



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

Stock Code ■ 3993



2012 Interim
Report



* For identification purposes only

CORPORATE INFORMATION¹

Directors

Executive Directors

Duan Yuxian (*Chairman*)
Li Chaochun (*Vice Chairman*)
Wu Wenjun
Li Faben
Wang Qinxi

Non-executive Directors

Shu Hedong
Zhang Yufeng

Independent Non-executive Directors

Gao Dezhu²
Zeng Shaojin²
Gu Desheng²
Ng Ming Wah, Charles²
Bai Yanchun³
Xu Shan³
Cheng Gordon³
Xu Xu³

Supervisors

Zhang Zhenhao (*Chairman of Supervisory Committee*)
Yin Dongfang
Deng Jiaoyun

Company Secretary

Ho Siu Pik (*FCS, FCIS*)

Board Secretary

He Feng

Authorized Representatives

Li Chaochun
Ho Siu Pik (*FCS, FCIS*)

Remuneration Committee

Gao Dezhu (*Chairman*)⁴
Gu Desheng⁴
Shu Hedong

Audit Committee

Ng Ming Wah, Charles (*Chairman*)⁴
Zeng Shaojin⁴
Zhang Yufeng

Strategic Committee

Duan Yuxian (*Chairman*)
Li Chaochun
Wu Wenjun
Li Faben
Wang Qinxi
Zhang Yufeng
Shu Hedong
Gao Dezhu⁴
Gu Desheng⁴
Zeng Shaojin⁴
Ng Ming Wah, Charles⁴
Yang Jianbo
Wang Bin
Zhang Bin

Nomination Committee

Duan Yuxian (*Chairman*)
Li Chaochun
Gao Dezhu (*Vice Chairman*)⁴
Zeng Shaojin⁴
Gu Desheng⁴
Ng Ming Wah, Charles⁴

Auditor

Messrs. Deloitte Touche Tohmatsu

Legal Advisors

Morrison & Foerster
Links Law Offices

Notes:

- 1 The above corporate information is made up as at 17 August 2012 immediately after the conclusion of the Extraordinary General Meeting (the "EGM") held on the same date
- 2 Retired at the EGM
- 3 Appointed at the EGM
- 4 A board meeting of the Company will be convened on 17 August 2012 immediately after the conclusion of the EGM to discuss the composition of the Remuneration Committee, Audit Committee, Strategic Committee and Nomination Committee

Principal Bankers

1. Industrial and Commercial Bank of China Limited, Luanchuan County Sub-branch
2. Agricultural Bank of China, Luanchuan County Sub-branch
3. China Construction Bank Corporation, Luanchuan County Sub-branch
4. Bank of China Limited, Luoyang Branch
5. China Merchants Bank, Zhengzhou Branch
6. China CITIC Bank Corporation Limited, Luoyang Branch
7. Industrial Bank Co., Ltd., Zhengzhou Branch, Zi Jin Shan Sub-branch
8. China Everbright Bank, Zhengzhou Branch, Wenhua Road Sub-branch

Hong Kong H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Registered Office in the People's Republic of China (the "PRC")

North of Yihe, Huamei Shan Road, Chengdong New District
Luanchuan County
Luoyang City
Henan Province
the PRC

Principal Place of Business in the PRC

North of Yihe, Huamei Shan Road, Chengdong New District
Luanchuan County
Luoyang City
Henan Province
the PRC

Principal Place of Business in Hong Kong

Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

Share Information

Stock code	:	03993
Listing date	:	26 April 2007
Number of H shares	:	1,311,156,000 H shares (as at 30 June 2012)
Nominal value	:	RMB0.20 per share
Stock name	:	CMOC

Financial Highlights

Interim results announcement	:	30 July 2012
Closure of register of members	:	N/A
Payment of interim dividend	:	N/A

Investor Relations

The Company	:	Secretary Office of the Board North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC
Telephone	:	(86-379) 6681 9873
Facsimile	:	(86-379) 6682 4500
Email	:	dshmsc@chinamoly.com
Financial Public Relation Consultant and Media Enquiry	:	Wonderful Sky Financial Group Limited 6/F, Nexxus Building, 41 Connaught Road, Central, Hong Kong
Telephone	:	(852) 2851 1038
Facsimile	:	(852) 2815 1352

