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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: 03993)

**UNAUDITED FINANCIAL RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2012
AND
MATTERS RELATING TO
RECOGNITION AS AN ENTERPRISE OF NEW AND HIGH
TECHNOLOGY**

洛陽欒川鉬業集團股份有限公司 (China Molybdenum Co., Ltd.)* (the “**Company**”) is pleased to announce (i) the unaudited financial results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2012; and (ii) as a result of the Company being recognised as one of the enterprises in the second batch of new and high technology enterprises in Henan Province 2011 (the “**Recognition**”), the Company is entitled to 15% enterprise income tax rate for three financial years starting retrospectively from 1 January 2011 to 31 December 2013. As the Company is confirming with the local tax bureau on the computation of its enterprise income tax for the year ended 31 December 2011 (the relevant confirmations are expected to be available during the first half of 2012), the effects of the preferential tax policy have not been reflected in the unaudited financial results of the Group for the three months ended 31 March 2012.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

(I) UNAUDITED FINANCIAL RESULTS OF THE GROUP FOR THE THREE MONTHS ENDED 31 MARCH 2012

As disclosed in the announcement on the results of the issue of the short-term bonds published by the Company on 3 June 2011, the Company issued RMB2 billion of short-term bonds on 2 June 2011. According to the Rules for Information Disclosure on Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market (《銀行間債券市場非金融企業債務融資工具信息披露規則》) published by National Association of Financial Market Institutional Investors, the Company is required to announce its quarterly balance sheet, income statement and cash flow statement within one month subsequent to the end of the first quarter. (Accordingly, the Company has, in compliance with this requirement, published the unaudited financial results of the Group for the three months ended 31 March 2012 on the website of China Government Securities Depository Trust & Clearing Co. Ltd. (www.chinabond.com.cn)).

The board of directors (the “**Board**”) of the Company announces that the unaudited financial results of the Group for the three months ended 31 March 2012 were prepared in accordance with the generally accepted accounting principles of the People’s Republic of China (the “**PRC**”) and have been considered and approved by the audit committee of the Company, which are enclosed for information only.

The Board wishes to remind investors that the financial information contained herein for the three months ended 31 March 2012 is based on the unaudited management accounts and has not been reviewed or audited by the auditor of the Company. The investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the shares of the Company.

I. CONSOLIDATED BALANCE SHEET OF THE GROUP

Items	As at 31 March 2012 RMB	As at 31 December 2011 RMB
Current Assets:		
Bank balances and cash	3,282,615,912.64	2,860,065,810.02
Held-for-trading financial assets	61,554,020.41	61,629,534.63
Notes receivable	1,057,397,470.62	984,534,030.86
Accounts receivable	766,067,935.57	778,145,711.39
Advance to suppliers	287,132,369.27	291,043,384.76
Interest receivable	4,801,600.15	10,184,296.16
Dividends receivable	120,000,000.00	—
Other receivables	96,098,970.08	126,272,930.32
Inventories	1,562,531,286.50	1,646,117,907.47
Other current assets	95,625,211.15	92,700,516.79
	<u>7,333,824,776.39</u>	<u>6,850,694,122.40</u>
Total current assets		
Non-current assets:		
Long-term equity investments	1,589,952,005.88	1,683,741,984.15
Fixed assets	3,607,310,661.97	3,666,325,877.90
Construction in progress	385,070,564.76	345,851,224.66
Intangible assets	2,011,601,348.93	2,022,026,452.99
Long-term deferred expenses	92,434,570.87	96,325,122.39
Deferred tax assets	166,985,336.92	156,887,815.55
Other non-current assets	125,612,979.00	124,271,355.00
	<u>7,978,967,468.33</u>	<u>8,095,429,832.64</u>
Total non-current assets		
Total assets	<u>15,312,792,244.72</u>	<u>14,946,123,955.04</u>

Current liabilities:

