



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 2008

The board of directors (the “Board”) of China Molybdenum Co., Ltd. (the “Company”) is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2008.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Six months ended 30 June	
		2008	2007
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
Revenue	4	3,325,892	2,881,810
Cost of sales		(1,349,738)	(1,073,061)
Gross profit		1,976,154	1,808,749
Other income	5	55,974	262,338
Selling and distribution expenses		(19,296)	(9,446)
Administrative expenses		(118,685)	(119,777)
Other expenses	6	(82,115)	(98,059)
Finance costs	7	(4,591)	(25,622)
Share of results of associates		7,922	5,370

Profit before taxation		1,815,363	1,823,553
Taxation	8	(427,501)	(590,164)
Profit for the period	9	<u>1,387,862</u>	<u>1,233,389</u>
Attributable to:			
Equity holders of the Company		1,242,070	1,104,333
Minority interests		145,792	129,056
		<u>1,387,862</u>	<u>1,233,389</u>
Earnings per share - Basic	11	<u>RMB0.255</u>	<u>RMB0.268</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AT 30 JUNE 2008

	<i>NOTES</i>	30.6.2008	31.12.2007
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	12	3,419,784	3,002,560
Land use rights - non-current portion	13	353,861	305,618
Mining right		351,583	365,193
Trademarks		606	—
Interests in associates		39,334	45,412
Available-for-sale investments		2,300	2,300
Deferred tax assets		57,051	34,877
Amount due from a minority shareholder of a subsidiary		85,700	15,700
		<u>4,310,219</u>	<u>3,771,660</u>

Current assets

Inventories		411,165	354,558
Trade and other receivables	14	1,331,641	1,380,652
Amount due from an associate		89,658	61,243
Land use rights - current portion		7,573	6,526
Available-for-sale investments		606,671	492,987
Held-for-trading investments		137,806	116,340
Restricted bank deposits		2,614	2,685
Bank balances and cash		5,373,169	5,680,676

7,960,297 8,095,667

Current liabilities

Trade and other payables	15	(498,763)	(582,595)
Dividend payables		(51,767)	(10,000)
Tax payable		(211,437)	(372,018)
Bank borrowings - due within one year		(250,800)	(125,000)

(1,012,767) (1,089,613)

Net current assets

7,033,230 7,021,754

Total assets less current liabilities

11,257,749 10,777,714

Non-current liabilities

Bank borrowings - due after one year		(25,000)	(25,000)
Provision		(37,733)	(36,813)
Long term payable		(7,159)	(9,032)
Deferred income		(19,023)	—

(88,915) (70,845)

11,168,834 10,706,869

Capital and reserves

Share capital	975,234	975,234
Reserves	9,862,762	9,394,033
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Attributable to equity holders of the Company	10,837,996	10,369,267
Minority interests	330,838	337,602
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Total equity	<u>11,168,834</u>	<u>10,706,869</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

Attributable to equity holders of the Company

	Attributable to equity holders of the Company									Total
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Translation reserve	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	RMB'000
At 1 January 2007	736,842	16,874	194,260	107,112	—	—	804,400	1,859,488	279,368	2,138,856
Gain on change in fair value of available-for-sale investments	—	—	—	—	836	—	—	836	—	836
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(464)	—	(464)	—	(464)
Net income (expense) recognised directly in equity	—	—	—	—	836	(464)	—	372	—	372
Profit for the year	—	—	—	—	—	—	2,240,834	2,240,834	266,088	2,506,922
Total recognised income for the year	—	—	—	—	836	(464)	2,240,834	2,241,206	266,088	2,507,294
Issue of shares	238,392	7,762,656	—	—	—	—	—	8,001,048	—	8,001,048
Share issue expense	—	(433,270)	—	—	—	—	—	(433,270)	—	(433,270)
Capital injection from minority shareholders	—	—	—	—	—	—	—	—	40,000	40,000
Dividends	—	—	—	—	—	—	(1,299,205)	(1,299,205)	(247,854)	(1,547,059)
Transfer from/to reserves	—	—	—	231,970	—	—	(231,970)	—	—	—
Transfer (Note)	—	—	167,673	—	—	—	(167,673)	—	—	—

