



洛陽樂川鉬業集團股份有限公司
China Molybdenum Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3993)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors (the “Board”) of China Molybdenum Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is pleased to announce the audited financial results of the Group for the six months ended 30 June 2007.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
	NOTES	RMB'000	RMB'000
			(unaudited)
Turnover	3	2,881,810	1,471,587
Cost of sales		(1,073,061)	(473,326)
Gross profit		1,808,749	998,261
Other income	4	262,338	15,225
Selling and distribution expenses		(9,446)	(11,108)
Administrative expenses		(119,777)	(45,374)
Other expenses	5	(98,059)	(2,184)
Finance costs	6	(25,622)	(14,811)
Share of results of associates		5,370	3,078
Profit before taxation		1,823,553	943,087
Taxation	7	(590,164)	(280,459)
Profit for the period	8	1,233,389	662,628
Attributable to:			
Equity holders of the Company		1,104,333	595,870
Minority interests		129,056	66,758
		1,233,389	662,628
Earnings per share – Basic	9	RMB0.27	RMB0.17

CONSOLIDATED BALANCE SHEET

At 30 June 2007

	<i>NOTES</i>	30.6.2007 RMB'000	31.12.2006 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,526,190	2,004,462
Land use rights — non-current portion		228,310	211,037
Mining rights		378,803	392,413
Deposits paid for acquisition of property, plant and equipment		8,000	8,000
Interests in associates		38,465	45,095
Available-for-sale investments		2,300	2,300
Deferred tax assets		27,432	16,868
		3,209,500	2,680,175
Current assets			
Inventories		222,850	220,680
Trade and other receivables	11	839,946	680,974
Amount due from an associate		67,855	2,630
Land use rights — current portion		5,320	5,271
Held-for-trading investments		59,277	101,493
Pledged bank deposits		5,501	6,909
Bank balances and cash		6,710,765	827,447
		7,911,514	1,845,404
Current liabilities			
Trade and other payables	12	(558,434)	(800,421)
Dividend payables		(106,720)	(193,156)
Tax payable		(360,867)	(300,059)
Bank borrowings — due within one year		(135,000)	(555,250)
		(1,161,021)	(1,848,886)
Net current assets (liabilities)		6,750,493	(3,482)
Total assets less current liabilities		9,959,993	2,676,693

Non-current liabilities			
Bank borrowings – due after one year		(200,000)	(490,000)
Provision		(35,936)	(35,060)
Long term payables	13	(331,093)	(12,777)
		<u>(567,029)</u>	<u>(537,837)</u>
		<u>9,392,964</u>	<u>2,138,856</u>
Capital and reserves			
Share capital	14	975,234	736,842
Reserves		<u>8,257,160</u>	<u>1,122,646</u>
Attributable to equity holders of the Company		<u>9,232,394</u>	<u>1,859,488</u>
Minority interests		<u>160,570</u>	<u>279,368</u>
Total equity		<u>9,392,964</u>	<u>2,138,856</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company								Total
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Retained profits	Attributable to equity holders of parent entity	Minority interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	280,020	—	230,655	23,221	8,014	508,709	1,050,619	140	1,050,759
Conversion to a joint stock limited company	419,980	—	(223,766)	(196,214)	—	—	—	—	—
Issue of shares	36,842	16,874	—	—	—	—	53,716	—	53,716
Profit for the year	—	—	—	—	—	1,515,263	1,515,263	199,202	1,714,465
Dividends	—	—	—	—	—	(760,110)	(760,110)	—	(760,110)
Transfer from / to reserves	—	—	—	280,105	(8,014)	(272,091)	—	—	—
Transfer (Note)	—	—	187,371	—	—	(187,371)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	77,315	77,315
Winding up of a subsidiary	—	—	—	—	—	—	—	(289)	(289)
Capital injection from a minority shareholder	—	—	—	—	—	—	—	3,000	3,000
At 31 December 2006	736,842	16,874	194,260	107,112	—	804,400	1,859,488	279,368	2,138,856
Issue of shares	238,392	7,762,656	—	—	—	—	8,001,048	—	8,001,048
Share issue expense	—	(433,270)	—	—	—	—	(433,270)	—	(433,270)
Profit for the period	—	—	—	—	—	1,104,333	1,104,333	129,056	1,233,389
Dividends	—	—	—	—	—	(1,299,205)	(1,299,205)	(247,854)	(1,547,059)
Transfer from / to reserves	—	—	—	69,276	—	(69,276)	—	—	—
Transfer (Note)	—	—	88,169	—	—	(88,169)	—	—	—
At 30 June 2007	<u>975,234</u>	<u>7,346,260</u>	<u>282,429</u>	<u>176,388</u>	<u>—</u>	<u>452,083</u>	<u>9,232,394</u>	<u>160,570</u>	<u>9,392,964</u>

