dam, debris dam, drainage installation, seepage cut-off and seepage recycling pump stations), tailing pond flood draining system and other facilities; tailing transportation, staged tailing drainage, backwater system and other facilities; water supply and drainage, power supply and distribution, communication, accesses and other ancillary facilities for tailing pond.
Construction Scale:	the floor area is about 13.102 square kilometers, the catchment area is about 15.407 square kilometers; the final crest elevation of the fill dam and final dam is 290m and the total storage is 1.004 billion cubic meters.

2. Necessity of the Project

(1) Need of the tailing drainage in the production period of Dexing Copper Mine

Dexing Copper Mine, as the main mine of the Company, is one of the largest opencast copper mines in China and Asia. The copper reserve ranks first in China, consisting of Tongchang Zone, Fujiawu Zone and Zhushahong Zone. As far, Dexing Copper Mine has three tailing ponds I, II and IV. The three tailing ponds can accommodate all the tailings from Tongchang Zone and Fujiawu Zone. However, tailing pond I has been closed down and it is impossible to expand tailing pond II or IV. After 30,000 t/day Dashan Dressing Works Expansion Project was put into operation at the end of 2010, the mining and dressing capacity of Dexing Copper Mine increased to 130,000 t/day from 100,000 t/day and the increased capacity will remain before the expiry of the service life, leaving 959 million cubic meters of tailings to be processed. Therefore, the current capacity of the tailing ponds is far from meeting the need to process all tailings from the mine in the production period. If there is not any new tailing pond, the production capacity of Dexing Cooper Mine will be affected overall.

(2) Difficulty in the discharge from Tailing Pond IV

Tailing Pond IV, as a supporting facility of Dexing Copper Mine Phase III Project for tailings stacking, was completed and put into operation in February 1991. In addition to tailings, it accommodated a number of waste stones which occupied a considerable space. With the increase of mining and dressing capacity, Dexing Copper Mine took actions by rebuilding the existing tailing facilities and adding the trailing space and surroundings of Tailing Pond IV for tailings stacking. However, based on the current processing capacity of the trailing space, the existing trailing facilities, particularly Tailing Pond IV, are caught by a discharge dilemma, and the surrounding tailings obstructed and blocked backwater area, and, if not appropriately dealt with, would be likely to obstruct and block the drainage area, and result in the lagged damming or any other problem.

3. Feasibility study for the Project

The damming will proceed concurrently in the upstream and downstream of Tailing Pond V. The subsequent damming process in the upstream and downstream will proceed with the same centerline method as the method adopted for the dam of operating Tailing Pond IV, and the Company has accumulated rich experience. Then, the site of Tailing Pond V will be located at Tieluoshan adjacent to Tailing Pond IV and near Dashan Dressing Plant and Sizhou Dressing Plant. It is convenient for tailing delivery and water return. The water supply and drainage, power supply, general transportation and other facilities are reasonably arranged. Finally, the pond area has a small population and the displacement and resettlement works is little in favor of the implementation of this Project.

4. Matters to be declared for approval under the Project

As of the issuance date of this plan, No. 5 tailings pond project of Dexing Copper Mine (Tieluoshan) has been approved by some competent departments:

(1) The Ministry of Water Resources issued Official Reply for Conservation of Water And Soil Plan of the No. 5 Tailings Pond Project of Dexing Copper Mine (Tieluoshan) of Jiangxi Copper Company Limited (SBH [2013] No. 289) on September 4, 2013;

(2) Environmental Protection Department of Jiangxi Province issued Official Reply for Environmental Impact Statement of the No. 5 Tailings Pond Project of Dexing Copper Mine of Jiangxi Copper Company Limited (GHPZ [2014] No. 85) on May 4, 2014;

(3) Ministry of Land and Resources issued Reply Letter of Preliminary Opinions for Construction Land of the No. 5 Tailings Pond Project of Dexing Copper Mine (GTZYSZ [2014] No. 75) on June 4, 2014;

(4) Dexing City Planning Bureau issued Permission Notes for Location of Construction Project (DXZ No. [2014] No. 013) on June 24, 2014;

(5) Jiangxi Development and Reform Commission issued Reply on Approval of No. 5 Tailings Pond Project of Dexing Copper Mine of (Tieluoshan) Jiangxi Copper Company Limited (GFGWZ [2014] No. 759) on July 31, 2014;

(6) On January 8, 2015, the Reply of Jiangxi Development and Reform Commission on Agreeing to Change Part of Verified Project Document of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited (GFGWZ [2015] No. 30) was issued by Jiangxi Development and Reform Commission for the Project.

5. Project investment estimate and economic assessment

The estimated total investment of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited is about RMB3.123 billion, of which RMB632 million proposes to be financed from this non-public issuance of A Shares, and the insufficient funds will be financed from the Company's self-owned funds or by any other financing means.

(IV) Working capital replenishment

1. Basic information

The proceeds from this non-public issuance of A Shares will be deducted by relevant issuance expenses and the funds for projects construction, and the remaining of no less than RMB1 billion will be used to replenish the working capitals of the Company.

2. Necessity of working capital replenishment

(1) As the business scale of the Company grow up year by year, it is urgent to replenish the working capitals.

As a leading enterprise in the domestic copper industry, in recent years, the performance of the Company is among the forefront in the industry. The total assets increased from RMB78.133 billion at the end of 2012 to RMB91.755 billion on September 30, 2015, representing a cumulative growth of 17.43%. The business revenue increased from RMB158.556 billion in 2012 to RMB198.833 billion in 2014, representing an increase of 25.40%. Moreover, capacity of copper smelting of Jiangxi Copper Company Limited in recent years is constantly expanding, and as of the end of 2014, capacity of cathode copper has amounted to 1.2 million tons. With the continual expansion of scale of operation and capacity, Jiangxi Copper Company Limited has larger needs for working capital. However, macro economy downturn and industry depression make capital raising pressure faced to Jiangxi Copper Company Limited become higher year by year. From 2012 to 2014, net cash flow from Operating of Jiangxi Copper Company Limited is RMB6.334 billion, RMB5.233 billion and RMB1.735 billion, respectively and net increase of cash in this period of RMB5.596 billion, RMB2.988 billion and RMB-0.272 billion, respectively. This annually decreasing tendency raises an urge for external financing for working capital.

(2) It is urgent for the Company to replenish monetary capitals to reduce liquidity risk and improve capital structure.

With the aim of prudent operation, for a long time, the asset-liability ratio of the Company has been lower than the industry average. From 2012 to 2014, as affected by the industrial environment, the asset-liability ratio of the Company was on the rise, from 43.80% at the end of 2012 to 50.67% at the end of 2014. As of September 30, 2015, the Company recorded its current assets of RMB61.925 billion and current liabilities of RMB42.3 billion with the current ratio of 1.46 that declined by 11.52% as compared to 1.65 at the end of 2014. In the current assets, the inventories valued RMB13.264 billion and the liquidity was limited. The liquidity ratio was 1.15.

After the working capitals are replenished by the proceeds from the non-public issuance, the operating capitals pressure of the Company can be lowered down while the assets structure is improved and liquidity risk relieved; all these are conducive to enhance the ability of the Company to survive various financial risks and to develop different businesses in the future.

In conclusion, this non-public issuance intends to increase working capital and relieve working capital pressure in some degree, which shall be able to improve financial condition of Jiangxi Copper Company Limited, reduce financial cost and further enhance comprehensive competitive force. This is required by company management and operation and is well reasonable and necessary.

III. EFFECT OF THIS NON-PUBLIC ISSUANCE ON OPERATION MANAGEMENT AND FINANCIAL CONDITIONS OF THE COMPANY

(I) Effect of this non-public issuance on operation management of the Company

This project financed by the proceeds from this non-public issuance is in line with relevant national industry policies and the overall strategic orientation of the Company, and has good development prospect and economic efficiency. Upon the completion of Chengmenshan Phase III Expansion Project which represents the additional comprehensive mining and dressing capacity of 10,000 t/day (330×10^4 t/a), the production capacity will reach 17,000 t/day (561×10^4 t/a); after Deep Mining Project of Yinshan achieves the desired productivity, the copper ore capacity in Yinshan Mine will increase to 13,000 t/day from 5,000 t/day; upon the completion of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine, the additional storage will be 1.004 billion cubic meters. These projects will significantly improve the processing capacity of the Company. As an objective need for main business development of the Company, the working capital replenishment will effectively solve the operating capital shortage of the Company so as to improve the risk resistance capacity and reduce the liquidity risk in operation.

(II) Effect of this non-public issuance on financial conditions of the Company

The non-public issuance is helpful to improve the capital structure of the Company. Upon the completion of this Project, the sustainable development capability of the Company will be enhanced.

As above, the implementation of this Project will further expand the scale and build up the strength of the Company, and improve the competitiveness of the Company for sustainable development of the Company and for benefits of the Company and all shareholders thereof.

SECTION V DISCUSSION AND ANALYSIS OF BOARD OF DIRECTORS ON THE INFLUENCE OF THIS NON-PUBLIC ISSUANCE OF A SHARES ON THE COMPANY

I. CHANGES OF COMPANY BUSINESS, INCOME STRUCTURE, ARTICLES OF ASSOCIATION, SHAREHOLDER STRUCTURE AND SENIOR MANAGEMENT STRUCTURE

(I) Influences on company business and income structure

With the completion of this non-public issuance, financial strength of Jiangxi Copper Company Limited shall be able to enhanced and net asset further improved, which is conducive to improve capital structure, relieve debt pressure as well as strengthen the Company's anti-risk capability and overall competitive power. Meanwhile, this can provide strong guarantee for the Company to exploit the advantages of main business. After this non-public issuance, business and income structure of Jiangxi Copper Company Limited shall have no major changes. According to Board of Directors, on the basis of original business and income structure, this non-public issuance shall be able to promote long-term development of Jiangxi Copper Company Limited.

(II) Influences on Articles of Association, Shareholder Structure and Senior Executive Structure

After the completion of this non-public issuance, share capital of Jiangxi Copper Company Limited shall be able to increase, while the original shareholding ratio will change accordingly. Based on the actual issuance, the Company will make alteration to articles of association and provisions related to share capital. Meanwhile, these changes will also be reflected in industrial and commercial registration.

After this non-public issuance, 298,380,221 A shares and 527,318,932 H shares to the maximum will be increased, accounting for 19.25% of total share capital after issuance. Jiangxi Copper Corporation remains the controlling shareholder of Jiangxi Copper Company Limited. This issuance shall not cause major changes to shareholder structure and senior executive structure of the Company.

II. CHANGES OF FINANCIAL CONDITION, PROFITABILITY AND CASH FLOW

(I) Influences on financial condition of the Company

This non-public issuance will bring positive impacts on financial condition of the Company. If funds can be fully raised as per the plan, total assets and net asset of the Company shall be able to increase while asset-liability ratio decrease, which will thereby strengthen the Company's capital strength and optimize its financial structure. Meanwhile, liquidity ratio of the Company shall also be improved and short-term debt paying ability enhanced, which is beneficial for lowering financial risks and interest costs.

(II) Influences on profitability of the Company

This fund raising project will help the Company to expand production scale, business performance continually increasing and financial structure optimized.

Funds raised by this non-public issuance are designed for project construction and increasing the Company's working capital. Since operation performance of Project Financed by Proceeds from Share Issuance can only be developed fully within some time after completed, in short term, financial indexes, e.g. return on equity and earnings per share may decrease to some extent. However, there will be an active impact on the financial indicators of the Company in the future after this project is completed and reaches its designed capacity.

(III) Influences on cash flow of the Company

With funds raised in this issuance in place, cash inflow generated by fund-raising activities of the Company will have sharp increase; meanwhile, debt paying ability of the Company will be improved and cash outflow generated by investment activities shall also be able to increase after these money is put into use; besides, cash flow generated by business activities of the Company will also be improved after this project starts to generate economy benefits.

III. CHANGES OF BUSINESS RELATIONSHIP, ADMINISTRATIVE RELATIONSHIP, RELATED PARTY TRANSACTION AND COMPETING BUSINESS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND THEIR AFFILIATES

The completion of this non-public issuance brings no change to the business relationship and management relationship between the Company and Jiangxi Copper Corporation, the controlling shareholder, and its affiliates.

There is no substantial competing business among the Company, controlling shareholder and actual controller for the time being, and no new horizontal competition among the same will be caused by the issuance. There will be no new related transactions except that the controlling shareholder (Jiangxi Copper Incorporation) is to subscribe part of non-issued shares described herein. The Company will observe the provisions on related transaction of listed companies established by the CSRC to ensure legal operation of the Company and protect the rights and profits of Company and other shareholders against impairment.

This issuance will be reviewed by the board of directors as well as general meeting of stockholders of the public company as per specified procedure in a strict manner, ensuring that related information can be disclosed in a timely, accurately and completely.

IV. WITH THE COMPLETION OF THIS ISSUANCE, WHETHER EMBEZZLEMENT OF FUNDS AND ASSETS BY CONTROLLING SHAREHOLDERS AND THEIR AFFILIATES, OR WHETHER GUARANTEE IS PROVIDED BY THE PUBLIC COMPANY TO THE CONTROLLING SHAREHOLDERS AND THEIR AFFILIATES IS EXISTED

With the completion of this issuance, funds movements between the Company and the controlling shareholders and other related parties controlled by them all fall into the category of normal business contact, either illegal fund and asset embezzlement or illegal guarantee provided by the Company to the controlling shareholders and their affiliates being existed.

V. INFLUENCES OF THIS ISSUANCE ON LIABILITY STRUCTURE OF THE COMPANY

In this non-public issuance, all issue objects shall subscribe for shares issued with cash. After the issuance, total assets and net assets of the Company shall be able to increase while asset-liability ratio will decrease within reasonable scope and capital structure becomes steadier. In this issuance, no large debt or excessive low asset-liability ratio arose, neither did improper financial costs.

SECTION VI RISKS RELATED TO THIS ISSUANCE

I. MARKET RISK

Due to the weakness of global macroeconomic fundamentals, slower growth of Chinese economy and FED dropping out of quantitative easing policy and other factors, copper price shows a decreasing trend, dropping from around USD8,286/t of the maximum in 2013 to USD6,289/t at the end of 2014. After a temporary high of USD6,445/t in 2015, copper price started to fall thereafter and now remains around USD4,800/t. Although it is estimated that metal price will remain stable and start to rebound from the bottom due to the "quantitative easing" policy and economic stability measures introduced by major economies globally, there is still doubts for the time needed and how high it will rebound.

II. BUSINESS AND OPERATIONAL RISK

(I) Economic cycle risk

Copper industry, where the Company stays in, is a basic industry in national economy. The products are widely used in power, electrical machinery, machinery, household appliance and other industries and directly impacted by national economy. Market demand for leading products of the Company is periodic due to the same feature showed in economy development; as a result, business performance of the Company can be easily affected by macro economy cycle to fluctuate.

(II) Risk of fluctuation in price

Jiangxi Copper Company Limited is the biggest manufacture of cathode copper in China. Price of cathode copper of the Company is determined based on prices of related products listed in London Metal Exchange and Shanghai Metal Exchange. With relatively fixed labor cost, fuel and power cost, fixed assets investment cost and other cost, price of cathode copper will significantly affect the results of the Company.

During H2 of 2008, price of copper collapsed due to global financial crisis and the end of 2008 saw a price below USD3,000/t. In 2009, international price of copper saw a sharp rise due to the economic recovery expectation and positive financial policies introduced by all national governments. As of the end of 2009, spot prices of copper in LME and at copper.ccmn.cn were USD7,342/t and RMB58,590/t, rising by 141.4% and 132.5% respectively compared to the beginning of this year. In 2010, copper price continued to rise and at the end of this year, spot price of copper in LME and at copper.ccmn.cn amounted to USD9,650/t and RMB69,300/t, up by 31.4% and 17.6% respectively comparing to the beginning of this year. In 2011, explosion of European sovereign debt crisis plus worries of the world about hard landing of China's economy, price of bulk commodity fell sharply. Due to the weakness of global economy, copper price continued to drop thereafter. As of September 30, 2015, spot prices of copper in LME and at copper.ccmn.cn were USD4,702/t and RMB36,660/t, falling by 26.06% and 21.24% respectively comparing to the beginning of this year. Dominant factors that cause fluctuations in copper price include supply and demand, national and international economical situation, consumption structure and development trend of copper, production cost, tariff and exchange rate, transaction of international speculative fund, etc. Considering factors mentioned above, if copper price fluctuates sharply in the future, high uncertainty will be exposed to the profitability of the Company.

(III) Risk of main raw material supply

Due to leading product of the Issuer is cathode copper, main raw materials needed are copper concentrate, blister copper, etc. Although the Issuer has high self-sufficiency rate regarding copper concentrate among large manufacture of cathode copper in China since proven, controlled and inferred copper reserves possessed by it top the list in China, smelting capacity expansion in recent years forces the Issuer become more dependent on external raw material supply. Despite that the Issuer acquired more copper resources through acquisition at home and overseas in recent years, its self-sufficiency rate in short term can barely have significant improvement since all projects are under construction. If raw materials at domestic and international market are in short supply or price soars sharply, production and management of the Issuer will be badly impacted.

(IV) TC/RC fluctuation risk of copper concentrate

At present, copper processing capacity in China is far higher than the yield of copper concentrate, which makes copper smelting and processing manufactures stay in bad position when negotiating processing charges; and the fluctuation of TC/RC of copper concentrate will largely affect the operation result of copper melting and processing manufacturers. Moreover, the fact that there are numerous copper manufacturers in China intensifies the price competition and if one manufacturer lowers its copper processing charges, it will bring high operation pressure to the Company.

III. FINANCIAL RISK

(I) Exchange rate fluctuation risk

RMB exchange rate fluctuation can have a major impact on the Company regarding its raw material import and overseas investment. At present, despite of the fact that a large part of operation revenue of the Company is settled with RMB, a certain amount of foreign currencies are still in need for raw material import and other affairs. Moreover, with the expansion of overseas business of the Company, foreign exchange receipts and payments will also become frequent. As a result, if high volatility happens to exchange rate or exchange rate fluctuation risk cannot be controlled by the Company effectively, they may affect the operation results of the Company.

(II) Risk of reduction of return on equity

Due to influences of various factors in macro-economy, industry environment and business activities, return on equity of the Company decreased within certain range, among which, weighted average return on equity in 2012, 2013, 2014 and January to September 2015 were 12.70%, 8.16%, 6.32% and 3.41%, respectively (data of January to September 2015 is annualized). Moreover, return on equity of the Company in the future may continue to fluctuate, even drop.

(III) Risk of reduction of profit margin

Copper industry, where the Company stays in, shows downward trend, especially from H2 of 2011, price of cathode copper product dropped within certain range. Plus the low profit margin of trade sector (mainly domestic trading of cathode copper and copper rod line as well as imported materials processing, carrying trade, etc.), which is being expanded by the Company, these factors result in low comprehensive gross margin and net profit ratio and they continue to show downward trend. Gross profit margin in 2012, 2013, 2014 and January to September 2015 were 5.01%, 4.25%, 3.32% and 2.56% while net profit rate of 3.34%, 2.07%, 1.43% and 1.06%, respectively. If copper price in the future continues to drop, plus the continual expansion trend of trade sector of the Company, comprehensive gross margin and net profit ratio may be impacted further.

(IV) Risk of high balance of stock

Inventory of the Company includes raw materials, unfinished products and finished goods, among which, metallic copper as well as several rare and precious metals take dominant position. As of the end of 2012, 2013, 2014 and September 2015, balances of stock of the Company have amounted to RMB15.936 billion, RMB14.684 billion, RMB14.190 billion and RMB13.264 billion, accounting for 24.01% of current assets in average. According to Accounting Standards for Business Enterprises, on balance sheet date, if inventory cost is higher than net realizable value, the Company shall accrue inventory falling price reserves based on the balance and include them in current profit and loss. Given the drastic fluctuation of copper price, if there is big deviation between inventory value and procurement cost, the operation results in the corresponding period may be affected due to the reserve made for the drop in value of a large amount of inventory accrued by the Company.

(V) Risk of high percentage of current liabilities

As of September 30, 2015, current liabilities of the Company have amounted to RMB42.3 billion, accounting for 96.01% of total liabilities, which is quite a high percentage. At present, the Company maintains good long-term relationship with all major commercial banks and policy banks. Moreover, the Company is seeking to expand direct financing channels through capital market, adjusts ration of current liabilities in total liabilities and optimizes debt structure. If credit policy is tightened by the state in the future, or financing capacity of the Company declines, the Company may face tight capital chain and debt payment difficulty.

(VI) Fluctuation risk of net cash flow generated by business activities

There is big fluctuation in net cash flow generated by business activities in the last three years and last period. Net cash flow generated by business activities in 2012, 2013, 2014 and January to September 2015 were RMB6.334 billion, RMB5.233 billion, RMB1.735 billion and RMB5.589 billion, respectively. If net cash flow generated by business activities has big fluctuation in the future, it may bring bad impact to the day-to-day operations of the Company.

IV. MANAGEMENT RISK

(I) Safety production risk

There is safety production risk existed in the exploiting of mines possessed by the Issuer. Accidents may happen if mining area collapse when exploiting, which may cause bad influences on normal production. In addition, during the process of exploration, beneficiation, smelting and refining, there is a risk that accidents, technical failure, mechanical breakdown or damage may happen. In spite of the fact that the Issuer lays high emphasis on safety production, there is still possibility of major safety accident happening in the future. If major safety accident happens, it may cause heavy negative effects to the production and management of the Issuer.

(II) Company management risk

In recent years, with the development of business and improvement of project investment, subsidiaries of the Issuer constantly expand, which raises higher requirement for management ability regarding Issuer’s production and operation, financial control, human resources and other aspects. Despite that the Issuer has introduced several internal control systems regarding the management risk generated by expansion of operation scale and increase of subsidiaries, and strengthen its control for subsidiaries during day-to-day operations to reduce possible management risks, however, if the Company is unable to maintain high management level and continues to improve management efficiency, it may cause negative effects to the production and management of the Company.

V. POLICY RISK

(I) National industrial policy risk

Copper is an important strategic supply. However, in China, shortage of copper resources causes high dependency for international market. As a result, for a long time, the state encourages and supports enterprises to build raw materials sites in countries having rich nonferrous metals, seeking to expand supplies through risk exploration, investment and other channels. Considering the following problems faced to non-ferrous metal industry in China, the government repeatedly introduces policies to promote structural adjustment and industrial upgrading, seeking to facilitating the health development of this industry: industrial distribution needs adjusting; low intensive development; low resource guarantee; weak capability of independent innovation; low recycling level; outdated capacities. If policy for non-ferrous metal industry changes in the future, it may bring negative effects to one or more production segments, which may affect economic benefit of the Company.

(II) Tax rate adjustment risk

Tax policy changes in nonferrous industry in China may cause negative effects to the production and operation of the Company. If import and export tax policy of nonferrous industry changes in the future, it may have an effect on the tax burden level of the Company. Moreover, Chinese government declares its intention to expand ad valorem collection range of resource tax more than once, which means resource tax of copper may be collected on price basis instead of quantity basis. Resource tax increase may add more costs for the operation of the Company.

VI. RISK RELATED TO ENVIRONMENTAL PROTECTION

Major businesses of the Company include exploiting, beneficiation, smelting and processing of nonferrous metals as well as rare and precious metals. In the production process, discharge of waste gas, waste water and solid waste as well as noise pollution cannot be avoided. The Company lays high emphasis on environmental protection: in the past, massive manpower and material resources were invested in the construction of maintenance of environmentally protective facility, seeking to establish and improve environment protecting management and supervision system. In recent years, with the improvement of living standard and environmental awareness, governments of all countries (including China) start to devote more effort to environmental protection regarding mineral resources exploiting and implement stricter rules for environmental protection. If relevant countries raise environmental protection standard or introduce stricter policies in the future, it may affect the production and operation of the Company and cause higher operation cost.

VII. APPROVAL RISK FOR ISSUANCE

This non-public issuance of A shares shall be approved by State-owned Assets Supervision and Administration Commission of Jiangxi Province, reviewed by general meeting of stockholders as well as general meeting of stockholders of A shares and H shares and authorized by CSRC. However, there is still uncertainty regarding whether these internal and external examination and approvals can be achieved successfully and the final time they are achieved.

Moreover, non-public issuance of A shares and H shares are mutually dependent, which means if either of them is not approved or authorized by State-owned Assets Supervision and Administration Commission of Jiangxi Province, general meeting of stockholders, general meeting of stockholders of A shares and H shares, CSRC and other regulators, the other one will terminate automatically.

VIII. RISK IN STOCK MARKET

Secondary market price of shares of the Company will not only be affected by fundamental factors, including business environment, financial position and industry development prospect, but also can be affected by various macro-economic factors, political factors, investors' psychology, stock market and other factors. Given multiple approval procedures are needed for this non-public issuance, sometime is necessary before its completion, during which period, market price of shares of the Company may fluctuate and exert direct and indirect influences on investors' earnings. As a result, investors shall be warned to watch these risks during this period.

SECTION VII REMEDIAL MEASURES REGARDING DILUTED CURRENT RETURN ON THIS NON-PUBLIC ISSUANCE

I. IMPACT OF THIS NON-PUBLIC ISSUANCE ON EARNINGS PER SHARE

(I) Major Assumptions

The following assumptions are only made for the purpose of estimating the impact on the Company's earnings per share (EPS) as a result of the non-public issuance. They do not represent the Company's opinion about its operating conditions and trends in 2015 and 2016 and do not constitute profit forecast. Investors shall not make investment decisions according to such assumptions, but if they do so causing losses, the Company shall not assume any liability for damages. The related assumptions are:

1. Assume that no significant harmful changes occur in macroeconomic environment and stock markets, and the Company's operational environment suffers no significant harmful changes;

2. Assume that the quantity of A shares privately issued is 298,380,221, the quantity of H shares privately issued is 527,318,932 (the final quantity of A shares and H shares issued is subject to the quantity examined and approved by China Securities Regulatory Commission), and the total share capital of the Company after this non-public issuance is 4,288,428,558 shares;

3. Assume that the non-public issuance of A shares and H shares will be completed by the end of September 2016. This assumption is only for the estimate of influence of the non-public issuance on the Company's earnings per share, not the representation of the Company's opinion about the actual completion date of the non-public issuance, and shall be subject to the actual completion date;

4. An amount of RMB2,850,650,000[1] for net profit attributable to shareholders of ordinary shares of listed companies was realized in 2014. The Company issued on January 29, 2016 the announcement of profit warning for the year 2015. By initial estimate, the Company was expected to experience 60%–80% decrease of net profit attributable to shareholders of ordinary shares of listed companies realized in 2015 comparing with the same period last year, which was assumed to be RMB855.2 million (based on the estimate of a 70% decrease on year-on-year basis)[2];

1 The figure was prepared in accordance with PRC GAAP and extracted from the 2014 Annual Report of the Company.
2 The Company released the 2015 Annual Report of the Company on April 29, 2016.

5. An amount of RMB1,733,560,000[3] for net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) was realized in 2014. From January to September 2015, the Company's non-recurring profit and loss was RMB535.83 million[4], accounting for 43.69% of net profit attributable to shareholders of ordinary shares of listed companies realized in such a period. Therefore, assuming that the proportion of non-recurring profit and loss in the net profit attributable to shareholders of ordinary shares of listed companies for the year 2015 remains the same, it is expected that the net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) would be RMB482.37 million in 2015[5];

6. Assume that the Company's net profit attributable to shareholders of ordinary shares of listed companies realized in 2016 and the net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) are about the same as in 2015;

7. Assume that there is no conversion of capital reserve into share capital, dividend distribution and other matters which have influence on quantity of shares in 2016.

(II) Estimate of Influence of this Issuance on the Company's EPS

On basis of the assumptions mentioned above, the Company estimates the influence of this issuance on EPS as indicated below:

Item	2015	2016 Before this issuance	2016 After this issuance
Quantity of ordinary shares	346,272.94	346,272.94	428,842.86
Dilutive potential ordinary shares	–	–	–
Net profit attributable to shareholders of ordinary shares of listed companies realized in current year[6] *(RMB)*	85,520	85,520	85,520
Net profit attributable to shareholders of ordinary shares of listed companies realized in current year (after deduction of non-recurring profit and loss)[7]	48,237	48,237	48,237
Basic EPS *(RMB per share)*	0.25	0.25	0.23
Diluted EPS *(RMB per share)*	0.25	0.25	0.23
Basic EPS (after deduction of non-recurring profit and loss)	0.14	0.14	0.13
Diluted EPS (after deduction of non-recurring profit and loss)	0.14	0.14	0.13

3 The figure was prepared in accordance with PRC GAAP and extracted from the 2014 Annual Report of the Company.

4 The figure were prepared in accordance with PRC GAAP and extracted from the 2015 Third Quarter Report of the Company.

5 The Company released the 2015 Annual Report of the Company on April 29, 2016.

6 The Company released the 2015 Annual Report of the Company on April 29, 2016.

7 The Company released the 2015 Annual Report of the Company on April 29, 2016.

Note 1: Basic EPS = $P_0 \div S$, $S = S_0 + S1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$, where P_0 is the net profit attributable to shareholders of ordinary shares of listed companies or net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss); S is the weighted average of outstanding ordinary shares; S_0 is the sum of shares at the beginning of the period; S_1 is the quantity of additional shares due to conversion of capital reserve or dividend distribution in the report period; S_i is the quantity of additional shares due to new shares issue or debt-to-equity swap in the report period; S_j is the quantity of decreased shares due to repurchase in the report period; S_k is the quantity of share shrinkage in the report period; M_0 is the quantity of months in the report period; M_i is the accumulated months from the next month after share increase until the end of the report period; M_j is the accumulated months from the next month after share decrease until the end of the report period.

Note 2: The diluted EPS = $P_1/(S_0, S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k +$ increased ordinary share weighted average such as stock warrants, stock options, convertible securities).

II. RISK WARNING FOR DILUTED CURRENT RETURN ON NON-PUBLIC ISSUANCE

Proceeds raised from non-public issuance of A shares do not exceed RMB3,500,000,000, which after deduction of related issuance costs, are intended to be invested in Chengmenshan Copper Mine Extension Project Phase III, Yinshan Mining Co., Ltd. Deep Potential Exploration for Production Expansion and Technical Improvement Project and Dexing Copper Mine 5 (Tieluo Mountain) Tailings Pond Project, and the residual amount is intended to replenish the circulating fund. Proceeds raised from non-public issuance of H shares do not exceed HKD4.15 billion or equivalent RMB, which after deduction of related issuance costs, are intended to replenish the circulating fund in full.

After the proceeds collected from the non-public issuance of A shares and H shares are in place, the Company's total share capital will increase, while it takes time to realize the profit release of proposed projects and improvement of the Company's business development as a result of replenishing of circulating fund. Therefore, the non-public issuance may result in a slight decline of EPS in current year comparing with the previous year when the proceeds raised from the non-public issuance are in place, and the Company's return at call may be subject to the risk of dilution in a short term. In addition, if the anticipated benefits cannot be realized by the proceeds raised from the non-public issuance, it is also likely that the Company's EPS will be diluted, thus reducing returns to the Company's shareholders. Please be advised to make rational investment and pay attention to investment risks.

Meanwhile, during the estimate of influence of the non-public issuance on dilution of return at call, the Company's assumption and analysis on net profit attributable to shareholders of ordinary shares of listed companies and net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) realized in 2015 and 2016 are not the profit forecast, and the filling measures decided to cope with risks of dilution of return at call do not mean a guarantee of the Company's future profits. Investors shall not make investment decisions according thereto, but if they do so causing losses, the Company shall not assume any liability for damages. Investors shall pay attention to it.

III. RELATION BETWEEN THE PROJECT AND THE COMPANY'S EXISTING BUSINESSES, RESERVE OF HUMAN RESOURCES, TECHNOLOGIES AND MARKET FOR THE PROJECT

(I) Relation between the Project and the Company's Existing Businesses

Proceeds raised from non-public issuance of A shares do not exceed RMB3.5 billion, which after deduction of related issuance costs, are intended to be invested in Chengmenshan Copper Mine Extension Project Phase III, Yinshan Mining Co., Ltd. Deep Potential Exploration for Production Expansion and Technical Improvement Project and Dexing Copper Mine 5 (Tieluo Mountain) Tailings Pond Project, and the residual amount is intended to replenish the circulating fund. Proceeds raised from non-public issuance of H shares do not exceed HKD4.15 billion or equivalent RMB, which after deduction of related issuance costs, are intended to replenish the circulating fund in full.

Except for replenishing of circulating fund, this Project is for the purpose of copper mine-related construction and technical improvement projects, in the same path as the Company takes for main businesses at present, which is of benefit to further improvement of the Company's resource reserve and raw material self-sufficiency, enhancement of technological level and improvement of production efficiency, be in keeping with the Company's development strategy.