Short-term borrowings	232,000,000.00	334,675,124.00
Notes payable	55,480,000.00	73,817,000.00
Accounts payable	472,901,560.47	445,063,550.97
Advance from customers	118,076,891.73	96,938,639.19
Employee benefits payable	86,028,571.53	83,061,884.75
Tax payable	4,035,029.57	(108,375,469.52)
Dividends payable	30,845,798.67	40,845,798.67
Other payables	260,830,876.45	275,843,596.02
Non-current liabilities due within one year	29,600,000.00	29,600,000.00
Short-term bonds payable	2,000,000,000.00	2,000,000,000.00
Other current liabilities	134,142,602.03	95,329,589.56
Total current liabilities	3,423,941,330.45	3,366,799,713.64

Non-current liabilities:

Provisions	45,305,115.87	44,745,793.45
Other non-current liabilities	280,426,657.96	275,591,339.96
Total non-current liabilities	325,731,773.83	320,337,133.41

Total liabilities

3,749,673,104.28	3,687,136,847.05
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Shareholders' equity:

Share capital	975,234,105.00	975,234,105.00
Capital reserve	7,584,830,422.21	7,584,830,422.21
Special reserve	99,559,163.97	78,916,909.25
Surplus reserve	704,898,171.11	704,898,171.11
Unappropriated profit	1,329,532,095.44	1,048,096,576.11
Translation differences arising on translation of financial statements denominated in foreign currency	(2,095,823.57)	(1,842,810.97)
Total shareholders' equity attributable to equity holders of the parent	10,691,958,134.16	10,390,133,372.71
Minority interests	871,161,006.28	868,853,735.28
Total shareholders' equity	11,563,119,140.44	11,258,987,107.99
Total liabilities and shareholders' equity	15,312,792,244.72	14,946,123,955.04

II. CONSOLIDATED INCOME STATEMENT OF THE GROUP

Items	For the period from 1 January 2012 to 31 March 2012 <i>RMB</i>	For the period from 1 January 2011 to 31 December 2011 <i>RMB</i>
1. Total operating income	1,541,868,845.54	6,099,651,578.23
2. Total operating costs	1,211,501,495.42	4,706,712,588.34
Including: Operating cost	1,044,123,816.08	3,911,370,115.23
Business taxes and levies	64,087,177.34	218,796,117.22
Selling and distribution expenses	5,890,882.47	24,626,272.32
Administrative expenses	84,772,994.89	460,023,025.05
Finance expenses	27,644,647.82	68,700,862.67
Impairment loss in respect of assets	(15,018,023.18)	23,196,195.85
Add: Losses from changes in fair values	(75,514.22)	(2,469,548.93)
Investment income	32,162,487.96	127,041,473.79
Including: Income from investment in associates and joint ventures	26,210,021.73	109,238,702.10
3. Operating profits	362,454,323.86	1,517,510,914.75
Add: Non-operating income	1,577,929.93	14,804,136.79
Less: Non-operating expenses	788,380.00	20,398,534.05
Including: Losses from disposal of non-current assets	—	15,357,352.18
4. Total profits	363,243,873.79	1,511,916,517.49
Less: Income tax expenses	79,501,083.46	355,754,740.02

5. Net profits	283,742,790.33	1,156,161,777.47
Net profit attributable to shareholders of the parent	281,435,519.33	1,118,175,996.91
Profit attributable to minority interests	2,307,271.00	37,985,780.56
6. Basic earnings per share	0.06	0.23
7. Other comprehensive income	(253,012.60)	1,897,969.35
8. Total comprehensive income	283,489,777.73	1,158,059,746.82
Total comprehensive income attributable to the shareholders of the parent	281,182,506.73	1,120,073,966.26
Total comprehensive income attributable to the minority interests	2,307,271.00	37,985,780.56

