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洛陽欒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 2009

The board of directors (the “Board”) of China Molybdenum Co., Ltd. (the “Company”) is 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 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
	<i>NOTES</i>	RMB'000	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	1,315,766	3,325,892
Cost of sales		(1,008,373)	(1,349,738)
Gross profit		307,393	1,976,154
Other income and gains	4	88,702	55,974
Selling and distribution expenses		(6,259)	(19,296)
Administrative expenses		(98,601)	(118,685)
Other expenses and losses	5	(7,000)	(82,115)
Finance costs	6	(15,000)	(4,591)
Share of results of associates		3,381	7,922
Profit before taxation		272,616	1,815,363
Taxation	7	(73,668)	(427,501)
Profit for the period	8	198,948	1,387,862
Other comprehensive income			
Exchange differences arising on translation of foreign operations		260	(2,070)
Available-for-sale financial assets		—	(836)
Other comprehensive income for the period		260	(2,906)
Total comprehensive income for the period		199,208	1,384,956

Profit for the period attributable to:			
Owners of the Company		196,593	1,242,070
Non-controlling interests		2,355	145,792
		198,948	1,387,862
Total comprehensive income attributable to:			
Owners of the Company		196,853	1,239,164
Non-controlling interests		2,355	145,792
		199,208	1,384,956
Earnings per share — Basic	10	RMB0.040	RMB0.255

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2009

		30.6.2009	31.12.2008
	<i>NOTES</i>	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		4,104,032	3,913,156
Land use rights — non-current portion		428,365	421,008
Mining rights		324,205	337,815
Trademarks		746	835
Interests in associates		39,585	46,204
Investments in debt securities	12	50,000	200,000
Available-for-sale investments		2,300	2,300
Deferred tax assets		138,286	130,721
Deposits paid for acquisition of mines		191,443	155,153
		5,278,962	5,207,192

Current assets

Inventories		719,428	650,367
Trade and other receivables	11	809,298	653,587
Amount due from an associate		56,480	105,856
Land use rights — current portion		10,097	9,295
Investments in debt securities	12	1,072,000	2,899,000
Held-for-trading investments		285,024	663,339
Restricted bank deposits	13	1,618,702	—
Bank balances and cash		4,380,360	2,547,624
		8,951,389	7,529,068

Current liabilities

Trade and other payables	14	(649,600)	(681,061)
Dividend payables		(102,390)	(51,767)
Tax payable		(76,851)	(67,964)
Bank borrowings — due within one year	15	(2,340,444)	(228,000)
		(3,169,285)	(1,028,792)

Net current assets

5,782,104 6,500,276

Total assets less current liabilities

11,061,066 11,707,468

Non-current liabilities

Bank borrowings — due after one year	15	(50,000)	—
Provision		(39,619)	(38,653)
Long term payable		(3,413)	(5,286)
Deferred income		(24,251)	(18,444)

(117,283) (62,383)

10,943,783 **11,645,085**

Capital and reserves

Share capital		975,234	975,234
Reserves		9,688,312	10,261,894

**Equity attributable to owners
of the Company**

Non-controlling interests		280,237	407,957
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Total equity

10,943,783 **11,645,085**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Share capital	Share premium	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Translation reserve	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
Profit for the year	—	—	—	—	—	—	1,640,902	1,640,902	207,911	1,848,813
Gain on change in fair value of available-for-sale investments	—	—	—	—	7,262	—	—	7,262	—	7,262
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(1,770)	—	(1,770)	—	(1,770)
Transfer to profit and loss on sales of available-for-sale investments	—	—	—	—	(8,098)	—	—	(8,098)	—	(8,098)
Total comprehensive income for the year	—	—	—	—	(836)	(1,770)	1,640,902	1,638,296	207,911	1,846,207
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	35,000	35,000
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(172,556)	(942,991)
Transfer of reserves	—	—	—	203,871	—	—	(203,871)	—	—	—
Transfer (Note)	—	—	358,750	—	—	—	(358,750)	—	—	—
Transfer upon utilisation (Note)	—	—	(295,930)	—	—	—	295,930	—	—	—
At 31 December 2008 (audited) and at 1 January 2009	975,234	7,346,260	424,753	542,953	—	(2,234)	1,950,162	11,237,128	407,957	11,645,085
Profit for the period	—	—	—	—	—	—	196,593	196,593	2,355	198,948
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	260	—	260	—	260
Total comprehensive income for the period	—	—	—	—	—	260	196,593	196,853	2,355	199,208