(II) Reserve of Human Resources, Technologies and Market for the Project

1. Reserve for human resources

The Company is the largest copper business in China and has cultivated a group of personnel with excellent quality and rich experience in copper-related operation and production. As of 30 September 2015, the Company has more than 21,202 employees including about 3,000 employees with bachelor's degree or above and about 800 employees with senior professional title or above, providing assurance for successful implementation of this Project.

2. Technical Reserve

The Company has adhered to the concept of innovation-driven development. For years, it has made constant and active efforts to explore in the field of scientific research innovation and accumulated many proprietary technologies in the field of copper mining, separation, smelting and processing, making it an industry leader in China. During the "12th Five-Year Plan", the Company has obtained 480 authorized patents including 25 patents for invention, 31 science and technology awards above provincial and ministry level including a second prize of National Award for Technological Invention, 3 second prizes of National Scientific and Technological Progress Award and 3 first prizes of Scientific and Technological Progress Award of provincial and ministry level. In addition, the Company has actively pushed forward the reform of scientific research system by establishing Jiangxi Copper Corporation Advanced Institute of Technology and the "Post-Doctoral Scientific Research Workstation"; it has constantly integrated internal scientific research resources and built a uniform scientific research innovation platform. Powerful scientific research strength provides assurance for successful implementation of this Project. The Project relates to technically potential exploration, the successful implementation of which enables further improvement of the Company's technological level and production efficiency.

3. Market reserve

As a leader in the national copper industry, the Company has the most copper reserve and highest raw material self-sufficiency rate, and owns six mines including the largest copper strip mine in China – Dexing Copper Mine. Relying on the central cities such as Shanghai, Beijing, Shenzhen and Chengdu, the Company builds a marketing network spreading over home and abroad. The Company's products are highly praised and sold well in the long term home and abroad. The "Guiye" and "Jiangtong" cathode copper owned by the Company has been registered with the London Metal Exchange. Gold and silver have been registered with the London Bullion Market Association. The Company has been chosen by the London Metal Exchange as the copper testing factory, and has become the unique enterprise nationwide which has cathode copper, gold and silver products all registered with the London Metal Exchange and the London Bullion Market Association.

IV. DETAILED REMEDIAL MEASURES TAKEN BY THE COMPANY

(I) Operation Conditions and Development Trend of the Company's Existing Business Domains, Major Risks Faced and Improvement Measures

1. Operation Conditions and Development Trend of the Company's Existing Business Domains

The Company's main businesses include mining, separation, smelting and processing as well as related technologies for nonferrous metal mines, rare metals and precious metals; smelting, calendaring and deep processing of nonferrous metals, rare metals, precious metals, non-metallic mines, nonferrous metals and related by-products; overseas futures hedging businesses; related consulting services and businesses; import and export agency as well as others. During the "12th Five Plan", by means of technological improvement and potential exploration, investment in new construction as well as acquisition and reorganization, the Company's ability of mining, separation, smelting and processing has been stably improved. The self-owned mines have the capacity for stripping (digging) of 175,000,000 t/a, beneficiation capacity of 56,000,000 t/a and copper content in the output of copper ore concentrates of 210,000 t/a; the annual output of cathode copper is increased from 956,700 tons to 1,200,000 tons, ranked among the world top three; the annual output of copper processing products is increased from 520,000 tons to 1,000,000 tons, leaped to the first place in China.

During the "13th Five-Year Plan", around the strategic objective – "leading Chinese copper industry development, becoming the most competitive mining company and being ranked among the world top five mining companies" – the Company will compare with the internationally top-notch mining enterprises and the best historical performance of the Company; by internal production expansion, external acquisition, target the increase of resource reserve as the Company's core strategy; constantly improve the Company's raw material self-sufficiency by several means; improve the Company's comprehensive strength. Meanwhile, the Company closely follows the track of overseas advanced smelting technologies to realize the benchmarking of copper smelting technology-related economic indicator with the internationally advanced level and further consolidation of the Company's advantage of copper smelting technology. In addition, the Company also strives to develop deep-processing of copper and other products and improve the additional values of products.

2. Major Risks Faced by the Company and Improvement Measures

(1) Risk of Cyclical Economic Fluctuation

The copper industry where the Company engages in is the fundamental industry of national economy. Its products are extensively applied to electrical power, electrical machine, machinery, household appliances and related industries, which has direct influence on national operational economic status. Market demand for leading products of the Company is periodic due to the same feature showed in economy development; as a result, business performance of the Company can be easily affected by macro economy cycle to fluctuate. Due to the economic depression globally and nationally and large pressure arising from industrial decline at present, the Company's business development is also challenged.

Specific to the above-mentioned risks, the Company will seize the low ebb period when the nonferrous metal industry is seen excess capacity structure and fierce market competition, by means of our market advantage, by this financing and investment in Chengmenshan Copper Mine Extension Project Phase III, Yinshan Mining Co., Ltd. Deep Potential Exploration for Production Expansion and Technical Improvement Project, stably expand mine capacity and further improve raw material self-sufficiency to withstand the cyclical fluctuation, laying solid foundation for faster and better development in the future.

(2) *Risks of main raw material supply*

The principal product of the Company is Cathode Copper which is generally made from copper concentrates and crude copper. Notwithstanding that the proved, controlled and inferred copper reserves of the Company rank first in the domestic industry and that the Company has a high self-sufficiency in copper concentrates among the major cathode copper manufacturers domestically, the expansion of smelting capacity in recent years has made the Company more and more dependent on the purchased raw materials. In recent years, although the Company has obtained more copper resources by means of acquisition home and abroad, the self-sufficiency is difficult to be greatly improved in short term because those projects are still under construction. If raw materials in national and international markets are in short supply or if sharp rise in price is seen, the Company's production and operation will be affected in the negative way.

Specific to the above-mentioned risks, on one hand, the Company will expand the exploration of mine resources, rebuild and expand self-owned mines with better resource conditions and reasonably expand mining and separation capacity to ensure the improvement of copper ore concentrates self-sufficiency; on the other hand, the Company will take constant measures to improve raw material utilization ratio, improving production and operation efficiency. Besides, the Company will also actively purchase overseas copper resources in the period when the industry is at low ebb and copper price is low so as to prepare well for the future development.

(3) *Risk of large capital expenditure pressure during construction period*

The Company has several projects at commissioning stage at present. High capital expenditure will be seen in the coming years. Currently, macroeconomic depression and industrial recession result in decline of the Company's profitability, posing large pressure on funds. In the future, if profitability of the Company's existing projects is not improved or those projects under construction at present cannot yield income on time, the Company may face large financial pressure.

For the above-mentioned risks, the Company will take prudent investment strategy, conducting strict feasibility study of projects, and submit to the competent authorities for approval before implementation so as to ensure to the greatest extent that the implementation progress, achievement of design capacity and actual income are controlled within the reasonably anticipated scope.

(II) Detailed Measures for Improvement of Daily Operation Efficiency, Reduction of Operational Cost and Improvement of Business Performance

To ensure effective utilization of proceeds raised in this Project, effective prevention against the risk that shareholders' return at call will be diluted and improvement of future ability to generate sustainable return, after completion of the non-public issuance, the Company is intended to mitigate the influence on dilution of shareholders' return at call by the following ways:

(I) Strengthening management of proceeds raised and accelerating progress of the Project

When the proceeds are available, the Company will open an account especially for the proceeds, and follow approval and examination procedures in strict compliance with the Company's related systems so as to assure safe and effective utilization of the proceeds. Meanwhile, the Company will ensure construction progress of the projects for which the proceeds are raised and accelerate their implementation, trying to put those them into operation as early as possible, improving the output and self-sufficiency and reducing costs, thus reliably ensuring the implementation effect of those projects and strengthening the Company's operating capacity.

(II) Expanding business capacity and increasing research input

On basis of stabilizing existing markets and customers, the Company will further strength market exploitation and promotion for existing products and businesses, constantly expand scale of main businesses and income growth space, further consolidating and improving the Company's market position and realizing its operation revenue growth.

Meanwhile, on basis of existing technology research and development, the Company will continue to strengthen input of human resources and funds for research and development; improve its technological innovative ability; strengthen its scientific research strength for new product development, production technology and equipment automation improvement; further improve product quality; enhance market competitiveness of products.

(III) Strengthening daily operational efficiency and reducing operational costs

The Company will further optimize the production and operating management information platform, and replicate and promote the platform in subsidiaries and mines so as to break down the data barrier between business line and departments and realize information resources sharing system, thus effectively improve operating management level and control level, and strengthening internal control.

The Company will promote the formation of a complete set of comprehensive budge management system through strategic planning and all levels of businesses by means of comprehensive budge; effectively combine its cost control with benchmarking management, seize the key index during production and operation, focusing on congruent relationship between index and cost, benefit and efficiency, supervising and urging optimization of all indices so as to realize new returns and consolidate benchmarking results; actively explore methods for deep processing, digging, extraction and analysis by means of technological tools such as mass data and scenario simulation to provide effective data support and decision-making services for its cost control and to reduce its operational cost.

(IV) Perfecting profit distribution policy and strengthening investors' return

The Company has perfected the profit distribution policy after offering, revised the Articles of Association and developed the Plan for Jiangxi Copper Company Limited Dividend Policy and Three-Year Return for Shareholders (2016–2018) according to the Notice on Further Implementation of Cash Bonus-Related Matters for Listed Companies and Guideline No. 3 on Listed Companies Regulation – Cash Bonus of Listed Companies. The Company's profit distribution policy and future profit distribution plan attach great importance to reasonable and stable return on investment for investors. The Company will strictly adhere to the Articles of Association and its revision as well as the Plan for Jiangxi Copper Company Limited Dividend Policy and Three-Year Return for Shareholders (2016–2018) to make profit distribution. After this offering, the Company will extensively accept comments and advices from independent directors, supervisors and public investors (particularly small and medium investors) in order to constantly improve its profit distribution policy and strengthen the return on their investment.

V. UNDERTAKINGS MADE BY ALL DIRECTORS, OFFICERS AND CONTROLLING SHAREHOLDERS

To ensure the Company practically implements the filling measures specific to dilution of return at call after this offering, all directors and officers make the following commitments according to related provisions issued by CSRC:

“1. I hereby undertake neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company’s interests in other ways;

2. I hereby undertake to restrict my position-related consumption activities;

3. I hereby undertake not to use the Company’s assets for investment and consumption activities not related to execution of my duties;

4. I hereby confirm that the compensation and benefit system developed by the Board of Directors or the Compensation and Benefit Committee are linked with execution of the Company’s filling measures;

5. I hereby confirm that the vesting conditions for the Company’s stock ownership incentive (if any) to be released are linked with execution of the Company’s filling measures;

6. I hereby undertake to practically implement the Company’s filling measures and fulfill any commitments I make thereto in connection with filling measures. In case of breach of my commitments and cause losses of the Company or investors, I hereby agree to assume liability of indemnity to the Company or investors.”

Meanwhile, the Company’s controlling shareholders hereby undertake in respect to practical implementation of its filling measures according to related provisions issued by CSRC:

“Neither to act beyond its authority to intervene in operating management activities of listed companies, nor to misappropriate interests of listed companies.”

SECTION VIII DEVELOPMENT AND EXECUTION OF THE COMPANY'S PROFIT DISTRIBUTION POLICY

I. THE COMPANY'S PROFIT DISTRIBUTION POLICY

According to the Notice on Further Implementation of Cash Bonus-Related Matters for Listed Companies, Guideline No. 3 on Listed Companies Regulation – Cash Bonus of Listed Companies, Shanghai Stock Exchange Guideline on Cash Bonus of Listed Companies, the Notice on Further Improvement of Cash Bonus-Related Matters for Listed Companies issued by CSRC Jiangxi and other regulatory documents, the 2013 annual general meeting of stockholders on June 11, 2014 approved the bill of amendment of the Articles of Association which incorporated revision of articles in connection with profit distribution. Pursuant to the revised Articles of Association and its amendment, the Company's profit distribution policy is described as below:

(I) Profit Distribution Principle

In distribution of after-tax profits of current year, the Company shall extract ten percent of such profits and list it under the legal reserve. Where the Company's accumulated amount of legal reserve is over fifty percent of its registered capital, it may not be extracted. Where the Company's legal reserve is not enough to offset its losses in previous year, before the extraction of such legal reserve as described in preceding paragraph, it is required to use current year's profits to offset losses. After extraction of legal reserve from after-tax profits, by resolutions of general meeting of shareholders, the Company may extract optional reserve and public welfare fund. The surplus profits after the Company offsets losses and extracts the reserve and public welfare fund shall be distributed according to shareholders' respective share proportion. The profits related to the Company's shares held by it shall not be distributed.

Before the Company offsets losses and extracts the reserve and public welfare fund, it is not allowed to distribute dividends or make other distributions on a bonus basis. If the general meeting of stockholders or the Board of Directors, in contravention thereof, distribute profits to shareholders before the Company offsets losses and extracts the reserve and public welfare fund, such shareholders shall return to the Company the profits distributed in contravention thereof.

(II) Detailed Profit Distribution Policy

The Company may distribute dividends in the way of (1) cash (which generally is preferred); (2) stock.

The Company distributes dividends by years, and may also distribute interim or special dividends provided that it is in compliance with the Articles of Association. The Company's dividend distribution policy shall be maintained continuously and stably to certain extent and shall be in compliance with related regulatory provisions revised from time to time.

When the Company's figure of distributable profits is positive representing that the Company makes profits in current year and its cash can ensure its normal production and operation, and current year's EPS is higher than RMB0.01 and the cash dividend per share is higher than RMB0.01 if at least 10% of distributable profits realized in current year is distributed, the profits distributed in the way of cash each year shall be not less than 10% of distributable profits realized in current year and the accumulative profits distributed in the way of cash in past three years shall be not less than 30% of annual average distributable profits realized in past three years.

Where the Company makes profits in current year but the Board of Directors hasn't developed cash bonus plan, it is required to disclose in the periodic reports the reason why the cash bonus plan is not developed and the purpose of the fund not used as bonus and retained in the Company. Independent directors shall give independent comments thereon.

After the general meeting of stockholders passes the resolution for profit distribution program, the Board of Directors shall finish implementation of dividend distribution within 2 months as from the date of general meeting of stockholders. If the Company pays cash dividends and other money to holders of domestic shares, the payment shall be made in RMB. If the Company pays cash dividends and other money to holders of foreign shares which are offered overseas, the payment shall be priced and announced in RMB and made in HKD. The foreign currency required for the Company's payment of cash dividends and other money to holders of foreign shares which are offered overseas shall be transacted according to national regulations in connection with foreign exchange management.

Unless otherwise specified in related laws and administrative regulations, where cash dividends and other sums are made in HKD, the exchange rate shall be subject to the average middle rate of exchange released by People's Bank of China a calendar week before the date when dividends and other sums are announced.

(III) Deliberation Procedures and Adjustment of Profit Distribution Policy and Program

The profit distribution program developed by the Board of Directors shall be passed by more than a half of all independent directors, and shall be submitted to the general meeting of stockholders for approval after deliberation and adoption by the Board of Directors. When the general meeting of stockholders formally discusses the cash dividend program, it shall communicate with minority shareholders to hear their opinions.

If the Company exactly needs to change the profit distribution policy due to significant change in external operating environment or its own business conditions, the proposal of change shall be accepted by independent directors before it is submitted to the Board of Directors. Independent directors and the Board of Supervisors shall state their independent opinions about the policy adjustment; the adjusted profit distribution policy shall be discussed in the Board of Directors and then submitted to the general meeting of stockholders where the adjustment shall be approved by more than 2/3 of shareholders who are present and hold voting shares.

II. SITUATION OF CASH BONUS AND USE OF UNDISTRIBUTED PROFITS IN PAST THREE YEARS

(I) Brief of Cash Bonus in Past Three Years

The Company's cash bonus in past three years is as follows:

Year	Profit distribution program	Amount of cash bonus *(RMB)* *(including tax)*	Net profit attributable to shareholders of listed companies in annual consolidated statements of dividends *(RMB)*	Proportion in net profit attributable to shareholders of listed companies in consolidated statements *(%)*
2014	Dividend of RMB0.20 per share (including tax)	692,545,881	2,850,649,245	24.29
2013	Dividend of RMB0.50 per share (including tax)	1,731,364,702.5	3,565,009,194	48.57
2012	Dividend of RMB0.50 per share (including tax)	1,731,364,702.5	5,215,874,606	33.19

On June 9, 2015, the Company held the 2014 annual general meeting of stockholders which discussed and passed the profit distribution program for the year 2014. The program is: taking the quantity of total shares 3,462,729,405 on December 31, 2014 as the base, it pays cash dividend of RMB0.20 per share (including tax), distributing a total of RMB692,545,881 of profits.

On June 11, 2014, the Company held the 2013 annual general meeting of stockholders which discussed and passed the profit distribution program for the year 2013. The program is: taking the quantity of total shares 3,462,729,405 on December 31, 2013 as the base, it pays cash dividend of RMB0.50 per share (including tax), distributing a total of RMB1,731,364,702.5 of profits.

On June 14, 2013, the Company held the 2012 annual general meeting of stockholders which discussed and passed the profit distribution program for the year 2012. The program is: taking the quantity of total shares 3,462,729,405 on December 31, 2012 as the base, it pays cash dividend of RMB0.50 per share (including tax), distributing a total of RMB1,731,364,702.5 of profits.

(II) Use of Undistributed Profit in Past Three Years

The use of undistributed profit in past three years (at consolidated level) are as follows:

Time	**Undistributed Profit at the end of period** *(RMB)*
December 31, 2014	16,503,584,546
December 31, 2013	15,773,225,054
December 31, 2012	14,583,075,191

The Company has always paid attention to the balance between returns to shareholders and its self development. In case of reasonable returns to shareholders, the Company's undistributed profits as mentioned above are mainly used for replenishing the circulating fund necessary for business operation, reducing its fund raising cost in order to improve its profitability and financial stability and to support implementation of its development strategy and sustainable development.

III. DIVIDEND DISTRIBUTION POLICY AND PLAN FOR THREE-YEAR RETURNS TO SHAREHOLDERS (2016–2018)

(I) Main Considerations for the Company to Formulate the Policy and Plan

With a view to long-term and sustainable development requirements, taking comprehensive consideration of it actual operating conditions, development objective, reasonable requirements from shareholders, financing cost and environment, the Company sets up the plan and system for scientific, sustainable and stable returns to investors to definitely arrange its profit distribution.

(II) Principles in Formulating the Policy and Plan

1. The Company's Plan of Shareholders' Return gives full consideration and listens to the opinions of the Company's shareholders (in particular to medium and small investors), the independent directors and the supervisors;

2. The Company's Plan of Shareholders' Return is strictly in accordance with the profit distribution policies as specified in the Articles of Association;

3. The formulation of the Company's Plan of Shareholders' Return gives full consideration to the investors' return, reasonably balances and deals with the relationship between the Company's own stable development and return to the shareholders, and implements scientific, sustainable and stable profit distribution policy.

(III) Specific Dividend Policy and 3-Year Plan of Shareholders' Return

1. The Company may distribute the dividends by way of cash or scrip or the combination of both, and may distribute the interim dividends based on the Company's actual profit status and the capital needs;

2. After the Company covers the losses, and withdraws the statutory surplus reserve and discretionary surplus reserve in full according to the laws, regulations and the Articles of Association, under the condition that the Company's accumulated distributable profits are positive and the profits and cash in the year then ended are adequate for the normal production and operation of the Company, the profits distributed in cash every year shall not be less than 10% of the distributable profits achieved in the year then ended, and the total profits distributed in cash over the past 3 years shall not be less than 30% of the annual average distributable profits in the past 3 years; if the aforesaid proportion is impossible for special reasons, the Board of Directors shall especially explain to the General Meeting.

At the time of actual dividend distribution, the Company's Board of Directors shall comprehensively consider the industry characteristics, development stage, own operation mode, profit level and whether there is significant capital expenditure arrangement, and shall propose the differentiated cash dividend distribution policy pursuant to the procedures set out in the Articles of Association:

(1) If the Company remains in the maturity stage of development without significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 80% of the profits to be distributed this time;

(2) If the Company remains in the maturity stage of development with significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 40% of the profits to be distributed this time;

(3) If the Company remains in growth stage of development with significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 20% of the profits to be distributed this time;

Where its development stage is difficult to distinguish but there's large expenditure plan, refer to the preceding paragraph.

3. In addition to distribution of minimum cash dividends, the Company may distribute dividends by way of scrip; the proposal for scrip dividend distribution shall be formulated by the Board of Directors and submitted to the General Meeting for review and approval.

(IV) Formulation of Profit Distribution Proposal and Decision-making Procedure

1. The Company's profit distribution proposal will be presented by the Board of Directors, and shall be subject to consent of over half of all independent directors, and then submitted to the General Meeting for approval upon being approved by the Board of Directors.

   Independent directors may solicit opinions from minority shareholders and directly submitted their proposals to the Board of Directors for discussion.

2. The Company's Board of Directors will formulate the Company's annual or interim profit distribution proposals by giving full consideration to the Company's profits, cash flows and planned capital needs, and carefully studying and demonstrating the timing, conditions and minimum proportion, adjustment conditions and decision-making procedures for the cash dividend distribution pursuant to the relevant regulations of CSRC and based on the opinions of the Company's shareholders, independent directors and supervisors. Independent directors shall state explicit opinions.

3. The profit distribution proposal formulated or amended by the Board of Directors will be subject to the review by the Board of Supervisors, and shall be adopted only with the approval from over half of the supervisors; if no cash dividend plan is formulated for the Company's annual profits, the Board of Supervisors will make special explanation and opinions in connection with execution of the relevant policies and plans; the Board of Supervisors will supervise execution of the profit distribution plan and the plan of shareholders' return.

(V) Formulation Cycle and Decision-making Mechanism of the 3-Year Plan of Shareholders' Return

1. The Company formulates or reviews the Plan of Shareholders' Return once every three years. The latest plan period is from 2016 to 2018;

2. Prior to the end of the last plan period, the Company's Board of Directors shall give full consideration to the Company's operation position, development targets, capital needs and financing environment, and fully listen to the opinions of the Company's shareholders, independent directors and supervisors, to recommend extending the original plan of shareholders' return or formulating a new 3-year plan of shareholders' return, and submit the same to the Board of Directors for approval after the same is approved by the independent directors; the independent directors and the Board of Supervisors express independent opinions on the plan of shareholders' return; the relevant proposals will be presented at the General Meeting for approval in the form of special resolutions upon being approved by the Board of Directors;

3. During the plan period, if the Company has to adjust the 3-year plan of return due to significant changes to the external operation environment or its own operations, upon detailed demonstration, the Company shall fulfill the corresponding decision-making procedures and obtain consent of shareholders present at the General Meeting and representing more than two thirds of voting rights under the conditions set out in the Articles of Association.

(VI) Disclosure of Execution of Profit Distribution Plan and Cash Dividend Policy

1. The Company will disclose execution of the profit distribution plan and cash dividend policy in the periodic report according to the relevant regulations, and especially explain:

   (1) If the provisions of the Articles of Association or the requirements under the resolutions made by the General Meeting are met;

   (2) If the dividend distribution standards and proportion are clear and definite;

   (3) If the relevant decision-making procedures and mechanism are complete;

   (4) Have the independent directors fulfilled obligations in due diligence and given play to the due role; and

   (5) If medium and small shareholders have an opportunity to fully express opinions and demands and if the legitimate rights and interests of medium and small shareholders have been fully protected.

   Where there's adjustment of or change in cash bonus policy, it is also required to give detailed statement of compliance and transparency of conditions and procedures of such adjustment or change.

2. When the Company meets the dividend distribution conditions, but the Board of Directors has not submitted the cash dividend plan, the Company shall explain the reasons for no cash dividends, and the specific purpose and utilization plan of the capital not used for dividend distribution but retained in the Company in the periodic report, and the independent directors shall express independent opinions on this case.

Jiangxi Copper Company Limited
Board of Directors

This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail. The Feasibility Study Report on Projects Funded by Use of Proceeds from the Non-Public Issuance of A Shares is required to be prepared and approved by the Board and the Shareholders in accordance with the Administrative Measures for the Issuance of Securities by Listed Companies (上市公司證券發行管理辦法) promulgated by the CSRC. The said feasibility report is set out in this appendix in order for Shareholders to have a better understanding of the Share Issuance.

Jiangxi Copper Company Limited

(Registered Address: 15 Yejin Avenue, Guixi City, Jiangxi Province, the People's Republic of China)

Feasibility Study Report on Projects Funded by Use of Proceeds from the Non-Public Issuance of A Shares (Revised Version)

In the Feasibility Study Report on Projects Funded by Use of Proceeds from the Non-public Issuance of A Shares, unless otherwise specified, the following terms shall have the meanings ascribed to them as below:

Jiangxi Copper, the Company, Company or Issuer	means	Jiangxi Copper Company Limited
JCC	means	Jiangxi Copper Corporation
This Non-public Issuance of A Shares, this Non-public Issuance of Shares or this Non-public Issuance	means	the activity that Jiangxi Copper proposes to issue no more than 298,380,221 A Shares to no more than 10 designated investors including JCC by means of non-public offering
CSRC	means	China Securities Regulatory Commission
A Shares	means	the ordinary shares issued to domestic investors, listed on a domestic securities exchange, and denominated, subscribed and traded in RMB subject to CSRC's approval
Copper Concentrate	means	the copper product made from copper ores through mining, crushing, grinding-flotation and other processes as an important raw material for copper smelting. The Issuer has Copper Concentrates at a grade of 18%~30% copper generally
Cathode Copper	means	the fine copper that has deposited on the cathode in following process: crude copper is made into a thick plate as anode while the fine copper is made into a thin plate as cathode, and the sulfuric acid – copper sulfate mix is used as the electrolytic solution; after electrification, the copper is dissolved on the anode as copper ions, which then move from the anode to the cathode, pick up electrons and are deposited on the cathode
Crude Copper	means	the raw copper materials including blister copper and impure copper

Grade	means	the average content of useful minerals in the ores, expressed in percentage or weight ratio
Reserve	means	the economically minable part in the surviving period of the reserve base

I. PLAN FOR USE OF THE PROCEEDS FROM THIS NON-PUBLIC ISSUANCE

The Company proposes to issue A Shares by means of non-public offering for no more than RMB3.5 billion. Deducted by relevant offering expenses, such proceeds will be used for Expansion Project of Phase III of Chengmenshan Copper Mine, Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company, Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine, and the remaining proceeds will be used to replenish the working capitals as below:

Unit: RMB100 Million Yuan

S/N	Project Name	Estimated Total Project Investment *(100 Million Yuan)*	Proposed Total Contribution from the Proceeds *(100 Million Yuan)*
1	Expansion Project of Phase III of Chengmenshan Copper Mine	28.67	14.34
2	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company	14.78	4.35
3	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine	31.23	6.32
4	Working Capital Replenishment	–	No more than 10.00
	Total		**No more than 35.00**

If the net amount of the proceeds from this non-public offering is less than the proposed total investment, the Company will adjust and finally determine the projects to be invested, the priorities and the amount to be invested according to the net amount of the actually raised proceeds and the order of precedence, and the insufficient amount shall be covered by the self-owned funds or by any other financing means.

Before the proceeds from this non-public offering are available, the Company will otherwise raise the funds according to the actual progress requirement, and the proceeds once put into place will replace the otherwise raised funds that have been input according to relevant legal procedures.

II. BASIC INFORMATION OF THE PROJECTS TO BE FUNDED BY THIS NON-PUBLIC ISSUANCE

(I) Expansion Project of Phase III of Chengmenshan Copper Mine

1. Basic information of this Project

Project Name:	Expansion Project of Phase III of Chengmenshan Copper Mine
Project Location:	the jurisdiction of Chengmen Town which is 18 km from the southwest Jiujiang City
Implementation Entity:	Jiangxi Copper Company Limited
Construction Scope:	The principal works includes pre-production stripping of open pit, construction of open pit dike, construction of partial water prevention and control works, construction of Dujiawan waste-rock yard and Chengmengou tailing pond, and construction of a new dressing plant with a capacity of 10,000 t/day (three-step dressing plant). The ancillary works includes waterproof and drainage of open pit (a fixed pump station on +14m platform and pipes as well as a movable bottom pump station), water supply and drainage system for mine, power supply and distribution system for mine, oil depot, service workshop, blasting materials depot, and the accesses to industrial places and facilities in mine.
Construction Scale:	with additional 10,000 t/day (330×10^4 t/a) comprehension mining and dressing capacity, the production capacity will reach 17,000 t/day (561×10^4 t/a).

2. Necessity of the Project

(1) Improve the self-sufficiency in raw materials of the Company

The copper concentrate producers are concentrated in South America like Chile and Peru and the copper market is monopolized to some extent. Copper resources are rare with relatively low grade and very low self-sufficiency in China. A great number of copper resources are imported overseas every year, including copper concentrate, waste copper, refined copper, unwrought copper and copper materials. The domestic reserve of copper resources is very limited, and the domestic market of copper concentrates will be more and more dependent on import in the future.

The principal product of the Company is Cathode Copper which is generally made from copper concentrates and crude copper. Notwithstanding that the proved, controlled and inferred copper reserves of the Company rank first in the domestic industry and that the Company has a high self-sufficiency in copper concentrates among the major cathode copper manufacturers domestically, the expansion of smelting capacity in recent years has made the Company more and more dependent on the purchased raw materials. Although the Company has purchased many copper resources domestically and overseas in recent years, it is very hard to improve the self-sufficiency in a short period as the projects are under construction.

Resource expansion is one of key objectives of the Company. The self-sufficiency is so low that the ability of the Company to resist the price fluctuation in the raw material market needs to be improved. Since the establishment of the Company, it adheres to the strategic policy of “to develop mines, consolidate smelting, improve refining and diversify into related sectors”. In the 13th Five-year Plan period, the Company will focus on the strategic objective of “leading the development of copper industry in China, becoming the most competitive mining enterprise around the globe and ranking among the top five mining companies in the world”. The Company will regard the first-class international mining company and the best historic performance as its standards, consider increase of resource reserve as the core strategy of the Company, improve the self-sufficiency of the Company in raw materials by all means and promote the Company's comprehensive strengths. Upon the completion of Expansion Project of Phase III of Chengmenshan Copper Mine, the copper content in the copper concentrates and the standard sulfur concentrates output will reach 3×10^4 t and 95×10^4 t/a respectively, the mining and dressing capacity will reach 17,000 t/day, and thus Chengmenshan Copper Mine will be one of the first-class domestic copper mines.

(2) Improve the Company's risk resistance capacity

As hit by the global and domestic macro-economic downturn and by the pressure of falling nonferrous industry, the copper price continued falling in recent years. In the past years, notwithstanding the unfavorable external environment, the operation performance of the Company was superior to the industry average with the efforts of the management of the Company. However, the business operation of the Company is substantially challenged by the macro-economic recession and industrial depression. The completion of Expansion Project of Phase III of Chengmenshan Copper Mine is helpful to improve the self-sufficiency in raw materials, productivity, business scale and mine capacity of the Company. The financial internal rate of return of the Project will be 12.25% (after taxes). Also, it is helpful to improve the risk resistance capacity and sustainable development capacity of the Company.

(3) Improve the coordination between the mine productivity and resource scale

Chengmenshan has a large resource scale. As of the end of 2012, assuming the grade is EQCu 0.35% (equivalent to single Cu 0.3%), the proved and controlled ores were about $11{,}006.5 \times 10^4$ tons. If the capacity is 231×10^4 t/a, the service life of the mine will be 48 years. Upon the completion of Expansion Project of Phase III of Chengmenshan Copper Mine, the mine capacity will be increased to 561×10^4 t/a and service lift will be decreased to 20 years. Thus, the production scale and the resource scale will be coordinated.

3. Feasibility study for the Project

Chengmenshan Copper Mine has abundant copper, sulfur, gold and silver resources, and the external construction conditions are sound. Over years of exploration and experimental investigation and a decade of production practice, the Company has a deep knowledge of complex exploitation process and ore milling process and has prepared reliable solutions to prevention and control of ground and underground water, mud stripping, mineral processing, slope stabilization, environmental protection and other major technical problems. Moreover, the construction of the initial scale and Phase II Expansion has laid a good foundation to realize the final construction scale of 17,000 t/day.

4. Matters to be declared for approval under the Project

As of the date of this Report, the EIA, land use and NDRC approval procedures are in progress.

5. Project investment estimate and economic assessment

Expansion Project of Phase III of Chengmenshan Copper Mine has a total investment of RMB2.867 billion, of which RMB1.434 billion proposed to be financed by the proceeds raised from this non-public offering and the remaining will be funded from self-owned funds or by any other financing means.