Attributable to equity holders of the Company

	Attributable								Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Statutory public welfare fund RMB'000	Retained profits RMB'000	to equity holders of parent entity RMB'000	Minority interests RMB'000	
At 1 January 2006	280,020	—	230,655	23,221	8,014	508,709	1,050,619	140	1,050,759
Profit for the period	—	—	—	—	—	595,870	595,870	66,758	662,628
Dividends	—	—	—	—	—	(760,110)	(760,110)	—	(760,110)
Transfer from / to	—	—	—	172,993	(8,014)	(164,979)	—	—	—
Transfer (Note)	—	—	82,122	—	—	(82,122)	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	77,315	77,315
At 30 June 2006 (unaudited)	<u>280,020</u>	<u>—</u>	<u>312,777</u>	<u>196,214</u>	<u>—</u>	<u>97,368</u>	<u>886,379</u>	<u>144,213</u>	<u>1,030,592</u>

Note: Pursuant to regulations in the People Republic of China (“PRC”) relating to the mining industry, the Group is required to transfer an amount to the capital reserve account, and such amount is entitled as additional deduction from operating income for PRC tax and accounting purposes. The amount is calculated as the shortfall of the amount of depreciation on property, plant and equipment in respect of mines and the amount calculated based on the volume of molybdenum ore extracted each year and at the applicable rate per tonne of molybdenum ore. The utilisation of the amount in the capital reserve account will be subjected to the rules in the PRC Companies Law and is not available for distribution to shareholders.

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000 (unaudited)
Operating activities		
Profit before taxation	1,823,553	943,087
Adjustments for:		
Interest income	(261,251)	(5,891)
Interest expenses	25,622	14,811
Depreciation for property, plant and equipment	59,377	29,562
Amortisation of land use rights	2,335	1,641
Amortisation of mining right	13,610	—
Loss (gain) on disposal of property, plant and equipment	308	(931)
Share of results of associates	(5,370)	(3,078)
Allowance for (written back of) doubtful debts	16,090	(656)
Loss on disposal on held-for-trading investments	22	—
Change in fair value on held-for-trading investments	2,076	—
Discount on acquisition of subsidiaries	—	(5,102)
Goodwill written off on acquisition of subsidiaries	—	3,439

Operating cash flows before movements in working capital	1,676,372	976,882
(Increase) decrease in inventories	(2,170)	17,104
(Increase) decrease in trade and other receivables	(175,062)	37,342
Increase (decrease) in trade and other payables	84,937	(48,105)
Increase in amount due from an associate	(65,225)	(11,403)
Decrease (increase) in held-for-trading investments	40,118	(490)
Decrease in early retirement cost payable included in long term payables	(1,872)	(1,873)
Cash generated from operations	1,557,098	969,457
PRC Enterprise Income Tax paid	(539,920)	(332,197)
Net cash from operating activities	1,017,178	637,260
Investing activities		
Interest received	261,251	5,891
Dividend received from an associate	12,000	—
Purchases of property, plant and equipment	(580,464)	(410,082)
Deposit paid for property, plant and equipment	—	(8,000)
Purchases of land use right	(19,657)	(2,025)
Proceeds from disposal of property, plant and equipment	310	1,898
Acquisition of subsidiaries	—	9,368
Increase in deposit	—	(80,000)
Decrease in loan receivables	—	13,100
Decrease (increase) in pledged bank deposits	1,408	(168,842)
Net cash used in investing activities	(325,152)	(638,692)
Financing activities		
Interest paid	(32,741)	(13,976)
Dividends paid to shareholders	(1,492,361)	(282,040)
Dividends paid to minority shareholders of subsidiaries	(141,134)	—
New bank borrowings raised	563,000	1,309,050
Repayment of bank borrowings	(1,273,250)	(524,050)
Issue of shares	8,001,048	—
Share issue expense	(433,270)	—
Net cash generated from financing activities	5,191,292	488,984
Net increase in cash and cash equivalents	5,883,318	487,552
Cash and cash equivalents at 1 January	827,447	357,557
Cash and cash equivalents at the end of the period	6,710,765	845,109
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	6,710,765	845,109

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007

1. GENERAL

The Company was established in the People's Republic of China (the "PRC") on 22 December 1999 as a wholly state-owned company with limited liability as a result of the merger of two state-owned enterprises. The registered capital was RMB251,000,000 upon establishment. As part of the corporate restructuring in September 2004, Cathay Fortune Corporation Holdings 鴻商控股有限公司, later renamed as Cathay Fortune Corporation 鴻商產業控股集團有限公司 ("CFC") subscribed for 49% of equity interest in the Company with the subscription price of approximately RMB137,210,000 being paid into the registered capital of the Company. In addition, the corporate restructuring also resulted in the repayment of paid-in capital of RMB92,369,000 and distribution of certain land use rights of the Group to its shareholder amounting to RMB15,821,000. Accordingly, the registered capital of the Company was then changed to RMB280,020,000. The People's Government of Luoyang City held the 51% equity interest in the Company until 5 December 2005 when it authorised the State-owned Assets Supervision and Administration Commission of the People's Government in Luoyang City ("Luoyang SASAC") to hold the interest in the Company. In August 2006, Luoyang SASAC transferred the 51% equity interest to Luoyang Mining Group Co., Ltd. ("LMG"). The Company was transformed into a joint stock limited company on 25 August 2006 by converting its registered capital and reserves as at 31 May 2006 into 700,000,000 shares of RMB1 each.