Attributable to equity holders of the Company

								Attributable to equity holders of		
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Translation reserve	Retained profits	parent entity	Minority interests	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2007 (audited) and at 1 January 2008	975,234	7,346,260	361,933	339,082	836	(464)	1,346,386	10,369,267	337,602	10,706,869
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(2,070)	—	(2,070)	—	(2,070)
Net income (expense) recognised directly in equity	—	—	—	—	—	(2,070)	—	(2,070)	—	(2,070)
Profit for the period	—	—	—	—	—	—	1,242,070	1,242,070	145,792	1,387,862
Gain on change in fair value of available-for-sale investments	—	—	—	—	1,234	—	—	1,234	—	1,234
Transfer to profit and loss on sales of available held for sale investments	—	—	—	—	(2,070)	—	—	(2,070)	—	(2,070)
Total recognised income for the period	—	—	—	—	(836)	(2,070)	1,242,070	1,239,164	145,792	1,384,956
Transfer (<i>Note</i>)	—	—	105,337	—	—	—	(105,337)	—	—	—
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(172,556)	(942,991)
Capital injection from minority shareholders	—	—	—	—	—	—	—	—	20,000	20,000
At 30 June 2008 (unaudited)	<u>975,234</u>	<u>7,346,260</u>	<u>467,270</u>	<u>339,082</u>	<u>—</u>	<u>(2,534)</u>	<u>1,712,684</u>	<u>10,837,996</u>	<u>330,838</u>	<u>11,168,834</u>

Attributable to equity holders of the Company

								Attributable		Total
	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Translation reserve	Retained profits	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	RMB'000
At 1 January 2007	736,842	16,874	194,260	107,112	—	—	804,400	1,859,488	279,368	2,138,856
Profit for the period	—	—	—	—	—	—	1,104,333	1,104,333	129,056	1,233,389
Total recognised income for the period	—	—	—	—	—	—	1,104,333	1,104,333	129,056	1,233,389
Issue of shares	238,392	7,762,656	—	—	—	—	—	8,001,048	—	8,001,048
Share issue expense	—	(433,270)	—	—	—	—	—	(433,270)	—	(433,270)
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 (audited)	<u>975,234</u>	<u>7,346,260</u>	<u>282,429</u>	<u>176,388</u>	<u>—</u>	<u>—</u>	<u>452,083</u>	<u>9,232,394</u>	<u>160,570</u>	<u>9,392,964</u>

Note: Pursuant to regulations in the People's 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 Enterprise Income Tax 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 ("Appropriation for Mining Company"). 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. The Board represented that the Group currently has no authorised plan for the utilisation of the fund.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Net cash from operating activities	1,335,068	1,032,878
Investing activities		
Interest received	34,498	261,251
Dividend received from an associate	—	12,000
Dividend received from equity securities	273	—
Purchases of property, plant and equipment	(571,477)	(580,464)
Purchases of land use rights	(52,553)	(19,657)
Purchases of trademarks	(621)	—
Decrease in available-for-sale investments	(106,560)	—
Proceeds from disposal of property, plant and equipment	564	310
Government subsidy received	19,280	—
Decrease in pledged bank deposits	71	1,408
Increase in amount due from a minority shareholder of a subsidiary	(70,000)	(15,700)
Net cash used in investing activities	(746,525)	(340,852)

Financing activities

Interest paid	(7,412)	(32,741)
Dividends paid to shareholders	(770,435)	(1,492,361)
Dividends paid to minority shareholders of subsidiaries	(130,789)	(141,134)
New bank borrowings raised	100,000	563,000
Repayment of bank borrowings	(100,000)	(1,273,250)
Issue of shares	—	8,001,048
Share issue expense	—	(433,270)
Capital contribution by minority shareholders	20,000	—

Net cash (used in) generated

from financing activities

	(888,636)	5,191,292
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Net (decrease) increase in cash and cash equivalents	(300,093)	5,883,318
Cash and cash equivalents at 1 January	5,680,676	827,447
Effect of foreign exchange rate changes	(7,414)	—

Cash and cash equivalents

at the end of the period

	<u>5,373,169</u>	<u>6,710,765</u>
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Analysis of the balances of cash and

cash equivalents Bank balances and cash

	<u>5,373,169</u>	<u>6,710,765</u>
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

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. After the corporate restructuring, 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. The Company then undertook further share issue and share split and as a result the Company had, on 13 April 2007, 3,684,210,525 shares with nominal value of RMB0.2 each.

On 26 April 2007, the Company's H 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 an additional 108,360,000 H shares of RMB0.2 each.

The Group is an integrated producer of molybdenum in the PRC. Its principal business operations consist of molybdenum mining, floating, smelting and refining to produce molybdenum and other related products, including molybdenum oxide, ferromolybdenum and molybdenum concentrate.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by International Accounting Standards Board.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007 except for below.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the condensed consolidated income statement and are reported separately as "other income".