As estimated, after the Project achieves the desired productivity, the financial internal rate of return of the Project (after taxes) will be 12.25% and the investment return period (after taxes) will be 9.37 years.

(II) Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company

1. Basic information of this Project

Project Name:	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company
Project Location:	Yincheng Town, Dexing City
Implementation Entity:	Jiangxi Copper Corporation Yinshan Mining Co., Ltd.
Construction Scope:	The construction of the Project will be divided into two phases. Phase I: a new underground mining system and industrial ground mining site, including sinking and driving works of pit development transportation system, ore mix well hoisting system, barren rock mix well hoisting system, ground ore movement system, ventilating system, north return air well, south return air well, fillings preparation station and pit filling system, pit transportation system, pit crushing system, pit drainage works, pit wind and water supply system, pit service chamber, etc. Phase II: the reconstruction and expansion of new site for 5,000 t/d mining and dressing technology innovation project of Jiuqu Copper-gold Mine and the reconstruction and expansion of the ancillary facilities in connection with Phase I including power supply, water supply, service facilities
Construction Scale:	Technical Renovation Project for Deep Mining and Expansion of Production Scale will improve the mining scale for copper, sulfur and gold ores in Yinshan Mine, and the underground mining scale will be 8,000 t/day as estimated.

2. *Necessity of the Project*

(1) Develop and use the deep ore resources to the maximum extent

Due to the low average grade in connection with the deposit of the Company, the annual output of copper content in the copper concentrates is about 210,000 t and a great number of copper concentrates are imported annually. Therefore, it is very helpful to ensure the supply of raw materials for copper concentrates to carry out the reconstruction and expansion of the mine with rich resources, to reasonably expand the mining and dressing capacity and increase the copper content in the copper concentrates. On the economically reasonable basis, Technical Renovation Project for Deep Mining and Expansion of Production Scale will develop and exploit the deep ore resources to the maximum extent.

(2) Realize the ground and underground combined mining

In the Yinshan Mine, now the strip mining will be adopted for Jiuqu Copper-gold Mine. Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company will improve the mining scale for copper, sulfur and gold ores in Yinshan Mine, and the underground mining scale will be 8,000 t/day as estimated. After the mining and dressing and production system for underground mining and supply is completed, the ground and underground combined mining will be realized to form the scale operation so as to reduce the mining cost and improve the economic efficiency of the deposit development.

(3) Improve the sustainable development capacity of the Company

Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company is based on the proved resources which cannot be economically reclaimed by strip mining and on the additional resources discovered by deep prospection. Technical Renovation Project for Deep Mining and Expansion of Production Scale is constructed by making full use the geological state-owned resources to realize the scale merit, lengthen the service life of stable production of the mine and improve the sustainable development capacity of the Company.

3. Feasibility study for the Project

Yinshan Mine has good conditions for mineralization with unclosed deep orebody and has the prerequisite to increase resource deposit after prospection. The strip mining is only applicable to the orebody on the upper deposit, so the remaining ores below the strip mine (-288m) will be collected by underground mining. The controlled orebody discovered by the deep prospection reaches -1,150m with good geological resource conditions. This lays a good foundation to expand the mining and dressing capacity of Yinshan Mine.

4. Matters to be declared for approval under the Project

As of the date of this Report, Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company has been approved by competent authorities as follows:

(1) On November 18, 2014, the *Pre-review Opinion of Department of Land and Resources of Jiangxi Province on the Land Use in Phase I of Technical Renovation Project for Deep Mining and Expansion of Production Scale of Jiangxi Copper Corporation Yinshan Mining Co., Ltd.* (G.G.T.Z.H. [2014] No. 930) was issued by Department of Land and Resources of Jiangxi Province for the Project.

(2) On June 29, 2015, the *Reply of Environmental Protection Department of Jiangxi Province on the Environmental Impact Report of Technical Renovation Project for Deep Mining and Expansion of Production Scale of Jiangxi Copper Corporation Yinshan Mining Co., Ltd.* (G.H.P.Z. [2015] No. 80) was issued by Environmental Protection Department of Jiangxi Province for the Project.

(3) On October 29, 2015, the Letter of Jiangxi Development and Reform Commission on Approving the Construction of Deep Mining Project of Jiangxi Copper Corporation Yinshan Mining Co., Ltd. (G.F.G.W.Z. [2015] No. 1230) was issued by Jiangxi Development and Reform Commission for the Project.

(4) On December 7, 2015, the Pre-review Opinion of Department of Land and Resources of Jiangxi Province on the Land Use in Phase II of Technical Renovation Project for Deep Mining and Expansion of Production Scale of Jiangxi Copper Corporation Yinshan Mining Co., Ltd. (G.G.T.Z.H. [2015] No. 1045) was issued by Department of Land and Resources of Jiangxi Province for the Project.

5. Project investment estimate and economic assessment

The estimated total investment of the Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company is about RMB1.478 billion, of which RMB435 million will be financed by the proceeds of the non-public issuance of A Shares and the insufficient funds will be funded from self-owned funds or by any other financing means.

As estimated, after this Project achieves the desired productivity, the financial internal rate of return will be 11.34% with the payback period of 10.27 years.

(III) Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine

1. Basic information of this Project

Project Name:	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine
Project Location:	Tieluoshan District, East Dexing Copper Mine No. 4 Tailing Pond, Sizhou Town, Dexing City, Jiangxi Province
Implementation Entity:	Jiangxi Copper Company Limited
Construction Scope:	tailing pond, upstream and downstream tailing pond dams (including initial dam, debris dam, drainage installation, seepage cut-off and seepage recycling pump stations), tailing pond flood draining system and other facilities; tailing transportation, staged tailing drainage, backwater system and other facilities; water supply and drainage, power supply and distribution, communication, accesses and other ancillary facilities for tailing pond.
Construction Scale:	the floor area is about 13.102 square kilometers, the catchment area is about 15.407 square kilometers; the final crest elevation of the fill dam and final dam is 290 meters and the total storage is 1.004 billion cubic meters.

2. *Necessity of the Project*

(1) Need of the tailing drainage in the production period of Dexing Copper Mine

Dexing Copper Mine, as the main mine of the Company, is one of the largest opencast copper mines in China and Asia. The copper reserve ranks first in China, consisting of Tongchang Zone, Fujiawu Zone and Zhushahong Zone. As far, Dexing Copper Mine has three tailing ponds (I, II and IV). The three tailing ponds can accommodate all the tailings from Tongchang Zone and Fujiawu Zone. However, tailing pond I has been closed down and it is impossible to expand tailing pond II or IV. After 30,000 t/day Dashan Dressing Works Expansion Project was put into operation at the end of 2010, the mining and dressing capacity of Dexing Copper Mine increased to 130,000 t/day from 100,000 t/day and the increased capacity will remain before the expiry of the service life, leaving 959 million cubic meters of tailings to be processed. Therefore, the current capacity of the tailing ponds is far from meeting the need to process all tailings from the mine in the production period. If there is not any new tailing pond, the production capacity of Dexing Cooper Mine will be affected overall.

(2) Difficulty in the discharge from Tailing Pond IV

Tailing Pond IV, as a supporting facility of Dexing Copper Mine Phase III Project for tailings stacking, was completed and put into operation in February 1991. In addition to tailings, it accommodated a number of waste stones which occupied a considerable space. With the increase of mining and dressing capacity, Dexing Copper Mine took actions by rebuilding the existing tailing facilities and adding the trailing space and surroundings of Tailing Pond IV for tailings stacking. However, based on the current processing capacity of the trailing space, the existing trailing facilities, particularly Tailing Pond IV, are caught by a discharge dilemma, and the surrounding tailings obstructed and blocked backwater area, and, if not appropriately dealt with, would be likely to obstruct and block the drainage area, and result in the lagged damming or any other problem.

3. ***Feasibility study for the Project***

The damming will proceed concurrently in the upstream and downstream of Tailing Pond V. The subsequent damming process in the upstream and downstream will proceed with the same centerline method as the method adopted for the dam of operating Tailing Pond IV, and the Company has accumulated rich experience. Then, the site of Tailing Pond V will be located at Tieluoshan adjacent to Tailing Pond IV and near Dashan Dressing Plant and Sizhou Dressing Plant. It is convenient for tailing delivery and water return. The water supply and drainage, power supply, general transportation and other facilities are reasonably arranged. Finally, the pond area has a small population and the displacement and resettlement works is little in favor of the implementation of this Project.

4. ***Matters to be declared for approval under the Project***

As of the date of this Report, Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine has been approved by competent authorities as follows:

(1) On September 4, 2013, the *Reply of Ministry of Water Resources on the Water and Soil Conservation Plan of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited* (S.B.H. [2013] No. 289) was issued by Ministry of Water Resources for the Project;

(2) On May 4, 2014, the *Reply of Environmental Protection Department of Jiangxi Province on Environmental Impact Report of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited* was issued by Environmental Protection Department Jiangxi Province (G.H.P.Z. [2014] No. 85) for the Project;

(3) On June 4, 2014, the *Reply on the Pre-review Opinions on the Land Use of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited* (G.T.Z.Y.S.Z. [2014] No. 75) was issued by Ministry of Land and Resources for the Project;

(4) On June 24, 2014, the *Construction Project Location Opinion* (D.X.Z. No. 2014-013) was issued by Urban Planning Bureau of Dexing City for the Project.

(5) On July 31, 2014, the *Reply of Jiangxi Development and Reform Commission on Approving Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited* (G.F.G.W.Z. [2014] No. 759) was issued by Jiangxi Development and Reform Commission for the Project.

(6) On January 8, 2015, the *Reply of Jiangxi Development and Reform Commission on Agreeing to Change Part of Verified Project Document of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited* (G.F.G.W.Z. [2015] No. 30) was issued by Jiangxi Development and Reform Commission for the Project.

5. Project investment estimate and economic assessment

The estimated total investment of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine of Jiangxi Copper Company Limited is about RMB3.123 billion, of which RMB632 million proposes to be financed from this non-public issuance of A Shares, and the insufficient funds will be financed from the Company's self-owned funds or by any other financing means.

(IV) Working capital replenishment

1. Basic information

The proceeds from this non-public issuance of A Shares will be deducted by relevant issuance expenses and the funds for projects construction, and the remaining of no more than RMB1 billion will be used to replenish the working capitals of the Company.

2. Necessity of working capital replenishment

(1) As the business scale of the Company grow up year by year, it is urgent to replenish the working capitals.

As a leading enterprise in the domestic copper industry, in recent years, the performance of the Company is among the forefront in the industry. The total assets increased from RMB78.133 billion at the end of 2012 to RMB91.755 billion on September 30, 2015, representing a cumulative growth of 17.43%. The business revenue increased from RMB158.556 billion in 2012 to RMB198.833 billion in 2014, representing an increase of 25.40%. In addition, as the copper smelting capacity of the Company expanded in recent years, as of the end of 2014, the existing capacity of cathode copper exceeded 1.2 million tons. With the increasing expansion in the business scale and capacity of the Company, the Company has an increasing demand on working capitals. However, due to the macro-economic recession and industrial depression, the capitals pressure on the Company was on the rise. From 2012 to 2014, the cash flow in the operating activities of Jiangxi Copper recorded RMB6.334 billion, RMB5.223 billion and RMB1.735 billion respectively, and net amount of cash inflow recorded RMB5.596 billion, RMB2.988 billion and RMB-272 million.

(2) It is urgent for the Company to replenish monetary capitals to reduce liquidity risk and improve capital structure.

With the aim of prudent operation, for a long time, the asset-liability ratio of the Company has been lower than the industry average. From 2012 to 2014, as affected by the industrial environment, the asset-liability ratio of the Company was on the rise, from 43.80% at the end of 2012 to 50.67% at the end of 2014. As of September 30, 2015, the Company recorded its current assets of RMB61.925 billion and current liabilities of RMB42.3 billion with the current ratio of 1.46 that declined by 11.52% as compared to 1.65 at the end of 2014. In the current assets, the inventories valued RMB13.264 billion and the liquidity was limited. The liquidity ratio was 1.15.

After the working capitals are replenished by the proceeds from the non-public issuance, the operating capitals pressure of the Company can be lowered down while the assets structure is improved and liquidity risk relieved; all these are conducive to enhance the ability of the Company to survive various financial risks and to develop different businesses in the future.

As discussed above, if part of the proceeds from the non-public issuance are used to replenish the working capitals of the Company, the operating capitals pressure of the Company will be relieved to some extent to improve the financial conditions of the Company and reduce financial costs so as to improve its comprehensive competitiveness as an objective need of the Company for operation and development. So, the replenishment is necessary and expedient.

III. EFFECT OF THIS NON-PUBLIC ISSUANCE ON OPERATION MANAGEMENT AND FINANCIAL CONDITIONS OF THE COMPANY

(I) Effect of this non-public issuance on operation management of the Company

This project financed by the proceeds from this non-public issuance is in line with relevant national industry policies and the overall strategic orientation of the Company, and has good development prospect and economic efficiency. Upon the completion of Chengmenshan Phase III Expansion Project which represents the additional comprehensive mining and dressing capacity of 10,000 t/day (330×10^4 t/a), the production capacity will reach 17,000 t/day (561×10^4 t/a); after Deep Mining Project of Yinshan achieves the desired productivity, the copper ore capacity in Yinshan Mine will increase to 13,000 t/day from 5,000 t/day; upon the completion of Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine, the additional storage will be 1.004 billion cubic meters. These projects will significantly improve the processing capacity of the Company. As an objective need for main business development of the Company, the working capital replenishment will effectively solve the operating capital shortage of the Company so as to improve the risk resistance capacity and reduce the liquidity risk in operation.

(II) Effect of this non-public issuance on financial conditions of the Company

The non-public issuance is helpful to improve the capital structure of the Company. Upon the completion of this Project, the sustainable development capability of the Company will be enhanced.

As discussed above, the implementation of this Project will further expand the scale and build up the strength of the Company, and improve the competitiveness of the Company for sustainable development of the Company and for benefits of the Company and all shareholders thereof.

Jiangxi Copper Company Limited
Board of Directors

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JIANGXI COPPER COMPANY LIMITED STATEMENT ON UTILIZATION OF PROCEEDS FROM PREVIOUSLY FUND RAISING ACTIVITIES

In accordance with the *Administrative Measures for the Issuance of Securities by Listed Companies* (CSRC Decree No. 30) issued by the China Securities Regulatory Commission (CSRC) and Article 2 "If a listed company applies for issuance of securities, but it is less than 5 accounting years from the entry date of the previously raised proceeds, the Board of Directors shall prepare the report on use of the previously raised proceeds pursuant to these Regulations" under the *Regulations concerning Report on Use of Previously Raised Proceeds* (Z.J.F.X.Z. [2007] No. 500), it has been over 5 accounting years from October 2010 when the previously raised proceeds were received, so the Company is not required to prepare such report. Now the Company's use of the previously raised proceeds as of December 31, 2015 is described as follows:

I. AMOUNT AND TIME OF PREVIOUSLY RAISED PROCEEDS BEING AVAILABLE

Based on the *Reply of China Securities Regulatory Commission on Approving Public Issuance of Convertible Bonds with Warrants by Jiangxi Copper Company Limited* (Z.J.X.K. [2008] No. 1102), the Company issued convertible bonds with warrants of RMB6.8 billion, with a par value RMB100 each and 10 bonds being one round lot, on September 22, 2008. 259 copies of warrants could be obtained free of charge for each round lot of convertible bonds with warrants, that is, the number of the warrants issued was 1,761,200,000 and the validity period of the warrants was from October 10, 2008 to October 9, 2010.

The exercise dates of the aforesaid warrants were September 27, 2010, September 28, 2010, September 29, 2010, September 30, 2010 and October 8, 2010. Pursuant to the *Announcement of Jiangxi Copper Company Limited concerning Exercise Results of "Jiangxi Copper CWB1" Warrants* published on October 11, 2010, as of the close on October 8, 2010, a total of 1,759,615,512 warrants were exercised successfully at exercise price of RMB15.33 per share, and the total raised proceeds were RMB6,743,600,743.74. The valid 1,584,488 "Jiangxi Copper CWB1" warrants were cancelled.

The aforesaid raised proceeds of RMB6,743,600,743.74 have been remitted to the special account for raised proceeds of the Company on October 13, 2010, and have been verified by Ernst & Young for which the Capital Verification Report (A.Y.H.M. (2010) Y.Z. No. 60654279_B01) has been issued.

The Company has not raised proceeds through allotment, additional issuance and issuance of convertible bonds over the recent 5 years.

II. STATEMENT ON ACTUAL USE OF PREVIOUSLY RAISED PROCEEDS

See the annex for the comparison table for use of the previously raised proceeds.

III. STATEMENT ON BENEFITS REALIZED FROM PROJECTS FINANCED BY THE PREVIOUSLY RAISED PROCEEDS

As the Company has not made any commitment on any profit forecast information in the disclosure documents related to previously raised proceeds, there is no need to disclose whether the relevant investment projects realize the profit forecasts.

IV. OTHERS

The Company has disclosed the information relating to the use of the raised proceeds in a timely, true, accurate and complete manner, and does not commit a breach of above regulations in management of raised proceeds.

Annex: Comparison Table for Use of Previously Raised Proceeds

Jiangxi Copper Company Limited
Board of Directors

Annex: Comparison Table for Use of Previously Raised Proceeds (as of 31 December 2015)

Unit: RMB Ten Thousand Yuan

Total proceeds:	**674,360**	**Accumulative total utilized proceeds:**	**576,493**
Total proceeds of which purpose has been changed:	0	**Total utilized proceeds in each year:**	**576,493**
Proportion of total proceeds of which purpose has been changed:	0%	Including: 2010:	452,124
		2011:	88,238
		2012:	23,144
		2013:	2,061
		2014:	8,742
		2015:	2,184

Investment projects			Total investments from proceeds			Accumulative investments from proceeds as of deadline				
S/N	Committed investment projects	Actual investment projects	Committed investment amount before raising	Committed investment amount after raising	Actual investment amount	Committed investment amount before raising	Committed investment amount after raising	Actual investment amount	Difference between actual investment amount and committed investment amount after raising	Date when the projects meet the intended serviceable conditions (or stage of completion of projects as of deadline)
1	Technical renovation project of expansion of production scale of Dexing Copper Mine	Technical renovation project of expansion of production scale of Dexing Copper Mine	258,000	258,000	217,148	258,000	258,000	217,148	(40,852)	December 2011
2	Tender and development of the exploration rights of copper mine in Afghanistan	Tender and development of the exploration rights of copper mine in Afghanistan	120,000	120,000	62,985	120,000	120,000	62,985	(57,015)	N/A
3	Acquisition of the equity interests in Northern Peru Copper Corp. in Canada	Acquisition of the equity interests in Northern Peru Copper Corp. in Canada	130,000	130,000	130,000	130,000	130,000	130,000	–	N/A
4	Working Capital Replenishment	Working Capital Replenishment	172,000	166,360	166,360	172,000	166,360	166,360	–	N/A
	Total		680,000	674,360	576,493	680,000	674,360	576,493	(97,867)	–

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JIANGXI COPPER COMPANY LIMITED REMEDIAL MESURES REGARDING DILUTION ON CURRENT RETURNS AND UNDERTAKINGS OF THE RELEVANT ENTITIES BY THE NON-PUBLIC SHARE ISSUANCE (REVISED VERSION)

The proposal concerning non-public issuance of stocks of Jiangxi Copper Company Limited (hereinafter referred to as "**Jiangxi Copper**" or the "**Company**") has been discussed and adopted at the sixth meeting of the seventh session of the Board of Directors on February 25, 2016. In order to safeguard the interest of the medium and small investors, the Company's remedial measures regarding dilution on current returns and undertakings of the relevant entities by the Non-public Share Issuance, pursuant to the requirements under documents including *Opinions of the General Office of the State Council concerning further Intensifying Protection for Legitimate Rights and Interest of Medium and Small Investors in the Capital Market (G.B.F. [2013] No. 110, Several Opinions of the State Council concerning further Promoting Healthy Development of Capital Market* (G.F. [2014] No. 17) and the Guiding Opinions concerning Diluted Current Return on Initial Public Offering, Re-financing and Significant Asset Restructuring (CSRC Announcement [2015] No. 31), and the Non-public Issuance Proposal, are hereby announced as follows:

I. INFLUENCE OF THIS NON-PUBLIC ISSUANCE ON THE COMPANY'S EARNINGS PER SHARE (EPS)[8]

(I) Major Assumptions

The following assumptions are only made for estimating the impact on the Company's earnings per share (EPS) as a result of the non-public issuance. They do not represent the Company's opinion about its operating conditions and trends in 2015 and 2016 and do not constitute profit forecast. Investors shall not make investment decisions according to such

8 Pursuant to the requirements of Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》), such information was required to be disclosed in the Remedial Measures Regarding Dilution on Current Returns and Undertakings of the Relevant Entities by the Non-public Share Issuance. In addition, the Board shall submit for the Shareholders' approval, analysis on the dilution on current returns resulting from the Share Issuance and the relevant remedial measures and undertakings and such information shall also be disclosed in the proposal, the full text of which is set out in Appendix I to this circular.

assumptions, but if they make investment decisions according to such assumptions and suffer losses, the Company shall not bear any liability for damages. The related assumptions are as follows:

1. Assuming that no significant harmful changes occur in macroeconomic environment and stock markets, and the Company's operational environment suffers no significant harmful changes.

2. Assuming that the quantity of A shares to be issued pursuant to the non-public issuance of A Shares is 298,380,221, the quantity of H shares to be issued pursuant to the non-public issuance of H Shares is 527,318,932 (the final quantity of A shares and H shares to be issued is subject to the quantity examined and approved by China Securities Regulatory Commission), and the total share capital of the Company after this non-public issuance is 4,288,428,558 shares.

3. Assuming that the non-public issuance of A shares and H shares will be completed by the end of September 2016. This assumption is only for estimating the influence of the non-public issuance on the Company's earnings per share and does not represent the Company's opinion about the actual completion date of the non-public issuance, and shall be subject to the actual completion date.

4. An amount of RMB2,850,650,000[9] for net profit attributable to shareholders of ordinary shares of listed companies was realized in 2014. The Company issued on January 29, 2016 the announcement of profit warning for the year 2015. By initial estimate, the Company was expected to experience 60%–80% decrease of net profit attributable to shareholders of ordinary shares of listed companies realized in 2015 comparing with the same period last year (data disclosed by laws), which was assumed to be RMB855.2 million (based on the estimate of a 70% decrease compared with the corresponding period)[10].

[9] The figure was prepared in accordance with PRC GAAP and extracted from the 2014 Annual Report of the Company.

[10] The Company released the 2015 Annual Report of the Company on April 29, 2016.

5. An amount of RMB1,733,560,000[11] for net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) was realized in 2014. From January to September 2015, the Company's non-recurring profit and loss was RMB535.83 million[12], accounting for 43.69% of net profit attributable to shareholders of ordinary shares of listed companies realized from January to September 2015. Therefore, assuming that the proportion of non-recurring profit and loss in the net profit attributable to shareholders of ordinary shares of listed companies for the year 2015 remains the same, it is expected that the net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) would be RMB482.37 million in 2015[13].

6. Assuming that the Company's net profit attributable to shareholders of ordinary shares of listed companies realized in 2016 and the net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) are about the same as in 2015.

7. Assume that there is no conversion of capital reserve into share capital, dividend distribution and other matters which have influence on quantity of shares in 2016.

(II) Guess and Estimate of Influence of this Issuance on the Company's EPS

On basis of the assumptions mentioned above, the Company estimates the influence of this issuance on EPS as indicated below:

Item	**2015**	**2016**	
		Before this issuance	**After this issuance**
Quantity of ordinary shares	346,272.94	346,272.94	428,842.86
Dilutive potential ordinary shares			
Net profit attributable to shareholders of ordinary shares of listed companies realized in current year *(Ten Thousand yuan)*[14]	85,520	85,520	85,520

11 The figures were prepared in accordance with PRC GAAP and extracted from the 2014 Annual Report of the Company.

12 The figures were prepared in accordance with PRC GAAP and extracted from the 2015 Third Quarter Report of the Company.

13 The Company released the 2015 Annual Report of the Company on April 29, 2016.

14 The Company released its annual results for the year ended December 31, 2015 on March 22, 2016.

Item	2015	2016 Before this issuance	 After this issuance
Net profits that are realized in the year then ended and attributable to the shareholders of ordinary stock of the listed companies (after non-recurring profit and loss items) *(Ten Thousand yuan)*[15]	48,237	48,237	48,237
Basic earnings per share (EPS) *(RMB/share)* Note 1	0.25	0.25	0.23
Diluted earnings per share (EPS) *(RMB/share)* Note 2	0.25	0.25	0.23
Basic EPS (after deduction of non-recurring profit and loss)	0.14	0.14	0.13
Diluted EPS (after deduction of non-recurring profit and loss)	0.14	0.14	0.13

Note 1: Basic EPS = $P_0 \div S$, $S = S_0+S_1+S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$, where P_0 is the net profit attributable to shareholders of ordinary shares of listed companies or net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss); S is the weighted average of outstanding ordinary shares; S_0 is the sum of shares at the beginning of the period; S_1 is the quantity of additional shares due to conversion of capital reserve or dividend distribution in the report period; S_i is the quantity of additional shares due to new shares issue or debt-to-equity swap in the report period; S_j is the quantity of decreased shares due to repurchase in the report period; S_k is the quantity of share shrinkage in the report period; M_0 is the quantity of months in the report period; M_i is the accumulated months from the next month after share increase until the end of the report period; M_j is the accumulated months from the next month after share decrease until the end of the report period.

Note 2: diluted EPS = $P_1/(S_0+S_1+S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$+weighted average of warrants, stock option, convertible securities and other increased ordinary stocks).

15 The Company released its annual results for the year ended December 31, 2015 on March 22, 2016.

II. SPECIAL RISK TIPS CONCERNING DILUTED CURRENT RETURN ON THIS NON-PUBLIC ISSUANCE

Proceeds raised from non-public issuance of A shares do not exceed RMB3.5 billion, which after deduction of related issuance costs, are intended to be invested in Chengmenshan Copper Mine Extension Project Phase III, Yinshan Mining Co., Ltd. Deep Potential Exploration for Production Expansion and Technical Improvement Project and Dexing Copper Mine 5 (Tieluoshan Mountain) Tailings Pond Project, and the residual amount is intended to replenish the working capital. Proceeds raised from non-public issuance of H shares do not exceed HKD4.15 billion or equivalent RMB, which after deduction of related issuance costs, are intended to replenish the working capital in full.

After the proceeds raised from this non-public issuance of A Shares and H Shares are in place, the Company's total capital will be increased, but the benefit to improvement in the Company's business development due to profit release and supplementary working capital of the proposed project may be reflected after certain period. Thus, this non-public issuance may give rise to in-place of the proceeds raised from this non-public issuance but the EPS of this year is decreased slightly compared with that of the last year, and the Company's current return is at risk of being diluted in the short term. In addition, if the proceeds raised this time cannot realize the expected benefit, the Company's EPS will be also diluted, resulting in reduction in the shareholders' return. The investors are expected to make rational investments, and pay attention to the investment risks.

Meanwhile, during the estimate of influence of the non-public issuance on dilution of return at call, the Company's assumption and analysis on net profit attributable to shareholders of ordinary shares of listed companies and net profit attributable to shareholders of ordinary shares of listed companies (after deduction of non-recurring profit and loss) realized in 2015 and 2016 are not the profit forecast, and the filling measures decided to cope with risks of dilution of return at call do not mean a guarantee of the Company's future profits. Investors shall not make investment decisions according thereto, but if they do so causing losses, the Company shall not assume any liability for damages. Investors shall pay attention to it.

III. NECESSITY AND REASONABILITY OF THIS NON-PUBLIC ISSUANCE SELECTED BY THE BOARD OF DIRECTORS

(I) To stably expand the mine capability, further improve the self-sufficiency in raw materials, and reduce the costs

Under the context of downturn of international and domestic macro-economy and recession of non-ferrous industry, the copper price has been on the decline in recent years. In the last few years, the Company has made profits successively due to joint efforts of the management and all staff of the Company, with main performance indicators leading the copper industry, comprehensive strength and influence on the rise, despite of unfavorable external conditions, great operating pressure faced by all non-ferrous enterprises at home and abroad, and most domestic non-ferrous enterprises losing money in 2015. The Company's leading role in domestic non-ferrous industry is looming large, playing a significant role in negotiation on raw materials and processing charges and coordinating operation. The proceeds from the issuance to be invested in Chengmenshan Copper Mine Phase III Expansion Project and Yinshan Mining Co., Ltd. Deep Exploration and Production Expansion Technology Modification Project will help the Company on stable expansion of mine capacity and scale, further increasing of degree of raw materials self-supply and cost reduction to consolidate its position in the market and lay a solid foundation for better and faster development in the future.

(II) To increase the cash reserves, cope with the industry downturn risks, and improve the anti-risk capability

As the leading enterprise in the domestic copper industry, the Company has led the industry in terms of operation performance. However, due to the macro-economic recession and industrial depression, the capitals pressure on the Company was on the rise. From 2012 to 2014 and from January to September 2015, the Company's net cash flow in operation activities was RMB6.334 billion, RMB5.233 billion, RMB1.735 billion and RMB5.589 billion respectively, and net increase in cash RMB5.596 billion, RMB2.988 billion, RMB-272,000,000 and RMB-2.066 billion. The decrease of net increase in cash undermined the Company's ability to cope with risks from industry recession and acquire more mines through acquisition and merger in the periodic downturn of the industry. With the issuance, the Company will acquire external fund of RMB7 billion in total for daily production, operation and follow-up business development, which will help reduce operation risks, improve the ability to cope risks from industry downturn and invest in the industry downturn so as to lay a solid foundation for better and faster development in the upturn period of the industry.

(III) To optimize the capital structure, and further improve the financial position

The non-ferrous industry is a typical periodic industry, and regulation of financial risks is extremely crucial to the safety and long-term development of the enterprises therein. Under guiding principle of sound operation, the Company has been keeping asset-liability ratio low in the long term. However, the asset-liability ratio of the Company rose year by year between 2012 and 2014 under unfavorable industry conditions, increasing from 43.80% at the end of 2012 to 50.67% at the end of 2014 which was higher than that of comparable enterprises and exceeded the Company's regulation goal of being lower than 50%. With equity financing through the issuance, the Company's capital base will be supplemented efficiently and the asset-liability ratio decreased greatly, which will make for improvement of capital structure, optimization of financial state and reduction of financial expenses.

IV. RELATIONSHIP BETWEEN PROJECTS FINANCED BY THE PROCEEDS RAISED THIS TIME AND THE COMPANY'S EXISTING BUSINESSES, AND THE COMPANY'S RESERVES IN TERMS OF PERSONNEL, TECHNOLOGY AND MARKET FOR THE PROJECTS FINANCED BY THE PROCEEDS RAISED THIS TIME

(I) Relation between the Projects and the Company's Existing Businesses

The total proceeds raised from this non-public issuance of A Shares are not more than RMB3.5 billion, and are intended to be used for the following projects after deduction of the relevant issuance costs and expenses:

S/N	Project Name	Estimated Total Project Investment *(RMB0.1 billion)*	Proposed Total Contribution from the Proceeds *(RMB0.1 billion)*
1	Expansion Project of Phase II of Chengmenshan Copper Mine	28.67	14.34
2	Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company	14.78	4.35
3	Tailing Pond V (Tieluoshan) Project of Dexing Copper Mine	31.23	6.32
4	Working Capital Replenishment	–	No more than 10.00
	Total		No more than 35.00

The proceeds raised from this non-public issuance of H Shares are not more than HKD4.150 billion or equivalent RMB amount, and are used for replenishing the working capital after deduction of the relevant issuance costs and expenses.

The projects financed by the proceeds raised from this non-public issuance are copper mine related construction and technical improvement projects, and are consistent with the development orientation of the Company's main businesses. Implementation of these projects are for further improvement of the Company's resource reserve and self-sufficiency in raw materials, improvement of the technical level and productivity and reduction in production costs. Replenishing of working capital with the proceeds raised from this non-public issuance may meet the Company's working capital demand arising out of further development, and may also be used by the Company to grasp the current industry periodic low-point timing so as to lay a foundation for better development at the time of industry reversal in the future by acquiring and increasing the mine resources as appropriate. Thus, the investment orientation of the proceeds raised from this non-public issuance conforms to the Company's development strategy.

(II) Reserve of Human Resources, Technologies and Market for the Project

1. Reserve for human resources

As the largest copper enterprise in China, the Company has trained and developed an excellent, experienced and devoted production and operation team over several decades. As of September 30, 2015, there are 21,202 employees in total, including about 3,000 employees with bachelor degrees or more, and about 800 employees with senior professional titles, which plays a leading role in the industry in China. Strong manpower and organized talent echelon in the state-owned enterprise have provided a guarantee for smooth implementation of the projects financed by the proceeds raised from this non-public issuance.