	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Statutory surplus reserve <i>RMB'000</i>	Investment revaluation reserve <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Attributable		Total <i>RMB'000</i>	
							Retained profits <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>		
										to owners of the Company <i>RMB'000</i>
Transfer of reserves	—	—	—	586	—	—	(586)	—	—	—
Transfer (<i>Note</i>)	—	—	183,016	—	—	—	(183,016)	—	—	—
Transfer upon utilisation (<i>Note</i>)	—	—	(363,725)	—	—	—	363,725	—	—	—
Dividends	—	—	—	—	—	—	(770,435)	(770,435)	(140,075)	(910,510)
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	10,000	10,000
At 30 June 2009 (unaudited)	<u>975,234</u>	<u>7,346,260</u>	<u>244,044</u>	<u>543,539</u>	<u>—</u>	<u>(1,974)</u>	<u>1,556,443</u>	<u>10,663,546</u>	<u>280,237</u>	<u>10,943,783</u>
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
Profit for the period	—	—	—	—	—	—	1,242,070	1,242,070	145,792	1,387,862
Exchange differences arising on translation of foreign operation recognised	—	—	—	—	—	(2,070)	—	(2,070)	—	(2,070)
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-for-sale investments	—	—	—	—	(2,070)	—	—	(2,070)	—	(2,070)
Total comprehensive 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 non-controlling 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>

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 annually. 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 relevant PRC Regulations and the capital reserve account is not available for distribution to shareholders. Upon utilisation, the corresponding amount will then transfer from the capital reserve account to retained profits.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash from operating activities	477,877	1,335,068
Investing activities		
Interest received	56,774	34,498
Dividend received from equity securities	260	273
Deposits paid for acquisition of mines	(36,290)	(70,000)
Purchases of property, plant and equipment	(311,532)	(571,477)
Purchases of land use rights	(12,507)	(52,553)
Purchases of trademarks	—	(621)
Purchase of investments in debt securities	(392,000)	—
Receipt upon mature of investments in debt securities	2,369,000	—
Decrease in available-for-sale investments	—	(106,560)
Proceeds from disposal of property, plant and equipment	130	564
Government subsidy received	6,000	19,280
Restricted bank deposits (made) released	(1,618,702)	71
Net cash generated from (used in) investing activities	61,133	(746,525)
Financing activities		
Interest paid	(18,831)	(7,412)
Dividends paid to shareholders	(770,435)	(770,435)
Dividends paid to non-controlling shareholders of subsidiaries	(89,452)	(130,789)
New bank borrowings raised	2,340,444	100,000
Repayment of bank borrowings	(178,000)	(100,000)
Capital contribution by non-controlling shareholders of subsidiaries	10,000	20,000

Net cash generated from (used in) financing activities	1,293,726	(888,636)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	1,832,736	(300,093)
Cash and cash equivalents at 1 January	2,547,624	5,680,676
Effect of foreign exchange rate changes	—	(7,414)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	4,380,360	5,373,169
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,380,360	5,373,169
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. 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”.

2. SIGNIFICANT 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.

A number of new and revised standards, amendments and interpretations are effective for the financial year beginning on 1 January 2009 (“new and revised IFRSs”). Except as described below, the accounting policies used in the interim financial information are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, included in the annual report of the Group for the year ended 31 December 2008. The adoption of these new and revised IFRSs has resulted in the following changes.