In the current interim period, the Group has applied, for the first time, the following new International Financial Reporting Interpretations Committee (the "IFRIC") issued by International Accountants Standards Board ("IASB"), which are effective for the Group's financial year beginning on 1 January 2008.

IFRIC 11	IFRS 2: Group and treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these new IFRICs had no material effect on the results or financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs ¹
IAS 1 (Revised)	Presentation of financial statements ²
IAS 23 (Revised)	Borrowing costs ²
IAS 27 (Revised)	Consolidated and separate financial statements ³
IAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
IAS 39 (Amendments)	Eligible hedged item ³
IFRS1 & IAS 27 (Amendments)	Cost, of an investment in a subsidiary, jointly controlled entity or associate ²
IFRS 2 (Amendment)	Vesting conditions and cancellations ²
IFRS 3 (Revised)	Business combinations ³
IFRS 8	Operating segments ²
IFRIC 13	Customer loyalty programmes ⁴
IFRIC 15	Agreements for the construction of real estate ²
IFRIC 16	Hedges of a net investment in a foreign operation ⁵

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5 which is effective for annual periods beginning on or after 1 July 2009.

² Effective for annual periods beginning on or after 1 January 2009.

³ Effective for annual periods beginning on or after 1 July 2009.

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

⁵ Effective for annual periods beginning on or after 1 October 2008.

The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and the financial position of the Group except for the adoption of IFRS 3 (Revised) Business combinations and IAS 27 (Revised) Consolidation and Separate Financial Statements. IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

4. SEGMENT INFORMATION

The directors consider that the production and sale of molybdenum related products constitute one single business segment since the products are related and are subject to common risks and returns.

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.

Condensed consolidated income statement

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Turnover		
PRC	2,309,198	1,874,180
Korea	345,144	294,158
Others	671,550	713,472
	<u>3,325,892</u>	<u>2,881,810</u>
Segment result		
PRC	1,547,583	1,162,027
Korea	163,985	204,349
Others	245,290	432,927
	<u>1,956,858</u>	<u>1,799,303</u>

Interest income	39,552	261,448
Other income (excluding interest income)	16,422	890
Share of results of associates	7,922	5,370
Unallocated expenses	(200,800)	(217,836)
Finance costs	(4,591)	(25,622)
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Profit before taxation	1,815,363	1,823,553
Taxation	(427,501)	(590,164)
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Profit for the period	<u>1,387,862</u>	<u>1,233,389</u>

In the opinion of the directors, it is not practicable and meaningful to separate all the cost and expenses for each geographical segment except direct cost of sales and certain directly attributable selling and distribution expenses.

5. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Interest income		
— bank deposits	27,537	48,199
— arising from global offering of the Company's shares	—	213,052
— debentures	2,662	197
— available-for-sale investments	9,353	—
Gain arising on disposal of available-for-sale investments	2,070	—
Gain on fair value change of financial assets classified as held-for-trading	11,568	—
Net gain on sales of scrap materials	387	295
Others	2,397	595
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	<u>55,974</u>	<u>262,338</u>

6. OTHER EXPENSES

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Loss on disposal of property, plant and equipment	12	308
Net foreign exchange losses	72,562	94,275
Penalty expenses	960	444
Donations	4,777	1,200
Others	3,804	1,832
	<u>82,115</u>	<u>98,059</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Interests on bank borrowings wholly repayable within five years	4,611	32,741
Interests on bills discounted with recourse	2,801	—
Interests on other borrowings wholly repayable within five years	—	9,189
Other interest expenses - unwinding discounts on provision	919	876
Less: Amount included in the cost of qualifying assets	(3,740)	(17,184)
	<u>4,591</u>	<u>25,622</u>

8. TAXATION

Six months ended 30 June	
2008	2007
RMB'000	RMB'000
(unaudited)	(audited)

The charge comprises PRC Enterprise Income Tax:

Current taxation

— current period	447,982	600,728
— under provision in prior year	1,693	—

	449,675	600,728
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Deferred taxation

— current period	(22,174)	(12,572)
— attributable to a change in tax rate	—	2,008

	427,501	590,164
	427,501	590,164

The Group was subject to PRC Enterprise Income Tax levied at a rate of 25% (six months ended 30 June 2007: 33%) of taxable income determined in accordance with the relevant laws and regulations in the PRC.