Company's Website

www.chinamoly.com

MARKET REVIEW

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

In the first half of 2012, the general trend of the domestic molybdenum price showed a steady and modest rise before going into a slow decline. The domestic molybdenum market remained basically stable in the first four months, with prices of molybdenum concentrates strongly hovering around RMB1,810 to RMB1,850/metric tonne unit until April 2012. This was primarily due to the followings: first, the resource tax on molybdenum ores of all grades in PRC had been adjusted to RMB4/tonne upward since February 2012, leading to a rise in production costs of most molybdenum mines which in turn propped up the domestic molybdenum price; second, regardless of the weak market, the general trend in demand remained stable and the small and medium-sized molybdenum mining enterprises were unwilling to sell at low prices. With mines voluntarily holding to their stocks for a period of time, the molybdenum prices were sustained. After that, these small and medium-sized molybdenum mining enterprises had to sell molybdenum concentrates at a low price due to capital crunch. Since then, the price of molybdenum concentrates started to decline and fell to around RMB1,600 to RMB1,660/metric tonne unit at the end of June 2012.

Since mid-May 2012, though most of the domestic iron and steel sector began to suffer losses and faced continuously tight supply of capital given the dampened international and domestic economies, the domestic demand for ferromolybdenum saw an increase rather than a decrease. Under such circumstances, steel plants began to push down the purchasing price of ferromolybdenum so as to reduce costs, and certain mining enterprises had to accept the low bid price offered by steel plants and started to sell at low prices due to capital and inventory pressure, leading to poor market confidence. In addition, the prolonged European debt crisis and the uncertainties hanging over the global economic landscape, together with price pressure from the domestic steel plants, made it impossible to prevent the market price of bulk ferromolybdenum from going down.

As compared with the domestic molybdenum market, the international molybdenum market was also bleak in the first half of 2012. From January to April, the international molybdenum market remained fairly stable with modest growth, primarily due to low inventories of molybdenum oxides and ferromolybdenum in the European market since January onwards. As a result, many traders were reluctant to sell at low prices. Low inventories and rigid demand caused the price of molybdenum oxides to rise continuously until it hit the year high of US\$14.6 to US\$14.8/lb Mo in mid-February. At the end of February, weak market demand resulted in zero procurement and a thin market, and the prices of molybdenum products in Europe began to see a slight decline. However, a modest increase was seen in April, mainly due to the fact that some molybdenum oxide enterprises in the international market were not going to sell at low prices as the costs were high and the demand for ferromolybdenum from some steel plants improved, which led to a slight increase in the prices of molybdenum oxides and ferromolybdenum. At the end of April, given a lack of demand of some European steel plants for ferromolybdenum, the transaction volume of molybdenum oxides was insignificant, thus dampened the international molybdenum market and drove prices of molybdenum products to notch down.

As regards the tungsten market, the domestic tungsten price had been relatively stable for the first half of 2012. The price of tungsten concentrates stayed at approximately RMB120,000/tonne during the first four months. The upward adjustment of the guiding price of wolframite concentrate (with a purity of 65%) to RMB127,000/tonne by China Minmetals Corporation and Ganzhou Tungsten Industry Association in May had a positive impact on the market price, triggering a rebound in the price of tungsten concentrates to RMB130,000/tonne at the end of May. As at the end of June, the price of tungsten concentrates receded to RMB121,000/tonne to RMB123,000/tonne. In general, the prices of other domestic tungsten products were in line with the ore price, while the APT price dropped to RMB191,000/tonne to RMB192,000/tonne and the price of tungsten carbide fell to RMB302/kg to RMB304/kg, respectively. For the international market, the APT price in Europe fell slightly as the market trading remained slack. It stood at approximately US\$430/metric tonne unit to US\$445/metric tonne unit at the beginning of the year, and then down to US\$428/metric tonne unit to US\$430/metric tonne unit by the end of March. After hitting its lowest price at US\$360/metric tonne unit to US\$395/metric tonne unit in line with the trend of the domestic price in mid-April, the APT price climbed up to US\$390/metric tonne unit to US\$415/metric tonne unit by the end of June.

DOMESTIC INDUSTRY POLICIES

Export Quotas

On 26 December 2011, the Ministry of Commerce of the PRC promulgated a notification on export quotas (the first batch for 2012) of ordinary trading industrial commodities. Under the notification, the Company was entitled to export 4,878 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 86 tonnes of molybdenum chemical products and 52 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High-Tech Metals Co., Ltd. ("**Luoyang High-Tech**"), a joint venture of the Company, was 73 tonnes. On 19 July 2012, the Ministry of Commerce of the PRC promulgated a notification on export quotas (the second batch for 2012) of tungsten, antimony, silver, tin, indium and molybdenum. Under the notification, the Company was entitled to export 3,054 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 67 tonnes of molybdenum chemical products and 34 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High-Tech, a joint venture of the Company, was 50 tonnes.