Presentation of financial statements

In the current period, the Group has adopted International Accounting Standards (“IAS”) 1 (Revised) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. The adoption of IAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

Segment information

In the current period, the Group has adopted International Financial Reporting Standard (“IFRS”) 8 “Operating segments”. IFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker. IFRS 8 replaces IAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). The application of IFRS 8 has resulted in the presentation of additional reported segments and change in presentation of segment result as selling and distribution expenses that were allocated to segment results under IAS14 were no longer allocated under IFRS8 (see note 3 for details).

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

IFRSs (Amendments)	Amendment to IFRS 5 as part of improvements to IFRSs issued in 2008 ¹
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 ²
IAS 27 (Revised)	Consolidated and separate financial statements ¹
IAS 39 (Amendment)	Eligible hedged items ¹
IFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
IFRS 2 (Amendment)	Group cash-settled share-based transactions ³
IFRS 3 (Amendment)	Business combinations ¹
IFRIC - INT 17	Distribution of non-cash assets to owners ¹
IFRIC - INT 18	Transfer of assets from customers ⁴

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for transfer on or after 1 July 2009.

The adoption of IFRS 3 (Revised) may affect the Group’s accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted IFRS 8 “Operating segments” with effect from 1 January 2009. IFRS 8 requires operation segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision makers of the Group are the Executive Directors of the Group. In contrast, IAS 14 required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s ‘system of internal financial reporting to key management personnel’ serving only as the starting point for the identification of such segments.

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors that are used to make strategic decisions.

The Group’s operating businesses are structured and managed separately according to the nature of the operations and products. Each of the Group’s operating segment represents a strategic unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

- (a) Molybdenum related products — domestic
- (b) Molybdenum related products — international
- (c) Processed molybdenum and tungsten products — domestic
- (d) Processed molybdenum and tungsten products — international
- (e) Tungsten products (commenced since June 2008)
- (f) Gold and Silver
- (g) Others*

* Represent sulfuric acid and other by products

Segment results represent the gross profit for the period in each operating segment. This is the measure reported to the Group's Executive Directors for the purpose of resources allocation and assessment of segment performance. Segment results exclude finance costs, selling and distribution expenses, other income such as investment and interest income and unallocated corporate expenses such as administrative and other expenses.

The following tables present the Group's operating segments for the period ended 30 June 2009 and 2008.

For the six months ended 30 June 2009

	Molybdenum related products		Processed molybdenum and tungsten products		Tungsten products	Gold and silver	Others	Eliminations	Consolidated
	Domestic <i>RMB'000</i>	International <i>RMB'000</i>	Domestic <i>RMB'000</i>	International <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
TURNOVER									
Sales to external customers	1,001,307	22,590	91,422	385	67,752	75,652	56,658	—	1,315,766
Intersegment sales	1,779,665	—	33,123	—	35	—	169,160	(1,981,983)	—
Total	<u>2,780,972</u>	<u>22,590</u>	<u>124,545</u>	<u>385</u>	<u>67,787</u>	<u>75,652</u>	<u>225,818</u>	<u>(1,981,983)</u>	<u>1,315,766</u>
Segment results	<u>265,249</u>	<u>7,918</u>	<u>2,396</u>	<u>52</u>	<u>15,825</u>	<u>15,444</u>	<u>509</u>	<u>—</u>	<u>307,393</u>
Unallocated income									88,702
Unallocated expenses									(126,860)
Share of results of associates									<u>3,381</u>
Profit before taxation									<u>272,616</u>