One of the Company's subsidiaries, Luoyang High Tech Molybdenum & Tungsten Co., Ltd. ("Luoyang High Tech"), has been regarded as a high technology enterprise and is subject to PRC Enterprise Income Tax of 15% with the first two years' results being exempted from Enterprise Income Tax since 2005. Luoyang High Tech is currently applying for the Foreign Invested Advanced Technology Certificate under the new tax law, which could entitle Luoyang High Tech to enjoy the favourable tax rate of 15% from 1 January 2008 if the favourable tax rate can be granted.

9. PROFIT FOR THE PERIOD

Six months ended 30 June	
2008	2007
<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(audited)

Profit for the period has been arrived at after charging:

Cost of inventories recognised as an expense	1,349,738	1,073,061
Depreciation of property, plant and equipment	96,766	59,377
Amortisation of land use rights	3,263	2,335
Amortisation of mining rights (include in cost of sales)	13,610	13,610
Amortisation of trademarks	15	—
(Reversal of) allowance for doubtful debts	(857)	16,090
Share of tax of associates (included in share of results of associates)	3,343	2,652
Resources compensation fee (<i>Note</i>)	45,067	33,017
Changes in fair value of financial assets classified as held-for-trading	—	2,076
	<u> </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.

10. DIVIDENDS

Six months ended 30 June	
2008	2007
RMB'000	RMB'000
(unaudited)	(audited)

Dividend recognised as distribution during the period:

Special dividend to Luoyang Mining Group Co., Ltd. and Cathay Fortune Corporation	—	1,299,205
Final - RMB0.128 per share (30.6.2007: Nil)	624,150	—
Special dividend - RMB0.03 per share (30.6.2007: Nil)	146,285	—
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	770,435	1,299,205
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Pursuant to the resolutions of the shareholders passed at the general meeting on 19 October 2006, it was proposed 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 Luoyang Mining Group Co., Ltd. and Cathay Fortune Corporation (the “Special Dividend”). 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 totalling RMB720,000,000 to Luoyang Mining Group Co., Ltd. and Cathay Fortune Corporation. The dividend was fully paid in April 2007 and was financed by the Group’s internal resources.

Pursuant to a resolution passed at the 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.

On 17 June 2008, dividend of RMB0.128 per share and RMB0.03 per share totalling RMB770,435,000 were paid to shareholders as the final dividend and special dividend for 2007, respectively.

The directors of the Company did not recommend the payment of an interim dividend for the six months ended 30 June 2008.

11. 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	
	2008	2007
	(unaudited)	(audited)
Profit for the period attributable to equity holders of the Company and earnings for the purpose of basic earnings per share (<i>RMB'000</i>)	<u>1,242,070</u>	<u>1,104,333</u>
Weighted average number of shares for the purpose of basic earnings per share	<u>4,876,170,000</u>	<u>4,114,058,000</u>

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

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent RMB571,477,000 (RMB580,464,000 for the six months ended 30 June 2007) on property, plant and equipment to expand its existing manufacturing capacity.

13. MOVEMENTS IN LAND USE RIGHTS

The land use rights were under medium term lease and were acquired with the lease period of 50 years and were situated in the PRC. The land use rights were amortised over their lease periods.

During the period, the Group spent RMB52,553,000 (RMB19,657,000 for the six months ended 30 June 2007) on land use rights.

14. TRADE AND OTHER RECEIVABLES

	30.6.2008	31.12.2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables (net of allowances)	683,721	959,632
Bill receivables	372,728	345,665
Bill receivables discounted with recourse	125,800	—
	<hr/>	<hr/>
	1,182,249	1,305,297
Other receivables and prepayments	135,392	75,355
Dividend receivable from an associate	14,000	—
	<hr/>	<hr/>
	<u>1,331,641</u>	<u>1,380,652</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:

	30.6.2008	31.12.2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0 - 90 days	953,405	1,055,001
91 - 180 days	180,030	208,119
181 - 365 days	43,510	38,721
1 - 2 years	5,304	3,456
	<hr/>	<hr/>
	<u>1,182,249</u>	<u>1,305,297</u>

15. TRADE AND OTHER PAYABLES

	30.6.2008 <i>RMB'000</i> (unaudited)	31.12.2007 <i>RMB'000</i> (audited)
Trade payables	98,335	83,598
Other payables and accruals	400,428	498,997
	498,763	582,595

The aged analysis of trade payables is as follows:

	30.6.2008 <i>RMB'000</i> (unaudited)	31.12.2007 <i>RMB'000</i> (audited)
0 - 90 days	73,583	55,842
91 - 180 days	10,224	16,762
181 - 365 days	8,821	3,405
1 - 2 years	2,831	2,847
Over 2 years	2,876	4,742
	98,335	83,598

Trade payables principally comprise amounts outstanding for trade purchases.