2. Technical Reserve

The Company adheres to innovation-driven development, continues positively exploring the scientific research and innovation field over the years, has accumulated a number of patents and proprietary technologies in the field of copper mining, smelting and processing, and is the leader in terms of technology level and R&D capability in China. During the "12th Five-Year Plan", the Company has obtained 480 authorized patents including 25 patents for invention, 31 science and technology awards above provincial and ministry level including a second prize of National Award for Technological Invention, 3 second prizes of National Scientific and Technological Progress Award and 3 first prizes of Scientific and Technological Progress Award of provincial and ministry level. In addition, the Company positively promotes the reform of scientific research system, and has established Jiangxi Copper Technology Research Institute and the Post-doctoral Scientific Research Station to continue integrating the internal scientific research resources and build up a unified scientific research and innovation platform. Powerful technical reserves and scientific research strength have provided a guarantee for the successful implementation of the projects financed by the proceeds raised from this non-public issuance. The projects financed by proceeds raised from this non-public issuance involve potential capacity exploitation, and successful implementation of these projects can further improve the Company's technical level and productivity, and reduce costs.

3. Market reserve

As a leader in the domestic copper industry, the Company has the largest outdoor copper mine in China –six mines including Dexing Copper Mine, and has the most copper metal reserves and the highest self-sufficiency in raw materials in China. Relying on the central cities such as Shanghai, Beijing, Shenzhen and Chengdu, the Company builds a marketing network spreading over home and abroad. The Company's products are highly praised and sold well in the long term home and abroad. The "Guiye" and "Jiangtong" cathode copper owned by the Company has been registered with the London Metal Exchange. Gold and silver have been registered with the London Bullion Market Association. The Company has been chosen by the London Metal Exchange as the copper testing factory, and has become the unique enterprise nationwide which has cathode copper, gold and silver products all registered with the London Metal Exchange and the London Bullion Market Association. Strong marketability can guarantee a higher operation return after the projects financed by the proceeds raised from this non-public issuance are successful implemented and achieve the desired productivity.

V. SPECIFIC REMEDIAL MEASURES TAKEN BY THE COMPANY

(I) Operation position, development trend, major risks and countermeasures of the Company's existing business segment

1. Operation Conditions and Development Trend of the Company's Existing Business Domains

The Company's main businesses cover mining, selection, smelting, processing and relevant technology of nonferrous metals and dispersed and precious metals; smelting, rolling processing and deep processing of nonferrous metal ores, dispersed and precious metals, non-metal ores, nonferrous metal and relevant side-products; overseas futures hedging business; relevant consulting services and business; import and export agency and other services. During the "12th Five Plan", by means of technological improvement and potential exploration, investment in new construction as well as acquisition and reorganization, the Company's ability of mining, separation, smelting and processing has been stably improved. The self-owned mines have the capacity for stripping (digging) of 175,000,000 t/a, beneficiation capacity of 56,000,000 t/a and copper content in the output of copper ore concentrates of 210,000 t/a; the annual output of cathode copper is increased from 956,700 tons to 1,200,000 tons, ranked among the world top three; the annual output of copper processing products is increased from 520,000 tons to 1,000,000 tons, leaped to the first place in China.

During the 13th Five-year Plan period, based on the strategic goal of "leading the development of copper industry in China, becoming the most competitive mining enterprise around the globe and ranking among the top five mining companies in the world", the Company will regard the first-class international mining company and the best historic performance as its standards, take the means of internal expansion and external acquisition, consider increase of resource reserve as the core strategy of the Company, improve the self-sufficiency of the Company in raw materials and promote the Company's comprehensive strengths. Meanwhile, the Company closely follows the track of overseas advanced smelting technologies to realize the benchmarking of copper smelting technology-related economic indicator with the internationally advanced level and further consolidation of the Company's advantage of copper smelting technology. In addition, the Company will also make great efforts to develop intensive processing of copper and other products, and improve the additional value of the products.

2. Company's main risks and countermeasures

(1) Risk of Cyclical Economic Fluctuation

The copper industry where the Company engages in is the fundamental industry of national economy. Its products are extensively applied to electrical power, electrical machine, machinery, household appliances and related industries, which has direct influence on national operational economical status. Market demand for leading products of the Company is periodic due to the same feature showed in economy development; as a result, business performance of the Company can be easily affected by macro economy cycle to fluctuate. Due to the economic depression globally and nationally and large pressure arising from industrial decline at present, the Company's business development is also challenged.

In respect of the aforesaid risks, the Company will grasp the declining period of the nonferrous industry with structural overcapacity and intense market competition and make use of its own market advantage to expand the mine capacity, further improve the self-sufficiency in raw materials and withstand the periodic fluctuation of the industry through the Expansion Project of Phase III of Chengmenshan Copper Mine and the Technical Renovation Project for Deep Mining and Expansion of Production Scale of Yinshan Mining Company with this financing investment, so as to lay a solid foundation for more rapid and better development in the future.

(2) Risks of main raw material supply

The principal product of the Company is Cathode Copper which is generally made from copper concentrates and crude copper. Notwithstanding that the proved, controlled and inferred copper reserves of the Company rank first in the domestic industry and that the Company has a high self-sufficiency in copper concentrates among the major cathode copper manufacturers domestically, the expansion of smelting capacity in recent years has made the Company more and more dependent on the purchased raw materials. In recent years, although the Company has obtained more copper resources by means of acquisition domestically and abroad, the self-sufficiency is difficult to be greatly improved in short term because those projects are still under construction. If raw materials in national and international markets are in short supply or if sharp rise in price is seen, the Company's production and operation will be affected in the negative way.

In respect of the aforesaid risks, on one hand, the Company will expand the development of mine resources, renovate and expand the self-owned mines with better resource conditions, reasonably expand the mining and selection productivity, and guarantee and improve the self-sufficiency in copper ore concentrates; on the other hand, the Company will continue taking measures and improving the utilization rate of raw materials, so as to continue improving the production and operation efficiency. Besides, the Company will also actively purchase overseas copper resources in the period when the industry is at low ebb and copper price is low so as to prepare well for the future development.

(3) Risk of large capital expenditure pressure during construction period

The Company has several projects at commissioning stage at present. High capital expenditure will be seen in the coming years. Currently, macroeconomic depression and industrial recession result in decline of the Company's profitability, posing large pressure on funds. In the future, if profitability of the Company's existing projects is not improved or those projects under construction at present cannot yield income on time, the Company may face large financial pressure.

For the above-mentioned risks, the Company will take prudent investment strategy, conducting strict feasibility study of projects, and submit to the competent authorities for approval before implementation so as to ensure to the greatest extent that the implementation progress, achievement of design capacity and actual income are controlled within the reasonably anticipated scope.

(II) Detailed Measures for Improvement of Daily Operation Efficiency, Reduction of Operational Cost and Improvement of Business Performance

To ensure effective utilization of proceeds raised in this Project, effective prevention against the risk that shareholders' return at call will be diluted and improvement of future ability to generate sustainable return, after completion of the non-public issuance, the Company is intended to mitigate the influence on dilution of shareholders' return at call by the following ways:

1. To enhance management of proceeds raised, and speed up implementation progress of the projects financed by the raised proceeds

When the proceeds are available, the Company will open an account specially designated for the proceeds, and follow approval and examination procedures in strict compliance with the Company's related systems so as to assure safe and effective utilization of the proceeds. Meanwhile, the Company will ensure construction progress of the projects for which the proceeds are raised and accelerate their implementation, trying to put those them into operation as early as possible, improving the output and self-sufficiency and reducing costs, thus reliably ensuring the implementation effect of those projects and strengthening the Company's operating capacity.

2. To expand business scale, and increase R&D investment

On basis of stabilizing existing markets and customers, the Company will further strengthen market development and promotion for existing products and businesses, constantly expand scale of main businesses and income growth space, further consolidating and improving the Company's market position and realizing its operation revenue growth.

Meanwhile, on basis of existing technology research and development, the Company will continue to strengthen input of human resources and funds for research and development; improve its technological innovative ability; strengthen its scientific research strength for new product development, production technology and equipment automation improvement; further improve product quality; enhance market competitiveness of products.

3. To increase the Company's daily operation efficiency and reduce the Company's operation costs

The Company will further optimize the production and operating management information platform, and replicate and promote the platform in subsidiaries and mines so as to break down the data barrier between business line and departments and realize information resources sharing system, thus effectively improve operating management level and control level, and strengthening internal control.

The Company will promote the formation of a complete set of comprehensive budge management system through strategic planning and all levels of businesses by means of comprehensive budge; effectively combine its cost control with benchmarking management, seize the key index during production and operation, focusing on congruent relationship between index and cost, benefit and efficiency, supervising and urging optimization of all indices so as to realize new returns and consolidate benchmarking results; actively explore methods for deep processing, digging, extraction and analysis by means of technological tools such as mass data and scenario simulation to provide effective data support and decision-making services for its cost control and to reduce its operational cost.

4. To improve the profit distribution policy, and improve the investor's return

The Company has improved the profit distribution policy after listing, revised the *Articles of Association of Jiangxi Copper Company Limited, and formulated the Dividend Distribution Policy and 3-Year Plan for Shareholders' Return of Jiangxi Copper Company Limited* (2016–2018) pursuant to the *Notice in relation to Matters concerning Further Implementation of Cash Dividend Distribution of Listed Companies and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend Distribution of Listed Companies*. The Company attracts great importance to reasonable and stable investment return to the investors in profit distribution policy and future profit distribution plan. The Company will distribute profits strictly in accordance with the *Articles of Association of Jiangxi Copper Company Limited and its amendments as well as the Dividend Distribution Policy and 3-Year Plan for Shareholders' Return of Jiangxi Copper Company Limited* (2016–2018). After this offering, the Company will extensively accept comments and advices from independent directors, supervisors and public investors (particularly small and medium investors) in order to constantly improve its profit distribution policy and strengthen the return on their investment.

VI. UNDERTAKINGS GIVEN BY ALL DIRECTORS, SENIOR MANAGEMENTS AND CONTROLLING SHAREHOLDER

To ensure the Company practically implements the filling measures specific to dilution of return at call after this offering, all directors and officers make the following commitments according to related provisions issued by CSRC:

"1. I undertake not to transfer benefits to other units or individuals under gratuitous or unfair conditions, nor to damage the interest of the Company in any other ways;

2. I undertake to constraint the consumption behavior relating to my work position;

3. I undertake not to the use the assets of the Company for any investment and consuming activities which are not related to performing my work duties;

4. I undertake that the remuneration system established by the board of directors or the remuneration committee shall be connected with the implementation of the remedial measures in relation to the dilution of return;

5. I undertakes that the conditions of the proposed share incentive (if any) of the Company should be connected with the implementation of the remedial measures in relation to the dilution of return;

6. I undertake to effectively implement the remedial measures in relation to the dilution of return established by the Company, and in connection with this undertaking regarding the remedial measures in relation to the dilution of return, in the event that I violate such undertaking and cause damages to the Company or the investors, I am willing to bear the responsibility to compensate the Company and the investors."

Meanwhile, the Company's controlling shareholders hereby undertake in respect to practical implementation of its remedial measures according to related provisions issued by CSRC:

"Neither to act beyond its authority to intervene in operating management activities of listed companies, nor to misappropriate interests of listed companies."

VII. REVIEW PROCEDURES OF FILING MEASURES FOR DILUTED CURRENT RETURN ON THIS ISSUANCE AND COMMITMENTS

The Company's controlling shareholders, all directors and all senior executives have made commitments concerning the filing measures for diluted current return on the non-public issuance. The Board of Directors has developed the proposal to this regard, and will submit the same to the General Meeting for voting.

The Company will continue disclosing completion of the current return filing measures and fulfillment of the commitments made by the relevant entities in the periodic report.

Jiangxi Copper Company Limited
Board of Directors

This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.

JIANGXI COPPER CORPORATION

UNDERTAKING IN CONNECTION WITH THE REMEDIAL MEASURES IN RELATION TO DILUTION ON CURRENT RETURNS BY THE NON-PUBLIC SHARE ISSUANCE OF JIANGXI COPPER COMPANY LIMITED

Jiangxi Copper Company Limited (herein defined as "**Jiangxi Copper**" or the "**Listco**") is in the process of contemplating a non-public share issuance. Jiangxi Copper Corporation (herein defined as the "**Company**"), being the controlling shareholder of Jiangxi Copper, pursuant to requirements set out in the "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets" (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the "Opinion of the State Council on Further Facilitating the Healthy Development of the Capital Markets" (Guo Ban Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國辦發[2014]17號)), and the "Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring" (ZhengJianHui Gong Gao [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (證監會公告[2015]31號), has to ensure the effective implementation of the remedial measures in relation to dilution on current return by the non-public share issuance of Jiangxi Copper. The Company therefore undertakes as follows:

It shall not act beyond its power to interfere with the operation of management activities in the Listco, nor shall it erode the interest of the Listco.

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ALL DIRECTORS AND SENIOR MANAGEMENT

UNDERTAKING IN CONNECTION WITH THE REMEDIAL MEASURES IN RELATION TO DILUTION ON CURRENT RETURNS BY THE NON-PUBLIC SHARE ISSUANCE OF JIANGXI COPPER COMPANY LIMITED

Jiangxi Copper Company Limited (herein defined as the "**Company**") is in the process of contemplating a non-public share issuance. Pursuant to requirements set out in the "Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets" (Guo Ban Fa [2013] No. 110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the "Opinion of the State Council on Further Facilitating the Healthy Development of the Capital Markets" (Guo Ban Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的若干意見》(國辦發[2014]17號)), and the "Guidance Opinion on Matters Pertaining to Dilution of Return for the Current Period Resulting from Initial Offering and Refinancing or Material Asset Restructuring" (ZhengJianHui Gong Gao [2015] No. 31) (《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》) (證監會公告[2015]31號), and in order to ensure the effective implementation of the remedial measures in relation to dilution on current return by the non-public share issuance of Jiangxi Copper, all directors and senior management of the Company undertake as follows:

1. I undertake not to transfer benefits to other units or individuals under gratuitous or unfair conditions, nor to damage the interest of the Company in any other ways;

2. I undertake to constraint the consumption behavior relating to my work position;

3. I undertake not to the use the assets of the Company for any investment and consuming activities which are not related to performing my work duties;

4. I undertake that the remuneration system established by the board of directors or the remuneration committee shall be connected with the implementation of the remedial measures in relation to the dilution of return;

5. I undertakes that the conditions of the proposed share incentive (if any) of the Company should be connected with the implementation of the remedial measures in relation to the dilution of return;

6. I undertake to effectively implement the remedial measures in relation to the dilution of return established by the Company, and in connection with this undertaking regarding the remedial measures in relation to the dilution of return, in the event that I violate such undertaking and cause damages to the Company or the investors, I am willing to bear the responsibility to compensate the Company and the investors.

This English version is for reference only. If there is any discrepancy between the English and Chinese version, the Chinese version shall prevail.

JIANGXI COPPER COMPANY LIMITED DIVIDEND DISTRIBUTION POLICY AND 3-YEAR PLAN FOR SHAREHOLDERS' RETURN (2016–2018)

In view of improving and facilitating scientific, sustainable and stable shareholders' return mechanism, increasing the transparency and operability of decision-making on profit distribution, and practically safeguarding the legitimate rights and interest of the public investors, Jiangxi Copper Company Limited (hereinafter referred to as the "**Company**") hereby formulates the Dividend Distribution Policy and 3-Year Plan for Shareholders' Return (hereinafter referred to as the "**Policy and Plan**") in accordance with the requirements under documents including the Company Law, the Notice in relation to Matters concerning Further Implementation of Cash Dividend Distribution of Listed Companies (Z.J.F. [2012] No. 37) and the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend Distribution of Listed Companies issued by the China Securities Regulatory Commission (CSRC), the Notice concerning Forwarding the 'Notice in relation to Matters concerning Further Implementation of Cash Dividend Distribution of Listed Companies' (G.Z.J.F. [2012] No. 81) of Jiangxi Regulatory Bureau, CSRC (together hereinafter referred to as the "**Notices**") together with the Articles of Association of the Company.

Article 1 Main Considerations for the Company to Formulate the Policy and Plan

In view of long-term and sustainable development requirements, and taking comprehensive consideration of its actual operating conditions, development objectives, reasonable requirements from shareholders, financing cost and environment, the Company sets up the plan and system for scientific, sustainable and stable returns to investors and definite systematic arrangements for its profit distribution.

Article 2 Principles in Formulating the Policy and Plan

(I) The Company's Plan of Shareholders' Return has given full consideration and listens to the opinions of the Company's shareholders (in particular to medium and small investors), the independent directors and the supervisors;

(II) The Company's Plan of Shareholders' Return is strictly in accordance with the profit distribution policies as specified in the Articles of Association of the Company;

(III) The formulation of the Company's Plan of Shareholders' Return has given full consideration to the investors' return, reasonable balances and managing the relationship between the Company's own stable development and return to the shareholders, and implements scientific, sustainable and stable profit distribution policy.

Article 3 Specific Dividend Distribution Policy and 3-Year Plan for Shareholders' Return

(I) The Company may distribute the dividends by way of cash or scrip or the combination of both, and may distribute the interim dividends based on the Company's actual profit status and the capital needs;

(II) After the Company covers the losses, and withdraws the statutory surplus reserve and discretionary surplus reserve in full according to the laws, regulations and the *Articles of Association of the Company*, under the condition that the Company's accumulated distributable profits are positive and the profits and cash in the year are adequate for the normal production and operation of the Company, the profits to be distributed in cash every year shall not be less than 10% of the distributable profits achieved in the year, and the total profits to be distributed in cash over the past 3 years shall not be less than 30% of the annual average distributable profits in the past 3 years; if the aforesaid proportion is impossible to meet for special reasons, the board of directors shall make special explanations at the General Meeting.

At the time of actual dividend distribution, the Company's board of directors shall comprehensively consider the industry characteristics, development stage, own operation mode, profit level and whether there is significant capital expenditure arrangement, and shall propose the differentiated cash dividend distribution policy pursuant to the procedures set out in the Articles of Association of the Company:

1. If the Company remains in the maturity stage of development without significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 80% of the profits to be distributed this time;

2. If the Company remains in the maturity stage of development with significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 40% of the profits to be distributed this time;

3. If the Company remains in growth stage of development with significant capital expenditure arrangement, in distribution of the profits, cash dividends shall be at minimum 20% of the profits to be distributed this time;

Where its development stage is difficult to distinguish with significant capital expenditure arrangement, please refer to the preceding paragraph.

(III) In addition to distribution of minimum cash dividends, the Company may distribute dividends by way of scrip; the proposal for scrip dividend distribution shall be formulated by the board of directors and submitted to the General Meeting for review and approval.

Article 4 Formulation of Profit Distribution Proposal and Decision-making Procedure

(I) The Company's profit distribution proposal will be presented by the board of directors, and shall be subject to consent of over half of all independent directors, and then submitted to the General Meeting for approval upon being approved by the Board of Directors.

Independent directors may solicit opinions from minority shareholders and directly submitted their proposals to the board of directors for discussion.

(II) The Company's board of directors will formulate the Company's annual or interim profit distribution proposals by giving full consideration to factors like the Company's profits, cash flows and planned capital needs, and carefully studying and demonstrating matters like the timing, conditions and minimum proportion, adjustment conditions and decision-making procedures for the cash dividend distribution pursuant to the relevant regulations of CSRC and based on the opinions of the Company's shareholders, independent directors and supervisors. Independent directors shall state explicit opinions.

(III) The profit distribution proposal formulated or amended by the board of directors will be subject to the review by the board of supervisors, and shall be adopted only with the approval from over half of the supervisors; if no cash dividend plan is formulated for the Company's annual profits, the board of supervisors will make special explanation and opinions in connection with execution of the relevant policies and plans; the board of supervisors will supervise execution of the profit distribution plan and the plan for shareholders' return.

Article 5 Formulation Cycle and Decision-making Mechanism of the 3-Year Plan for Shareholders' Return

(I) The Company formulates or reviews the Plan of Shareholders' Return once every three years. The latest plan period is from 2016 to 2018;

(II) Prior to the end of the last plan period, the Company's Board of Directors shall give full consideration to the Company's operation position, development targets, capital needs and financing environment, and fully listen to the opinions of the Company's shareholders, independent directors and supervisors, to recommend extending the original plan of shareholders' return or formulating a new 3-year plan of shareholders' return, and submit the same to the board of directors for approval after the same is approved by the independent directors; the independent directors and the board of supervisors should express independent opinions on the plan of shareholders' return; the relevant proposals will be presented at the General Meeting for approval in the form of special resolutions upon being approved by the board of directors;

(III) During the plan period, if the Company has to adjust the 3-year plan of return due to significant changes to the external operation environment or its own operations, upon detailed demonstration, the Company shall fulfill the corresponding decision-making procedures and obtain consent of shareholders representing more than two thirds of voting rights present at the General Meeting as set out in the Articles of Association.

Article 6 Disclosure of Execution of Profit Distribution Plan and Cash Dividend Policy

(I) The Company will disclose execution of the profit distribution plan and cash dividend policy in the periodic report according to the relevant regulations, and especially explain the following:

1. If the provisions of the Articles of Association or the requirements under the resolutions made by the General Meeting are met;

2. If the dividend distribution standards and proportion are clear and definite;

3. If the relevant decision-making procedures and mechanism are complete;

4. If the independent directors have fulfilled their obligations and performed their role accordingly; and

5. If medium and small shareholders have an opportunity to fully express opinions and demands and if the legitimate rights and interests of medium and small shareholders have been fully protected.

Where there's adjustment of or change in cash dividend policy, it is also required to give detailed statement of compliance and transparency of conditions and procedures of such adjustments or changes.

(II) When the Company meets the dividend distribution conditions, but the board of directors has not submitted the cash dividend plan, the Company shall explain the reasons for no cash dividends, and the specific purpose and utilization plan of the capital not used for dividend distribution but retained in the Company in the periodic report, and the independent directors shall express independent opinions on this case.

Article 7 The Policy and Plan shall become effective from the date when the Policy and Plan are approved at the General Meeting.

Jiangxi Copper Company Limited
Board of Directors

SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2013, 2014 and 2015 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jxcc.com):

(a) Annual report of the Company for the year ended 31 December 2015 published on 29 April 2016 (pages 105 to 211);

(b) Annual report of the Company for the year ended 31 December 2014 published on 23 April 2015 (pages 100 to 198); and

(c) Annual report of the Company for the year ended 31 December 2013 published on 24 April 2014 (pages 95 to 194).

Set out below is a summary of the consolidated financial information of the Group for each of the three years ended 31 December 2013, 2014, and 2015, as extracted from the relevant annual reports of the Company.

Results

	For the year ended 31 December		
	2015	**2014**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	185,228,170	198,264,175	175,291,753
Profit before taxation	1,216,392	3,912,372	4,731,634
Taxation	(477,741)	(1,013,108)	(1,100,305)
Profit attributable to owners of the Company	689,556	2,899,091	3,555,692
Profit attributable to non-controlling interests	49,095	173	75,637
Net profit margin	0.37%	1.46%	2.0%
Earnings per share *(RMB)* (basic and diluted)	0.20	0.84	1.03

Assets and Liabilities

	As at 31 December		
	2015	**2014**	**2013**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets	29,699,103	28,605,796	27,992,957
Current assets	66,051,926	66,710,473	60,766,441
Non-current liabilities	(1,417,740)	(7,815,811)	(6,828,171)
Current liabilities	(40,503,988)	(40,480,294)	(36,298,805)
Non-controlling interests	(1,926,944)	(1,292,214)	(1,116,707)
Capital and reserves attributable to owners of the Company	47,829,301	47,020,164	45,632,422

There were no exceptional items because of size, nature or incidence recorded in the consolidated financial statements of the Group for each of the three years ended 31 December 2013, 2014 and 2015 and the six months ended 30 June 2015.

The Company's auditors, Deloitte Touche Tohmatsu, have not issued any qualified opinion on the Group's financial statements for the three years ended 31 December 2015. The dividend per share for each of the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 was RMB0.5, RMB0.5, and RMB0.1 respectively. The amount set aside by the Company for the payment of dividend for each of the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 was approximately RMB1,731,365,000, RMB1,731,365,000 and RMB346,273,000 respectively. Interim dividend per share for the six months ended 30 June 2015 was RMB2.0. The amount set aside by the Company for payment of dividend was RMB692,546,000.

2. CONSOLIDATED FINANCIAL INFORMATION

Audited consolidated financial statements of the Group for the year ended 31 December 2015

Set out below is the full text of the audited consolidated financial statements of the Group for the year ended 31 December 2015 together with the accompanying notes as extracted from the annual report of the Company for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(PREPARED IN ACCORDANCE WITH IFRS)

		2015	**2014**
	NOTES	*RMB'000*	*RMB'000*
Revenue	5	185,228,170	198,264,175
Cost of sales		(181,453,624)	(192,542,742)
Gross profit		3,774,546	5,721,433
Other income	6	1,125,617	1,085,688
Other gains and losses	7	77,729	482,026
Selling and distribution expenses		(515,356)	(547,007)
Administrative expenses		(2,040,539)	(1,876,310)
Finance costs	8	(923,327)	(977,405)
Share of results of joint ventures		(39,266)	(22,248)
Share of results of associates		(243,012)	46,195
Profit before taxation		1,216,392	3,912,372
Taxation	9	(477,741)	(1,013,108)
Profit for the year	10	738,651	2,899,264
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Fair value change on hedging instruments designated in cash flow hedges		255,353	111,190
Reclassification adjustments relating to transfer of cash flow hedges		(295,438)	(66,826)
Fair value change on available-for-sale investments		1,764	81
Share of exchange differences of associates		165,272	8,743
Share of exchange differences of joint ventures		2,917	(9,833)
Exchange differences arising on translation		44,105	6,732
Income tax relating to components of other comprehensive income		6,182	(5,473)

	NOTES	2015 RMB'000	2014 RMB'000
Other comprehensive income for the year (net of tax)		180,155	44,614
Total comprehensive income for the year		918,806	2,943,878
Profit for the year attributable to:			
Owners of the Company		689,556	2,899,091
Non-controlling interests		49,095	173
		738,651	2,899,264
Total comprehensive income attributable to:			
Owners of the Company		867,680	2,943,600
Non-controlling interests		51,126	278
		918,806	2,943,878
Earnings per share	13		
Basic and diluted		RMB0.20	RMB0.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

(PREPARED IN ACCORDANCE WITH IFRS)

		2015	2014
	NOTES	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	14	21,446,841	20,503,823
Investment properties	15	352,526	357,874
Prepaid lease payments	16	1,221,393	924,763
Intangible assets	17	1,144,156	830,475
Exploration and evaluation assets	18	530,191	771,890
Interests in associates	19	2,564,586	2,927,302
Interests in joint ventures	20	338,027	372,153
Other investments	27	–	100,000
Available-for-sale investments	21	835,249	1,068,529
Deferred tax assets	22	918,707	683,956
Deposits for property, plant and equipment		347,427	65,031
		29,699,103	28,605,796
Current assets			
Inventories	23	13,368,855	14,190,219
Trade and bills receivables	24	14,205,827	17,344,604
Prepayments, deposits and other receivables	26	6,930,203	6,137,786
Other investments	27	311,799	1,140,000
Loans to fellow subsidiaries	28	945,209	878,585
Prepaid lease payments	16	25,078	18,371
Available-for-sale investments	21	2,812,500	1,263,000
Held-for-trading financial assets		156,947	48,159
Derivative financial instruments	29	615,000	350,885
Restricted bank deposits	30	3,975,457	5,944,645
Bank balances and cash	30	16,705,051	19,394,219
		60,051,926	66,710,473

	NOTES	2015 RMB'000	2014 RMB'000
Current liabilities			
Trade and bills payables	31	8,575,020	10,948,492
Other payables and accruals	32	4,687,627	4,192,693
Deposits from holding company and fellow subsidiaries	33	1,611,576	879,792
Deferred revenue – government grants	34	48,988	35,723
Derivative financial instruments	29	210,708	273,946
Held-for-trading financial liabilities	35	1,758,825	2,416,717
Tax payable		351,625	803,008
Bonds payable	37	6,554,733	–
Bank borrowings	36	16,704,886	20,929,923
		40,503,988	40,480,294
Net current assets		19,547,938	26,230,179
Total assets less current liabilities		49,247,041	54,835,975
Non-current liabilities			
Bonds payable	37	–	6,246,297
Bank borrowings	36	347,600	680,454
Provision for rehabilitation	38	165,695	122,465
Employee benefit liability	39	149,551	187,480
Deferred revenue – government grants	34	634,159	472,978
Other long-term payables	40	11,735	12,491
Deferred tax liabilities	22	109,000	93,646
		1,417,740	7,815,811
		47,829,301	47,020,164
Capital and reserves			
Share capital	41	3,462,729	3,462,729
Reserves		42,439,628	42,265,221
Equity attributable to owners of the Company		45,902,357	45,727,950
Non-controlling interests		1,926,944	1,292,214
		47,829,301	47,020,164

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(PREPARED IN ACCORDANCE WITH IFRS)

	Attributable to owners of the Company													
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000* *(Note a)*	Other reserve *RMB'000* *(Note b)*	Statutory surplus reserve *RMB'000* *(Note c)*	Discret-ionary surplus reserve *RMB'000* *(Note c)*	Safety funds surplus reserve *RMB'000* *(Note d)*	Hedging reserve *RMB'000*	Translation reserve *RMB'000*	Proposed dividends *RMB'000*	Retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2014	3,462,729	12,647,502	(902,113)	(92,506)	4,067,429	9,647,574	228,173	(2,023)	(340,216)	1,731,365	14,067,801	44,515,715	1,116,707	45,632,422
Profit for the year	–	–	–	–	–	–	–	–	–	–	2,899,091	2,899,091	173	2,899,264
Other comprehensive income for the year	–	–	–	61	–	–	–	38,911	5,537	–	–	44,509	105	44,614
Total comprehensive income for the year	–	–	–	61	–	–	–	38,911	5,537	–	2,899,091	2,943,600	278	2,943,878
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	250,000	250,000
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(74,771)	(74,771)
Dividends declared	–	–	–	–	–	–	–	–	–	(1,731,365)	–	(1,731,365)	–	(1,731,365)
Dividends proposed	–	–	–	–	–	–	–	–	–	692,546	(692,546)	–	–	–
Transfer between categories	–	–	–	–	388,925	–	47,301	–	–	–	(436,226)	–	–	–
At 31 December 2014	3,462,729	12,647,502	(902,113)	(92,445)	4,456,354	9,647,574	275,474	36,888	(334,679)	692,546	15,838,120	45,727,950	1,292,214	47,020,164

	Attributable to owners of the Company													
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000 (Note a)	Other reserve RMB'000 (Note b)	Statutory surplus reserve RMB'000 (Note c)	Discret-ionary surplus reserve RMB'000 (Note c)	Safety funds surplus reserve RMB'000 (Note d)	Hedging reserve RMB'000	Translation reserve RMB'000	Proposed dividends RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Profit for the year	–	–	–	–	–	–	–	–	–	–	689,556	689,556	49,095	738,651
Other comprehensive income (expense) for the year	–	–	–	3,803	–	–	–	(35,942)	210,263	–	–	178,124	2,031	180,155
Total comprehensive income (expense) for the year	–	–	–	3,803	–	–	–	(35,942)	210,263	–	689,556	867,680	51,126	918,806
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	606,489	606,489
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(22,400)	(22,400)
Dividends declared	–	–	–	–	–	–	–	–	–	(692,546)	–	(692,546)	–	(692,546)
Dividends proposed	–	–	–	–	–	–	–	–	–	346,273	(346,273)	–	–	–
Staff bonus and welfare fund declared	–	–	–	–	–	–	–	–	–	–	(727)	(727)	(485)	(1,212)
Transfer between categories	–	–	–	–	133,429	–	50,435	–	–	–	(183,864)	–	–	–
At 31 December 2015	3,462,729	12,647,502	(902,113)	(88,642)	4,589,783	9,647,574	325,909	946	(124,416)	346,273	15,996,812	45,902,357	1,926,944	47,829,301

Notes:

(a) Capital reserve arise from (i) the difference between the amount by which the non-controlling interests are adjusted and the consideration paid and received for the acquisition of additional interest in a subsidiary and the partial disposal of a subsidiary without losing control; (ii) the difference between the cash consideration paid, shares issued by the Company and the amount of the registered capital of the combined entities under group reorganisations; and (iii) the excess of the value of the net assets immediately before the establishment of the Company injected into the Company by Jiangxi Copper Corporation, a holding company of the Company, as part of group reorganisations which was determined by the valuer in the People's Republic of China (the "**PRC**") and was approved by the State Assets Administration Bureau over the nominal value of the shares issued upon establishment of the Company.