For the six months ended 30 June 2008

	Molybdenum related products		Processed molybdenum and tungsten products		Gold and silver	Others	Eliminations	Consolidated
	Domestic	International	Domestic	International				
	RMB'000	RMB'000	RMB'000	RMB'000				
TURNOVER								
Sales to external customers	2,012,189	772,700	188,000	243,942	82,980	26,081	—	3,325,892
Intersegment sales	1,454,392	—	131,704	—	—	401,965	(1,988,061)	—
Total	<u>3,466,581</u>	<u>772,700</u>	<u>319,704</u>	<u>243,942</u>	<u>82,980</u>	<u>428,046</u>	<u>(1,988,061)</u>	<u>3,325,892</u>
Segment results	<u>1,392,100</u>	<u>484,554</u>	<u>39,900</u>	<u>38,200</u>	<u>7,180</u>	<u>14,220</u>	<u>—</u>	<u>1,976,154</u>
Unallocated income								55,974
Unallocated expenses								(224,687)
Share of results of associates								7,922
Profit before taxation								<u>1,815,363</u>

Note: Segment information for the six months ended 30 June 2008 has been restated upon application of IFRS 8.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income		
— bank deposits	31,283	27,537
— debentures	250	2,662
— available-for-sale investments	—	9,353
— investments in debt securities	32,853	—
	<hr/>	<hr/>
Total interest income	64,386	39,552
Gain arising on disposal of available-for-sale investments	—	2,070
Gain on fair value change of financial assets classified as held-for-trading	10,885	11,568
Dividend from equity securities	260	273
Net gain on sales of scrap materials	2,625	387
Government grants recognised (<i>note</i>)	7,820	—
Others	2,726	2,124
	<hr/>	<hr/>
	88,702	55,974
	<hr/> <hr/>	<hr/> <hr/>

Note: The amount represents unconditional government grants received by the Group from the PRC government to facilitate the business operations of the Group.

5. OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss on disposal of property, plant and equipment	2,566	12
Net foreign exchange losses	758	72,562
Penalty expenses	572	960
Donations	536	4,777
Others	2,568	3,804
	<u>7,000</u>	<u>82,115</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interests on bank borrowings wholly repayable within five years	5,199	4,611
Interests on bills discounted with recourse	13,632	2,801
Other interest expenses — unwinding discounts on provision	966	919
Less: Amount included in the cost of qualifying assets	(4,797)	(3,740)
	<u>15,000</u>	<u>4,591</u>

7. TAXATION

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
The charge (credit) comprises PRC Enterprise Income Tax:		
Current taxation		
— current period	81,233	447,982
— underprovision in prior year	—	1,693
	81,233	449,675
Deferred taxation		
— current period	(7,565)	(22,174)
	73,668	427,501

The Group is subject to PRC Enterprise Income Tax levied at a rate of 25% (six months ended 30 June 2008: 25%) of taxable income determined in accordance with the relevant laws and regulations in the PRC.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense (included amount of reversal of write down of inventories of RMB6,005,000 for 2009, none for 2008) included in cost of sales	1,008,373	1,349,738
Depreciation of property, plant and equipment	121,453	96,766
Amortisation of land use rights (included in administrative expenses)	4,752	3,263
Amortisation of mining rights (included in cost of sales)	13,610	13,610
Amortisation of trademarks (included in cost of sales)	89	15
Share of tax of associates (included in share of results of associates)	1,237	3,343
Resources compensation fee (<i>Note</i>)	21,000	45,067

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 and included in cost of sales.

9. DIVIDENDS

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period:		
Final — for year 2008 of RMB0.158 (30.6.2008: for year 2007 of RMB0.128) per share	770,435	624,150
Special dividend — nil (30.6.2008: for year 2007 of RMB0.03 per share)	—	146,285
	<u>770,435</u>	<u>770,435</u>

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.