Resource Tax Rate Adjustments

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Applicable Resource Tax Rate Standard for Taxable Items such as Tin Ores (《財政部、國家稅務總局關於調整錫礦石等資源稅適用稅率標準的通知》) issued by the Ministry of Finance and the State Administration of Taxation on 1 February 2012, the tax rates for iron ores, tin ores, molybdenum ores, magnesite ores, talc ores and boron ores had been adjusted upwards since 1 February 2012. In particular, the adjusted applicable resource tax rate standards for molybdenum ores was RMB12/tonne for the first class, RMB11/tonne for the second class, RMB10/tonne for the third class, RMB9/tonne for the fourth class and RMB8/tonne for the fifth class, RMB4/tonne up from each of their original tax rates. The resource tax rate for the molybdenum ores of the Company increased from RMB8/tonne to RMB12/tonne.

BUSINESS REVIEW

During the first half of 2012, capitalising on its abundant resources, scale of production and an integrated production chain, the Group maintained the production volume of its major products or increased the production volume to various degree as compared with the same period last year. From January to June, the Group's production of molybdenum concentrates (including 47% Mo) amounted to approximately 16,314 tonnes, representing a decrease of 0.5% as compared with the same period last year. The production of scheelite concentrates (including 65% W) amounted to approximately 6,764 tonnes (including 2,570 tonnes from Luoyang Yulu Mining Co., Ltd.,* (洛陽豫鷺礦業有限責任公司) ("Yulu Company")), representing an increase of 16.1% as compared to the same period last year. The Group produced approximately 33,068.52 tonnes of sulphuric acid (98% concentration), 589 kg of gold and 8,120 kg of silver. Under the market condition in the first half of 2012, the Group concentrated its sales in the domestic market. The top ten clients of the Company accounted for 39.19% of its domestic sales volume.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2012, profit attributable to owners of the Company was RMB739.5 million, representing an increase of RMB153.4 million or 26.2% from RMB586.1 million for the six months ended 30 June 2011.

The comparative analysis for the six months ended 30 June 2012 and the six months ended 30 June 2011 is as follows:

OPERATING RESULTS

For the six months ended 30 June 2012, the Group recorded a turnover of RMB2,992.5 million, representing a decrease of RMB149.2 million or 4.7% from RMB3,141.7 million for the six months ended 30 June 2011. For the six months ended 30 June 2012, the Group achieved a gross profit of RMB894.2 million, representing a decrease of RMB112.5 million or 11.2% from RMB1,006.7 million in the same period last year.

OPERATING RESULTS, OPERATING COST, GROSS PROFITS AND GROSS PROFIT MARGIN BY PRODUCTS

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products in the first half of 2012 and in the first half of 2011:

Product Name	First half of 2012				First half of 2011			
	Turnover (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	Turnover (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
Domestic market								
— Molybdenum additive materials	1,409.6	1,007.0	402.6	28.6%	1,840.3	1,177.9	662.4	36.0%
— Tungsten concentrate (65% Mo)	515.8	121.9	393.9	76.4%	246.1	58.7	187.4	76.1%
— Processed tungsten & molybdenum products	73.8	70.7	3.1	4.2%	94.2	90.8	3.4	3.6%
— Gold, silver and relevant products	404.5	314.9	89.6	22.2%	349.1	230.4	118.7	34.0%
— Electrolytic lead	299.2	318.5	-19.3	-6.4%	192.4	199.3	-6.9	-3.6%
— Other	261.9	241.0	20.9	8.0%	366.8	352.7	14.1	3.8%
Sub-total	2,964.8	2,074.0	890.8	30.0%	3,088.9	2,109.8	979.1	31.7%
International market								
— Molybdenum additive materials	21.7	18.4	3.3	15.4%	47.4	18.8	28.6	60.3%
— Processed tungsten & molybdenum products	6.0	5.9	0.1	1.4%	5.4	6.5	-1.1	-20.4%
Sub-total	27.7	24.3	3.4	12.4%	52.8	25.3	27.5	52.1%
Total	2,992.5	2,098.3	894.3	29.9%	3,141.7	2,135.1	1,006.6	32.0%