(b) Other reserve represents the difference in value of certain assets and liabilities included in the net assets injected into the Company pursuant to group reorganisations calculated in accordance with International Financial Reporting Standards and the valuation of assets and liabilities performed by the PRC valuer in accordance with relevant PRC standards and regulations, which valuation was confirmed by the State Assets Administration Bureau.

(c) The Company shall appropriate to the statutory surplus reserve at 10% of its profit after taxation calculated in accordance with the PRC accounting standards and regulations and the articles of association of the Company. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. In addition, the Company's articles of association also allow the Company to transfer a certain amount of profit after taxation and after appropriations to the statutory surplus reserve, subject to shareholders' approval, to the discretionary surplus reserve. Accordingly to the Company's articles of association, the statutory surplus reserve and discretionary surplus reserve can be used to make up prior year losses, to expand production operation or to increase share capital. The Company may capitalise the statutory surplus reserve and discretionary surplus reserve by way of bonus issues provided that the amount of the statutory surplus reserve remaining after such an appropriation shall not be less than 25% of the original registered capital of the Company.

(d) The Group is required to make appropriations in accordance with CaiQi [2006] No. 478 "Tentative measures for the financial management of the production safety fund for the high risk enterprises" that is issued by the Ministry of Finance and the Safety Production General Bureau. The reserve is for future enhancement of safety production environment and improvement of facilities and is not available for distribution to shareholders.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015
(PREPARED IN ACCORDANCE WITH IFRS)

		2015	2014
	NOTES	*RMB'000*	*RMB'000*
Operating activities			
Profit before taxation		1,216,392	3,912,372
Adjustments for:			
Interest expenses		923,327	977,405
Depreciation for property, plant and equipment		1,567,260	1,462,052
Impairment losses on property, plant and equipment		–	30,088
Depreciation of investment properties		7,284	4,077
Amortisation of prepaid lease payments		31,908	18,731
Amortisation of intangible assets		44,158	41,017
Loss on disposal of property, plant and equipment		26,565	39,649
Share of results of associates		243,012	(46,195)
Share of results of joint ventures		39,266	22,248
Impairment loss on available-for-sale investments		369	1,631
Impairment loss on trade and other receivables		437,996	981,988
Impairment loss on loans to fellow subsidiaries		380	4,415
Release of deferred income		(51,716)	(38,035)
Allowance for inventories		16,600	371,233
Net change in rehabilitation provision		43,230	(26,158)
Income from available-for-sale investments		(226,924)	(203,523)
Income from other investments		(90,972)	(123,470)
Fair value change on commodity derivative contracts		(221,877)	(1,237,269)
Fair value change on provisional price arrangement		10,748	(4,616)
Fair value change on foreign currency forward contracts and interest rate swaps		(121,163)	(7,220)
Fair value change on held-for-trading financial liabilities		(95,023)	71,995
Fair value change on held-for-trading financial assets		(31,072)	707
Gain on disposal of a subsidiary		(278,015)	–

	NOTES	2015 RMB'000	2014 RMB'000
Operating cash flows before movements in working capital		3,491,733	6,253,122
Increase in deposits from holding company and fellow subsidiaries		731,784	272,262
Decrease in inventories		1,489,006	122,519
Decrease (increase) in trade and other receivables		1,730,097	(3,872,650)
(Decrease) increase in trade and other payables		(4,026,290)	279,438
Cash generated from operations		3,416,330	3,054,691
Income tax paid		(1,148,168)	(1,314,828)
Net cash from operating activities		2,268,162	1,739,863
Investing activities			
Proceeds from disposal of available-for-sale investments		2,866,856	12,034,468
Proceeds from disposal of other investments		1,140,000	750,000
(Payment) receipt on available-for-sale investments		(15,520)	153,222
Government grants received		206,057	136,852
Income from other investments		–	133,743
Proceeds from disposal of property, plant and equipment		8,229	103,524
Income from derivative financial instruments		227,172	102,258
Dividend received from available-for-sale investments		34,410	20,250
Dividend received from a joint venture		3,000	–
Acquisition of a subsidiary	42(a)	589,458	2,374
Proceeds from disposal of a subsidiary	42(b)	302,412	–
Income from held-for-trading assets		–	14
Purchase of available-for-sale investments		(4,177,500)	(12,326,399)
Purchases of property, plant and equipment		(1,313,925)	(2,259,201)
Decrease (increase) in restricted bank deposits		2,469,879	(1,618,693)
Loans to fellow subsidiaries		(67,004)	(883,000)

	NOTES	2015 RMB'000	2014 RMB'000
Investments in a joint venture		(9,222)	(383,876)
Purchase of other investments		(10,000)	(140,000)
Investments in associates		(92,000)	(219,966)
Purchase of exploration and evaluation assets		(93,332)	(106,645)
Purchases of prepaid lease payments		(20,109)	(74,568)
Deposits paid for property, plant and equipment		(347,427)	(65,031)
Purchase of intangible assets		(11,419)	(7,094)
Purchase of investment properties		–	(5,267)
Net cash from (used in) investing activities		1,690,015	(4,653,035)
Financing activities			
New bank borrowings raised		26,749,015	33,419,665
Proceeds from held-for-trading financial liabilities		1,816,031	2,363,698
Repayment of bank borrowings		(31,268,768)	(27,676,825)
Repayment of held-for-trading financial liabilities		(2,952,111)	(3,101,961)
Dividends paid		(692,546)	(1,731,365)
Interest paid		(417,840)	(575,748)
Staff bonus and welfare declared		(485)	–
Dividends paid to non-controlling interests		(22,400)	(74,771)
Net cash (used in) from financing activities		(6,789,104)	2,622,693
Net decrease in cash and cash equivalents		(2,830,927)	(290,479)
Cash and cash equivalents at the beginning of the year		19,394,219	19,666,162
Effect of foreign exchange rate changes		141,759	18,536
Cash and cash equivalents at the end of the year, representing bank balances and cash		16,705,051	19,394,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL

The Company was registered in the People's Republic of China (the "**PRC**") as a joint stock limited company. The registration number of the Company's business licence is Qi He Gan Zhong Zi 003556. The Company was established on 24 January 1997 by Jiangxi Copper Corporation ("**JCC**"), Hong Kong International Copper Industry (China) Investment Limited, Shenzhen Baoheng (Group) Company Limited, Jiangxi Xinxin Company Limited and Hubei Sanxin Gold & Copper Company Limited, and approved by Jiangxi Province's Administrative Bureau for Industry and Commerce. The Company's H shares and A shares were listed on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange, respectively. The head office of the Company is located at No. 7666, Chongdong Road, Nanchang City, Jiangxi Province, the PRC. The Company's holding company is JCC, and the ultimate controlling party is the State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province.

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

The activities of its principal subsidiaries, associates and joint ventures are set out in notes 47, 19 and 20 respectively.

The consolidated financial statements are presented in Renminbi ("**RMB**") which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time in the current year:

Amendments to IAS 19	Defined benefit plans: Employee contributions
Amendments to IFRSs	Annual improvements to IFRSs 2010–2012 cycle
Amendments to IFRSs	Annual improvements to IFRSs 2011–2013 cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[1]
IFRS 14	Regulatory deferral accounts[2]
IFRS 15	Revenue from contracts with customers[1]
IFRS 16	Leases[3]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[4]
Amendments to IAS 1	Disclosure initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[4]
Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[4]
Amendments to IAS 27	Equity method in separate financial statements[4]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[4]
Amendments to IAS 7	Disclosure initiative[6]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[6]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after 1 January 2016.

5 Effective for annual periods beginning on or after a date to be determined.

6 Effective for annual periods beginning on or after 1 January 2017.

IFRS 9 "Financial instruments"

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income ("**FVTOCI**") measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective of quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets in respect of available-for-sale investments. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 "Revenue from contracts with customers"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance ("**CO**").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income taxes" and IAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation is initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title have passed, at which time all the following conditions are satisfied:

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Exploration and evaluation assets

Exploration and evaluation assets are recognised at cost on initial recognition. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment losses. Exploration and evaluation assets include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable or relevant mining rights certificate is obtained, previously recognised exploration and evaluation assets are reclassified as mining rights or property, plant and equipment. These assets are assessed for impairment before reclassifications.

Impairment of exploration and evaluation assets

The carrying amount of the exploration and evaluation assets is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive):

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.

- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the Exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of the exploration and evaluation assets exceeds its recoverable amount.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the following categories including financial assets as at fair value through profit or loss ("**FVTPL**"), loans and receivables, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of asset within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in the other gains and losses line item in the consolidated statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivables, other receivables, other investments, loans to fellow subsidiaries, restricted bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) financial assets at FVTPL or (b) loans and receivables.

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, asses that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts considered previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in according with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss is recognised in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Bonds with detachable warrants

The component of bonds with warrants that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of bonds with warrants, the fair value of the liability component is determined using a market rate for an equivalent bond without the detachable share purchase warrants; and this amount is carried as a long-term liability on an amortised cost basis until redemption.

The remainder of the proceeds is allocated to the detachable share purchase warrants that are recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the detachable share purchase warrants is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the bonds with warrants based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Other financial liabilities

Other financial liabilities including trade and bills payables, other payables, deposits from holding company and fellow subsidiaries, bank borrowings, bonds payable and other long-term payables are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its commodity price risk. The Group's derivative financial instruments mainly include commodity derivative contracts (mainly standardised copper cathode future contracts in Shanghai Futures Exchange ("**SHFE**") and London Metal Exchange ("**LME**")) and provisional price arrangement.

Provisional price arrangement is embedded in metal purchase contracts with third parties. According to industry practice, the purchase terms of metal in these contracts contain provisional pricing arrangements pursuant to which the purchase prices for metal in concentrate are based on prevailing spot prices at a specified future period after shipment by suppliers (the "**quotation period**"). Adjustments to the purchase price occur based on movements in quoted market prices up to the date of final settlement. The period between provisional invoicing and final settlement is within one month. Accordingly, for accounting purposes, the provisional price arrangement is required to be separated from the host contract for purchase of metal in concentrate once the significant risks and rewards of ownership has been transferred to the Group. The host contract is the purchase of metal in concentrate and the embedded derivative is the forward contract for which the provisional price is subsequently adjusted.

The use of financial derivatives is governed by the Group's policies, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. Certain derivative instruments of the Group are not designated as hedging instruments and/or qualified for hedge accounting.

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

The Group uses derivative financial instruments (i.e. commodity derivative contracts and provisional price arrangement) to hedge its commodity price risk.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedge risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the consolidated statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the Group's obligations for environment rehabilitation are based on estimates of required expenditure at the mines in accordance with PRC rules and regulations. The Group estimates its provisions for environment rehabilitation cost at closure of mine based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. The Group records a corresponding asset in the period in which the liability is incurred. The asset is depreciated using the straight-line method over its expected life and the liability is accreted to the projected expenditure date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognised at the appropriate discount rate.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Environment rehabilitation obligations

Environment rehabilitation obligations are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in the estimation of the costs. Environment rehabilitation obligations are subject to considerable uncertainty which affects the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include: (i) the exact nature and extent of the contamination at various sites including, but not limited to, mines and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying cost of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. In addition, as prices and cost levels change from year to year, the estimate of environment liabilities also changes. Despite the inherent imprecision in these estimates, these estimates are used in assessing the provision for rehabilitation. As at 31 December 2015, the carrying amount of provision for rehabilitation is RMB165,695,000 (2014: RMB122,465,000).

Estimation of useful lives and residual values of property, plant and equipment

Useful lives and residual values are determined based on management's past experience with similar assets, estimated changes in technologies and in the case of mining related property, plant and equipment, estimated mine lives. If the estimated useful lives and residual value change significantly, adjustment of depreciation will be provided in the following year. As at 31 December 2015, the carrying amount of property, plant and equipment is RMB21,446,841,000 (2014: RMB20,503,823,000).

Mineral reserves

Technical estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mineral reserves can be designated as "proved" and "probable". Proved and probable mineral reserves estimates are updated on a regular basis and take into account recent economic production and technical information about each mine. In addition, as production levels and technical standards change from year to year, the estimate of proved and probable mineral reserves also changes. Despite the inherent imprecision in these technical estimates, these estimates are used in assessing impairment losses. As at 31 December 2015, the carrying amount of mining rights is RMB1,078,676,000 (2014: RMB770,769,000).

Exploration and evaluation assets

The application of the Group's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will result, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the period when the new information becomes available. As at 31 December 2015, the carrying amount of exploration and evaluation assets is RMB530,191,000 (2014: RMB771,890,000).

Deferred tax assets

Deferred tax assets are recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the amounts of the future taxable profit and tax planning strategies. As at 31 December 2015, the carrying amount of deferred tax assets is RMB918,707,000 (2014: RMB683,956,000).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2015, the carrying amount of non-current assets (other than other investments, deferred tax assets and available-for-sale investments) is RMB27,945,147,000 (2014: RMB26,753,311,000).

Impairment of loans, trade and other receivables

Provision for impairment of loans, trade receivables and other receivables is made based on an assessment of the recoverability of loans, trade receivables and other receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, these differences will impact on the carrying value of the receivables, doubtful debt expenses and write-back in the period in which the estimate has been changed. As at 31 December 2015, the carrying amount of loans, trade and other receivables is RMB20,348,849,000 (2014: RMB22,731,408,000).

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets at cost. These unlisted equity investments were stated at cost and subject to a test for impairment losses because the directors of the Company are of the opinion that their fair values cannot be measured reliably. A provision for impairment is made for available-for-sale equity investments when objective evidence of impairment exists. As at 31 December 2015, the carrying amount of available-for-sale financial assets is RMB458,080,000 (2014: RMB408,449,000).

Fair value measurements and valuation processes

In estimating the fair value of the Group's financial assets and financial liabilities, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the management of the Group will assess the valuation of financial instruments based on discounted cash flow or quoted bid prices of the trading day in the over-the-counter markets at the end of each reporting period. At the end of the reporting period, the management of the Group will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company. Note 46 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the Group's financial assets and financial liabilities.

Allowances for inventories

The management of the Group reviews the physical conditions and saleability of inventories at the end of reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for inventories primarily based on the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale. At 31 December 2015, the carrying amount of inventories is RMB13,368,855,000 (2014: RMB14,190,219,000).

5. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on production and sale of copper and other related products. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Accounting Standards for Business Enterprises ("**ASBE**") issued by the Ministry of Finance of the PRC, that is regularly reviewed by the General Manager of the Group. The General Manager of the Group regularly reviews revenue analysis by products. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products. The General Manager of the Group reviews the revenue and the operating results of the Group as a whole to make decision about resources allocation. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the General Manager of the Group. Accordingly, no analysis of this single operating segment is presented.

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

	2015	**2014**
	RMB'000	*RMB'000*
Sales of goods		
– copper cathodes	113,156,063	117,265,741
– copper rods	38,126,940	46,079,831
– copper processing products	3,079,239	5,186,903
– gold	6,154,781	7,343,048
– silver	2,816,113	2,641,269
– sulphuric and sulphuric concentrate	1,348,034	1,382,686
– rare and other non-ferrous metals	17,890,198	15,548,506
– others	3,211,123	3,385,502
Revenue analysis prepared in accordance with ASBE	185,782,491	198,833,486
Less: sales related taxes	(554,321)	(569,311)
Revenue analysis prepared in accordance with IFRSs	185,228,170	198,264,175

Geographical information

The Group's operation is mainly located in the PRC and Hong Kong. The Group's revenue by geographical location of customers are detailed below:

	2015	2014
	RMB'000	*RMB'000*
Mainland China	165,251,322	174,273,236
Hong Kong	11,181,744	9,728,744
Others	9,349,425	14,831,506
Revenue analysis prepared in accordance with ASBE	185,782,491	198,833,486
Less: sales related taxes	(554,321)	(569,311)
Revenue analysis prepared in accordance with IFRSs	185,228,170	198,264,175

All non-current assets of the Group (excluding deferred tax assets and financial instruments) are located in the PRC except for certain investments in Afghanistan, Turkey, Peru and Japan of which carrying amounts are not material.

Information about major customers

During the year ended 31 December 2015, there is no revenue from customers contributing over 10% of the total revenue of the Group (2014: nil). The revenue from the largest customer amounted to approximately RMB4,876,870,000 (2014: RMB9,194,422,000), representing 2.63% (2014: 4.62%) of the total revenue of the Group.

6. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income	954,972	940,799
Dividend income on available-for-sale investments	34,409	20,490
Government grants recognised *(note)*	51,716	38,035
Income from value-added tax refund	78,301	57,514
Others	6,219	28,850
	1,125,617	1,085,688

Note: Government grants recognised represents compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs and government subsidies granted to the Group in relation to its production facilities.

7. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Fair value change on derivative financial instruments		
Transactions not qualifying for hedging accounting		
– Fair value change on commodity derivative contracts	290,358	1,236,705
– Fair value change on foreign currency forward contracts and interest rate swaps	121,163	7,220
Transactions qualifying as fair value hedges		
– Inventory hedged	4,351	3,394
– Fair value change on hedging instruments	(6,408)	(2,196)
Ineffective portion of cash flow hedges	(66,424)	(634)
Fair value change on held-for-trading financial assets	31,072	(707)
Fair value change on held-for-trading financial liabilities	95,023	(71,995)
Income from available-for-sale investments	192,515	183,033
Gain from disposal of subsidiary	278,015	–
Income from other investments	90,972	123,470
Loss on disposal of property, plant and equipment	(26,565)	(39,649)
Impairment loss on property, plant and equipment	–	(30,088)
Impairment loss on trade and other receivables	(437,996)	(981,988)
Impairment loss on available-for-sale investments	(369)	(1,631)
Impairment loss on loans to fellow subsidiaries	(380)	(4,415)
Donations	(852)	(1,203)
Exchange (losses) gains	(551,263)	72,082
Others	64,517	(9,372)
	77,729	482,026

8. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on:		
Bank borrowings	406,603	542,612
Bonds payable	376,435	358,904
Discounted notes	140,289	75,889
	923,327	977,405

9. TAXATION

	2015	2014
	RMB'000	*RMB'000*
The charge comprises:		
Current taxation		
– PRC Enterprise Income Tax	687,202	1,220,349
– Hong Kong Profits Tax	7,667	10,625
	694,869	1,230,974
(Over) underprovision in prior years		
– PRC Enterprise Income Tax	(4,761)	(1,854)
– Hong Kong Profits Tax	848	(76)
	(3,913)	(1,930)
Deferred taxation *(note 22)*	(213,215)	(215,936)
	477,741	1,013,108

Hong Kong Profits Tax in three (2014: three) of the Group's subsidiaries has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for PRC Enterprise Income Tax is based on a statutory rate of 25% (2014: 25%) of the assessable profits of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC Enterprise Income Tax Law except for those high technology companies may be entitled to a lower PRC Enterprise Income Tax rate of 15%, which are according to the PRC Enterprise Income Tax Law.

Taxation in other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	1,216,392	3,912,372
Tax at the domestic income tax rate of 25% (2014: 25%)	304,098	978,093
Tax effect of income not taxable for tax purposes	(20,882)	(25,326)
Tax effect of expenses not deductible for tax purposes	94,531	21,373
Overprovision in prior years	(3,913)	(1,930)
Tax effect of tax losses and deductible temporary differences not recognised	99,129	64,298
Utilisation of tax losses and deductible temporary differences previously not recognised	(90)	(17,503)
Effect of different tax rates of subsidiaries	4,868	(5,897)
Tax charge for the year	477,741	1,013,108

10. PROFIT FOR THE YEAR

	2015	2014
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Employee benefit expense (including directors', chief executive's and supervisors' remuneration *(note 11)*):		
– Wages and salaries	1,849,303	1,576,995
– Performance related bonus	12,352	35,819
– Pension scheme contributions	124,051	110,719
– Other staff costs, allowances and welfare	376,030	348,039
	2,361,736	2,071,572

	2015	2014
	RMB'000	*RMB'000*
Auditor's remuneration	8,211	10,652
Cost of inventories recognised as an expense	181,453,624	192,542,742
Depreciation of property, plant and equipment	1,567,260	1,462,052
Depreciation of investment properties	7,284	4,077
Amortisation of prepaid lease payments	31,908	18,731
Amortisation of intangible assets	44,158	41,017
Allowance for inventories, included in cost of sales	16,600	371,233
Minimum lease payments under operating lease of land use rights	165,960	163,562

11. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

The emoluments paid or payable to the directors, chief executive and supervisors were as follows:

	2015	2014
	RMB'000	*RMB'000*
Fees	400	400
Other emoluments		
– Salaries, allowances and welfare	4,896	7,824
– Performance related bonus	–	3,036
– Pension scheme contributions	312	288
	5,208	11,148
	5,608	11,548

		Other emoluments			
	Fees	Salaries, allowances and welfare	Performance related bonus	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2015					
Executive director:					
Li Baomin	–	640	–	39	679
Long Ziping	–	640	–	39	679
Gan Chengjiu	–	640	–	39	679
Liu Fangyun	–	640	–	39	679
Gao Jianmin	–	200	–	–	200
Liang Qing	–	200	–	–	200
Shi Jialiang	–	50	–	–	50
	–	3,010	–	156	3,166
Independent non-executive director:					
Qiu Guanzhou	100	–	–	–	100
Zhang Weidong	100	–	–	–	100
Deng Hui	100	–	–	–	100
Tu Shutian	100	–	–	–	100
	400	–	–	–	400
Supervisor:					
Lin Jinliang	–	459	–	39	498
Wu Jinxing	–	459	–	39	498
Xie Ming	–	459	–	39	498
Hu Qingwen	–	459	–	39	498
Wan Sujuan	–	50	–	–	50
	–	1,886	–	156	2,042
	400	4,896	–	312	5,608

	Fees	Other emoluments: Salaries, allowances and welfare	Other emoluments: Performance related bonus	Other emoluments: Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2014					
Executive director:					
Li Baomin	–	1,066	890	36	1,992
Long Ziping	–	1,066	841	36	1,943
Gan Chengjiu	–	1,066	669	36	1,771
Liu Fangyun	–	1,066	636	36	1,738
Gao Jianmin	–	200	–	–	200
Liang Qing	–	200	–	–	200
Shi Jialiang	–	50	–	–	50
	–	4,714	3,036	144	7,894
Independent non-executive director:					
Qiu Guanzhou *(Note a)*	50	–	–	–	50
Zhang Weidong	100	–	–	–	100
Deng Hui	100	–	–	–	100
Wu Jianchang *(Note b)*	50	–	–	–	50
Gao Dezhu	100	–	–	–	100
	400	–	–	–	400
Supervisor:					
Lin Jinliang	–	765	–	36	801
Wu Jinxing	–	765	–	36	801
Xie Ming	–	765	–	36	801
Hu Qingwen	–	765	–	36	801
Wan Sujuan	–	50	–	–	50
	–	3,110	–	144	3,254
	400	7,824	3,036	288	11,548

Notes:

(a) The director was appointed on 11 June 2014.

(b) The director was resigned on 11 June 2014.

The executive directors' emoluments shown above were mainly for their services in connected with the management of affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Details of the remuneration of the five highest paid employees are as below:

	Salaries, allowances and welfare	**Performance related bonus**	**Pension scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2015				
Li Baomin	640	–	39	679
Long Ziping	640	–	39	679
Gan Chengjiu	640	–	39	679
Liu Fangyun	640	–	39	679
Wu Yuneng	489	–	39	528
	3,049	–	195	3,244

	Salaries, allowances and welfare *RMB'000*	Performance related bonus *RMB'000*	Pension scheme contributions *RMB'000*	Total *RMB'000*
For the year ended 31 December 2014				
Li Baomin	1,066	890	36	1,992
Long Ziping	1,066	841	36	1,943
Gan Chengjiu	1,066	669	36	1,771
Liu Fangyun	1,066	636	36	1,738
Wu Yuneng	815	669	36	1,520
	5,079	3,705	180	8,964

Their emoluments were within the following bands:

	2015 Number of employees	2014 Number of employees
HK$500,001 to HK$1,000,000	5	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	–	3
HK$2,500,001 to HK$3,000,000	–	1
	5	5

The five highest paid employees have acted as executive directors, a supervisor and a deputy general manager during both years.

There was no other arrangement under which a director or supervisor waived or agreed to waive any remuneration during both years.

12. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Final dividend of RMB0.2 for 2014 (2014: final dividend of RMB0.2 for 2013) per share	692,546	1,731,365

Subsequent to the end of the reporting period, a final dividend of RMB0.1 in respect of the year ended 31 December 2015 (2014: final dividend of RMB0.2 in respect of the year ended 31 December 2014) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting. The total amount of RMB346,273,000 (2014: RMB692,546,000) of the proposed final dividend, calculated on the Company's number of shares issued at the date of annual report, is not recognised as a liability in the consolidated statement of financial position.

13. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB689,556,000 (2014: RMB2,899,091,000) and on the number of 3,462,729,405 (2014: 3,462,729,405) ordinary shares in issue during the year.

Diluted earnings per share presented is the same as basic earnings per share because there is no outstanding potential dilutive ordinary shares as at 31 December 2015 and 2014 and during both years.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2014	12,331,857	15,570,523	1,977,743	103,680	1,736,379	31,720,182
Additions	276,916	80,965	11,919	17,308	1,964,010	2,351,118
Acquisition of a subsidiary *(note 42)*	63,032	126,424	1,105	–	–	190,561
Disposals	(49,803)	(219,785)	(101,907)	(3,552)	–	(375,047)
Transfer to investment properties	(186,187)	–	–	–	–	(186,187)
Transfer to prepaid lease payments	–	–	–	–	(234,637)	(234,637)
Transfers	924,658	400,241	137,886	10,719	(1,473,504)	–
At 31 December 2014	13,360,473	15,958,368	2,026,746	128,155	1,992,248	33,465,990
Additions	84,901	6,966	24,677	25,876	1,384,478	1,526,898
Acquisition of a subsidiary *(note 42)*	229,312	624,442	14,472	3,228	362,373	1,233,827
Disposals	(17,553)	(178,518)	(62,174)	(2,533)	–	(260,778)
Disposal of a subsidiary *(note 42)*	(25,923)	(9,291)	(12,490)	(133)	–	(47,837)
Transfer to prepaid lease payments	–	–	–	–	(165,879)	(165,879)
Transfer to investment properties	(1,936)	–	–	–	–	(1,936)
Transfers	533,576	356,605	26,897	24,291	(941,369)	–
At 31 December 2015	14,162,850	16,758,572	2,018,128	178,884	2,631,851	35,750,285
ACCUMULATED DEPRECIATION						
At 1 January 2014	3,755,237	7,084,238	789,757	67,039	–	11,696,271
Provided for the year	667,110	598,873	185,525	10,544	–	1,462,052
Transfer to investment properties	(4,344)	–	–	–	–	(4,344)
Eliminated on disposals	(4,991)	(148,509)	(75,152)	(3,224)	–	(231,876)
At 31 December 2014	4,413,012	7,534,602	900,130	74,359	–	12,922,103
Provided for the year	376,341	961,805	217,415	11,699	–	1,567,260
Eliminated on disposals	(13,685)	(122,340)	(62,174)	(1,895)	–	(200,094)
At 31 December 2015	4,775,668	8,374,067	1,055,371	84,163	–	14,289,269

	Buildings and mining infrastructure	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ACCUMULATED IMPAIRMENT						
At 1 January 2014	719	20,508	3	20	–	21,250
Provided for the year	–	29,887	201	–	–	30,088
Write-off for the year	(13)	(11,060)	(201)	–	–	(11,274)
At 31 December 2014	706	39,335	3	20	–	40,064
Write-off for the year	(30)	(25,859)	–	–	–	(25,889)
At 31 December 2015	676	13,476	3	20	–	14,175
CARRYING VALUES						
At 31 December 2015	9,386,506	8,371,029	962,754	94,701	2,631,851	21,446,841
At 31 December 2014	8,946,755	8,384,431	1,126,613	53,776	1,992,248	20,503,823

As at 31 December 2015, certain of the Group's buildings and mining infrastructure with a net book value of RMB172,211,000 (2014: RMB19,448,000) were pledged to secure short-term bank borrowings. Certain of the Group's machinery with a net book value of RMB493,883,000 (2014: nil) were pledged to secure long-term bank borrowings.

As at 31 December 2015, the Group was in the process of obtaining property ownership certificates for certain of the Group's buildings with an aggregate carrying value of RMB910,514,000 (2014: RMB506,235,000).

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account their estimated residual values, using straight-line method, as follows:

Building and mining infrastructure	12–45 years
Machinery	8–27 years
Motor vehicles	9–13 years
Office equipment	5–10 years

The Group's buildings are held under medium-term leases and are situated in the PRC.

15. INVESTMENT PROPERTIES

	RMB'000
COST	
At 1 January 2014	181,954
Additions	5,267
Transfer from property, plant and equipment	181,843
At 31 December 2014	369,064
Transfer from property, plant and equipment	1,936
At 31 December 2015	371,000
ACCUMULATED DEPRECIATION	
At 1 January 2014	7,113
Provided for the year	4,077
At 31 December 2014	11,190
Provided for the year	7,284
At 31 December 2015	18,474
CARRYING VALUES	
At 31 December 2015	352,526
At 31 December 2014	357,874

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using cost model and are classified and accounted for as investment properties. Depreciation is provided to write off the cost of investment properties using straight-line method over the remaining terms of the leases.

All of the Group's investment properties are situated in the PRC under medium-terms of lease.

16. PREPAID LEASE PAYMENTS

	2015	2014
	RMB'000	*RMB'000*
Analysed for reporting purpose as:		
Non-current assets	1,221,393	924,763
Current assets	25,078	18,371
	1,246,471	943,134

The Group's leasehold interest in land is held under medium-term leases and is situated in the PRC.

As at 31 December 2015, certain of the Group's prepaid lease payments with a net book value of RMB263,345,000 (2014: RMB9,002,000) were pledged to secure bank borrowings.

17. INTANGIBLE ASSETS

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At 1 January 2014	1,005,976	52,627	56,884	1,115,487
Additions	2,821	–	4,273	7,094
At 31 December 2014	1,008,797	52,627	61,157	1,122,581
Additions	7,432	–	3,987	11,419
Acquisition of a subsidiary *(note 42)*	–	–	11,389	11,389
Transfer from exploration and evaluation assets	335,031	–	–	335,031
At 31 December 2015	1,351,260	52,627	76,533	1,480,420

	Mining rights	Trademarks	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ACCUMULATED AMORTISATION				
At 1 January 2014	205,465	29,582	16,042	251,089
Provided for the year	32,563	1,853	6,601	41,017
At 31 December 2014	238,028	31,435	22,643	292,106
Provided for the year	34,556	1,863	7,739	44,158
At 31 December 2015	272,584	33,298	30,382	336,264
CARRYING VALUES				
At 31 December 2015	1,078,676	19,329	46,151	1,144,156
At 31 December 2014	770,769	21,192	38,514	830,475

The above item of intangible assets have finite useful lives and are amortised over the estimated useful lives, using straight-line method, as follows:

Mining rights	10–50 years
Trademarks	20 years
Others	5–20 years

18. EXPLORATION AND EVALUATION ASSETS

	RMB'000
CARRYING AMOUNT	
At 1 January 2014	665,245
Additions	106,645
At 31 December 2014	771,890
Additions	93,332
Transfer to mining rights	(335,031)
At 31 December 2015	530,191

19. INTERESTS IN ASSOCIATES

	2015	**2014**
	RMB'000	*RMB'000*
Unlisted cost of investments	2,904,918	3,189,894
Share of post-acquisition losses and other comprehensive expense	(340,332)	(262,592)
	2,564,586	2,927,302

Particulars of the principal associates are set out as follows:

Name of company	Type	Place of establishment and operation	Registered capital	Proportion of equity held by the Group 2015	2014	Proportion of voting power held by the Group 2015	2014	Principal activities
Minmetals Jiangxi Copper Mining Investment Company Limited 五礦江銅礦業投資有限公司 ("**Minmetals Jiangxi Copper**")	Limited liability company ("**LLC**")	PRC	RMB3,510,000,000	40%	40%	40%	40%	Investment holding of a 100% equity interest in a mining company in Peru
Asia Development Sure Spread Company Limited 興亞保弘株式會社	LLC	Japan	Japanese Yen ("**JPY**") 200,000,000	49%	49%	49%	49%	Import and export of copper products
MCC-JCL Aynak Minerals Company Limited 中冶江銅艾娜克礦業有限公司 ("**MCC- JCL**")#	LLC	Afghanistan	United States dollars ("**USD**") 370,518,000	25%	25%	25%	25%	Exploration and sale of copper products
Zhaojue Fengye Smelting Company Limited 昭覺縣逢燁濕法冶煉有限公司	LLC	PRC	RMB10,000,000	47.86%	47.86%	47.86%	47.86%	Production and sale of copper cathodes and related products; technology development and provision of services
Zhengjiang Heding Copper Company Limited 浙江和鼎銅業有限公司*	LLC	PRC	RMB900,000,000	–	40%	–	40%	Production and sale of copper products
BOC International (China) Limited 中銀國際證券有限責任公司#	LLC	PRC	RMB1,979,167,000	6.31%	6.31%	6.31%	6.31%	Securities broker and investment advisory
Hengbang Property Insurance Company Limited 恒邦財產保險股份有限公司#	LLC	PRC	RMB660,000,000	14.82%	14.82%	14,82%	14.82%	Provision of insurance services

The Group is able to exercise significant influence over these companies with the power to participate in the financial and operating policy decisions, but is not control or joint control over those policies. Accordingly, these companies are regarded as associates of the Group.