In September 2006, the Company issued 36,842,105 shares with a nominal value of RMB1.00 each to Luoyang Huamu Investment Co., Ltd. ("Luoyang Huamu"). In September 2006, Luoyang Huamu transferred 26,157,895 shares to LMG and 10,684,210 shares to CFC.

Pursuant to a resolution passed on 3 December 2006, the Company undertook a share split whereby each of the then issued ordinary share was split into 5 ordinary shares with effect from 13 April 2007. Accordingly, the total number of shares increased from 736,842,105 shares to 3,684,210,525 shares and the nominal value of each share was changed from RMB1.00 each to RMB0.20 each.

On 26 April 2007, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by issuance of 1,083,600,000 H shares of RMB0.20 each. On 4 May 2007, as a result of the exercise of the over allotment option, the Company issued additional 108,360,000 H shares of RMB0.20 each.

The Group is an integrated producer of molybdenum in the PRC. Its operations consist of molybdenum mining, floating, smelting and refining to produce molybdenum and other related products, including molybdenum oxide, ferromolybdenum and molybdenum concentrate. The addresses of the registered office and principal place of business of the Company are disclosed in interim report.

The consolidated financial statements are presented in Renminbi which is the same as the functional currency of the Company.

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied, for the first time, a number of new standard, amendment and interpretations (hereinafter collectively referred to as "new IFRSs") issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are effective for the Group's financial year beginning 1 January 2007. The adoption of the new IFRSs has no material effect on how the results and financial position for the current and prior accounting periods are prepared and presented. Accordingly, no prior year adjustment has been required.

At the date of issue of the consolidated financial information, the following new and revised standards and interpretations were in issue but not yet effective for the period reported:

IAS 23 (Revised)	Borrowing costs ¹
IFRS 8	Operating segments ¹
IFRIC 11	IFRS 2: Group and treasury share transactions ²
IFRIC 12	Service concession arrangements ³
IFRIC 13	Customer Loyalty Programmes ⁴
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 March 2007.

³ Effective for annual periods beginning on or after 1 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial position and the result of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold, less sales taxes and return, for the period. An analysis of the Group's turnover is as follows:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
		(unaudited)
Sales of goods		
– molybdenum concentrate	400,401	380,237
– molybdenum oxide	527,259	448,202
– ferromolybdenum	1,617,846	474,835
– molybdenum ore	2,965	25,755
– others	333,339	142,558
	<u>2,881,810</u>	<u>1,471,587</u>

The Group's turnover and profit for the period are almost entirely derived from the production and sale of molybdenum related products. The directors consider that these activities constitute one single business segment since the products are related and are subject to common risks and returns.

Primary reporting segment – geographical segments

The Group primarily operates in PRC, sales are made to overseas customers as well as customers in the PRC. The Group's turnover and segment result by geographical locations of customers are determined by the final destination to where the products are delivered:

Consolidated income statements

	Six months ended 30 June	
	2007	2006
	RMB'000	<i>RMB'000</i>
		(unaudited)
Turnover		
PRC	1,874,180	958,509
Korea	294,158	322,106
Others	713,472	190,972
	<u>2,881,810</u>	<u>1,471,587</u>
Segment result		
PRC	1,162,027	640,679
Korea	204,349	215,299
Others	432,927	127,648
	<u>1,799,303</u>	983,626
Interest income	261,251	5,891
Other income		
(excluding interest income)	1,087	9,334
Share of results of associates	5,370	3,078
Unallocated expenses	(217,836)	(44,031)
Finance costs	(25,622)	(14,811)
Profit before taxation	1,823,553	943,087
Taxation	(590,164)	(280,459)
Profit for the period	<u>1,233,389</u>	<u>662,628</u>
Assets and liabilities		
	30.6.2007	31.12.2006
	RMB'000	<i>RMB'000</i>
Segment assets		
PRC	301,003	270,724
Korea	49,890	57,841
Others	448,117	304,894
	<u>799,010</u>	633,459
Unallocated assets	10,322,004	3,892,120
Consolidated total assets	<u>11,121,014</u>	<u>4,525,579</u>

In the opinion of the directors, it is not practicable and meaningful to separate all the costs and expenses for each geographical segment except certain direct cost of sales and directly attributable selling and distribution expenses. In addition, except trade receivables from the customers in the respective segment, the remaining consolidated total assets and the entire consolidated liabilities are presented as unallocated.