16. RELATED PARTY TRANSACTIONS

During the period, the Group has the following significant transactions with related companies:

(i) Transaction with Shanghai Yuhua Molybdenum Co., Ltd. (Note):

Nature of transactions	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Sales of goods	<u>345,740</u>	<u>318,992</u>

Note: Shanghai Yuhua Molybdenum Co., Ltd. is an associate of the Group.

(ii) Transactions with other state-controlled entities in the PRC

In the opinion of the directors of the Company, the Group operates in an economic environment currently pre-dominated by enterprises directly or indirectly owned or controlled by the PRC government (hereinafter collectively referred to as “State-Owned Enterprises”). In addition, the Group itself is a State-Owned Enterprise. During the reporting period, the Group had material transactions with some of these State-Owned Enterprises in its ordinary and usual course of business.

The Group has identified the nature and quantified the amounts of its material transactions with State-Owned Enterprises during the period and material balances therewith at the respective balance sheet dates as follows:

(a) Material transactions

Nature of transactions	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Sales of goods	<u>857,769</u>	<u>249,083</u>
Payment for:		
Purchase of raw materials	79,087	70,767
Purchase of water and electricity	<u>115,195</u>	<u>99,112</u>
Acquisition of:		
Property, plant and equipment	<u>7,488</u>	<u>99,671</u>
Interest income	<u>16,618</u>	<u>2,846</u>
Interest expenses	<u>4,710</u>	<u>11,679</u>

(b) Material balances

	30.6.2008 <i>RMB'000</i> (unaudited)	31.12.2007 <i>RMB'000</i> (audited)
Trade and other receivables	<u>98,492</u>	<u>162,727</u>
Bill receivables discounted with recourse	<u>125,800</u>	<u>—</u>
Trade and other payables	<u>1,996</u>	<u>11,820</u>
Bank balances	<u>3,659,599</u>	<u>3,524,681</u>
Bank borrowings	<u>275,800</u>	<u>150,000</u>

(c) Movement on bank borrowings

	30.6.2008 <i>RMB'000</i> (unaudited)	31.12.2007 <i>RMB'000</i> (audited)
At beginning of the year/period	150,000	435,250
Additions	225,800	608,000
Repayments	(100,000)	(893,250)
At end of the year/period	<u>275,800</u>	<u>150,000</u>

(iii) Compensation of key management personnel

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

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Short-term benefits	1,435	1,295
Retirement benefits scheme contribution	36	12
	<u>1,471</u>	<u>1,307</u>

The remuneration of key management is determined having regard to the performance of individuals and market trends.

17. CAPITAL COMMITMENTS

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

	30.6.2008	31.12.2007
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Commitments for the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>465,887</u>	<u>233,712</u>

RESULTS

MARKET REVIEW

(The relevant commodity prices stated below include value-added tax)

The first half of 2008 witnessed a slowdown in the production of molybdenum concentrates in the Chinese molybdenum industry with a substantial reduction in the imports and exports of molybdenum, while the price of molybdenum remained stable. According to the statistics from the China Non-ferrous Metals Industry Association, the volume of molybdenum extracted from molybdenum concentrates produced by the PRC totaled 39,000 tonnes during the first half of 2008, representing a growth of 26.1% which was lower than the growth rate of 71.2% and 51.0% over the first six months of 2007 and the full year of 2007, respectively. The volume of imports of molybdenum dropped by 51.0% to 2,092 tonnes, while the volume of exports of molybdenum decreased by 31.4% to 12,973 tonnes as compared with the corresponding period last year. Taking into accounts the domestic production volume and the volume of imports and exports of molybdenum, it is estimated that the domestic consumption of molybdenum for the first half of 2008 would amount to 28,116 tonnes, which is 11,807 tonnes more than the 16,309 tonnes of molybdenum consumed over the same period last year, representing a growth of 72.0%. Meanwhile, the consumption ratio of domestic molybdenum products in the PRC increased to 72.1% during the first half of the year, which surpassed the 60.9% in 2007 and the 55.8% in 2006. Prices of domestic molybdenum concentrates increased by 0.5% since the beginning of the year. On the other hand, the prices of molybdenum oxides and ferromolybdenum decrease by around 1.0% and 0.4%, respectively at the end of June 2008 as compared with their respective prices at the beginning of this year. The average prices of domestic molybdenum concentrates, molybdenum oxides and ferromolybdenum remained stable between January to June 2008 as compared with the corresponding period last year, being RMB4,092/metric tonne unit, RMB4,346/metric tonne unit and RMB282,700/tonne (60% grade), respectively.