On 2 June 2009, dividend of RMB0.158 per share totalling RMB770,435,000 was paid to shareholders as final dividend for 2008.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

10. 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	
	2009	2008
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share (<i>RMB'000</i>)	<u>196,593</u>	<u>1,242,070</u>
Number of shares for the purpose of basic earnings per share	<u>4,876,170,525</u>	<u>4,876,170,525</u>

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

11. TRADE AND OTHER RECEIVABLES

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Trade receivables (net of allowances)	231,266	180,499
Bills receivable	432,885	371,774
	664,151	552,273
Advance to suppliers	47,372	57,387
Dividend receivable from an associate	10,000	—
Interest receivables	26,982	19,370
Other receivables and prepayments	60,793	24,557
	<u>809,298</u>	<u>653,587</u>

The Group normally allows credit period of no longer than 90 days to its trade customers, a longer credit period up to 180 days may be allowed for major customers. The aged analysis of trade receivables and bills receivable is as follows:

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
0-90 days	424,345	248,708
91-180 days	161,494	291,322
181-365 days	77,812	8,364
1-2 years	500	3,879
	664,151	552,273

12. INVESTMENTS IN DEBT SECURITIES

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Investments in debt securities represented:		
Investment plans arranged by banks	1,122,000	3,099,000
Analysed for reporting purposes as:		
Current assets	1,072,000	2,899,000
Non-current assets	50,000	200,000
	1,122,000	3,099,000

As at 30 June 2009, the amount represented unlisted investment plans arranged by banks for investment in various debt securities. The underlying debt securities invested by banks are analysed as follows:

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Unlisted corporate entities' debts	869,600	691,000
Debentures and bills issued by central government and banks	252,400	2,408,000
	<u>1,122,000</u>	<u>3,099,000</u>

The Group is entitled to a 100% principal protection clause for the investments in unlisted corporate entities' debts. The interest income from the investment plans are determined based on the interest income generated from the underlying debt securities after deduction of bank charges and bank commission.

The investment plans were stated at amortised cost less any impairment loss. They will mature from July 2009 to May 2012 (2008: from January 2009 to June 2010) with effective interest rate ranged from 1.9% to 6.9% (2008: 0.4% to 6.9%) per annum. Subsequent to the balance sheet date, RMB74,000,000 was matured and settled.

13. RESTRICTED BANK DEPOSITS

Restricted bank deposits represents deposits in bank to secure advances drawn on bills receivable discounted by the Group which are repayable before December 2009 and therefore classified as current assets. The restricted bank deposits will be released upon the settlement of relevant advances.

14. TRADE AND OTHER PAYABLES

	30.6.2009 <i>RMB'000</i> (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
Trade payables	117,943	117,893
Bills payable	39,202	7,622
	<hr/>	<hr/>
	157,145	125,515
Other payables and accruals	492,455	555,546
	<hr/>	<hr/>
	649,600	681,061
	<hr/> <hr/>	<hr/> <hr/>

The aged analysis of trade payables is as follows:

	30.6.2009 <i>RMB'000</i> (unaudited)	31.12.2008 <i>RMB'000</i> (audited)
0 - 90 days	132,556	109,095
91-180 days	10,732	3,730
181-365 days	6,392	6,223
1-2 years	2,136	2,323
Over 2 years	5,329	4,144
	<hr/>	<hr/>
	157,145	125,515
	<hr/> <hr/>	<hr/> <hr/>

Trade and bills payables principally comprise amounts outstanding for trade purchases.

15. BANK BORROWINGS

	30.6.2009	31.12.2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Fixed-rate bank loans — unsecured	210,000	228,000
Floating-rate bank loan — unsecured	71,248	—
Advances drawn on intra group bills receivable discounted with recourse (<i>Note</i>)	2,109,196	—
	<u>2,390,444</u>	<u>228,000</u>
The maturity profile of the above borrowings is as follows:		
Within one year	2,340,444	228,000
More than one year but not exceeding two years	50,000	—
	2,390,444	228,000
Less: Amounts due within one year shown under current liabilities	(2,340,444)	(228,000)
	<u>50,000</u>	<u>—</u>

During the period, the Group obtained new bank loans amounting to RMB231,248,000 (six months ended 30 June 2008: RMB100,000,000). The loans carry interest at market rates ranging from 2.35% to 5.31% and London Interbank Offer Rate plus 0.6% (six months ended 30 June 2008: 3.0% to 7.8%) per annum and repayable on instalment over a period of one to two year (six months ended 30 June 2008: one year). The proceeds used to finance the purchases of materials and for the expansion of its existing manufacturing capacity on molybdenum related products.