No geographical segment for other information is disclosed as additions of property, plant and equipment are substantially come from the PRC. No carrying amount of segment assets by geographical location of the assets is disclosed as all of the production facilities of the Group are located in the PRC.

4. OTHER INCOME

	Six months ended 30 June	
	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Interest income		
– bank deposits	48,199	2,875
– arising from global offering of the Company's shares	213,052	—
– loan receivables	—	3,016
Discount on acquisition of a subsidiary	—	5,102
Gain on disposal of property, plant and equipment	—	931
Net gain on sales of scrap materials	295	527
Government grants recognised (<i>Note</i>)	—	2,020
Others	792	754
	<u>262,338</u>	<u>15,225</u>

Note:

The amounts represented unconditional government grants received by the Group from the relevant PRC government to facilitate the business operation of the Group.

5. OTHER EXPENSES

	Six months ended 30 June	
	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Loss on disposal of property, plant and equipment	308	—
Foreign exchange losses	94,275	90
Penalty expenses	444	131
Donations	1,200	410
Others	1,832	1,553
	<u>98,059</u>	<u>2,184</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
Interests on bank borrowings wholly repayable within five years	32,741	24,506
Other interest expenses	10,065	835
Less: Amount included in the cost of qualifying assets	(17,184)	(10,530)
	<u>25,622</u>	<u>14,811</u>

Borrowing costs included in the cost of qualifying assets on the general borrowing pool and are calculated by applying a capitalisation rate of 6.1% per annum for the six months ended 30 June 2007 (six months ended 30 June 2006: 6.6%), to expenditure on such assets for the period.

7. TAXATION

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
		(unaudited)
The charge comprises PRC Enterprise Income Tax:		
Current taxation	600,728	283,860
Deferred taxation		
– current period	(12,572)	(3,401)
– attributable to a change in tax rate	2,008	—
	<u>590,164</u>	<u>280,459</u>

The Group, except for Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. (“Luoyang High Tech”), was subject to PRC Enterprise Income Tax levied at a rate of 33% of taxable income determined in accordance with the relevant laws and regulations in the PRC. Luoyang High Tech is regarded as a high technology enterprise and is subject to PRC Enterprise Income Tax of 15% with the first two years’ result being exempted from Enterprise Income Tax.

Taxation for the period can be reconciled to the profit before taxation as follows:

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
		(unaudited)
Profit before taxation	<u>1,823,553</u>	<u>943,087</u>
Tax at the domestic income tax rate of 33%	601,773	311,219
Tax effect of expenses not deductible for tax purposes	11,973	4,187
Transfer to capital reserve deductible for tax purposes but not charged to income under IFRS	(29,096)	(27,100)
Tax effect of global offering of the Company’s shares related expense which are not deductible for tax purposes	5,952	—
Tax effect of income not taxable for tax purposes	(674)	(6,831)
Decrease in opening deferred tax assets resulting from a decrease in domestic income tax rate from 33% to 25% effective from 2008 (<i>note</i>)	2,008	—
Tax effect of share of results of associates	(1,772)	(1,016)
Tax charge for the period	<u>590,164</u>	<u>280,459</u>

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

Note: On 16 March 2007, the Tenth National People’s Congress enacted the new Enterprise Income Tax Law that unites the income tax treatment of domestic and foreign enterprise which will become effective on 1 January 2008. Accordingly, the nominal tax rate applicable to the Group will drop from 33% to 25%.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
		(unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration	1,267	85
Other staff's salary, bonus and allowance	91,162	79,916
Other staff's contribution to retirement benefit cost	12,296	5,381
Total staff costs	<u>104,725</u>	<u>85,382</u>
Auditors' remuneration	2,750	1,140
Cost of inventories recognised as an expense	1,073,061	473,326
Foreign exchange losses	94,275	90
Depreciation of owned assets of property, plant and equipment	59,377	29,562
Amortisation of land use rights	2,335	1,641
Amortisation of mining rights (including in cost of sales)	13,610	—
Allowance for (written back of) doubtful debts	16,090	(656)
Expenses arising from global offering of the Company's shares recognised as an expense	23,239	—
Goodwill written off from acquisition of subsidiaries	—	3,439
Share of tax of associates (included in share of results of associates)	2,652	1,248
Resources compensation fee (<i>Note</i>)	33,017	16,823
Changes in fair value of financial assets classified as held-for-trading	<u>2,076</u>	<u>—</u>

Note: Resources compensation fee is calculated on the basis of a ratio of the sales income of mineral products during the period by reference to the compensation fee rate and coefficient of mining recovery rate.

9. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2007	2006
		(unaudited)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of basic earnings per share (RMB'000)	<u>1,104,333</u>	<u>595,870</u>
Weighted average number of shares for the purpose of basic earnings per share	<u>4,114,058,000</u>	<u>3,500,000.000</u>

The number of shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2006 is based on the assumption that the 700,000,000 shares issued and outstanding upon transformation of the Company into a joint stock limited company as at 25 August 2006 had been outstanding as at 1 January 2006 and also has been adjusted for the share split as disclose in note 14(c).

There are no diluted earnings per share presented for both periods as there are no potential ordinary shares outstanding.

10. DIVIDENDS

	Six months ended 30 June	
	2007	2006
	RMB'000	RMB'000
		(unaudited)
Special dividend to CFC and LMG	<u>1,299,205</u>	<u>760,110</u>

Pursuant to a resolution passed at the shareholders' meeting held on 26 June 2006, it was resolved to declare dividend totaling approximately RMB760,110,000 to LMG and CFC, being the distributable profits before 31 May 2006. The dividend was financed by the Group's internal cash resources and was fully paid by 19 January 2007.

Pursuant to the resolutions of the shareholders passed at the general meeting on 19 October 2006, it is resolved that the distributable profits as at 31 December 2006 and the distributable profits for the period from 1 January 2007 to the date immediately preceding the date of its listing on the Stock Exchange be entirely distributed to LMG and CFC (the "Special Dividend"). And pursuant to a general resolution passed on 25 March 2007, the Company declared part of the Special Dividend out of the distributable profits as at 31 December 2006 totaling RMB720,000,000 to LMG and CFC. The dividend was fully paid in April 2007 and was financed by the Group's internal resources

Pursuant to a resolution passed at the board of directors' meeting held on 25 June 2007, it was resolved to declare and pay the rest of the Special Dividend amounting to RMB579,205,000.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2007.

11. TRADE AND OTHER RECEIVABLES

	30.6.2007	31.12.2006
	RMB'000	RMB'000
Trade receivables (net of allowances)	714,195	554,208
Bill receivables	84,815	79,251
	<u>799,010</u>	<u>633,459</u>
Other receivables and prepayments	40,936	47,515
	<u>839,946</u>	<u>680,974</u>

The Group normally allows credit period of no longer than 90 days to its trade customers, which a longer credit period will be allowed for major customers. The aged analysis of trade receivables and bill receivables is as follows:

	30.6.2007	31.12.2006
	RMB'000	RMB'000
0 – 90 days	681,238	582,016
91 – 180 days	70,011	36,791
181 – 365 days	46,551	676
1 – 2 years	1,470	15,975
> 2 years	20,666	5,536
	<u>819,936</u>	<u>640,994</u>
Allowance for trade receivables	(20,926)	(7,535)
	<u>799,010</u>	<u>633,459</u>

The fair values of trade and other receivables at each balance sheet date approximate to the corresponding carrying amounts.

	30.6.2007	31.12.2006
	RMB'000	RMB'000
Movement in the allowance for trade receivables		
Balance at beginning of the period/year	7,535	10,455
Amounts recovered during the period/year	—	(7,888)
Increase in allowance recognised in profit or loss	<u>13,391</u>	<u>4,968</u>
Balance at end of the period/year	<u>20,926</u>	<u>7,535</u>

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

The allowance for doubtful debts are allowance for specific trade receivables. The impairment represents the difference between the carrying amount of the specific trade receivable and present value of the expected cash inflow.

The Group's trade receivables that are denominated in currencies other than functional currencies of the relevant group entities are set out below:

	30.6.2007	31.12.2006
	RMB'000	RMB'000
United States Dollars ("USD")	<u>497,873</u>	<u>362,578</u>

12. TRADE AND OTHER PAYABLES

	30.6.2007	31.12.2006
	RMB'000	RMB'000
Trade payables (<i>Note a</i>)	110,730	93,612
Other payables and accruals	<u>447,704</u>	<u>706,809</u>
	<u>558,434</u>	<u>800,421</u>

Included in trade and other payables are the trade payables as follows:

(a) Trade payables

The aged analysis of trade payables is as follows:

	30.6.2007	31.12.2006
	RMB'000	RMB'000
0 – 90 days	92,917	58,959
91 – 180 days	5,523	14,522
181 – 365 days	3,689	8,269
1 – 2 years	<u>8,601</u>	<u>11,862</u>
	<u>110,730</u>	<u>93,612</u>

Trade payables principally comprise amounts outstanding for trade purchases.

The fair values of trade and other payables at each balance sheet date approximates to the corresponding carrying amounts.