According to overseas institutions in the molybdenum industry, it is estimated that the global supply of molybdenum was approximately 225.0 million pounds in the first half of 2008, representing a growth of around 1.1% as compared with the corresponding period last year. The volume of molybdenum consumed during the first half of 2008 was approximately 227.6 million pounds, representing a growth of 0.3% over the corresponding period last year. The volume of molybdenum produced amounted to 112.1 million pounds, representing a growth of 10.8% as compared with the corresponding period last year, and the volume of molybdenum by-products produced amounted to 107.3 million pounds, representing a decrease of 8.5% as compared with the corresponding period of last year. The reduction in the production of molybdenum by-products was mainly attributable to the decrease in the volume of molybdenum extracted from ores in Chile, the largest molybdenum producer of molybdenum by-products in the world which was affected by drought and resulted in limited supply of electricity. Due to the limited supply of molybdenum in the overseas market, the implementation of export quota of molybdenum products and the upward adjustment of export tariffs imposed on ferromolybdenum by the PRC government, molybdenum prices in the international market steadily increased. The international prices of molybdenum oxides and ferromolybdenum increased by around 0.8% and 1% at the end of June 2008 as compared with those in the beginning of the year, respectively. The average international prices of molybdenum oxides and ferromolybdenum between January to June 2008 amounted to approximately US\$33.1/pound and approximately US\$35.8/pound respectively, representing a growth of around 13.2% and 16.3%, respectively as compared with the corresponding period last year.

BUSINESS REVIEW

During the first half of 2008, the quality and quantity of the products of our Group have increased over the same period last year as a result of our efforts in capturing market opportunities and to capitalize on our abundant resources, scale of production and an integrated production chain. From January to June 2008, the Group's production of molybdenum concentrates (including 45% Mo) amounted to approximately 16,753.7 tonnes, representing an increase of 16.6% as compared with the corresponding period last year. The production of molybdenum oxides (including 51% Mo) amounted to approximately 13,021.8 tonnes, representing an increase of 28.0% over the corresponding period last year. Production of ferromolybdenum (including 60% Mo) represented an increase of 20.0% to approximately 7,868.8 tonnes. The production of scheelite concentrates (including 65% Mo) amounted to approximately 872.0 tonnes, representing an increase of 34.2% as compared to the corresponding period last year. Production of sulphuric acid reached approximately 9,745.5 tonnes (92.5% concentration) and other kinds of processed molybdenum products amounted to around 660 tonnes. Taking into account the strong market demand across the nation, limitation on export quota, mounting exchange risk, the Group appropriately increased its domestic sales. In the first half of this year, domestic sales and exports accounted for 69.4% and 30.6%, respectively. The Company's four major clients recorded a total sales of 5,610 tonnes, accounted for 76.6% of the total domestic sales of ferromolybdenum of the Company for the first half of the year. The top ten clients of the Company accounted for 95% of the domestic sales volume of the Company. Meanwhile, the Company continued to make progress in expanding its molybdenum business, tungsten business and precious metal business as well as other projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

For the six months ended 30 June 2008, profit attributable to the equity holders of the Company was RMB1,242.1 million, representing an increase of RMB137.8 million or 12.5% from RMB1,104.3 million for the six months ended 30 June 2007.

The comparative analysis for the six months ended 30 June 2008 and 30 June 2007 is as follows:

Operating Results

For the six months ended 30 June 2008, the Group recorded a turnover of RMB3,325.9 million, representing an increase of RMB444.1 million or 15.4% over RMB2,881.8 million over the same period last year. For the six months ended 30 June 2008, the Group achieved a gross profit of RMB1,976.2 million, representing an increase of RMB167.5 million or 9.3% as compared with RMB1,808.7 million during the same period last year. At the board meeting held on 24 August 2008, the Board did not recommend payment of an interim dividend for the year 2008.