Note: During the period, the Group drawn advances from several banks with full recourse in total amount of RMB2,109,196,000 (31 December 2008: nil) in respect of intergroup company bills receivable arising from intra group transactions between the Company and a subsidiary. The advances carried market interest rate and were secured by bank deposits of the Group amounting to RMB1,618,702,000 (31 December 2008: nil). The advances will be repayable before December 2009 and were classified as current liabilities.

16. LITIGATION

During the period, the Company was involved in civil litigation relating to a claim from a mining company (the “plaintiff”) for damages arising from the Company’s construction of a manufacturing plant which affect the plaintiff’s mining activities in that area for an amount of approximately RMB135 million. The directors are of the view that the Company has complied with relevant laws and regulations in respect of the construction of the manufacturing plant and has appointed lawyers to defend the claim on its behalf. The directors of the Company considered that the Company has good defenses to these claims and will continue to defend vigorously. Accordingly, no provision in connection with the legal claim has been made in the interim condensed consolidated financial statements. Such civil litigation is still in progress up to the date of this announcement.

RESULTS

MARKET REVIEW

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

After the historical freefall in September and October 2008 under the global financial storm, the global molybdenum market embarked on a trip towards “recovery and adjustment”. At the beginning of 2009, domestic market prices of molybdenum raw materials once bounced back to RMB1,900/metric tonne unit. However, since February 2009, price slide started slowly and bottomed again in March. Price of Molybdenum concentrates once again retreated at RMB1,500/metric tonne unit. The market did not bottom out immediately. The low price continued until April when domestic steel maker’s ferromolybdenum purchase picked up. It was not until June when China’s steel makers were running at full capacity which required more ferromolybdenum procurement, that the market saw another rally, but barely hit RMB1,800/metric tonne unit. During this period, molybdenum market had seen the largest fall of 21% and rise 20%. The average ferromolybdenum price in the first half of 2009 as quoted by www.molyworld.com was RMB115,300/tonne, down by 59% from the same period last year. Average price of molybdenum oxides was RMB1,828/metric tonne unit, down by 58.3% from same period last year. In the first half of 2009, molybdenum demand in overseas market continued to contract, with molybdenum price lingering at lower level than in China. Demand turned up in April, accompanied by substantial supply cut of major molybdenum makers overseas in the first quarter, price of molybdenum gradually recovered due to decreased demand. Domestic and overseas molybdenum price gap started to close since May, and the monthly average price gap of molybdenum oxide narrowed to US\$3/lb Mo in June. In the first half of the year, average Rotterdam spot price of ferromolybdenum in overseas market was equivalent to RMB93,400/tonne, down by 71.9% from the same period last year. Average price of U.S. MW Molybdenum oxide was equivalent to RMB1,397/metric tonne unit, down by 73% from the same period last year.

During the first half of 2009, China’s tungsten market experienced an up-down-up fluctuation. Tungsten price bottomed out in the beginning of year 2009 and quickly soared to RMB65,000-66,000/tonne on 16 February, the ceiling in the first half of 2009. However, as demand was not supported by concrete improvements, domestic tungsten concentrates price fell back to RMB55,000-57,000/tonne on March 23. Price rose again after April. By the end of June, domestic tungsten concentrates price hit RMB60,000- 62,000/tonne. In the first half of year 2009, the ceiling of tungsten concentrates price in China was RMB65,000 -66,000/tonne; bottom was RMB55,000 - 57,000/tonne; average was RMB59,700 -61,300/tonne, down by 31.78% year-on-year.

International market posed similar moves as China. From January to June, ceiling of APT in European market was US\$210-230/tonne; bottom was US\$180-200/metric tonne unit; average was US\$199.1-224.2/metric tonne unit, down by 19.14% year-on-year.