13. LONG TERM PAYABLES

Long term payables comprised of:

	30.6.2007	31.12.2006
	RMB'000	RMB'000
Payables in respect of mining rights (<i>note a</i>)	320,188	—
Early retirement cost payable	10,905	12,777
	331,093	12,777

Note a:

Due within one year included as other payables under current liabilities	40,149	360,337
Due after one year	320,188	—
	360,337	360,337

The amount is repayable as follows:

Within one year	40,149	360,337
Between one to two years	80,297	—
Between two to five years	239,891	—
	360,337	360,337

Amount represented balance payable in respect of mining right acquired by the Group in 2006. Pursuant to the notice of Guo Tu Zi Yuan Tin Han [2007] No. 37 <<Installment payments of mining rights>> 國土資源廳函[2007]37號《關於三道莊鉬礦分期繳納採礦權價款有關問題的後函》 issued by the Ministry of Land and Resources of the PRC on 30 January 2007, the Group obtained approval for settlement of the balance by installments over a period of 5 years. Such payables by installments are subject to interest expenses at a rate not less than the prevailing bank lending rate for the period. The interest payable during the six months ended 30 June 2007 amounted to approximately RMB9,189,000 (six months ended 30 June 2006: Nil). The effective interest rate for the six months ended 30 June 2007 is 6.1% (six months ended 30 June 2006: Nil).

The directors estimate that the carrying amount approximates its fair value at the balance sheet date.

14. SHARE CAPITAL

	Number of shares		Amount RMB'000
	Domestic shares	H shares	
At 1 January 2006	280,020,000	—	280,020
Conversion to a joint stock limited company (<i>Note a</i>)	419,980,000	—	419,980
Issue of shares (<i>Note b</i>)	36,842,105	—	36,842
Share split (<i>Note c</i>)	2,947,368,420	—	—
At 31 December 2006	3,684,210,525	—	736,842
Issue of H shares on global offering (<i>Note d</i>)	—	1,083,600,000	216,720
Issue of H shares under over-allotment options (<i>Note e</i>)	—	108,360,000	21,672
Conversion from domestic shares to H shares	(119,196,000)	119,196,000	—
At 30 June 2007	3,565,014,525	1,311,156,000	975,234

The Company was established in the PRC on 22 December 1999 as a wholly state-owned company under the Company Law of the PRC. The registered and paid-in capital of the Company upon establishment was RMB 251,000,000.

On 31 August 2004, the registered capital of the Company was increased to RMB280,020,000 following the reorganisation as disclosed in Note 1.

Notes:

- (a) Pursuant to a resolution passed on 25 August 2006, the Company was transformed into a joint stock limited company under the Company Law of the PRC by converting its paid in capital and reserves as at 31 May 2006 into 700,000,000 shares of RMB1.00 each.
- (b) In September 2006, the Company issued 36,842,105 shares with nominal value of RMB1.00 each to Luoyang Huamu, a company owned and controlled by the members of the Company's senior management, for a consideration of approximately RMB53.7 million.
- (c) Pursuant to a resolution passed on 3 December 2006, the Company undertook a share split whereby each of the then issued ordinary share was split into 5 ordinary shares with effect from 13 April 2007. Accordingly, the total number of shares increased from 736,842,105 shares to 3,684,210,525 shares and the nominal value of each share was changed from RMB1.00 each to RMB0.20 each.
- (d) On 26 April 2007, the Company issued 1,083,600,000 H shares with a nominal value of RMB0.20 each, at a price of HK\$6.80 per H share by way of a global offering to Hong Kong and overseas investors.
- (e) On 4 May 2007, as a result of the exercise of the over-allotment option by the joint global coordinators of the global offering in connection with the listing of the Company's shares, the Company issued 108,360,000 H shares with a nominal value of RMB0.20 each, at a price of HK\$6.80 per H share.

RESULTS

MARKET REVIEW

(The following information is derived from China Commodity Marketplace (www.chinaccm.com) in which the relevant commodity prices are inclusive of value-added tax)

The price trend of molybdenum

Due to robust demand and tight supply in the first half of 2007 the domestic and international price of molybdenum remained strong. The domestic average price of molybdenum concentrate, molybdenum oxide and ferromolybdenum in early June surged by approximately 16% to 19% since the beginning of this year. The PRC domestic average price of molybdenum concentrate, molybdenum oxide and ferromolybdenum tax inclusive from January to June were RMB4,080/metric tonne unit, RMB4,349 / metric tonne unit and RMB279,600 /base tonne (60% grade), respectively, being as stable as the corresponding period last year. The international average price of molybdenum oxide and ferromolybdenum at the end of June 2007 rose by approximately 31%-39% over the beginning of the year. The international average price of molybdenum oxide and ferromolybdenum from January to June were approximately US\$28.6/pound and US\$31.7/pound, respectively, representing an increase of approximately 18% to 23% over the corresponding period last year.