* The Group is able to exercise control over this company during the year ended 31 December 2015 and is regarded as a subsidiary of the Group as at 31 December 2015.

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

Minmetals Jiangxi Copper and MCC-JCL are material associates to the Group and they are accounted for using the equity method in these consolidated financial statements.

Minmetals Jiangxi Copper

	2015	**2014**
	RMB'000	*RMB'000*
Current assets	53,339	204,563
Non-current assets	4,258,701	4,606,220
Current liabilities	78,054	363,037
Non-current liabilities	1,645,415	1,495,922

	2015	**2014**
	RMB'000	*RMB'000*
The Group's share of loss for the year	(361,741)	(82,051)
The Group's share of other comprehensive income for the year	124,440	16,260
The Group's share of total comprehensive expense for the year	(237,301)	(65,791)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate in respect of Minmetals Jiangxi Copper recognised in the consolidated financial statements:

	2015	**2014**
	RMB'000	*RMB'000*
Net assets of Minmetals Jiangxi Copper attributable to owners	2,588,571	2,951,824
Proportion of the Group's ownership interest in Minmetals Jiangxi Copper	40%	40%
Carrying amount of the Group's interest in Minmetals Jiangxi Copper	1,035,428	1,180,730

MCC-JCL

	2015	**2014**
	RMB'000	*RMB'000*
Current assets	199,792	197,266
Non-current assets	2,372,541	2,220,607
Current liabilities	17,216	17,948
Non-current liabilities	–	–

	2015	**2014**
	RMB'000	*RMB'000*
The Group's share of results for the year	–	–
The Group's share of other comprehensive income for the year	38,904	8,956
The Group's share of total comprehensive income for the year	38,904	8,956

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate in respect of MCC-JCL in the consolidated financial statements:

	2015	**2014**
	RMB'000	*RMB'000*
Net assets of MCC-JCL attributable to owners	2,555,117	2,399,925
Proportion of the Group's ownership interest in MCC-JCL	25%	25%
Carrying amount of the Group's interest in MCC-JCL	638,779	599,981

Aggregate information of associates that are not individually material is set out below:

	2015	2014
	RMB'000	*RMB'000*
The Group's share of profit	118,729	79,015
The Group's share of other comprehensive income	1,928	–
The Group's share of total comprehensive income	120,657	79,015

20. INTEREST IN JOINT VENTURES

	2015	2014
	RMB'000	*RMB'000*
Unlisted costs of investments	407,198	397,976
Share of post-acquisition losses and other comprehensive expense, net of dividend received	(69,171)	(25,823)
	338,027	372,153

Particulars of the joint ventures are set out as follows:

Name of company	Type	Place of establishment and operation	Registered capital	Proportion of equity held by the Group 2015	Proportion of equity held by the Group 2014	Proportion of voting power held by the Group 2015	Proportion of voting power held by the Group 2014	Principal activities
Jiangxi JCC-BIOTEQ Environmental Technologies Company Limited 江銅百泰環保科技有限公司	LLC	PRC	RMB28,200,000	50%	50%	50%	50%	Recovery of industrial waste water and related sales
Nesko Metal Sanayi re Ticaret Anonim Sirketi	LLC	Istanbul	Turksih Lira 4,520,000	48%	48%	48%	48%	Investment holding of a 99.95% equity interest in a mining company in Albabian

Aggregate information of joint ventures that are not individually material is set out below:

	2015	2014
	RMB'000	*RMB'000*
The Group's share of loss	(39,266)	(22,248)
The Group's share of other comprehensive income (expense)	2,917	(9,833)
The Group's share of loss and total comprehensive expense	(36,349)	(32,081)

The directors of the Company are of the opinion that the Group's joint ventures are not material to the consolidated financial statement as a whole, and therefore, except for above, other financial information in respect of these joint ventures are not presented.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	RMB'000	*RMB'000*
Unlisted equity investments, at cost *(note a)*	478,746	428,746
Impairment loss recognised	(20,666)	(20,297)
	458,080	408,449
Financial products, at fair value *(note b)*	1,338,445	963,000
Bonds investment, at fair value *(note c)*	71,224	80,080
Loan investments *(note d)*	1,780,000	880,000
	3,647,749	2,331,529
Non-current assets	835,249	1,068,529
Current assets	2,812,500	1,263,000
	3,647,749	2,331,529

Notes:

(a) The unlisted equity investments represent the Group's equity interests in unlisted PRC companies. None of the shareholdings exceeds 20% of the issued capital of the respective investee.

(b) As at 31 December 2015, financial products of RMB1,338,445,000 (2014: RMB963,000,000) held by the Group generate annual target return rate ranged from 2.20% to 9.00% (2014: 5.25% to 9.50%), which will due from 12 January 2016 to 26 October 2016 (2014: 8 January 2015 to 16 October 2015). The directors consider that the fair value of the financial products approximate to their costs.

(c) As at 31 December 2015, the bonds investment held by the Group generate annual target return rate ranged from 7.17% to 7.50% (2014: 7.17% to 7.50%), which will due from 22 October 2019 to 31 October 2019 (2014: 22 October 2019 to 31 October 2019). The directors consider that the fair value of the bonds investment approximate to their costs.

(d) The amount represents loan investments arranged via a bank to an independent security company with high credit-rating and good reputation. The loan investments have maturity dates which will due from 31 January 2016 to 19 November 2016 (2014: 19 May 2015 to 30 June 2016) and were secured and carried particular interest rate.

22. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2015	**2014**
	RMB'000	*RMB'000*
Deferred tax assets	918,707	683,956
Deferred tax liabilities	(109,000)	(93,646)
	809,707	590,310

The followings are the major deferred tax assets (liabilities) recognised and movements thereon during current and prior years:

	Fair value adjustments on property, plant and equipment, prepaid lease payments and exploration and evaluation assets	Impairment of assets	Accrued expenses	Unrealised profits	Tax losses	Fair value change on derivative financial instruments	Fair value change on held-for-trading financial liabilities	Deferred revenue	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	(92,926)	88,851	220,762	28,234	26,713	112,395	(96,227)	79,103	12,942	379,847
Charge to other comprehensive income	–	–	–	–	–	(5,453)	–	–	(20)	(5,473)
Credit (charge) to profit or loss	975	282,376	(24,255)	(22,881)	3,663	(99,122)	67,647	17,736	(10,203)	215,936
At 31 December 2014	(91,951)	371,227	196,507	5,353	30,376	7,820	(28,580)	96,839	2,719	590,310
Charge to other comprehensive income	–	–	–	–	–	4,999	–	–	1,183	6,182
(Charge) credit to profit or loss	(12,946)	98,571	(33,372)	3,150	190,979	(63,725)	8,685	6,522	15,351	213,215
At 31 December 2015	(104,897)	469,798	163,135	8,503	221,355	(50,906)	(19,895)	103,361	19,253	809,707

As at 31 December 2015, the Group has RMB2,067,292,000 (2014: RMB892,438,000) of unused tax losses available for offsetting against future profits in respect of certain subsidiaries. A deferred tax asset has been recognised in respect of RMB885,420,000 (2014: RMB127,285,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,181,872,000 (2014: RMB765,153,000) due to the unpredictability of future available taxable profit of the subsidiaries to set against the unused tax losses. The available utilisation period of the unused tax losses is from year 2016 to year 2020 (2014: from year 2016 to year 2019).

As at 31 December 2015, the Group also has deductible temporary differences of RMB283,299,000 (2014: RMB309,464,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

23. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	6,693,458	7,728,952
Work in progress	3,094,908	3,707,850
Finished goods	3,968,844	3,193,259
	13,757,210	14,630,061
Less: Allowance for inventories	(388,355)	(439,842)
	13,368,855	14,190,219

As at 31 December 2015, the Group's inventories classified as hedged items under hedging instrument of both standardised commodity derivative contracts and provisional price arrangement. The fair value of the hedged items amounted to RMB2,298,168,000 (2014: RMB1,832,738,000), which are estimated by reference to quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period. Their fair value measurements are categorised under Level 1.

As at 31 December 2015, certain of the Group's inventories of RMB72,196,000 (2014: nil) were placed as futures margin deposits. As at 31 December 2014, certain of the Group's inventories of RMB533,344,000 were pledged to secure bank borrowings.

24. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	10,603,412	10,357,283
Bills receivables	3,172,899	6,939,014
Factoring receivables	1,386,701	884,839
	15,163,012	18,181,136
Less: Allowance for doubtful debts	(957,185)	(836,532)
	14,205,827	17,344,604

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

As at 31 December 2015, certain of the Group's trade and bill receivables of RMB1,386,701,000 (2014: RMB884,839,000) were factoring receivables with recourse, which were repayable within one year and carried interests ranging from 11.11% to 12.45% per annum (2014: 9.82% to 12.10% per annum).

As at 31 December 2014, certain of the Group's trade and bills receivables of RMB1,739,991,000 (2015: nil) were pledged to secure short-term bank borrowings.

The aged analysis of trade and bills receivables, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period as follows:

	2015	**2014**
	RMB'000	*RMB'000*
Within 1 year	14,149,375	15,619,516
1–2 years	33,015	1,723,837
2–3 years	23,437	1,251
	14,205,827	17,344,604

Movement in the allowance for doubtful debts:

	2015	**2014**
	RMB'000	*RMB'000*
Balance at 1 January	836,532	149,818
Impairment losses recognised	349,887	701,444
Impairment losses reversed	(229,234)	–
Amounts written off as uncollectible	–	(14,730)
Balance at 31 December	957,185	836,532

Included in the above provision for impairment of trade receivables is a full provision for individually impaired trade receivables of RMB148,741,000 (2014: RMB153,253,000). The individually impaired trade receivables are due from customers that are in financial difficulties and from whom none of the receivables is expected to be recovered.

Ageing of trade receivables which are past due but not impaired:

	2015	**2014**
	RMB'000	*RMB'000*
Within 1 year	1,787,127	1,474,619
1–2 years	271,266	284
	2,058,393	1,474,903

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Trade receivables due from related parties included above are disclosed in note 45.

25. TRANSFER OF FINANCIAL ASSETS

The followings were the Group's financial assets that were transferred to banks or suppliers by discounting those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2015

	Bills receivables discounted to banks with full recourse	**Bills receivables endorsed to suppliers with full recourse**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	302,000	–	302,000
Carrying amount of associated liabilities	(302,000)	–	(302,000)
	–	–	–

As at 31 December 2014

	Bills receivables discounted to banks with full recourse	**Bills receivables endorsed to suppliers with full recourse**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	1,182,999	482,860	1,665,859
Carrying amount of associated liabilities	(1,182,999)	(482,860)	(1,665,859)
	–	–	–

In addition, the Group has derecognised these bills receivables and the payables to suppliers in their entirety as in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers under the relevant PRC practice, rule and regulations.

As at 31 December 2015, the Group's maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to banks or the suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB4, 979,798,000 and RMB1,044,543,000 (2014: RMB2,690,817,000 and RMB907,991,000), respectively.

All the bills receivables discounted to banks or endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	**2014**
	RMB'000	*RMB'000*
Prepayments	1,732,390	1,647,515
Deposits and other receivables, net of allowance for doubtful debts	3,280,243	3,006,552
Prepaid value-added tax	1,786,072	1,222,052
Interest receivables	131,498	261,667
	6,930,203	6,137,786

Movement in the allowance for doubtful debts:

	2015	**2014**
	RMB'000	*RMB'000*
Balance at 1 January	333,274	52,730
Impairment losses recognised	317,713	283,815
Impairment losses reversed	(370)	(3,271)
Balance at 31 December	650,617	333,274

Included in deposits and other receivables as at 31 December 2015 are futures margin deposits of RMB1,519,074,000 (2014: RMB1,484,718,000).

Prepayments, deposits and other receivables due from related parties included above are disclosed in note 45.

27. OTHER INVESTMENTS

	2015	2014
	RMB'000	*RMB'000*
Loan investments *(note a)*	311,799	1,100,000
Structured deposits *(note b)*	–	140,000
	311,799	1,240,000
Non-current assets	–	100,000
Current assets	311,799	1,140,000
	311,799	1,240,000

Notes:

(a) The amount represented loan investments arranged via a bank to an independent security company (2014: two independent security companies) with high credit-ratings and good reputation and other floating rate financial products. The loan receivables have maturity dates of 8 October 2016 (2014: 27 September 2015 and 8 October 2016) and were unsecured and carried particular interest rates. The floating rate products are expected to receive 6% return and mature in 2016.

(b) The amount represented structured deposits arranged via a bank with high credit-ratings and good reputation. The investment carried interest rates from 0.35% to 4.90% per annum.

28. LOANS TO FELLOW SUBSIDIARIES

The amounts were guaranteed by JCC, interest bearing at 4.35% per annum (2014: 5.4% per annum) and were repayable within one year.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 Fair value		2014 Fair value	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net settlement:				
Commodity derivative contracts	347,580	(169,963)	278,660	(170,557)
Provisional price arrangement	207,300	–	70,623	–
Foreign currency forward contracts and interest rate swaps	60,120	(40,745)	1,602	(103,389)
	615,000	(210,708)	350,885	(273,946)

	2015	**2014**
	RMB'000	*RMB'000*
Derivatives qualifying for hedge accounting:		
Cash flow hedges		
– Commodity derivative contracts	1,130	42,753
Fair value hedges		
– Provisional price arrangement	198,693	59,015
	199,823	101,768
Derivatives not qualifying for hedge accounting:		
– Commodity derivative contracts	2,474	1,727
– Provisional price arrangement	8,607	11,608
	11,081	13,335
Derivatives not under hedge accounting		
– Commodity derivative contracts	174,013	63,623
– Foreign currency forward contracts and interest rate swaps	19,375	(101,787)
	193,388	(38,164)
	404,292	76,939

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

(a) Derivatives under hedge accounting:

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

– ***Cash flow hedge***

The Group utilises commodity derivative contracts to hedge its exposure to variability in cash flows attributable to price fluctuation risk associated with highly probable forecast sales of copper related products. As at 31 December 2015, the expected delivery period of the forecasted sales for copper related products was from January to March 2016 (2014: from January to March 2015).

– ***Fair value hedge***

The Group utilises commodity derivative contracts and provisional price arrangement to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with inventories. In addition, the Group utilises commodity derivative contracts to hedge its exposure to variability in fair value changes attributable to price fluctuation risk associated with unrecognised firm commitment to sell copper rods.

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

(b) Derivatives not under hedge accounting:

The Group utilises commodity derivative contracts to manage the commodity price risk of forecasted purchases of copper cathode as well as copper component within copper concentrate, and forecasted sales of copper wires and rods. These arrangements are designed to reduce significant fluctuations in the prices of copper concentrate, copper cathodes, copper wires and rods, and copper related products which move in line with the prevailing price of copper cathode.

The Group utilises gold commodity derivative contracts to manage the fair value change risk of the obligation to return gold with same quantity and quality to banks under gold lease contracts. These arrangements are designed to address significant fluctuation in the fair value of the obligation which move in line with the prevailing price of gold.

In addition, the Group has entered into various foreign currency forward contracts and interest rate swaps to manage its exposures on exchange rate and interest rate.

However, these commodity derivative contracts, foreign currency forward contracts and interest rate swaps are not designated as hedging instruments or not qualified for hedging accounting.

30. BANK BALANCES AND CASH/RESTRICTED BANK DEPOSITS

Restricted bank deposits included: (i) time deposits of RMB3,134,672,000 (2014: RMB4,251,899,000) which were pledged to secure bank borrowings, letters of credit, guarantees and acceptances issued, and environment protection deposits; and (ii) required reserve deposits of RMB840,785,000 (2014: RMB1,692,746,000) which were placed with the People's Bank of China, for a subsidiary of the Group providing deposit, loan, financing consultation services. The required reserve deposits with the central bank and the other pledged deposits are not available for use in the Group's daily operation.

As at 31 December 2015, bank balances and cash denominated in currencies other than RMB amounted to RMB8,060,314,000 (2014: RMB2,804,305,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

31. TRADE AND BILLS PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	4,286,670	10,348,877
Bills payables	4,288,350	599,615
	8,575,020	10,948,492

The ageing analysis of trade and bills payables is presented based on the invoice date at the end of the reporting period as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 year	8,519,959	10,865,337
1–2 years	35,570	48,963
2–3 years	10,733	26,666
Over 3 years	8,758	7,526
	8,575,020	10,948,492

The trade payables are normally settled on 60-day to one-year terms.

Trade payables due to related parties included in trade and bills payables are disclosed in note 45.

32. OTHER PAYABLES AND ACCRUALS

	2015	2014
	RMB'000	*RMB'000*
Payroll and welfare	619,811	647,699
Current portion of employee benefit liability *(note 39)*	8,013	45,739
Interest payable	169,006	168,804
Other tax payables	170,363	199,010
Dividend payable to non-controlling interests of a subsidiary	–	10,800
Other payables	2,101,764	1,499,009
Advance from customers	1,616,660	1,619,622
Other long-term payables due within one year *(note 40)*	2,010	2,010
	4,687,627	4,192,693

Other payables and accruals due to related parties included in other payables and accruals are disclosed in note 45.

33. DEPOSITS FROM HOLDING COMPANY AND FELLOW SUBSIDIARIES

Deposits from holding company and fellow subsidiaries represented the deposits placed by related parties in a subsidiary of the Group. The deposits carry interest at rates ranging from 0.35% to 2.93% (2014: 0.35% to 4.13%) per annum and will be repaid upon demand of holding company and fellow subsidiaries.

34. DEFERRED REVENUE – GOVERNMENT GRANTS

	2015	**2014**
	RMB'000	*RMB'000*
Balance at 1 January	508,701	409,884
Received during the year	226,162	136,852
Recognised in profit or loss *(note 6)*	(51,716)	(38,035)
Balance at 31 December	683,147	508,701
Analysed for reporting purpose as:		
Non-current liabilities	634,159	472,978
Current liabilities	48,988	35,723
	683,147	508,701

The deferred revenue represents government subsidies granted to the Group in relation to its production facilities. It is recognised as deferred income and recognised in profit or loss over the expected useful lives of the facilities.

35. HELD-FOR-TRADING FINANCIAL LIABILITIES

The Group entered into certain gold lease contracts with banks. During the lease period, the Group might sell the leased gold to independent third parties. When the lease period expires, the Group shall return the gold with the same quantity and quality to the banks. The obligation to return the gold is recognised as held-for-trading financial liabilities.

36. BANK BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Bank borrowings – secured	1,928,827	5,399,722
Bank borrowings – unsecured	15,123,659	16,210,655
	17,052,486	21,610,377
Carrying amount repayable:		
On demand or within one year	16,704,886	20,929,923
More than one year, but not exceeding two years	86,000	664,704
More than two years, but not exceeding five years	247,600	15,750
More than five years	14,000	–
	17,052,486	21,610,377
Less: Carrying amount of bank borrowing that was repayable within one year (2014: more than one year but not exceeding two years) from the end of reporting period but contained a repayable on demand clause (shown under current liabilities)	(3,267,355)	(180,656)
Amount due within one year shown under current liabilities	(13,437,531)	(20,749,267)
	(16,704,886)	(20,929,923)
Amount due after one year shown as non-current liabilities	347,600	680,454

The effective annual interest rates on the Group's bank borrowings range from 0.57% to 7.00% (2014: 0.52% to 7.00%) per annum.

37. BONDS PAYABLE

Pursuant to the approval of the China Securities Regulatory Commission (No. [2008] 1102), the Company issued 68,000,000 certificates of bonds with warrants at par with a nominal value of RMB100 each, in an aggregate amount of RMB6.8 billion on 22 September 2008. The bonds with warrants have a life of eight years from the date of issuance and bear interest at a rate of 1.0% per annum which is payable in arrears on 22 September of each year, and with principal repaid on maturity. The bonds carry effective interest rate of 6% per annum. The subscribers of each bond were entitled to receive 25.9 warrants at nil consideration and in aggregate 1,761,200,000 warrants were issued. The warrants had a life of 24 months from the date of listing, that is, from 10 October 2008 to 9 October 2010. At initial recognition, the fair value of the liability component was estimated at the issue date using an equivalent market interest rate for a similar bond without the attached purchase warrants. The residual amount was assigned as the equity component and included in shareholders' equity. All warrants were successfully exercised during the year ended 31 December 2010.

The bonds are listed on the Shanghai Stock Exchange. The fair value of the bonds as at 31 December 2015 was approximately RMB6,720,440,000 (2014: RMB6,411,040,000), which was determined based on the closing market price at the end of the reporting period. The bonds are payable on 21 September 2016.

38. PROVISION FOR REHABILITATION

	2015	**2014**
	RMB'000	*RMB'000*
Balance at 1 January	122,465	148,623
Addition	8,790	9,202
Reversal of provision made	–	(35,360)
Change in discount rate	34,440	–
Balance at 31 December	165,695	122,465

The Group makes provision for rehabilitation costs expected to arise on closure of mines. The provision is determined based on the assessments of the cost per square metre to rehabilitate the underground workings, waste dumps, mine site infrastructure, and vegetation zones. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

39. EMPLOYEE BENEFIT LIABILITY

	2015	2014
	RMB'000	*RMB'000*
Employee benefit liability	157,564	233,219
Less: Amount due within one year included in other payables and accruals shown under current liabilities *(note 32)*	(8,013)	(45,739)
Amount due after one year shown as non-current liabilities	149,551	187,480

The balance represents the bonus payable to senior management and middle-level management under management incentive schemes. The non-current portion of employee benefit liability is payable from 2017 to 2021 (2014: 2016 to 2020) and is indexed to the rate of growth of the Group's net assets.

40. OTHER LONG-TERM PAYABLES

	2015	2014
	RMB'000	*RMB'000*
The Group's other long-term payables are repayable as follows:		
Within one year	2,010	2,010
More than one year, but not exceeding two years	2,010	1,254
More than two years, but not exceeding five years	6,029	3,390
More than five years	3,696	7,847
	13,745	14,501
Less: Amount due within one year included in other payables and accruals shown under current liabilities *(note 32)*	(2,010)	(2,010)
Amount due after one year shown as non-current liabilities	11,735	12,491

The amount represents the balance due to JCC as the consideration for the transfer of mining rights from JCC to the Company. The amount is repayable in 30 annual instalments of RMB1,870,000 each and subject to payment of interest at a rate equal to the lending rate for a one-year fixed term loan up to a maximum of 15% on each annual instalment starting from 1 January 1998. The interest paid during the year amounted to RMB112,000 (2014: RMB112,000). The interest rate is at 4.30% (2014: 5.60%) per annum.

41. SHARE CAPITAL

	Number of shares	Amount
		RMB'000
Balance at 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015		
H shares	1,387,482,000	1,387,482
A shares	2,075,247,405	2,075,247
	3,462,729,405	3,462,729

There were no changes in the Company's authorised, issued and fully paid share capital in both years.

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

42. ACQUISITION OF A SUBSIDIARY/DISPOSAL OF A SUBSIDIARY

(a) Acquisition of a subsidiary in 2015

In terms of the shareholders' agreement, the Group had significant influence over 浙江和鼎銅業有限公司 ("**浙江和鼎**") and was classified and accounted for as an associate. 浙江和鼎 is engaged in production and sale of copper products. In September 2015, the Group entered into a supplementary agreement (the "**Agreement**") with another equity owner of which the latter agreed to vote in accordance with the instructions of the Group. As a result of this Agreement, the Group obtained control over 浙江和鼎 and the Group deemed to have disposed of 40% equity interest in 浙江和鼎.

The acquisition has been accounted for using the acquisition method. The fair value of the previously held interest and the fair values of the identifiable assets and liabilities of 浙江和鼎 at the deemed acquisition date were as follows:

	Fair value
	RMB'000
Net assets acquired:	
Property, plant and equipment	1,233,827
Prepaid lease payments	149,257
Deposits	21,680
Intangible assets	11,389
Other current assets	1,278,279
Bank balances and cash	589,458
Short-term borrowings	(1,138,452)
Other current liabilities	(896,720)
Other non-current liabilities	(31,253)
Long-term borrowings	(234,000)
Net assets acquired	983,465
Satisfied by:	
Cash consideration	–
Fair value interest in an associate disposed of	376,976
Non-controlling interests	606,489
	983,465
Net cash inflow on acquisition of a subsidiary:	
Cash consideration	–
Cash and cash equivalents acquired	589,458
	589,458

If the deemed acquisition had been completed on 1 January 2015, the total Group's turnover for the year ended 31 December 2015 would have been approximately RMB189,148,452,000, and profit for the year ended 31 December 2015 would have been RMB778,372,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2015, nor is it intended to be a projection of future results.

(b) Disposal of a subsidiary in 2015

On 28 December 2015, the Group disposed of its subsidiary, 江西銅業民爆礦服有限公司 ("**江西民爆**"). The net assets of 江西民爆 at the date of disposal were as follows:

Consideration received

	RMB'000
Cash consideration received	323,753

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	47,837
Inventories	1,854
Trade and other receivables	12,896
Bank balances and cash	21,341
Other current assets	6
Trade and other payables	(38,196)
Net assets disposed of	45,738

Gain on disposal of a subsidiary

	RMB'000
Consideration received and receivable	323,753
Less: net assets disposed of	(45,738)
Gain on disposal	278,015

Net cash arising on disposal of a subsidiary

	RMB'000
Cash consideration	323,753
Less: bank balances and cash disposed of	(21,341)
	302,412

(c) Acquisition of a subsidiary in 2014

In December 2014, the Group acquired 51% equity interest in 江銅華北(天津)銅業有限公司 ("**江銅華北**"), which is principally engaged in manufacturing and sale of copper products, at a cash consideration of RMB260,204,000. Upon the completion of the acquisition, 江銅華北 became a non-wholly owned subsidiary of the Company. 江銅華北 was acquired so as to continue the expansion of the Group's business of manufacturing and sale of copper products and acquire the production line of copper wire.

Consideration

	RMB'000
Cash consideration paid	260,204

Assets acquired at the date of acquisition

	RMB'000
Property, plant and equipment	190,561
Prepaid lease payments	35,385
Other receivables	21,680
Bank balances and cash	262,578
	510,204

Result arising on acquisition

	RMB'000
Consideration	260,204
Plus: Non-controlling interests	250,000
Less: Net assets acquired	(510,204)
	–

Net cash inflow on acquisition

	RMB'000
Cash consideration paid	(260,204)
Less: Cash and cash equivalents acquired	262,578
	2,374

43. OPERATING LEASES

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015	2014
	RMB'000	*RMB'000*
Within one year	167,353	170,318
In the second to fifth years inclusive	167,927	335,187
	335,280	505,505

Operating lease payments represent rentals payable by the Group for certain of its office premises and land use rights. Leases are negotiated for an average term of three years (2014: three years) and rentals are fixed for an average of three years (2014: three years).

44. COMMITMENTS

	2015	2014
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the Group's consolidated financial statements in respect of:		
Acquisition of property, plant and equipment and exploration and evaluation rights	1,087,896	825,300
Investments in an associate-MCC-JCL *(note)*	1,500,504	1,413,944
	2,588,400	2,239,244
Capital expenditure authorised but not contracted for in respect of:		
Acquisition of property, plant and equipment and exploration rights	1,021,260	1,223,823

Note: The Company and China Metallurgical Group Corporation ("**CMCC**") incorporated MCC-JCL, an associate of the Group in September 2008. Prior to the introduction of other independent investors, the initial shareholding of the Company and CMCC in the MCC-JCL shall be 25% and 75%, respectively. The principal business of MCC-JCL is the exploration and exploitation of minerals in the Central and Western mineralised zones in Aynak Mine in Afghanistan.

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

45. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the related party transactions set out in the respective notes to the consolidated financial statements, the Group entered into the following material transactions with related parties during the year:

	2015	2014
	RMB'000	*RMB'000*
Sales to holding company		
Sales of auxiliary industrial products	1,234	4,093
Sales to fellow subsidiaries		
Sales of copper rods and wire	493,772	714,595
Sales of copper cathode	520,196	269,655
Sales of by-products	–	111,828
Sales of lead material	47,461	56,698
Sales of zinc concentrate	26,498	31,627
Sales of auxiliary industrial products	147,954	57,800
Sales of sulphuric acid	54	–
Sales of copper waste	3,266	–
Sales of auxiliary materials	41	–
	1,239,242	1,242,203
Sales to an associate		
Sales of sulphur and auxiliary industrial products	–	750
Sales to a joint venture		
Sales of auxiliary industrial products	3,021	2,156
Sales to non-controlling interests of a subsidiary		
Sales of copper cathode	4,509,713	9,194,422
Sales of copper rod	1,546,136	424,599
Sales of other non-ferrous metals	7,040	–
Sales of auxiliary products	233,108	–
	6,295,997	9,619,021

	2015	2014
	RMB'000	*RMB'000*
Purchases from holding company		
Purchases of auxiliary industrial products	13,754	7
Purchases from fellow subsidiaries		
Purchases of auxiliary industrial products	151,697	130,842
Purchases of sulphuric acid	–	10,784
Purchases of crude copper	–	20,938
	151,697	162,564
Purchases from associates		
Purchases of copper waste	17,444	155,166
Purchases from a joint venture		
Purchases of cupric sulphide	50,089	40,506
Purchases from non-controlling interests of a subsidiary		
Purchases of copper cathode	2,423,613	1,283,589
Purchases of copper waste	245,095	–
Purchases of auxiliary industrial products	38,729	–
	2,707,437	1,283,589
Financial service received from fellow subsidiaries		
Interest received from loans provided	44,548	20,060
Financial services paid to holding company		
Interest paid for deposits made	2,863	2,233
Financial services paid to fellow subsidiaries		
Interest paid for deposits made	10,010	5,129

	2015	2014
	RMB'000	*RMB'000*
Service fees paid to holding company		
Land lease expenses	166,665	166,665
Labour services	11,519	1,383
Construction services	–	4,423
Vehicle transportation services	1,329	–
Rentals for public facilities	–	1,598
	179,513	174,069
Service fees paid to fellow subsidiaries		
Repair and maintenance services	104,016	127,935
Brokerage agency services for commodity derivative contracts	6,533	20,467
Labour services	74,472	10,979
Construction services	–	5,360
Vehicle transportation services	–	1,626
Sanitation and greening service	2,968	–
Agency services	4,113	–
	192,102	166,367
Service fees received from holding company		
Construction services	3,615	–
Supply of electricity	530	9,714
Vehicle transportation services	7,571	166
Supply of equipment with design and installation service	–	5,910
Rentals for public facilities and other services	649	–
Supply of water	–	263
Repair and maintenance services	268	4,412
Others	1,818	–
	14,451	20,465

	2015	2014
	RMB'000	*RMB'000*
Service fees received from fellow subsidiaries		
Construction services	144,372	91,508
Supply of electricity	30,733	32,481
Vehicle transportation services	–	20,157
Supply of equipment with design and installation service	395	9,751
Rentals for public facilities and other services	10,996	8,175
Supply of water	–	48
Repair and maintenance services	14,484	3,601
Others	17,563	–
	218,543	165,721
Service fees received from associates		
Construction services	627	4,436
Service fees received from a joint venture		
Construction services	–	1,281
Other services	8,894	–
	8,894	1,281
Service fees received from non-controlling interests of a subsidiary		
Processing services	20,373	–
Interest received from trade receivables	–	4,131
	20,373	4,131
Loans to fellow subsidiaries	979,046	913,000
Repayment of loans to fellow subsidiaries	–	30,000

During the years ended 31 December 2015 and 2014, the Group's investment properties were leased to fellow subsidiaries of the Group free of charge.

The related party transactions except for transactions with associates, joint ventures and non-controlling interests of a subsidiary above constitute connected transactions or continuing connected transactions as defined on Chapter 14A of the Listing Rules.