Operating results by products

The table below sets out the sales volume, average selling price and turnover during first half of 2008 and 2007:

Product name	For the six months ended 30 June							
	2008				2007			
	Sales volume (tonne)	Average selling price		Percentage in turnover (%)	Sales volume (tonne)	Average selling price		Percentage in turnover (%)
		(RMB/tonne)	(RMB million)			(RMB/tonne)	(RMB million)	
Domestic market								
— Molybdenum concentrate (45% Mo)	1,428.6	165,901.0	237.0	7.1	2,559.2	156,458.4	400.4	13.9
— Molybdenum oxide (51% Mo)	225.7	196,136.9	44.3	1.3	334.8	195,942.8	65.6	2.3
— Ferromolybdenum (60% Mo)	7,320.9	236,428.1	1,730.9	52.0	5,025.5	234,657.2	1,179.3	40.9
— Processed Molybdenum & Tungsten products	—	—	188.0	5.7	—	—	156.6	5.4
— Sulfuric Acid (92.5% concentration)	9,745.5	884.6	8.6	0.3	—	—	—	—
— Other	—	—	100.4	3.0	—	—	72.3	2.5
Sub-total	—	—	2,309.2	69.4	—	—	1,874.2	65.0
International market								
— Molybdenum oxide (51% Mo)	2,835.7	245,475.0	696.1	21.0	2,197.8	210,054.6	461.7	16.1
— Ferromolybdenum (60% Mo)	246.6	310,773.1	76.6	2.3	1,583.6	276,959.5	438.6	15.2
— Processed Molybdenum & Tungsten products	—	—	244.0	7.3	—	—	107.3	3.7
Sub-total	—	—	1,016.7	30.6	—	—	1,007.6	35.0
Total	—	—	3,325.9	100.00	—	—	2,881.8	100.0

Turnover increased by 15.4% to RMB3,325.9 million from RMB2,881.8 million for first half of 2007, mainly due to: (1) the renovation and upgrade project of No. 3 Ore Processing Branch has led to increased utilization ratio of capacity and production volume, which increased output of molybdenum concentrate considerably; (2) increase in the roasting and smelting capacity enabled the Group to convert more molybdenum concentrate to molybdenum oxide and ferromolybdenum which benefited from higher selling price and increase in turnover; (3) sulfuric acid developed by a smelting company of the Group with patented fume control technology enabled such products to be more environmentally friendly; (4) further increased sales proportion of molybdenum chemicals as well as molybdenum & tungsten products.

Sales to our domestic customers for the six months ended 30 June 2008 was RMB2,309.2 million, representing an increase of RMB435.0 million as compared with RMB1,874.2 million for the same period in 2007. Sales to our overseas customers for the six months ended 30 June 2008 was RMB1,016.7 million, representing an increase of RMB9.1 million as compared with RMB1,007.6 million for the same period in 2007. Sales to our domestic customers has increased slightly during the first half of this year while sales to our overseas customers slightly decreased. The percentage of our domestic and overseas customers for the six months ended 30 June 2008 was 69.4% and 30.6%, respectively.

Operating cost, gross profit and gross profit margin by products

The table below sets out the operating cost, gross profit and gross profit margin of our products in the first half of 2008 and 2007:

Product Name	For the six months ended 30 June					
	2008			2007		
	Operating Cost (RMB million)	Gross Profit (RMB million)	Gross Margin (%)	Operating Cost (RMB million)	Gross Profit (RMB million)	Gross Margin (%)
Domestic market						
— Self-produced molybdenum additive materials#	562.1	1,390.6	71.2	388.7	1,161.3	74.9
— Outsourced additive materials##	58.0	1.4	2.4	92.4	2.9	3.0
— Processing molybdenum and tungsten	148.1	39.9	21.2	142.3	14.3	9.1
— Sulfuric acid (92.5% concentration)	5.1	3.5	40.7	—	—	—
— Other	82.5	17.9	17.8	70.2	2.1	2.9
Sub-total	<u>855.8</u>	<u>1,453.3</u>	<u>62.9</u>	<u>693.6</u>	<u>1,180.6</u>	<u>63.0</u>
International market						
— Self-produced molybdenum additive materials#	288.1	484.6	62.7	292.0	608.3	67.6
— Processing molybdenum and tungsten	205.8	38.3	16.3	87.5	19.8	18.4
Sub-total	<u>493.9</u>	<u>522.9</u>	<u>51.4</u>	<u>379.5</u>	<u>628.1</u>	<u>62.3</u>
Total	<u><u>1,349.7</u></u>	<u><u>1,976.2</u></u>	<u><u>59.4</u></u>	<u><u>1,073.1</u></u>	<u><u>1,808.7</u></u>	<u><u>62.8</u></u>

Notes:

The product or its major raw materials were produced by self-owned mine of the Group, including molybdenum concentrates, molybdenum oxides and ferromolybdenum;

The product or its major raw materials were purchased from external sources of the Group, including molybdenum oxides and ferromolybdenum.