III. CONSOLIDATED CASH FLOW STATEMENT OF THE GROUP

Items	For the period from 1 January 2012 to 31 March 2012 <i>RMB</i>	For the period from 1 January 2011 to 31 December 2011 <i>RMB</i>
1. Cash flows from operating activities:		
Cash receipts from the sales of goods and the rendering of services	1,664,805,330.55	8,062,295,040.87
Receipts of tax refunds	991,804.76	—
Other cash receipts relating to operating activities	17,190,175.07	53,148,751.48
Sub-total of cash inflows	1,682,987,310.38	8,115,443,792.35
Cash payments for goods purchased and service received	759,153,729.06	4,937,071,732.46
Cash payments to and on behalf of employees	126,357,771.45	677,151,400.44
Payments of all types of taxes	203,129,018.81	1,342,806,875.78
Other cash payments relating to operating activities	33,868,551.48	130,265,117.62
Sub-total of cash outflows	1,122,509,070.81	7,087,295,126.30
Net cash flows from operating activities	560,478,239.57	1,028,148,666.05

2. Cash flows from investing activities:

Cash receipts from disposals		
of investments	1,080,000,000.00	7,160,384,340.51
Cash receipts from returns on investments	8,259,388.68	57,797,843.69
Net cash receipts from disposal		
of fixed assets, intangible assets		
and other long-term assets	—	2,516,265.39
Other cash receipts relating		
to investing activities	36,755,248.57	—
Sub-total of cash inflows	1,125,014,637.25	7,220,698,449.59
Cash payments to acquire and construct		
fixed assets, intangible assets		
and other long-term assets	66,878,742.01	733,078,385.01
Cash payments to acquire investments	1,080,000,000.00	7,074,700,000.00
Sub-total of cash outflows	1,146,878,742.01	7,807,778,385.01
Net cash flows from investing activities	(21,864,104.76)	(587,079,935.42)

3. Cash flows from financing activities:

Cash receipts from borrowings	21,500,000.00	3,250,675,124.00
Other cash receipts relating		
to financing activities	51,373.67	—
Sub-total of cash inflows	21,551,373.67	3,250,675,124.00
Cash repayments of amounts borrowed	122,764,531.60	1,683,050,000.00
Cash payments for distribution of		
dividends or profit or interest repayment	14,524,519.89	2,070,843,724.65
Other cash payments relating		
to financing activities	326,354.38	—
Sub-total of cash outflows	137,615,405.87	3,753,893,724.65
Net cash flows from financing activities	(116,064,032.20)	(503,218,600.65)

4. Effect on cash due to changes in foreign exchange rates	—	1,897,969.35
5. Net increase/(decrease) in cash and cash equivalents	422,550,102.61	(60,251,900.67)
Add: Balance of cash and cash equivalents at the beginning of the period	2,779,197,065.90	2,839,448,966.57
6. Balance of cash and cash equivalents at the end of the period	3,201,747,168.51	2,779,197,065.90

1. BALANCE SHEET OF THE COMPANY

Items	As at 31 March 2012 RMB	As at 31 December 2011 RMB
Current Assets		
Bank balances and cash	2,192,292,181.17	1,727,319,193.73
Held-for-trading financial assets	60,116,360.00	60,168,560.00
Notes receivable	1,028,076,084.99	970,061,089.37
Accounts receivable	111,316,639.14	194,595,259.19
Advance to suppliers	1,672,851,568.58	1,817,793,102.90
Interest receivable	33,631,498.81	35,004,159.71
Dividends receivable	167,086,082.08	47,086,082.08
Other receivables	246,630,406.67	272,851,891.15
Inventories	193,029,233.42	176,816,949.26
Other current assets	38,455,564.05	35,866,787.71
	<u>5,743,485,618.91</u>	<u>5,337,563,075.10</u>
Total current assets		
Non-current assets		
Long-term equity investments	3,690,245,856.52	3,778,940,596.69
Fixed assets	1,869,645,482.90	1,899,739,678.66
Construction in progress	146,600,918.41	136,788,098.00
Intangible assets	594,454,414.62	603,353,562.24
Long-term deferred expenses	87,655,635.86	91,324,168.84
Deferred tax assets	76,033,739.14	57,963,546.65
Other non-current assets	1,221,953,079.00	1,220,611,455.00
	<u>7,686,589,126.45</u>	<u>7,788,721,106.08</u>
Total non-current assets		
Total assets	<u>13,430,074,745.36</u>	<u>13,126,284,181.18</u>