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

(b) Compensation of key management personnel of the Group

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

	2015	**2014**
	RMB'000	*RMB'000*
Short-term employees benefits	8,842	13,931
Post-employment benefits	592	504
Performance related bonus	50	6,323
	9,484	20,758

(c) Balances with related parties

At the end of the reporting period, the Group have the following balances with related parties:

	2015	2014
	RMB'000	*RMB'000*
Trade and bills receivables due from holding company	2,835	377
Trade and bills receivables due from fellow subsidiaries	338,612	589,106
Trade and bills receivables due from associates	535	3,102
Trade and bills receivables due from a joint venture	1,789	–
Trade and bills receivables due from non-controlling interests of a subsidiary	18,463	56,888
Prepayments and other receivables due from holding company	8,731	5,792
Prepayments and other receivables due from fellow subsidiaries	995,789	839,731
Prepayment and other receivables due from non-controlling interests of a subsidiary	119,099	15,521
Prepayments and other receivables due from associates	3,398	1,479
Prepayments and other receivable due from a joint venture	2,917	900
Loans to fellow subsidiaries	945,209	878,585
Trade and bills payables due to holding company	2,815	1,934
Trade and bills payables due to fellow subsidiaries	42,770	51,915
Trade and bills payables due to a joint venture	1,435	3,198
Trade and bills payables due to non-controlling interests of a subsidiary	39,584	163,203
Other payables and accruals due to holding company	173,615	38,293
Other payables and accruals due to fellow subsidiaries	53,460	32,947
Other payables and accruals due to non-controlling interests of a subsidiary	2,478	17,046
Deposits from holding company	268,229	255,404
Deposits from fellow subsidiaries	1,343,347	624,388
Other long-term payables due to holding company	13,745	14,501

(d) Transactions/balances with other state-controlled entities

The Group itself is part of a larger group of companies under the State-owned Assets Supervision & Administration Commission of the People's Government of Jiangxi Province which is controlled by the PRC government and the Group operates in an economic environment currently pre-dominated by entities controlled, jointly controlled or significantly influenced by the PRC government.

Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with entities directly or indirectly controlled, jointly controlled or significantly influence by the PRC government in the ordinary course of business, including majority of its bank deposits and the corresponding interest income, certain bank borrowings and the corresponding finance costs, and significant purchases and sales of copper and other related products.

46. FINANCIAL INSTRUMENTS

(a) Capital risk management

The primary objective of the Group's capital management is to ensure that it has sufficient capital in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or obtain additional capital from shareholders. No changes were made in the objectives, policies or processes for managing capital during both years.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain the gearing ratio between 10% and 50%. Net debt includes interest-bearing bank borrowings, trade and bills payables, financial liabilities included in the other payables and accruals less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the Company less the hedging reverses.

(b) Categories of financial instruments

	2015	2014
	RMB'000	*RMB'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)		
– Trade and bills receivables	14,205,827	17,344,604
– Other receivables	3,407,744	3,268,219
– Other investments	311,799	1,240,000
– Loans to fellow subsidiaries	945,209	878,585
– Restricted bank deposits	3,975,457	5,944,645
– Bank balances and cash	16,705,051	19,394,219
	39,551,087	48,070,272
Financial assets at FVTPL		
Held-for-trading financial assets	156,947	48,159
Derivative financial instruments	613,870	308,132
	770,817	356,291
Derivative financial instruments in designated Hedge accounting relationships	1,130	42,753
Available-for-sale investments	3,647,749	2,331,529

	2015	2014
	RMB'000	*RMB'000*
Financial liabilities		
Amortised cost		
– Trade and bills payables	8,575,020	10,948,492
– Other payables	1,753,481	1,499,011
– Deposits from holding company and fellow subsidiaries	1,611,576	879,792
– Deposits from third parties	133,939	171,379
– Bank borrowings	17,052,486	21,610,377
– Bonds payable	6,554,733	6,246,297
– Other long-term payables	13,745	14,501
	35,694,980	41,369,849
Financial liabilities at FVTPL		
Held-for-trading financial liabilities	1,758,825	2,416,717
Derivative financial instruments	210,708	273,946
	1,969,533	2,690,663
Derivative financial instruments in designated Hedge accounting relationships	–	–

(c) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and bills receivables, other receivables, other investments, loans to fellow subsidiaries, restricted bank deposits, bank balances and cash, held-for trading financial assets, trade and bills payables, other payables, deposits from holding company and fellow subsidiaries, bank borrowings, bonds payable, other long-term payables, held-for trading financial liabilities and derivative financial instruments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates relates primarily to the Group's cash at bank and bank borrowings with floating interest rates. The management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The management considers the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest bearing bank borrowings at the end of reporting period assuming the stipulated changes taking place at the beginning of the reporting period and held constant throughout the reporting period.

If interest rates had been 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the Group's profit before taxation would decrease/increase by RMB14,815,000 (2014: decrease/increase by RMB10,020,000).

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currencies, i.e. currency other than the functional currency of the respective group entities, which are mainly trade and other receivables, restricted bank deposits, bank balances and cash, trade and other payables, bank borrowings and derivative financial instruments, at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2015	**2014**	**2015**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	9,328,151	5,612,406	12,399,706	14,178,172
RMB	460,083	1,081,672	343,871	1,307
HKD	–	–	33,388	–
New Zealand dollars ("**NZD**")	–	–	–	731,688
Australian dollars ("**AUS**")	592	557	–	155,866
Japanese Yen ("**JPY**")	–	–	67,669	64,704
European dollars ("**EUR**")	190,006	–	–	–
Singapore dollars ("**SGD**")	–	–	141,314	–

The Group does not carry out active currency hedging. Currency protection measures may be needed in specific commercial circumstances and are subject to strict limits laid down by the board of directors.

The Group is mainly exposed to foreign currency risk in USD, HKD, NZD, AUS, JPY, EUR, SGD and TRY against RMB. In addition, overseas subsidiaries exposed to RMB currency risk. The following table details the Group's sensitivity to a 5% change in the respective foreign currencies against RMB. The 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents directors' assessment of the possible change in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the change taking place at the end of the reporting periods and held constant throughout the reporting period.

	(Decrease) increase in profit before taxation	
	2015	2014
	RMB'000	*RMB'000*
If USD strengthens against RMB by 5%	**(33,233)**	(428,288)
If USD weakens against RMB by 5%	**33,233**	428,288
If NZD strengthens against RMB by 5%	**–**	(36,584)
If NZD weakens against RMB by 5%	**–**	36,584
If AUS strengthens against RMB by 5%	**(30)**	(7,765)
If AUS weakens against RMB by 5%	**30**	7,765
If JPY strengthens against RMB by 5%	**(3,383)**	(3,235)
If JPY weakens against RMB by 5%	**3,383**	3,235
If HKD strengthens against RMB by 5%	**1,669**	–
If HKD weakens against RMB by 5%	**(1,669)**	–
If EUR strengthens against RMB by 5%	**9,500**	–
If EUR weakens against RMB by 5%	**(9,500)**	–
If SGD strengthens against RMB by 5%	**(7,066)**	–
If SGD weakens against RMB by 5%	**7,066**	–
If RMB strengthens against HKD by 5%	**6,425**	47,764
If RMB weakens against HKD by 5%	**(6,425)**	(47,764)
If RMB strengthens against SGD by 5%	**865**	6,148
If RMB weakens against SGD by 5%	**(865)**	(6,148)
If RMB strengthens against TRY by 5%	**(1,479)**	106
If RMB weakens against TRY by 5%	**1,479**	(106)

In directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Commodity price risk

The Group's commodity price risk is mainly the exposure to fluctuations in the prevailing market price of copper cathodes which are the major commodities produced and sold by the Group. To minimise this risk, the Group enters into commodity derivative contracts and provisional price arrangements to manage the Group's exposure in relation to forecasted sales of copper products, forecasted purchases of copper concentrate, inventories and firm commitments to sell copper rods and wires.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in prevailing market price of copper cathodes, with all other variables held constant, of the Group's profit before taxation and equity (due to changes in the fair values of commodity derivative contracts and the provisional price arrangement) after the impact of hedge accounting.

	(Decrease) increase in profit before taxation	
	2015	**2014**
	RMB'000	*RMB'000*
If market price of cooper increased by 5%	(138,338)	(159,484)
If market price of copper decreased by 5%	138,338	159,484

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, available-for-sale investments, other receivables, other investments, loans to fellow subsidiaries and certain derivative instruments and discounted and endorsed bills arrangement with full recourse, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

There is no requirement for collateral and no significant concentrations of credit risk within the Group. As at 31 December 2015, 23.00% (2014: 28.56%) of the Group's trade receivables were due from the Group's five largest customers.

There is concentration of credit risk on restricted bank deposits and bank balances for the Group at the end of reporting period. The credit risk on liquid funds is limited because majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state owned banks with good reputation.

Liquidity risk

The Group's treasury department monitors the Group's cash flow positions on a regular basis to ensure the cash flows of the Group are positive and closely controlled. The Group aims to maintain flexibility in funding by keeping committed credit lines available, and borrowing loans from banks.

Other than discounted and endorsed bills with full recourse which were derecognised by the Group (see note 25 for details) and discussed elsewhere in these consolidated financial statements, the table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on the contractual undiscounted payments.

	Weighted average effective interest rate	On demand and within one year	Over 1 year but not more than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2015						
Non-derivative financial liabilities						
Trade and bills payables	–	8,575,020	–	–	8,575,020	8,575,020
Other payables	–	1,753,481	–	–	1,753,481	1,753,481
Deposits from holding company and fellow subsidiaries	2.24%	1,647,675	–	–	1,647,675	1,611,576
Deposits from third parties	2.24%	135,544	–	–	135,544	133,939
Bank borrowings	2.60%	17,170,952	357,298	–	17,528,250	17,052,486
Bonds payables	1.00%	6,620,280	–	–	6,620,280	6,554,733
Held-for-trading financial liabilities	–	1,758,825	–	–	1,758,825	1,758,825
Other long-term payables	6.00%	14,569	–	–	14,569	13,745
		37,676,346	357,298	–	38,033,644	37,453,805
Derivative – net settlement						
– net inflow		(615,000)	–	–	(615,000)	(615,000)
– net outflow		210,708	–	–	210,708	210,708
		(404,292)	–	–	(404,292)	(404,292)

	Weighted average effective interest rate	On demand and within one year	Over 1 year but not more than 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2014						
Non-derivative financial liabilities						
Trade and bills payables	–	10,948,492	–	–	10,948,492	10,948,492
Other payables	–	1,499,011	–	–	1,499,011	1,499,011
Deposits from holding company and fellow subsidiaries	2.24%	899,499	–	–	899,499	879,792
Deposits from third parties	2.24%	175,388	–	–	175,388	171,379
Bank borrowings	3.04%	21,429,349	691,515	17,249	22,138,113	21,610,377
Bonds payables	1.00%	68,000	6,851,000	–	6,919,000	6,246,297
Held-for-trading financial liabilities	–	2,416,717	–	–	2,416,717	2,416,717
Other long-term payables	6.00%	2,010	8,039	16,078	26,127	14,501
		37,438,466	7,550,554	33,327	45,022,347	43,786,566
Derivative – net settlement						
– net inflow		(350,885)	–	–	(350,885)	(350,885)
– net outflow		273,946	–	–	273,946	273,946
		(76,939)	–	–	(76,939)	(76,939)

Bank borrowings with a repayment on demand clause is included in the "on demand and within 1 year" time band in the above maturity analysis. As at 31 December 2015, the aggregate undiscounted principal amounts of this bank borrowing amounted to RMB3,267,355,000 (2014: RMB180,656,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors believe that such bank borrowing will be repaid two years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB3,293,302,000 (2014: RMB185,887,000).

(d) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/financial liabilities	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1. Listed equity securities classified as held-for-trading financial assets	Assets - RMB27,931,000	Assets - RMB747,000	Level 1	Quoted bid prices in active markets.	N/A	N/A
2. Listed debenture investments classified as held-for-trading financial assets	Assets - RMB129,016,000	Assets - RMB47,412,000	Level 1	Quoted bid prices in active markets.	N/A	N/A

Financial assets/financial liabilities	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
3. Standardised commodity derivative contracts classified as derivative financial instruments	Assets - RMB187,595,000 Liabilities - RMB8,583,000	Assets - RMB244,302,000 Liabilities - RMB23,919,000	Level 1	Quoted bid prices in active markets.	N/A	N/A
4. Gold lease contracts classified as held-for-trading financial liabilities	Liabilities - RMB1,758,825,000	Liabilities - RMB2,416,717,000	Level 1	Quoted bid prices in active markets.	N/A	N/A
5. Non-standardised commodity derivative contracts classified as derivative financial instruments	Assets - RMB159,985,000 Liabilities - RMB161,380,000	Assets - RMB34,358,000 Liabilities - RMB146,638,000	Level 2	Discounted cash flow or option pricing models. The fair value of the commodity derivative contracts is estimated by reference to the quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period.	N/A	N/A
6. Foreign currency forward contracts classified as derivative financial instruments	Assets - RMB60,120,000 Liabilities - RMB40,109,000	Assets - RMB1,602,000 Liabilities - RMB103,014,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

Financial assets/financial liabilities	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
7. Interest rate swap contracts classified as derivative financial instruments	Liabilities - RMB636,000	Liabilities - RMB375,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
8. Provisional price arrangement classified as derivative financial instruments	Assets - RMB207,300,000	Assets - RMB70,623,000	Level 2	Discounted cash flow. The fair value of the provisional price arrangement is estimated by reference to the quoted bid prices of similar standardised commodity derivative contracts at the end of the reporting period and the inception price of the contracts.	N/A	N/A
9. Bonds investment classified as available-for-sale investments	Assets - RMB71,224,000	Assets - RMB80,080,000	Level 2	Discounted cash flow. Fair value are estimated based on its expected cash flows discounted by quoted annual return rate of similar bonds investments.	N/A	N/A

Financial assets/financial liabilities	Fair value as at 31 December 2015	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
10. Financial products classified as available-for-sale investments	Assets - RMB1,338,445,000	Assets - RMB963,000,000	Level 3	Discounted cash flow. Fair value are estimated based on its expected cash flows discounted by unquoted annual return rate of similar financial products.	Unquoted annual return rate of similar financial products provided by counterparties.	The higher the unquoted annual return rate, the lower the fair value.
11. Loan investments classified as available-for-sale investments	Assets - RMB1,780,000,000	Assets - RMB880,000,000	Level 3	Discounted cash flow. Fair value are estimated based on its expected cash flows discounted by unquoted annual return rate of similar financial products.	Unquoted annual return rate of similar financial products provided by counterparties.	The higher the unquoted annual return rate, the lower the fair value.

There were no transfers between Level 1, 2 and 3 during the year.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value hierarchy				
Financial assets at FVTPL				
Held-for-trading financial assets	156,947	–	–	156,947
Derivative financial instruments	187,595	427,405	–	615,000
Available-for-sale investments	–	71,224	3,118,445	3,189,669
Total	344,542	498,629	3,118,445	3,961,616
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	1,758,825	–	–	1,758,825
Derivative financial instruments	8,583	202,125	–	210,708
Total	1,767,408	202,125	–	1,969,533

	2014			
	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value hierarchy				
Financial assets at FVTPL				
Held-for-trading financial assets	48,159	–	–	48,159
Derivative financial instruments	244,303	106,582	–	350,885
Available-for-sale investments	–	80,080	1,843,000	1,923,080
Total	292,462	186,662	1,843,000	2,322,124
Financial liabilities at FVTPL				
Held-for-trading financial liabilities	2,416,717	–	–	2,416,717
Derivative financial instruments	23,919	250,027	–	273,946
Total	2,440,636	250,027	–	2,690,663

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Bonds payable	6,554,733	6,720,440	6,246,297	6,411,040

Reconciliation of Level 3 fair value measurements

Reconciliation of Level 3 fair value measurement of available-for-sale investments:

	2015	**2014**
	RMB'000	*RMB'000*
Balance at 1 January	1,843,000	1,371,500
Total gain recognised in profit or loss	167,673	131,273
Purchases	4,727,500	4,108,900
Settlements	(3,619,728)	(3,768,673)
Balance at 31 December	3,118,445	1,843,000

Of the total gains or losses for the period included in profit or loss, RMB192,515,000 (2014: RMB183,033,000) relates to available-for sales investments held at the end of the current reporting period. Fair value gains or losses on available-for sales investments are included in "other gains and losses".

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries are as follows:

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Proportion of voting power held by the Company		Principal activities
				2015		2014		2015	2014	
				Directly	Indirectly	Directly	Indirectly			
Jiangxi Copper Products Company Limited 江西銅業銅材有限公司	LLC	PRC	RMB225,000,000	100%	–	100%	–	100%	100%	Sale and processing of copper rods and wires
Sichuan Kangtong Copper Company Limited 四川康西銅業有限責任公司	LLC	PRC	RMB286,880,000	57.14%	–	57.14%	–	57.14%	57.14%	Sale of copper materials, precious metal materials and sulphuric acid
Sure Spread Company Limited 保弘有限公司	LLC	Hong Kong	HKD50,000,000	–	100%	–	100%	100%	100%	International trading and provision of related technical service
Jiangxi Copper Alloy Materials Company Limited 江西銅業銅合金材料有限公司	LLC	PRC	RMB199,500,000	100%	–	100%	–	100%	100%	Manufacture and sale of copper rods and wires

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Proportion of voting power held by the Company 2015	2014	Principal activities
Jiangxi Jiangtong-Wengfu Chemical Industry Company Limited 江西省江銅－甕福化工有限責任公司	LLC	PRC	RMB181,500,000	70%	–	70%	–	70%	70%	Manufacture and sale of sulphuric acid and by-products
Shenzhen Jiangxi Copper Marketing Company Limited 深圳江銅營銷有限公司	LLC	PRC	RMB660,000,000	100%	–	100%	–	100%	100%	Sale of copper products
Jiangxi Copper Shanghai Trading Company Limited 上海江銅營銷有限公司	LLC	PRC	RMB200,000,000	100%	–	100%	–	100%	100%	Sale of copper products
Jiangxi Copper Beijing Trading Company Limited 北京江銅營銷有限公司	LLC	PRC	RMB261,000,000	100%	–	100%	–	100%	100%	Sale of copper products
Jiangxi Copper Corporation Chemical Company Limited 江西銅業集團化工有限公司	LLC	PRC	RMB42,637,000	100%	–	100%	–	100%	100%	Manufacture and sale of sulphuric acid and by-products
JCC Yinshan Mining Company Limited 江西銅業集團銀山礦業有限責任公司	LLC	PRC	RMB30,000,000	100%	–	100%	–	100%	100%	Manufacture and sale of non-ferrous metal and rare materials
JCC (Dexing) Construction Company Limited 江西銅業集團（德興）建設有限公司	LLC	PRC	RMB50,000,000	100%	–	100%	–	100%	100%	Provision of construction and installation services; development and sale of construction materials
JCC Dexing Explosion Company Limited 江西銅業集團（德興）爆破有限公司	LLC	PRC	RMB1,000,000	–	100%	–	100%	100%	100%	Production and sale of engineering, including blasting engineering
JCC Dongtong Mining Company Limited 江西銅業集團東同礦業有限公司	LLC	PRC	RMB46,209,000	100%	–	100%	–	100%	100%	Manufacture and sale of non-ferrous metal and rare materials
JCC Guixi Logistics Company Limited 江西銅業集團（貴溪）物流有限公司	LLC	PRC	RMB40,000,000	100%	–	100%	–	100%	100%	Provision of transportation services

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Proportion of voting power held by the Company 2015	2014	Principal activities
JCC Qianshan Copper Concentration Pharmaceuticals Company Limited 江西銅業集團（鉛山）選礦藥劑有限公司	LLC	PRC	RMB10,200,000	100%	–	100%	–	100%	100%	Sale of beneficiation drugs, fine chemicals and other products
JCC Dongxiang Alloy Materials Manufacturing Company Limited 江西銅業集團（東鄉）鑄造有限公司	LLC	PRC	RMB29,000,000	–	74.97%	–	74.97%	74.97%	74.97%	Production and sale of grinding pebbles, casting of machine tools and wear-resistant parts, cast steel processing, machine work and reclaiming waste steel
Jiangxi Copper Yates Copper Foil Company Limited 江西省江銅－耶兹銅箔有限公司	LLC	PRC	RMB453,600,000	89.77%	–	89.77%	–	89.77%	89.77%	Production and sale of copper foil
Jiangxi Copper (Longchang) Precise Pipe Company Limited 江西江銅龍昌精密銅管有限公司	LLC	PRC	RMB890,529,000	92.04%	–	92.04%	–	92.04%	92.04%	Production and sale of copper pipes and other copper pipe products
Jiangxi Copper Taiyi Special Electrical Materials Company Limited 江西省江銅－台意特種電工材料有限公司	LLC	PRC	USD16,800,000	70%	–	70%	–	70%	70%	Production and sale of enamelled wires and provision of repair and consulting services
Loyal Sky Industrial Company Limited 鴻天實業有限公司	LLC	Hong Kong	USD2,001,300	–	100%	–	100%	100%	100%	Trading of copper products and non-ferrous metals
JCC (Dexing) Alloy Materials Manufacturing Company Limited 江西銅業集團（德興）鑄造有限公司	LLC	PRC	RMB66,380,000	100%	–	100%	–	100%	100%	Production and sale of alloy grinding pebbles and metal casting; maintenance of mechanical and electrical equipment; installation and debugging of equipment

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Proportion of voting power held by the Company 2015	2014	Principal activities
JCC (Ruichang) Alloy Materials Manufacturing Company Limited 江西銅業集團（瑞昌）鑄造有限公司	LLC	PRC	RMB2,602,000	100%	–	100%	–	100%	100%	Manufacture and sale of new type of ductile iron ball parameters, wear resistant material and products; machinery processing
JCC Corporation Dongxiang Recycling Company Limited 江西銅業集團（東鄉）廢舊金屬有限公司	LLC	PRC	RMB500,000	–	100%	–	100%	100%	100%	Recovery and sale of disused metals
JCC Geology Exploration Company Limited 江西銅業集團地勘工程有限公司	LLC	PRC	RMB15,000,000	100%	–	100%	–	100%	100%	Provision of services relating to mine exploration and development
Jiangxi Copper Corporation Drill Project Company Limited 江西銅業集團井巷工程有限公司	LLC	PRC	RMB20,296,000	100%	–	100%	–	100%	100%	Providing mining services
Hangzhou Tongxin Company Limited 杭州銅鑫物資有限公司	LLC	PRC	RMB2,000,000	100%	–	100%	–	100%	100%	Sale of metal, ore and chemical products
JCC (Guixi) New Metallurgical and Chemical Company Limited 江西銅業集團（貴溪）冶化新技術有限公司	LLC	PRC	RMB2,000,000	100%	–	100%	–	100%	100%	Development of new chemical technologies and new products
JCC Copper Products Company Limited 江西銅業集團銅材有限公司	LLC	PRC	RMB186,391,000	98.89%	–	98.89%	–	98.89%	98.89%	Processing and sale of copper rods
JCC Recycling Company Limited 江西銅業集團再生資源有限公司	LLC	PRC	RMB6,800,000	55.88%	44.12%	55.88%	44.12%	100%	100%	Collection and sale of metal scrap
JCC (Guixi) Metallurgical and Chemical Engineering Company Limited 江西銅業集團（貴溪）冶金化工工程有限公司	LLC	PRC	RMB35,080,000	100%	–	100%	–	100%	100%	Provision of repair and maintenance services for production facilities and machinery equipment

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company				Proportion of voting power held by the Company		Principal activities
				2015		2014		2015	2014	
				Directly	Indirectly	Directly	Indirectly			
JCC Finance Company Limited 江西銅業集團財務有限公司	LLC	PRC	RMB1,000,000,000	85.68%	1.67%	85.68%	1.67%	87.35%	87.35%	Provision of deposit, loan, guarantee and financing consultation services to related parties
Thermonamic Electronics (Jiangxi) Company Limited 江西納米克熱電電子股份有限公司	LLC	PRC	RMB70,000,000	95%	–	95%	–	95%	95%	Development and production of electronic semiconductors and provision of related services
Jiangxi Copper Construction Supervision Company Limited 江西銅業建設監理諮詢有限公司	LLC	PRC	RMB3,000,000	100%	–	100%	–	100%	100%	Construction supervision, construction cost consulting, bidding and project agency, technical consultation, project evaluation and information service
Jiangxi Copper (Guangzhou) Copper Production Company Limited 廣州江銅銅材有限公司	LLC	PRC	RMB800,000,000	100%	–	100%	–	100%	100%	Production, processing and sale of copper products and wires
Shanghai Shengyu Investment Company Limited (previously known as Shanghai Shengyu Real Estate Company) 上海盛昱投資有限公司（原名：上海盛昱房地產有限公司）	LLC	PRC	RMB169,842,000	100%	–	100%	–	100%	100%	Rental and management of properties
Jiangxi Copper International Trade Company Limited 江銅國際貿易有限公司	LLC	PRC	RMB1,000,000,000	60%	–	60%	–	60%	60%	Sale of metals, chemicals, mining products, construction materials, and etc.
Jiangxi Copper Shanghai International Logistics Company Limited 上海江銅國際物流有限公司	LLC	PRC	RMB5,000,000	–	100%	–	100%	100%	100%	Provision of logistics service

Name of company	Type	Place of incorporation/ establishment and operations	Paid-up capital/ registered capital	Proportion of equity held by the Company 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Proportion of voting power held by the Company 2015	2014	Principal activities
Jiangxi Copper Dexing Chemical Company Limited 江西銅業（德興）化工有限公司	LLC	PRC	RMB333,184,500	100%	–	100%	–	100%	100%	Manufacture and sale of chemical products
Jiangxi Copper Yugan Forge & Alloy Company Limited 江西銅業集團（餘幹）鍛鑄有限公司	LLC	PRC	RMB28,000,000	–	100%	–	100%	100%	100%	Production and sale of alloy grinding pebbles
Jiangxi Copper (Qingyuan) Company Limited 江西銅業（清遠）有限公司	LLC	PRC	RMB890,000,000	100%	–	100%	–	100%	100%	Manufacturing and sale
Jiangxi Copper Company Hong Kong Limited 江西銅業香港有限公司	LLC	Hong Kong	US$10,000,000	100%	–	100%	–	100%	100%	Trading of copper products and non-ferrous metals
Jiangxi Copper Recycling Company Limited 江西銅業再生資源有限公司	LLC	PRC	RMB250,000,000	100%	–	100%	–	100%	100%	Collection and sale of metal scrap
Shangri La Bisidaji Mining Company Limited 香格里拉縣必司大吉礦業有限公司	LLC	PRC	RMB5,000,000	51%	–	51%	–	51%	51%	Exploration of copper mining
Jiangxi Copper Shanghai Supply Chain Management Company Limited 上海江銅供應鏈管理有限公司	LLC	PRC	RMB100,000,000	–	100%	–	100%	100%	100%	Provision of supply chain service

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding as at 31 December 2015 and 2014 or at any time during both years.

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015	**2014**
	RMB'000	*RMB'000*
Property, plant and equipment	14,513,454	14,699,505
Unlisted investments in subsidiaries	9,996,442	9,627,219
Unlisted investment in a joint venture	14,100	14,100
Unlisted investments in associates	2,813,208	3,081,208
Available-for-sale investments	904,025	398,080
Other non-current assets	2,400,322	2,110,783
Inventories	8,905,744	10,232,721
Bank balances and cash	17,211,491	19,625,468
Other current assets	9,143,059	10,036,442
Total assets	65,901,845	69,825,526
Bank and other borrowings	5,197,917	7,957,528
Bonds payable	6,554,733	6,246,297
Other liabilities	8,173,865	10,592,668
Total liabilities	19,926,515	24,796,493
Net assets	45,975,330	45,029,033
Share capital	3,462,729	3,462,729
Reserves	42,512,601	41,566,304
Total equity	45,975,330	45,029,033

Movement in reserves:

	Other reserve	Statutory surplus reserves	Discretionary surplus reserve	Safety funds surplus reserve	Proposed dividends	Retained profits	Total
	RMB'000 *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2014	12,870,564	3,947,256	9,644,881	178,768	1,731,365	11,034,737	39,407,571
Profit and total comprehensive income for the year	–	–	–	–	–	3,890,098	3,890,098
Dividends declared	–	–	–	–	(1,731,365)	–	(1,731,365)
Dividends proposed	–	–	–	–	692,546	(692,546)	–
Transfer between categories	–	388,925	–	27,186	–	(416,111)	–
At 31 December 2014	12,870,564	4,336,181	9,644,881	205,954	692,546	13,816,178	41,566,304
Profit and total comprehensive income for the year	–	–	–	–	–	1,638,843	1,638,843
Dividends declared	–	–	–	–	(692,546)	–	(692,546)
Dividends proposed	–	–	–	–	346,273	(346,273)	–
Transfer between categories	–	136,843	–	28,651	–	(165,494)	–
At 31 December 2015	12,870,564	4,473,024	9,644,881	234,605	346,273	14,943,254	42,512,601

Note: Other reserves comprise of share premium, capital reserve and other reserves of the Company.

INDEBTEDNESS

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Circular, the Group had outstanding bank and other borrowings of approximately RMB16,288,095,000, held-for-trading financial liabilities of approximately RMB2,489,923,000, amounts due to joint ventures of approximately RMB392,740,000 and bonds payable of approximately RMB6,800,000,000.

As at 29 February 2016, bank and other borrowings of approximately RMB2,037,139,000 were secured by certain of the Group's buildings, mining infrastructure, prepaid land lease payments, restricted bank deposits, letter of credit and notes receivables. The remaining bank and other borrowings of approximately RMB14,250,956,000, held-for-trading financial liabilities of approximately RMB2,489,923,000, amounts due to joint ventures of approximately RMB392,740,000 and bonds payable of approximately RMB6,800,000,000 were unsecured.

All of the bank and other borrowings, held-for-trading financial liabilities, amounts due to joint ventures and bonds payable are not guaranteed.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 29 February 2016, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade payables) or acceptance credits, guarantees or other material contingent liabilities.

MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up to, and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular (other than information relating to JCC and its concert parties) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to JCC and its concert parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by directors of JCC and its concert parties) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The information in relation to JCC contained in this circular has been supplied by the directors of JCC. The directors of JCC jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by directors of the Group) in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statements in this circular misleading.

2. MARKET PRICE

(a) The table below shows the closing price of the H Shares as recorded on the Stock Exchange (i) on the last Business Day of each of the six calendar months immediately preceding the date of the Announcement and up to and including the Latest Practicable Date; (ii) on the last Business Day immediately preceding the date of the Announcement; (iii) on the date of the Announcement; and (iv) on the Latest Practicable Date.

Date	**Closing price per H Share**
	HK$
31 August 2015	9.79
30 September 2015	9.40
30 October 2015	10.26
30 November 2015	9.27
31 December 2015	9.19
29 January 2016	7.78
24 February 2016 *(being the last Business Day immediately preceding the date of the Announcement)*	8.45
25 February 2016 *(being the date of the Announcement)*	8.03
29 February 2016	8.11
31 March 2016	9.31
29 April 2016	9.49
30 May 2016 *(being the Latest Practicable Date)*	8.31

(b) The highest and lowest closing prices of the H Shares as quoted on the Stock Exchange during the period between the beginning of the six months preceding the date of the Announcement and up to the Latest Practicable Date were HK$11.22 per H Share on 12 October 2015 and HK$7.31 per H Share on 3 February 2016 respectively.

3. SHARE CAPITAL

(a) The registered and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Share Issuance (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue); and (iii) immediately after completion of the Share Issuance (assuming there was a 5% upward adjustment made to the issue price of H Shares pursuant to the H Share Issue):

As at the Latest Practicable Date:

	Number of Shares
A Shares	2,075,247,405
H Shares	1,387,482,000
Total	3,462,729,405

Enlarged share capital of the Company immediately after completion of the Share Issuance (assuming there is no adjustment made to the issue price of H Shares pursuant to the H Share Issue)

	Number of Shares
A Shares	2,373,627,626
H Shares	1,914,800,932
Total	4,288,428,558

Enlarged share capital of the Company immediately after completion of the Share Issuance (assuming there was a 5% upward adjustment made to the issue price of H Shares pursuant to the H Share Issue)

	Number of Shares
A Shares	2,373,627,626
H Shares	1,889,903,307
Total	4,263,530,933

(b) All (i) the issued A Shares and H Shares; and (ii) the new Shares to be allotted and issued upon completion of the Share Issuance when issued and fully paid, shall rank pari passu with each other in all respects including the rights in respect of capital, dividends, distributions and voting.

(c) Since 31 December 2015 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no new Shares have been issued by the Company.

(d) As at the Latest Practicable Date, the Company has no outstanding warrants, options or securities convertible into Shares.