BUSINESS REVIEW

During the first half of 2009, capitalizing on its abundant resources, scale of production and an integrated production chain, the Group overcame adverse market conditions, kept the production of its major products unchanged or increased the production to various degree as compared with the same period last year, and recorded remarkable performance. From January to June, the Group's production of molybdenum concentrates (including 45% Mo) amounted to approximately 16,949.1 tonnes, representing an increase of 1.2% as compared with the same period last year. The production of scheelite concentrates (including 65% W) amounted to approximately 2,826.4 tonnes (including Yulu's 1,056.7 tonnes), representing an increase of 102.9% as compared to the same period last year. The Group produced approximately 10,474 tonnes of sulphuric acid (92.5% concentration), 404.2kg of gold and 3,316.5kg of silver. Under the market condition in the first half of the year, the Group concentrated its sales in domestic market. The top ten clients of the Company accounted for 55.5% of the domestic sales volume of the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

For the six months ended 30 June 2009, profit attributable to the equity holders of the Company was RMB196.6 million, representing a decrease of RMB1,045.5 million or 84.2% from RMB1,242.1 million for the six months ended 30 June 2008.

The comparative analysis for the six months ended 30 June 2009 and the six months ended 30 June 2008 is as follows:

Operating Results

For the six months ended 30 June 2009, the Group recorded a turnover of RMB1,315.8 million, representing a decrease of RMB2,010.1 million or 60.4% from RMB3,325.9 million for the same period last year. For the six months ended 30 June 2009, the Group achieved a gross profit of RMB307.4 million, representing a decrease of RMB1,668.8 million or 84.4% as compared with RMB1,976.2 million for the same period last year.

Operating results, operating cost, gross profit and gross profit margin by products

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products for the first half of 2009 and 2008:

Product name	For the six months ended 30 June							
	2009				2008			
	Turnover	Operating Cost	Gross Profit	Gross	Turnover	Operating Cost	Gross Profit	Gross
				Profit Margin				Profit Margin
(RMB million)	(RMB million)	(RMB million)	%	(RMB million)	(RMB million)	(RMB million)	%	
Domestic market								
— Molybdenum additive materials	1,001.3	736.1	265.2	26.5%	2,012.2	620.1	1,392.1	69.2%
— Tungsten concentrate (65% WO ₃)	67.8	51.9	15.9	23.5%	—	—	—	—
— Processed Tungsten and Molybdenum products	91.4	89.0	2.4	2.6%	188.0	148.1	39.9	21.2%
— Gold and silver	75.7	60.2	15.5	20.5%	83.0	75.8	7.2	8.7%
— Other	56.6	56.1	0.5	0.9%	26.0	11.8	14.2	54.6%
Sub-total	1,292.8	993.3	299.5	23.2%	2,309.2	855.8	1,453.4	62.9%
International market								
— Molybdenum additive materials	22.6	14.7	7.9	35.0%	772.7	288.1	484.6	62.7%
— Processed Tungsten and Molybdenum products	0.39	0.38	0.01	2.5%	244.0	205.8	38.2	15.7%
Sub-total	23.0	15.1	7.9	34.3%	1,016.7	493.9	522.8	51.4%
Total	1,315.8	1,008.4	307.4	23.4%	3,325.9	1,349.7	1,976.2	59.4%

Note: Molybdenum additive materials include molybdenum concentrates/molybdenum oxides/ferromolybdenum.

For the first half of 2009, turnover decreased by 60.4% to RMB1,315.8 million from RMB3,325.9 million for the first half of 2008, mainly due to: (1) a nearly 60% decline in unit average selling price of major molybdenum products for the first half of 2009 as compared with the same period last year; (2) a sharp decrease in overseas sales of the Company in the context of bleak international and domestic molybdenum market. In spite of the increase in sales volume of major molybdenum products in domestic market, sales revenue decreased sharply owing to the plummeting prices.