BUSINESS REVIEW

In the first half of 2007, the Group captured market opportunities and took advantage of its strength in resources, production scale and integrated production chain, contributing to an increase in production of various types of products over the corresponding period last year. From January to June 2007, its production of molybdenum concentrates, molybdenum oxide and ferromolybdenum were approximately 13,761 tonnes, 9,608 tonnes and 6,558 tonnes, respectively, representing an increase of 64.9%, 84.4% and 178%, respectively over the corresponding period last year. In addition, the Group also produced approximately 1,173 tonnes of other processed molybdenum products of different types. The ratio of domestic sales to export was approximately 65% to 35%. The ratio of domestic and export was generally the same as that last year.

We are a leading producer of molybdenum in the PRC and are capitalizing on our tungsten reserves by producing tungsten and other precious metals. We will strive to be a leader in the domestic and international markets on the quest of technological innovation and construction of environmentally-friendly mines, transforming the Company to a leading mining group in precious metals around the world.

In the first half of 2007, in terms of the core business of producing molybdenum, the Group has been planning and constructing auxiliary facilities in open-pit mine; accomplished a renovation project of 5,000 tonnes per day at the No. 3 Ore Processing Branch; completed molybdenum processing projects such as 300 tonnes/year production lines of high temperature molybdenum powder, 160 tonnes/year production lines of molybdenum threads and 800 tonnes/year production lines of products by sintering. To facilitate acid production by tail gas in existing smelting factories, the Company has commenced preparation for the establishment of a new roasting smelter with a production capacity of 40,000 tonnes with Climax Molybdenum Company.

For the tungsten business, The company has commenced construction work of a scheelite recovery project with processing capacity of 6,000 tonnes per day to process the earling from No.1 Branch and Sangiang Plant. The Company has commenced conducting site selection studies and design of another scheelite recovery project with process by capacity of 9,000 tonnes per day. The company is close undertaking feasibility study of an APT project.

FINANCIAL REVIEW

Summary

As at 30 June 2007, profit attributable to equity holders of parent entity was RMB1,104.3 million, representing a rise of 85.3% over the same period in 2006, outperforming the estimated base figures of RMB950 million as stated in the Company's prospectus by RMB154.3 million, The comparative analysis between the financial positions as at 30 June 2007 and 30 June 2006 is as follows:

Operating results

	For the six months ended 30 June							
	2007				2006			
	Sales volume (tonne)	Average selling price (RMB/tonne)	Sales income (RMB million)	Percentage in sales income (%)	Sales volume (tonne)	Average selling price (RMB/tonne)	Sales income (RMB million)	Percentage in sales income (%)
Molybdenum Ore	35,298.5	84.0	3.0	0.1	658,898.0	39.2	25.8	1.7
Molybdenum concentrate	2,450.3	163,412.1	400.4	13.9	2,401.7	158,304.4	380.2	25.8
Molybdenum oxide	2,391.9	220,435.7	527.3	18.3	2,414.0	185,666.9	448.2	30.5
Ferromolybdenum	6,609.0	244,793.0	1,617.8	56.1	2,115.7	224,421.8	474.8	32.3
Other products	N/M	N/M	333.3	11.6	N/M	N/M	142.6	9.7
Total			<u>2,881.8</u>	<u>100.0</u>			<u>1,471.6</u>	<u>100.0</u>

As at 30 June 2007, the Group recorded a turnover of RMB2,881.8 million, representing an increase of RMB1,410.2 million or 95.8% over RMB1,471.6 million in the same period last year.

From January to June, sales volume of molybdenum concentrate amounted to approximately 2,450.3 tonnes, an increase of 2% over the same period last year, mainly attributable to more allocation of molybdenum concentrate for the production of molybdenum oxide and a generally stable volume of molybdenum concentrate available for sale. In the same period, sales volume of molybdenum oxide amounted to approximately 2,391.9 tonnes, a decrease of 0.9% over the same period last year, mainly due to a more substantial allocation of molybdenum oxide for the production of ferromolybdenum, whereas sales volume of ferromolybdenum was approximately 6,609.0 tonnes, an increase of 212.4% over the same period last year, primarily attributable to increase in processing capacity and robust market demand. In addition, other molybdenum products and other products of the Group recorded a yearly increase of 133.7%, mainly attributable to a rise in processing capacity and strong market demand. The percentages of domestic sales and export were 65% and 35%, respectively.

Cost

	For the six months ended 30 June					
	2007			2006		
	Cost of sales	Gross Profit	Profit margin	Cost of sales	Gross Profit	Profit margin
	(million)	(RMB million)	(%)	(million)	(RMB million)	(%)
Total	<u>1,073.1</u>	<u>1,808.7</u>	<u>62.8</u>	<u>473.3</u>	<u>998.3</u>	<u>67.8</u>

As at 30 June 2007, cost of sales of the Group was RMB1,073.1 million, representing a rise of 126.7% over the RMB473.3 million in the same period last year. The main reasons behind the increase in the cost of sales were (1) growth in scale in mining and ore processing; (2) a levy of 10% to 15% of export tax for export of molybdenum oxide and ferromolybdenum; (3) procurement of products in market price from parodies other than the Group by its trading subsidiaries, Dachuan High Tech Company; and (4) amortization of the consideration for the acquisition of the Sandaozhuang Mine mining right.