4. DISCLOSURE OF INTERESTS

(a) Directors, Supervisors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors, the Supervisors or the chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, other than (i) Mr. Li Baomin, an executive Director and the chairman of the Company, who is the chairman and legal representative of JCC; (ii) Mr. Long Ziping, who is the vice-chairman of JCC; (iii) Mr. Wu Jinxing, a supervisor of the Company, who is the assistant to general manager of JCC; and (iv) Lin Jinliang, a supervisor of the Company, who is the head of the youth league, labor and payroll division, diversified business and administration section (多元化經營管理處) and corporate management division of JCC respectively, none of the Directors or the Supervisors is a director or employee of the substantial Shareholder of the Company.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, chief executive and Supervisors of the Company, the interests and short positions of the following persons other than the Directors, chief executive or Supervisors of the Company in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares:

Name of shareholder	Class of shares	Capacity	Number of Shares interested *(Note 1)*	Approximate percentage of the total number of the relevant class of shares of the Company *(%)*	Approximate percentage of the issued share capital of the Company *(%)*
JCC *(Note 2)*	A shares	Beneficial interest	1,205,479,110 (L)	58.09	34.81
	H shares	Beneficial interest	198,135,000 (L)	14.28	5.72
JPMorgan Chase & Co.	H shares	*(Note 3)*	75,181,818 (L)	5.41	2.17
			4,311,234 (S)	0.31	0.12
			31,851,086 (P)	2.29	0.92

Notes:

1. "L" means long position in the shares; "S" means short position in the shares; "P" means shares in the lending pool.

2. As a result of the Subscription, JCC is deemed to be interested in 1,235,317,133 A Shares and 725,453,932 H Shares immediately after completion of the Share Issuance assuming there is no adjustment made to the issue price of the H Shares pursuant to the H Share Issue.

3. According to the corporate substantial shareholders notice filed by JPMorgan Chase & Co. on 4 March 2016, the H shares were held in the following capacities:

Capacity	**Number of H shares**
Beneficial owner	42,974,732 (L) 4,311,234 (S)
Investment Manager	356,000 (L)
Custodian corporation/approved lending agent	31,851,086 (L)

Pursuant to the said notice, such interests include (i) 243,000 H shares in short position, which held in cash settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange; (ii) 702,000 H shares in long position and 564,000 H shares in short position, which were held in physically settled derivatives listed or traded on a Stock Exchange or traded on a Futures Exchange; (iii) 1,834,145 H shares in long position and 3,501,138 H shares in short position, which were held in cash settled unlisted derivatives; and (iv) 285,726 H shares in long position and 3,076 H shares in short position, which were held in physically settled unlisted derivatives.

Save as disclosed herein, as at the Latest Practicable Date, no other person (other than the Directors, chief executive or Supervisors of the Company) had an interest or short position in the Shares or underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. MATERIAL INTERESTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, other than Mr. Li Baomin, Mr. Long Ziping, Mr. Gan Chengjiu, Mr. Liu Fangyun and Mr. Shi Jialiang, the executive Directors, who are deemed by the Shanghai Listing Rules as connected directors of the Company, none of the Directors or the Supervisors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

6. COMPETING INTERESTS

None of the Directors, the Supervisors or their respective associates had any interest in any business which competes or may compete with the business of the Group.

7. LITIGATION

As disclosed in the announcement of the Company dated 22 March 2016 (the "**Litigation Announcement**), 深圳江銅營銷有限公司 (transliterated as Shenzhen Jiangtong Copper Sales Co. Ltd.), a wholly-owned subsidiary of the Company, filed a Civil Complaint (民事起訴狀) as the plaintiff against the defendants as stated in the Litigation Announcement for the payment liability for the goods the defendants purchased with the amount of RMB392,526,700.07 and the incurred interests until the date of actual payoff at the rate agreed (by far, RMB33,274,359.43 as at July 31, 2015). Shenzhen Jiangtong Copper Sales Co. Ltd. has recently received the Civil Judgment 2015 Shen Zhong Fa Shang Chu Zi No. [201] ((2015) 深中法商初字第201號民事判決書) issued by Guangdong Shenzhen Intermediate People's Court (廣東省深圳市中級人民法院), which gave the judgment of the first trial that the relevant defendants shall, within ten (10) days after the judgment becomes effective, pay to the plaintiff Shenzhen Jiangtong Copper Sales Co., Ltd. the aggregate principal amount of RMB392,526,700.11 for the goods plus the relevant interests for overdue payment (the aggregate interest amount due for the period up to 31 December 2014 is RMB15,580,794.63; from 1 January 2015 to the date when the full payment of the aggregate principal of RMB392,526,700.11 is made, the interest will be charged at 10% above the one-year loan interest rate announced by the People's Bank of China during such period) and other claims made by the plaintiff Shenzhen Jiangtong Marketing Co., Ltd. were dismissed.

The Company understands that Shenzhen Jiangtong Copper Sales Co. Ltd. lodged a petition for appeal on 26 February 2016 and is waiting for Guangdong Provincial Higher People's Court to hear the case.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any members of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened against any members of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors has entered into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation), nor has any of the Directors entered into any service contracts with any member of the Group or associated companies which are in force and (i) are fixed term contracts and which have more than 12 months to run irrespective of the notice period; or (ii) are continuous contracts with a notice period of 12 months or more; or (iii) have been entered into or amended within the six months before the date of the Announcement.

9. MATERIAL CONTRACTS

The Group had entered into the following material contracts (not being a contract entered into the ordinary course of the Group's business) within two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

(a) the A Share Subscription Agreement; and

(b) the H Share Subscription Agreement.

10. EXPERT

(a) The following is the qualifications of Octal Capital who has given opinions or advices which are contained in this circular:

Name	Qualifications
Octal Capital	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of, among other things, the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal

(b) As at the Latest Practicable Date, Octal Capital did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) As at the Latest Practicable Date, Octal Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 2 June 2016 and references to its names in the form and context in which it is included.

(d) As at the Latest Practicable Date, Octal Capital did not have any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to, any member of the Group.

(e) The letter and recommendation from the Octal Capital is given as of the date of this circular for incorporation herein.

11. SHAREHOLDINGS OF AND DEALINGS IN THE SECURITIES OF THE COMPANY AND JCC AND PARTIES ACTING IN CONCERT WITH IT AND OTHER ARRANGEMENT

(a) The registered address of JCC is situated at Guixi, Jiangxi, the PRC.

(b) The directors of JCC comprise Mr. Li Baomin (the chairman) and Mr. Long Ziping (the vice chairman).

JCC is a collective enterprise on which the SASAC of Jiangxi Province performs contributor function.

(c) As at the Latest Practicable Date, the Company did not hold, control or have direction over any shares and any options, warrants, derivatives or convertible securities ("**Relevant Securities**") in respect of securities in JCC or parties acting in concert with it and it had not dealt for value in any such securities of JCC and parties acting in concert with it during the Relevant Period.

(d) As at the Latest Practicable Date, none of the Directors of the Company held, controlled or had direction over any Relevant Securities in any member of JCC and the parties acting in concert with it and none of them had dealt for value in any such securities of JCC and parties acting in concert with it or any such securities of the Company during the Relevant Period.

(e) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) exists between JCC or its parties acting in concert and any of the Directors, recent Directors, Shareholders or recent Shareholders of the Company having any connection with or dependence upon the Subscription, the Share Issuance, the Whitewash Waiver and/or the Special Deal.

(f) As at the Latest Practicable Date, there was no benefit to be given to any Directors as compensation for loss of office or otherwise in connection with the Subscription, the Share Issuance, the Whitewash Waiver and/or the Special Deal.

(g) As at the Latest Practicable Date, there was no agreement or arrangement between any Directors and any other persons which was conditional on or dependent upon the outcome of the Subscription, the Share Issuance, the Whitewash Waiver and/or the Special Deal or otherwise connected with the Subscription, the Share Issuance, the Whitewash Waiver and/or the Special Deal.

(h) As at the Latest Practicable Date, save for the Subscription Agreements and the transactions contemplated thereunder, there was no material contract entered into by JCC in which any Director had a material personal interest.

(i) As at the Latest Practicable Date, no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the Subscription, the Share Issuance, the Whitewash Waiver and/or the Special Deal.

(j) As at the Latest Practicable Date, there was no agreement, arrangement or understanding pursuant to which the new Shares to be issued to JCC under the A Shares Subscription Agreement and the H Shares Subscription Agreement would be transferred, charged or pledged to any other persons.

(k) As at the Latest Practicable Date, save as disclosed in the section headed "EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY" in the letter from the Board contained in this circular and the paragraph headed "DISCLOSURE OF INTERESTS" in this appendix, none of the Directors, directors of JCC, JCC and its parties acting in concert owned or controlled or were interested in any other Shares, convertible securities, warrants, options or derivatives of the Company.

(l) As at the Latest Practicable Date, none of the Directors were interested in any Shares, and hence no Director would be entitled to vote for or against any of the resolutions to be proposed at the Extraordinary General Meeting and the Class Meetings to approve the Subscription, the Share Issuance, the Whitewash Waiver and the Special Deal.

(m) Save for the entering into of the A Shares Subscription Agreement and the H Shares Subscription Agreement and as disclosed under paragraph headed "Implications under the Takeovers Code and Application for Whitewash Waiver" in the letter from the Board contained in this circular, none of the Directors, directors of JCC, and JCC and its parties acting in concert had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(n) As at the Latest Practicable Date, none of JCC or its parties acting in concert had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.

(o) JCC had participated in the refinancing securities lending transactions provided on the integrated service platform of Shanghai Stock Exchange (the "RSL Transactions"), in which JCC had been lending Shares to securities finance companies for interest income, until July 2015. 130,000 Shares lent through the RSL Transactions were returned to JCC during the Relevant Period. Save as the aforesaid, none of JCC and its parties acting in concert had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(p) As at the Latest Practicable Date, none of the subsidiaries of the Company, pension fund of the Company or of a subsidiary of the Company and any advisers to the Company (as specified in class (2) of the definition of associate in the Takeovers Code but excluding exempt principal traders) owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company or had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(q) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

(r) As at the Latest Practicable Date, there were no Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis by fund managers connected with the Company.

(s) As at the Latest Practicable Date, neither the Company nor any of the Directors has borrowed or lent any Shares and any convertible securities, warrants, options or derivatives of the Company.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9 a.m. to 5:30 p.m. on any weekday (except Saturdays and public holidays) at the office of Tung & Co. at Office 1601, 16th Floor, LHT Tower, 31 Queen's Road Central, Hong Kong from the date of this circular up to and including the date of the Extraordinary General Meeting and the H Shares Class Meeting and will also be available for inspection on the website of the SFC at www.sfc.hk and the website of the Company at www.jxcc.com from the date of this circular up to and including the date of the Extraordinary General Meeting and the Class Meetings:

(a) the Articles;

(b) the articles of association of JCC;

(c) the annual report for each of the year ended 31 December 2014 and 2015 of the Company;

(d) the letter from the Board, the text of which is set out on pages 6 to 47 of this circular;

(e) the letter from the Independent Board Committee, the text of which is set out on pages 48 to 49 of this circular;

(f) the letter from Octal Capital, the text of which is set out on pages 50 to 94 of this circular;

(g) the written consent of Octal Capital as referred to in paragraph 10 above;

(h) financial information of the Group, the text of which is set out in Appendix VIII of this circular; and

(i) the material contracts referred to in the section headed "Material Contracts" in this appendix.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**Extraordinary General Meeting**") of Jiangxi Copper Company Limited (the "**Company**") will be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China on Monday, 18 July 2016 at 2:00 p.m. for the following purposes:

SPECIAL RESOLUTIONS

1. To consider and approve the resolution in relation to the Satisfaction of the Conditions of the Non-public issuance of A Shares of the Company;

2. To consider and approve the resolution in relation to the proposed issuance of not more than 298,380,221 A Shares to not more than 10 specific investors including Jiangxi Copper Corporation ("**JCC**") (the "**A Share Issue**") and the proposed issuance of not more than 527,318,932 H Shares to JCC or its designated wholly-owned subsidiary (the "**H Share Issue**", together with the A Share Issue, the "**Share Issuance**") by the Company and details of which are set out in the circular of the Company dated 2 June 2016 (the "**Circular**"):

   "**THAT** each of the following items in respect of the proposal in respect of the Share Issuance as set out in the Circular and the grant of the Specific Mandate (as defined in the Circular) be and is hereby considered approved, and be implemented (including but not limited to the allotment and issue of new shares of the Company under the Specific Mandate) conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

   (i) Class and par value of shares to be issued;

   (ii) Method of issue;

   (iii) Subscribers;

(iv) Method of subscription;

(v) Issue price and basis for determining the issue price;

(vi) Number of shares to be issued;

(vii) Lock-up period and place of listing;

(viii) Total funds to be raised and used;

(ix) Distribution of profit;

(x) Relationship between the A Share Issue and H Share Issue; and

(xi) Validity period of resolution."

3. To consider and approve the resolution in relation to execution of conditional subscription agreements entered into between the Company and JCC on 25 February 2016:

"**THAT**

(i) each of the subscription agreements (the "**Subscription Agreements**") dated 25 February 2016 entered into by the Company (as issuer) and JCC (as the subscriber) in respect of (i) the subscription of not less than 10% of the A Shares to be issued pursuant to the A Share Issue at a subscription price of not lower than RMB11.73 per A Share or the latest audited net asset per share of the Company before the A Share Issue, whichever is higher; and (ii) the subscription of not more than 527,318,932 H Shares at a subscription price of not lower than HK$7.87 per H Share (subject to adjustment) respectively (together known as the "**Subscription**") (a copy of each of the Subscription Agreements has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(ii) any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with the Subscription Agreements and to make and agree such variations of a non-material nature in or to the terms of the Subscription Agreements as he may in his discretion consider to be desirable and in the interests of the Company."

4. To consider and approve the resolution in relation to proposal in respect of the non-public issuance of A Shares of the Company (revised version) as set out in Appendix I of the Circular.

5. To consider and approve the resolution in relation to the Share Issuance constituting the connected transactions, details of which are set out in the Circular.

6. To consider and approve the resolution in relation to the authorisation to the board of directors of the Company (the "**Board**") and/or the Board committee authorized by the Board to complete matters relating to the Share Issuance, details of which are set out in the Circular.

7. To consider and approve the resolution in relation to the Feasibility Report on Projects Funded by Use of Proceeds from the Non-public issuance of A shares of the Company (revised version) as set out in Appendix II of the Circular.

8. To consider and approve the resolution in relation to Remedial measures regarding Dilution on Current Returns by the Non-public Share Issuance of the Company (revised version) as set out in Appendix IV of the Circular.

9. To consider and approve the resolution in relation to the relevant Undertakings given by the Company's controlling shareholder, directors and senior management in connection with the Remedial measures in relation to Dilution on Current Returns by the Non-public Share Issuance of the Company as set out in Appendices V and VI of the Circular.

10. To consider and approve the resolution in relation to Dividend Distribution Policy and 3-year plan for Shareholders' Return (2016–2018) of the Company as set out in the Appendix VII of the Circular.

11. To consider and approve the resolution in relation to the Special Deal (as defined in the Circular):

    "**THAT** subject to the Executive (as defined in the Circular) granting consent pursuant to Rule 25 of the Code on Takeovers and Mergers (the "**Takeovers Code**") (either unconditionally or subject to such conditions as may be required by the Executive (as defined in the Circular)), all the transactions contemplated under the A Share Issue which constitute a special deal under Rule 25 of the Takeovers Code be hereby approved, confirmed and ratified and any one Director be and is hereby authorised to execute such other documents, do all other acts and things and take such action as may in the opinion of such Director be necessary, desirable or expedient to implement and give effect to the matters contemplated under this resolution."

12. To consider and approve the resolution in relation to satisfaction of the conditions of the issuance of bonds to be issued by the Company in the aggregate principal amount of not more than RMB10 billion (the "**Corporate Bonds**"), details of which are set out in the Circular.

13. To consider and approve the resolution in relation to the issuance of the Corporate Bonds and details of which are set out in the Circular:

"**THAT** each of the following items in respect of the issuance of Corporate Bonds as set out in the Circular be and is hereby considered approved, and be implemented conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

(i) Nominal value, issue price and size;

(ii) Target subscribers and the arrangement regarding subscription by existing Shareholders of the Company;

(iii) Term and types of Corporate Bonds;

(iv) Interest rate and basis of determination;

(v) Guarantee;

(vi) Method of issuance;

(vii) Use of proceeds;

(viii) Measures for safeguarding repayment;

(ix) Place of listing of Corporate Bonds;

(x) Authorisation to the Board in respect of the issuance of Corporate Bonds; and

(xi) Validity of the resolution."

ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to Statement on Utilization of Proceeds from Previous Fund Raising as set out in Appendix III of the Circular.

2. To consider and approve the resolution in relation to waiver of JCC's obligation to make a general offer of the securities of the Company as a result of the Share Issuance, details of which are set out in the Circular.

3. To consider and approve the resolution in relation to the application of the Whitewash Waiver (as defined in the Circular) by JCC:

   "**THAT** subject to the Executive (as defined in the Circular) granting the Whitewash Waiver (as defined in the Circular) to JCC and the satisfaction of any conditions attached to the Whitewash Waiver granted, the waiver pursuant to Note 1 on Dispensation from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") waiving any obligation on the part of JCC and the parties acting in concert with it to make a mandatory general offer to the holders of securities of the Company to acquire securities of the Company other than those already owned or agreed to be purchased by JCC and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code as a result of the completion of the Subscription, be and is hereby approved and **THAT** any one director of the Company be and is hereby authorised to do all acts and things and execute such documents (including the affixation of the common seal of the Company where execution under seal is required) and take all steps which, in his/her opinion deem necessary, desirable or expedient to carry out or to give effect to any matters relating to or in connection with the Whitewash Waiver."

4. To consider and approve the resignation of Mr. Liu Fangyun as an executive director ("**Director**") of the Company be and is hereby accepted with effect from the date on which this resolutions is passed and any one executive Director be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

5. To consider and approve the resignation of Mr. Gan Chengjiu as an executive Director be and is hereby accepted with effect from the date on which this resolutions is passed and any one executive Director be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

6. To consider and approve the resignation of Mr. Shi Jialiang as an executive Director be and is hereby accepted with effect from the date on which this resolutions is passed and any one executive Director be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

7. To consider and approve the resignation of Mr. Deng Hui as an independent non-executive Director be and is hereby accepted with effect from the date on which this resolutions is passed and any one executive Director be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

8. To consider and approve the resignation of Mr. Qiu Guanzhou as an independent non-executive Director be and is hereby accepted with effect from the date on which this resolutions is passed and any one executive Director be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

9. To consider and approve the resignation of Mr. Wu Jinxing as a supervisor ("**Supervisor**") of the Company be and is hereby accepted with effect from the date on which this resolutions is passed and the supervisory committee of the Company (the "**Supervisory Committee**") be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

10. To consider and approve the resignation of Ms. Wan Sujuan as a Supervisor be and is hereby accepted with effect from the date on which this resolutions is passed and the Supervisory Committee be and is hereby authorized to sign all documents, agreements and to do all such acts and things to give effect to such matters.

ORDINARY RESOLUTIONS (BY WAY OF CUMULATIVE VOTING)

11. To consider and approve the following resolutions in relation to the election of executive Directors:

"**THAT**

(i) Mr. Wang Bo be and is hereby appointed as an executive Director to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one executive Director be and is hereby authorized to enter into a service contract on behalf of the Company with Mr. Wang Bo on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters;

(ii) Mr. Wu Jinxing be and is hereby appointed as an executive Director to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one executive Director be and is hereby authorized to enter into a service contract on behalf of the Company with Mr. Wu Jinxing on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters; and

(iii) Mr. Wu Yuneng be and is hereby appointed as an executive Director to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one executive Director be and is hereby authorized to enter into a service contract on behalf of the Company with Mr. Wu Yuneng on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters."

12. To consider and approve the following resolutions in relation to the election of independent non-executive Directors:

"**THAT**

(i) Mr. Sun Chuanxiao be and is hereby appointed as an independent non-executive Director to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one executive Director be and is hereby authorized to enter into a letter of appointment on behalf of the Company with Mr. Sun Chuanxiao on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters; and

(ii) Mr. Liu Erfei be and is hereby appointed as an independent non-executive Director to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one executive Director be and is hereby authorized to enter into a letter of appointment on behalf of the Company with Mr. Liu Erfei on and subject to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters."

13. To consider and approve the following resolutions in relation to the election of Supervisors:

"**THAT**

(i) Mr. Liao Shengsen be and is hereby appointed as a Supervisor to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one Director be and is hereby authorized to enter into the service contract or letter of appointment on behalf of the Company with Mr. Liao Shengsen on and subject to such terms and conditions as the Supervisory Committee shall think fit and to do all such acts and things to give effect to such matters; and

(ii) Mr. Zhang Jianhua be and is hereby appointed as a Supervisor to hold office from the date on which this resolution is passed until the date of the annual general meeting of the Company for the year ended 31 December 2018 and any one Director be and is hereby authorized to enter into the service contract or letter of appointment on behalf of the Company with Mr. Zhang Jianhua on and subject to such terms and conditions as the Supervisory Committee shall think fit and to do all such acts and things to give effect to such matters."

By Order of the Board of
Jiangxi Copper Company Limited
Li Baomin
Chairman

2 June 2016
Jiangxi Province, the PRC

Notes:

(i) Any shareholder entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.

(ii) In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company (in the case of proxy form of holder of A Shares) or the Company's H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of proxy form of holders of H Shares) not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.

(iii) Shareholders or their proxies shall produce their identity documents when attending the meeting.

(iv) In order to determine the identity of the shareholders entitled to attend and vote at the meeting, the register of members of the Company will be closed from Saturday, 18 June 2016 to Monday, 18 July 2016 (both days inclusive), during which period no share transfer will be registered.

(v) Shareholders whose names appear on the register of members of the Company on Monday, 18 July 2016 are entitled to attend and vote at the meeting.

(vi) In order to attend and vote at the meeting, holders of H shares whose transfers have not been registered shall deposit the transfer forms together with the relevant share certificates, at the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 17 June 2016.

(vii) Shareholders who intend to attend the meeting shall complete and lodge the reply slip for attending the meeting at Secretariat of the Board of Jiangxi Copper Company Limited at 3rd Floor, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China (Postal Code: 330096) on or before 28 June 2016. The reply slip may be delivered to the Company by hand, by post or by fax (at fax no.: (86) 701 3777013).

(viii) The Extraordinary General Meeting is not expected to take more than half a day. Shareholders or their proxies attending the Extraordinary General Meeting shall be responsible for their own travel and accommodation expenses.

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)

NOTICE OF A SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting of holders of A Shares (the "**A Shares Class Meeting**") of Jiangxi Copper Company Limited (the "**Company**") will be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China on Monday, 18 July 2016 at 2:30 p.m. or as soon thereafter as the Extraordinary General Meeting of the Company to be convened on the same day at the same place shall have been concluded or adjourned for the following purposes:

SPECIAL RESOLUTIONS

1. To consider and approve the resolution in relation to the proposed issuance of not more than 298,380,221 A Shares to not more than 10 specific investors including Jiangxi Copper Corporation ("**JCC**") (the "**A Share Issue**") and the proposed issuance of not more than 527,318,932 H Shares to JCC or its designated wholly-owned subsidiary (the "**H Share Issue**", together with the A Share Issue, the "**Share Issuance**") by the Company and details of which are set out in the circular of the Company dated 2 June 2016 (the "**Circular**"):

   "**THAT** each of the following items in respect of the proposal in respect of the Share Issuance as set out in the Circular and the grant of the Specific Mandate (as defined in the Circular) be and is hereby considered approved, and be implemented (including but not limited to the allotment and issue of new shares of the Company under the Specific Mandate) conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

   (i) Class and par value of shares to be issued;

   (ii) Method of issue;

(iii) Subscribers;

(iv) Method of subscription;

(v) Issue price and basis for determining the issue price;

(vi) Number of shares to be issued;

(vii) Lock-up period and place of listing;

(viii) Total funds to be raised and used;

(ix) Distribution of profit;

(x) Relationship between the A Share Issue and the H Share Issue; and

(xi) Validity period of resolution."

2. To consider and approve the resolution in relation to execution of the conditional subscription agreements entered into between the Company and JCC on 25 February 2016:

"**THAT**

(i) each of the subscription agreements (the "**Subscription Agreements**") dated 25 February 2016 entered into by the Company (as issuer) and JCC (as the subscriber) in respect of (i) the subscription of not less than 10% of the A Shares to be issued pursuant to the A Share Issue at a subscription price of not lower than RMB11.73 per A Share or the latest audited net asset per share of the Company before the A Share Issue, whichever is higher; and (ii) the subscription of not more than 527,318,932 H Shares at a subscription price of not lower than HK$7.87 per H Share (subject to adjustment) respectively (together known as the "**Subscription**") (a copy of each of the Subscription Agreements has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(ii) any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with the Subscription Agreements and to make and agree such variations of a non-material nature in or to the terms of the Subscription Agreements as he may in his discretion consider to be desirable and in the interests of the Company."

3. To consider and approve the resolution in relation to Proposal in respect of the Non-public issuance of A Shares of the Company (revised version) as set out in Appendix I of the Circular.

4. To consider and approve the resolution in relation to the Share Issuance constituting the connected transactions, details of which are set out in the Circular.

5. To consider and approve the resolution in relation to the authorisation to the board of directors of the Company (the "**Board**") and/or the Board committee authorized by the Board to complete matters relating to the Share Issuance, details of which are set out in the Circular.

6. To consider and approve the resolution in relation to the Feasibility Report on Projects Funded by Use of Proceeds from the Non-public issuance of A shares of the Company (revised version) as set out in Appendix II of the Circular.

7. To consider and approve the resolution in relation to Remedial measures regarding Dilution on Current Returns by the Non-public Share Issuance of the Company (revised version) as set out in Appendix IV of the Circular.

8. To consider and approve the resolution in relation to the relevant Undertakings given by the Company's controlling shareholder, directors and senior management in connection with the Remedial measures in relation to Dilution on Current Returns by the Non-public Share Issuance of the Company as set out in Appendices V and VI of the Circular.

9. To consider and approve the resolution in relation to Dividend Distribution Policy and 3-year plan for Shareholders' Return (2016–2018) of the Company as set out in the Appendix VII of the Circular.

10. To consider and approve the resolution in relation to the Special Deal (as defined in the Circular):

“**THAT** subject to the Executive (as defined in the Circular) granting consent pursuant to Rule 25 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) (either unconditionally or subject to such conditions as may be required by the Executive (as defined in the Circular)), all the transactions contemplated under the A Share Issue which constitute a special deal under Rule 25 of the Takeovers Code be hereby approved, confirmed and ratified and any one Director be and is hereby authorised to execute such other documents, do all other acts and things and take such action as may in the opinion of such Director be necessary, desirable or expedient to implement and give effect to the matters contemplated under this resolution.”

By Order of the Board of
Jiangxi Copper Company Limited
Li Baomin
Chairman

2 June 2016
Jiangxi Province, the PRC

Notes:

(i) Any holders of A Shares entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.

(ii) In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company (in the case of proxy form of holder of A shares) not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.

(iii) Holders of A Shares or their proxies shall produce their identity documents when attending the meeting.

(iv) The A Shares Class Meeting is not expected to take more than half a day. Holders of A Shares or their proxies attending the A Shares Class Meeting shall be responsible for their own travel and accommodation expenses.

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)

NOTICE OF H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting of holders of H Shares (the "**H Shares Class Meeting**") of Jiangxi Copper Company Limited (the "**Company**") will be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China on Monday, 18 July 2016 at 3:00 p.m. or so soon thereafter as the A Share Class Meeting of the Company to be convened on the same day at the same place shall have concluded or adjourned for the following purposes:

SPECIAL RESOLUTIONS

1. To consider and approve the resolution in relation to the proposed issuance of not more than 298,380,221 A Shares to not more than 10 specific investors including Jiangxi Copper Corporation ("**JCC**") (the "**A Share Issue**") and the proposed issuance of not more than 527,318,932 H Shares to JCC or its designated wholly-owned subsidiary (the "**H Share Issue**", together with the A Share Issue, the "Share Issuance") by the Company and details of which are set out in the circular of the Company dated 2 June 2016 (the "**Circular**"):

   "**THAT** each of the following items in respect of the proposal in respect of the Share Issuance as set out in the Circular and the grant of the Specific Mandate (as defined in the Circular) be and is hereby considered approved, and be implemented (including but not limited to the allotment and issue of new shares of the Company under the Specific Mandate) conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

   (i) Class and par value of shares to be issued;

   (ii) Method of issue;

(iii) Subscribers;

(iv) Method of subscription;

(v) Issue price and basis for determining the issue price;

(vi) Number of shares to be issued;

(vii) Lock-up period and place of listing;

(viii) Total funds to be raised and used;

(ix) Distribution of profit;

(x) Relationship between the A Share Issue and the H Share Issue; and

(xi) Validity period of resolution."

2. To consider and approve the resolution in relation to execution of conditional subscription agreements entered into between the Company and JCC on 25 February 2016:

"**THAT**

(i) each of the subscription agreements (the "**Subscription Agreements**") dated 25 February 2016 entered into by the Company (as issuer) and JCC (as the subscriber) in respect of (i) the subscription of not less than 10% of the A Shares to be issued pursuant to the A Share Issue at a subscription price of not lower than RMB11.73 per A Share or the latest audited net asset per share of the Company before the A Share Issue, whichever is higher; and (ii) the subscription of not more than 527,318,932 H Shares at a subscription price of not lower than HK$7.87 per H Share (subject to adjustment) respectively (together known as the "**Subscription**") (a copy of each of the Subscription Agreements has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(ii) any one director of the Company be and is hereby authorized for and on behalf of the Company to sign, seal, execute, perfect, deliver and do all such documents, deeds, acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with the Subscription Agreements and to make and agree such variations of a non-material nature in or to the terms of the Subscription Agreements as he may in his discretion consider to be desirable and in the interests of the Company."

3. To consider and approve the resolution in relation to Proposal in respect of the Non-public issuance of A Shares of the Company (revised version) as set out in Appendix I of the Circular.

4. To consider and approve the resolution in relation to the Share Issuance constituting the connected transactions, details of which are set out in the Circular.

5. To consider and approve the resolution in relation to the authorisation to the board of directors of the Company (the "**Board**") and/or the Board committee authorized by the Board to complete matters relating to the Share Issuance, details of which are set out in the Circular.

6. To consider and approve the resolution in relation to the Feasibility Report on Projects Funded by Use of Proceeds from the Non-public issuance of A shares of the Company (revised version) as set out in Appendix II of the Circular.

7. To consider and approve the resolution in relation to Remedial measures regarding Dilution on Current Returns by the Non-public Share Issuance of the Company (revised version) as set out in Appendix IV of the Circular.

8. To consider and approve the resolution in relation to the relevant Undertakings given by the Company's controlling shareholder, directors and senior management in connection with the Remedial measures in relation to Dilution on Current Returns by the Non-public Share Issuance of the Company as set out in Appendices V and VI of the Circular.

9. To consider and approve the resolution in relation to Dividend Distribution Policy and 3-year plan for Shareholders' Return (2016–2018) of the Company as set out in the Appendix VII of the Circular.

10. To consider and approve the resolution in relation to the Special Deal (as defined in the Circular):

"**THAT** subject to the Executive (as defined in the Circular) granting consent pursuant to Rule 25 of the Code on Takeovers and Mergers (the "**Takeovers Code**") (either unconditionally or subject to such conditions as may be required by the Executive (as defined in the Circular)), all the transactions contemplated under the A Share Issue which constitute a special deal under Rule 25 of the Takeovers Code be hereby approved, confirmed and ratified and any one Director be and is hereby authorised to execute such other documents, do all other acts and things and take such action as may in the opinion of such Director be necessary, desirable or expedient to implement and give effect to the matters contemplated under this resolution."

By Order of the Board of
Jiangxi Copper Company Limited
Li Baomin
Chairman

2 June 2016
Jiangxi Province, the PRC

Notes:

(i) Any holders of H Shares entitled to attend and vote at the meeting mentioned above is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf in accordance with the articles of association of the Company. A proxy need not be a shareholder of the Company.

(ii) In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the legal address of the Company (in the case of proxy form of holder of A shares) or the Company's H Share Registrars, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of proxy form of holders of H Shares) not less than 24 hours before the time for holding the meeting or 24 hours before the time appointed for taking the poll.

(iii) Holders of H Shares or their proxies shall produce their identity documents when attending the meeting.

(iv) The H Shares Class Meeting is not expected to take more than half a day. Holders of H Shares or their proxies attending the H Shares Class Meeting shall be responsible for their own travel and accommodation expenses.