Turnover decreased by RMB149.2 million or 4.7% to RMB2,992.5 million in the same period of 2012 from RMB3,141.7 million in the first half of 2011, mainly attributable to: firstly, the decrease in turnover driven by a decrease in the selling prices of ferromolybdenum and tungsten concentrates which are major products of the Group as compared with the same period last year, given the overall economic environment; secondly, a significant decrease in the turnover of trading products for the period as compared with the same period last year; thirdly, the increase in turnover as compared with the same period last year following an increase in the sales volume of electrolytic lead as compared with the same period last year given the gradual improvement in production techniques of Yongning Gold & Lead; and fourthly, the increase in sales volume of tungsten-related products as compared with the same period last year as a result of the Group's efforts in proactively tapping into the sale market through strengthened sales initiatives in the first half of the year, which partially offset the decrease in turnover.

For the six months ended 30 June 2012, the operating cost of the Group amounted to RMB2,098.2 million, representing a decrease of RMB36.98 million or 1.7% from RMB2,135.1 million for the same period last year, mainly attributable to: firstly, the sales volume of molybdenum additive materials of the Group for the period decreased as compared with the same period last year; and secondly, a decrease in the operating cost following a reduction of the sales volume of trading products for the period.

For the six months ended 30 June 2012, the average gross profit margin of the Group was 29.9%, representing a decrease of 2.1% as compared with 32% for the same period last year, mainly attributable to: firstly, the decline in the overall gross profit margin of the Group as a result of a decrease in the selling prices of ferromolybdenum and tungsten-related products, major products of the Group; and secondly, a decrease in the gross profit margin of the Group's products following an increase in the resources tax rate of molybdenum ores of the Company.

OTHER INCOME

For the six months ended 30 June 2012, other income of the Group amounted to RMB53.9 million, representing an increase of RMB24.5 million or 83.3% from RMB29.4 million for the same period last year. Such increase was mainly attributable to an increase of RMB22.1 million in deferred income of the Group during the period.

SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2012, the selling and distribution expenses of the Group amounted to RMB12.4 million, representing an increase of RMB0.3 million or 2.5% from RMB12.1 million for the same period last year, which was basically on a par with the level for the same period last year.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2012, the administrative expenses of the Group amounted to RMB193.2 million, representing a decrease of RMB15.1 million or 7.2% from RMB208.3 million for the same period last year. Such decrease was mainly attributable to: firstly, a decrease of RMB10.2 million in the consulting fee of the Group as compared with the same period last year; and secondly, a decrease of RMB3.7 million in expenses of research and development as compared with the same period last year.

OTHER EXPENSES

For the six months ended 30 June 2012, other expenses of the Group amounted to RMB1.7 million, representing a decrease of RMB0.4 million or 19.0% from RMB2.1 million for the same period last year. Such decrease was mainly attributable to a decrease in net exchange loss as compared with the same period last year.

FINANCE COSTS

For the six months ended 30 June 2012, the finance costs of the Group amounted to RMB49.6 million, representing an increase of RMB13.1 million or 35.9% from RMB36.5 million for the same period last year. Such increase was mainly attributable to an increase in interest expenses on bank borrowings.

SHARE OF RESULTS OF ASSOCIATES

For the six months ended 30 June 2012, the results of associated companies attributable to the Group amounted to RMB74.7 million, representing an increase of RMB33.1 million or 79.6% from RMB41.6 million for the same period last year. Such increase was mainly attributable to the increase in results for the year of Yulu Company, an associated company, as compared with the same period last year.

INCOME TAX EXPENSES

For the six months ended 30 June 2012, the income tax expense of the Group amounted to RMB23.1 million, representing a decrease of RMB171.9 million or 88.1% from RMB195.0 million for the same period last year. Such decrease was mainly attributable to the Group's entitlement to a tax preference with an adjustment of enterprise income tax rate from 25% to 15% since 2011 upon being recognised as an enterprise of new and high technology during the period.

NON-CONTROLLING SHAREHOLDERS' INTERESTS

For the six months ended 30 June 2012, the non-controlling shareholders' interests of the Group amounted to RMB-4.8 million, representing a decrease of RMB39.9 million or 113.7% from RMB35.1 million for the same period last year. Such decrease was mainly attributable to the substantial decrease in profits from the three holding subsidiaries of the Group, namely Luanchuan County Jiuyang Mining Co., Ltd.* (樂川縣九揚礦業有限公司) ("Jiuyang Company"), Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd.* (樂川縣三強鉬鎢有限公司) ("Sanqiang Company") and Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd.* (樂川縣大東坡鎢鉬礦業有限公司) ("Dadongpo Company") during the period.