For the six months ended 30 June 2008, cost of sales of the Group was RMB1,349.7 million, representing a rise of 25.8% over RMB1,073.1 million for the same period last year. The main reasons behind the increase in the cost of sales are as follows: (1) the Company's expansion in sales volume of molybdenum oxide and ferromolybdenum, which led to increased cost of sales; (2) further expanded sales of molybdenum and tungsten products of the Group, for which major raw materials were mainly purchased from third parties at market price; (3) increase in cost of auxiliary materials and spare parts resulting from price hike of steel, explosives and diesel.

For the six months ended 30 June 2008, production cost of molybdenum concentrate in cash before tax was RMB30,937 per tonne, decreased by RMB426 per tonne or 1.4% as compared with the average cost over 2007.

For the six months ended 30 June 2008, the average gross margin of the Group was 59.4%, representing a decrease of 3.4% as compared with 62.8% over the same period last year, mainly attributable to: (1) increased molybdenum raw materials purchased by the Company, which had an adverse impact on its gross margin; (2) increase in the cost of auxiliary materials and spare parts of the Company resulting from price hike of steel, explosives and diesel; (3) increased production and export volume of processing products of molybdenum and tungsten which had a gross margin narrower than the Group's average and undermined the overall gross margin; (4) since most of the Group sales to overseas customers were carried out by its wholly-owned subsidiary, China Molybdenum (Hong Kong) Company Limited, its operating revenue and cost are tax inclusive, thus affected the Group's overall gross margin; (5) As the constructions of auxiliary facilities at the mine and expansion of ore processing gradually completed, the Group's depreciation cost for the period increased and has resulted in an impact on the Group's gross profit margin.

Other Income

For the six months ended 30 June 2008, other income of the Group amounted to RMB56.0 million, representing a decrease of RMB206.3 million or 78.7% from RMB262.3 million for the corresponding period last year. Such decrease was mainly due to the absence of bank interest income generated from over-subscription of issue of new shares last year.

Use of proceeds

As at 30 June 2008, the Company applied an aggregate of approximately RMB2,940 million of the proceeds raised from our initial public offering in April 2007, mainly as follows:

- approximately RMB781 million in repaying various short-term bank borrowings and interest;
- approximately RMB826 million in repaying current liabilities and general working capital;
- approximately RMB361 million to prepay the remaining consideration in respect of the mining rights of the Sandaozhuang Mine;
- approximately RMB227 million to construct auxiliary facilities of ores;
- approximately RMB218 million for expansion of Mining Branch and the construction of scheelite recovery plant;
- approximately RMB219 million to construct Luoyang Yongning Gold & Lead Refining Co., Ltd. and acquisition project of precious metals;
- approximately RMB276 million to construct a smelting plant of molybdenum with a capacity of 40,000 tonnes/year;
- approximately RMB32 million for technological improvement at Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd.

DIRECTORS' INTEREST

Directors' and Supervisors' interest in contracts

As at 30 June 2008, none of the 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 same period.

Directors' and Supervisors' interests and short positions in shares

As at 30 June 2008, 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 (the "SFO")), 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 on 30 June 2008 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, 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.

DIVIDENDS

At the board meeting held on 24 August 2008, the Board did not recommend payment of an interim dividend for the six months ended 30 June 2008.

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 2008.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2008, 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 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 2008, the Board convened two meetings (with an attendance rate of 100%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board and members of the senior management; and to prevent them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened one meeting during the six months ended 30 June 2008 (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 enquiries, the Board confirmed that all the Directors complied with the required standard set out in the Model Code for the six months ended 30 June 2008.

AUDIT COMMITTEE

Written terms of reference of the audit committee of the Board 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. The 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 audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2008 and considered that they are in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

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

Luoyang, the PRC, 24 August 2008

As at the date of this announcement, the executive directors of the Company are Mr. DUAN Yuxian, Mr. LI Chaochun, Mr. WU Wenjun, Mr. LI Faben and Mr. WANG Qinxi; the non-executive directors are Mr. ZHANG Yufeng and Mr. XU Jun; and the independent non-executive directors are Mr. ZENG Shaojin, Mr. GAO Dezhu, Mr. GU Desheng and Mr. NG Ming Wah, Charles.

* *For identification purposes only*