Current liabilities

Short-term borrowings	150,000,000.00	150,000,000.00
Notes payable	62,090,000.00	82,417,000.00
Accounts payable	104,588,192.38	97,029,787.72
Advance from customers	3,014,332.69	2,185,224.46
Employee benefits payable	58,019,517.91	51,882,742.11
Taxes payable	138,792,455.83	76,195,136.95
Other payables	161,701,784.69	187,064,530.46
Non-current liabilities due within one year	385,585.80	385,585.80
Short-term bonds payable	2,000,000,000.00	2,000,000,000.00
Other current liabilities	93,068,035.99	71,168,452.03

Total current liabilities	2,771,659,905.29	2,718,328,459.53
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Non-current liabilities

Provisions	45,305,115.87	44,745,793.45
Other non-current liabilities	28,935,487.96	24,070,487.96

Total non-current liabilities	74,240,603.83	68,816,281.41
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Total liabilities	2,845,900,509.12	2,787,144,740.94
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Shareholders' equity:

Share capital	975,234,105.00	975,234,105.00
Capital reserve	7,584,830,422.21	7,584,830,422.21
Special reserve	98,412,495.17	78,916,909.25
Surplus reserve	704,898,171.11	704,898,171.11
Unappropriated profit	1,220,799,042.75	995,259,832.67

Total shareholders' equity	10,584,174,236.24	10,339,139,440.24
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Total liabilities and shareholders' equity	13,430,074,745.36	13,126,284,181.18
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2. INCOME STATEMENT OF THE COMPANY

Items	For the period from	For the period from
	1 January 2012 to 31 March 2012	1 January 2011 to 31 December 2011
	<i>RMB</i>	<i>RMB</i>
1. Total operating income	725,471,089.32	5,833,900,570.42
2. Total operating costs	479,730,290.44	4,573,733,999.36
Including: Operating cost	352,494,136.41	4,007,144,745.10
Business taxes and levies	62,152,261.73	205,256,486.26
Selling and distribution expenses	—	8,963,410.05
Administrative expenses	43,651,861.10	301,955,334.31
Finance expenses	21,432,031.20	54,204,701.64
Impairment loss in respect of assets	—	(3,790,678.00)
Add: Losses from changes in fair values	(52,200.00)	(1,545,120.00)
Investment income	36,303,411.33	141,449,279.60
Including: Income from investment in associates and joint ventures	31,305,259.83	116,914,763.28
3. Operating profits	281,992,010.21	1,400,070,730.66
Add: Non-operating income	476,790.53	7,427,091.52
Less: Non-operating expenses	660,000.00	3,272,983.82
Including: Losses from disposal of non-current assets	—	—
4. Total profits	281,808,800.74	1,404,224,838.36
Less: Income tax expenses	56,269,590.66	301,009,147.26
5. Net profits	225,539,210.08	1,103,215,691.10
6. Other comprehensive income	—	—
7. Total comprehensive income	225,539,210.08	1,103,215,691.10