For the six months ended 30 June 2009, cost of sales of the Group was RMB1,008.4 million, representing a decrease of 25.29% from RMB1,349.7 million for the same period last year. The main reasons behind the decrease in the cost of sales are as follows: (1) Less procurement of molybdenum products by third parties of the Company as compared to the same period last year due to sluggish consumption in domestic and overseas molybdenum market in the first half of the year. (2) A significant decrease in export tariffs as a result of the low volume of molybdenum products exported in the first half of the year due to the substantial contraction in demand for molybdenum products in the international market as compared to the same period last year. (3) Substantial decreases in labor cost, unit material consumption and power expenses as a result of the implementation of cost control measures and new internal assessment mechanism. Meanwhile, technological tests and research in mining and processing carried out by the Company had led to some achievements in reasonable mining and detailed management on technological process for ore mixing and processing, thus lowering unit cost of production.

For the six months ended 30 June 2009, the average gross margin of the Group was 23.4%, representing a decrease of 36 percentage points as compared with 59.4% for the same period last year, mainly attributable to the sharp decrease in the selling prices during the period which undermined the overall gross profit margin of molybdenum products. Although unit cost decreased during the period, it failed to offset the gross profit decline resulting from the price slump.

Other Income

For the six months ended 30 June 2009, other income of the Group amounted to RMB88.7 million, representing an increase of RMB32.7 million or 58.4% from RMB56.0 million for the same period last year. Major reasons were as follows: gain from short-term capital management for the year increased by RMB19.0 million, government grants of RMB7.8 million, increment in deposit interest by RMB3.7 million.

Use of proceeds

As at 30 June 2009, the Company applied an aggregate of approximately RMB3,645 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 Sandaozhuang Mine;
- approximately RMB317 million to construct auxiliary facilities of ores;
- approximately RMB382 million for expansion of Mining Branch, Sanqiang Company and construction of scheelite recovery plant;
- approximately RMB456 million for construction of Luoyang Yongning Gold & Lead Refining Co., Ltd. and acquisition project of precious metals;
- approximately RMB471 million to construct a smelting plant of molybdenum with a capacity of 40,000 tonnes/year;
- approximately RMB51 million for technological improvement at High Tech Company.

DIRECTORS' INTEREST

Directors' and Supervisors' interest in contracts

As at 30 June 2009, 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 2009, none of the directors, supervisors or their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of 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 Companies.

Directors' and Supervisors' rights to acquire shares or debentures

At no time as at 30 June 2009 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 of the Company to acquire such rights in any other body corporate.

DIVIDENDS

At the Board meeting held on 17 August 2009, the Board resolved not to distribute an interim dividend for the six months ended 30 June 2009.

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 have not purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2009, 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 2009, the Board convened three meetings (with an attendance rate of 85%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, directors 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 2009 (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 of Listed Companies (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiries, the Board confirmed that all the directors complied with the required standard set out in the Model Code for the period ended 30 June 2009.

AUDIT COMMITTEE

The 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. The audit committee provides an important link between the Board 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 advice and guidance to the Board. The audit committee comprises three independent non-executive directors and one non-executive director, namely, Mr. Ng Ming Wah, Charles, Mr. Gao Dezhu, Mr. Gu Desheng and Mr. Zhang Yufeng. The audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2009 and considered that the results complied with relevant accounting standards and that the Company has made appropriate disclosure.

NON-COMPETITION AGREEMENT

As disclosed in the Prospectus of the Company dated 13 April 2007, an annual review would be conducted by our independent non-executive directors on such decisions to exercise or not to exercise the option and the right of first refusal to acquire retained businesses which constitute competition. The Non-competition Agreement took effect on 26 April 2007.

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

Luoyang, the People’s Republic of China, 17 August 2009

As at the date hereof, 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 of the Company are Mr. Zhang Yufeng and Mr. Xu Jun; and the independent non-executive Directors of the Company are Mr. Zeng Shaojin, Mr. Gao Dezhu, Mr. Gu Desheng and Mr. Ng Ming Wah, Charles.

* *For identification purposes only*