Gross profit and profit margin

For the period ended 30 June 2007, the gross profit of the Group amounted to RMB1,808.7 million, representing an increase of RMB810.5 million or 81.2% as compared with RMB998.3 million in the same period last year. The significant growth was mainly driven by substantial increase in sales volume.

As at 30 June 2007, the profit margin of the Group was 62.8%, representing a fall of 5.0% as compared with 67.8% in the same period last year. Such fall was due to: (1) an export tariff is levied against the export of molybdenum oxide and molybdenum ore products; (2) procurement of products in market price from parodies other than the Group by its trading subsidiaries, Dachuan High Tech Company; (3) amortization of the consideration for the acquisition of the Sandaozhuang Mine mining right.

Other income

For the period ended 30 June 2007, other income and gains of the Group amounted to RMB 262.3 million, representing an increase of RMB247.1 million or 1,623.1% over RMB15.2 million for the corresponding period last year. Such increase was mainly due to bank interest income of RMB213.10 million arising from the oversubscription of new shares and an interest income of RMB48.2 million generated from proceeds from its listing during the first half of 2007.

DIRECTOR'S INTEREST

Directors' and supervisors' interest in contract

As at 30 June 2007, none of Directors and Supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Directors' and Supervisors' Interests and Short Positions in shares

As at 30 June 2007, none of Directors and Supervisors and their respective associates had any interests and short positions in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' and supervisors' rights to acquire shares or debentures

At no time during the six months ended 30 June 2007 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director and supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or Supervisors to acquire such rights in any other body corporate.

USE OF PROCEEDS

As at 30 June 2007, the Company has advanced the proceeds from the initial public offering totaling RMB1,669.77 million as follows:

During May and June 2007, the Company used RMB780.55 million in repaying bank borrowings.

During May and June 2007, the Company used RMB825.89 million in repaying current liabilities, topping up general working capital.

During May and June 2007, the Company used RMB52.67 million in acquiring heavy machineries at processing plants, RMB277.65 million in technological upgrade at Mining Branch.

On June 2007, the Company used RMB789.10 million for the expansion at No.1 Ore Processing Branch, Sanqiang Company and the construction scheelite recovery plant.

DIVIDENDS

At the board meeting held on 22 August 2007, the Directors did not propose payment of an interim dividend for the six months ended 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company's H shares were listed on the Stock Exchange on 26 April 2007. The Company and its subsidiaries did not purchase, sell or redeem any securities of the Company during the six months ended 30 June 2007.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2007, in the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The Board of the Company consists of 11 Directors, namely 5 executive directors, 2 non-executive directors and 4 independent non-executive directors. For the six months ended 30 June 2007, the Board convened 7 meetings (with an average attendance rate of 98%), in which all 5 executive directors attended all Board meetings.

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising three supervisors to exercise supervision over the Board and its members and senior management; and preventing them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The committee covered one meeting during the six months ended 30 June 2007 (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry, the Company confirms that all Directors complied with the required standard set out in the Model Code for the six months ended 30 June 2007.

AUDIT COMMITTEE

Written terms of reference of the audit committee based on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board of Directors. The audit committee provides an important link between the Board of Directors and the Company’s auditors in matters falling within the scope of the audit of the Company and the Group. The audit committee will review the effectiveness of the external audit and of internal controls, evaluate risks and will provide comments and advice to the Board of Directors. The board audit committee comprises one non-executive Director and three independent non-executive Directors, namely, Mr. Ng Ming Wah, Charles, Mr. Zhang Yufeng, Mr. Gao Dezhu and Mr. Gu Desheng. The board audit committee has reviewed the audited financial results of the Company for the six months ended 30 June 2007.

NON-COMPETITION AGREEMENT

As disclosed in the Company prospectus dated 13 April 2007, our independent non-executive directors will review, on an annual basis, the exercise or non-exercise of the Option to Acquire CRB, and the First Right Options to Purchase CRB’s Products under the Non-competition Agreement. Non-competition Agreement took effect on 26 April 2007.

By Order of the Board
China Molybdenum Co., Ltd.*
Duan Yuxian
Chairman

Luoyang, the PRC, 22 August 2007

As of the date of this announcement, the executive Directors are: Messrs. Duan Yuxian, Li Chaochun, Wu Wenjun, Li Faben and Wang Qinxi; the non-executive Directors are: Messrs. Zhang Yufeng and Xu Jun; and the independent non-executive Directors are: Messrs. Zeng Shaojin, Gao Dezhu, Gu Desheng and Ng Ming Wah, Charles.

* *For identification purposes only*

Please also refer to the published version of this announcement in South China Morning Post / Hong Kong Economic Times.