3. CASH FLOW STATEMENT OF THE COMPANY

Items	For the period from 1 January 2012 to 31 March 2012 <i>RMB</i>	For the period from 1 January 2011 to 31 December 2011 <i>RMB</i>
1. Cash flows from operating activities:		
Cash receipts from the sales of goods and the rendering of services	838,467,905.25	7,130,467,887.53
Other cash receipts relating to operating activities	192,632,457.60	36,615,967.61
Sub-total of cash inflows from operating activities	1,031,100,362.85	7,167,083,855.14
Cash payments for goods purchased and service received	307,888,519.76	3,782,198,868.17
Cash payments to and on behalf of employees	71,118,823.02	440,676,062.47
Payments of all types of taxes	178,742,353.42	1,141,989,125.30
Other cash payments relating to operating activities	17,902,935.69	398,352,738.50
Sub-total of cash outflows from operating activities	575,652,631.89	5,763,216,794.44
Net cash flows from operating activities	455,447,730.96	1,403,867,060.70

2. Cash flows from investing activities:

Cash receipts from disposals		
of investments	950,000,000.00	7,153,549,340.51
Cash receipts from returns on investments	7,451,323.95	149,912,047.29
Net cash receipts from disposal of		
fixed assets, intangible assets and		
other long-term assets	—	1,584,003.23
Other cash receipts relating to		
investing activities	35,000,000.00	1,016,453,681.26
Sub-total of cash inflows from		
investing activities	992,451,323.95	8,321,499,072.29
Cash payments to acquire and construct		
fixed assets, intangible assets and		
other long-term assets	30,149,664.70	337,902,697.17
Cash payments to acquire investments	950,000,000.00	7,036,079,866.82
Cash payments relating to		
other investing activities	—	1,326,031,536.89
Sub-total of cash outflows		
from investing activities	980,149,664.70	8,700,014,100.88
Net cash flows from investing activities	12,301,659.25	(378,515,028.59)

3. Cash flows from financing activities:		
Cash receipts from borrowings	—	3,555,017,816.83
Other cash receipts relating to financing activities	—	4,859,836,289.68
Sub-total of cash inflows from financing activities	—	8,414,854,106.51
Cash repayments of amounts borrowed	100,000.00	1,896,067,514.90
Cash payments for distribution of dividends or profit or interest repayment	2,676,402.77	2,006,154,488.69
Other cash payments relating to financing activities	—	5,492,396,038.24
Sub-total of cash outflows from financing activities	2,776,402.77	9,394,618,041.83
Net cash flows from financing activities	(2,776,402.77)	(979,763,935.32)
4. Effect on cash due to changes in foreign exchange rates	—	—
5. Net increase in cash and cash equivalents	464,972,987.44	45,588,096.79
Add: Balance of cash and cash equivalents at the beginning of the period	1,646,450,449.61	1,600,862,352.82
6. Balance of cash and cash equivalents at the end of the period	2,111,423,437.05	1,646,450,449.61

(II) MATTERS RELATING TO RECOGNITION AS AN ENTERPRISE OF NEW AND HIGH TECHNOLOGY

Reference is made to the announcement of the Company dated 21 March 2012, in which the Company announced that it has been recognized as one of the enterprises in the second batch of new and high technology enterprises in Henan Province 2011. On 26 April 2012, the Company received the preferential tax treatment filing form issued by the local tax bureau of Henan Province stipulating that the Company is entitled to 15% enterprise income tax rate for three financial years starting retrospectively from 1 January 2011 to 31 December 2013. As the Company is confirming with the local tax bureau on the computation of its enterprise income tax for the year ended 31 December 2011 (the relevant confirmations are expected to be available during the first half of 2012), the effects of the preferential tax policy have not been reflected in the unaudited financial results of the Group for the three months ended 31 March 2012. Details for the enterprise income tax for the year ended 31 December 2011 will be set out in the interim report of the Company.

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

Luoyang City, Henan Province, the PRC, 28 April 2012

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Duan Yuxian, Mr. Li Chaochun, Mr. Wu Wenjun, Mr. Li Faben and Mr. Wang Qinxi

Non-executive Directors:

Mr. Shu Hedong and Mr. Zhang Yufeng

Independent non-executive Directors:

Mr. Gao Dezhu, Mr. Zeng Shaojin, Mr. Gu Desheng and Mr. Ng Ming Wah, Charles

* *For identification purposes only*