PROFIT OR LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2012, the net profit attributable to owners of the Company amounted to RMB739.5 million, representing an increase of RMB153.4 million or 26.2% from RMB586.1 million for the six months ended 30 June 2011, mainly due to the increase in profit of the Company for the period.

FINANCIAL POSITION

For the six months ended 30 June 2012, the total assets of the Group amounted to approximately RMB13,905.6 million, comprising non-current assets of approximately RMB8,317.3 million and current assets of approximately RMB5,588.3 million. Equity attributable to owners of the Company for the six months ended 30 June 2012 increased by RMB739.2 million or 6.9% to RMB11,437.9 million from RMB10,698.7 million for the year ended 31 December 2011. Such increase was mainly due to the increase in profit of the Company for the period.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2012, the property, plant and equipment increased by RMB6.6 million or 0.1% to RMB4,417.5 million from RMB4,410.9 million for the year ended 31 December 2011, which was basically on a par with the level for the same period last year.

DEBT TO TOTAL ASSETS RATIO

The debt to total assets ratio of the Group dropped from 24.9% as of 31 December 2011 to 11.6% as of 30 June 2012. The decrease was mainly attributable to a decrease in total liabilities for the period as a result of the repayment of short-term financing bills of RMB2,000 million during the period.

CASH FLOW

For the six months ended 30 June 2012, the Group had cash and cash equivalents of RMB1,462.8 million, representing a decrease of RMB1,316.4 million or 47.3% from RMB2,779.2 million for the year ended 31 December 2011, which was primarily attributable to: firstly, the repayment of the principal and interest of RMB2,093 million of one-year term short-term financing bills during the period; and secondly, the net cash inflow generated from operating activities of RMB803.3 million during the period.

For the six months ended 30 June 2012, net cash inflow generated from operating activities was RMB736.7 million; net cash used in investing activities was RMB28.9 million and net cash used in financing activities was RMB2,081.9 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

The Group conducts its operations in the PRC. As the production capacity of the Group increases along with the market expansion and recovery in the overseas molybdenum market, export sales to different countries by the Group or its subsidiary established in Hong Kong will increase. We mainly settle transactions of export sales in US dollars. Due to periodicity in calculating the amount of export income, the foreign currency risks of the Group are primarily generated from the sales of products in foreign currencies.

Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

EXPOSURE TO PRICE FLUCTUATIONS OF MOLYBDENUM PRODUCTS

As the trading prices of the Group's molybdenum products, tungsten products, precious metals and lead metal (hereinafter referred to as the "relevant products") are calculated based on international and domestic prices, the Group has been exposed to the price fluctuation risk of relevant products. In the long run, the international and domestic prices of relevant products mainly depend on market demand and supply. These factors are beyond our control. Further, the prices of relevant products are also susceptible to the global and PRC economic cycles, taxation policies as well as fluctuations in the global currency market. The Group has not entered into any trading contracts and has not made any pricing arrangement to hedge against the risk arising from fluctuations in the price of nonferrous products.

EXPOSURE TO INTEREST RATE

The exposure to interest rate of the Group is mainly related to our short-term and long-term borrowings and deposits. The interest rate of outstanding liabilities of the Group is calculated based on the benchmark interest rate amended by The People's Bank of China and the Hong Kong inter-bank market from time to time. As at the date of this report, the Group has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

USE OF PROCEEDS

As at 30 June 2012, the Company applied an aggregate of approximately RMB7,694 million of the proceeds raised from our initial public offering in April 2007, mainly as follows:

- approximately RMB781 million to repay various short-term bank borrowings and interest;
- approximately RMB826 million to repay current liabilities and supplementing general working capital;
- approximately RMB361 million to prepay the remaining consideration in respect of the mining rights of the Sandaozhuang Mine;
- approximately RMB1,481 million for the acquisition of Shangfanggou Mine;
- approximately RMB560 million for acquiring Luoning Gold Mine (洛寧金礦) and mining projects;
- approximately RMB431 million for acquiring mining rights and preliminary exploitation projects in Hami, Xinjiang;

- approximately RMB338 million for an increase of processing capacity of 5,000 tonnes per day for Mining Branch No. 3 (選三公司);
- approximately RMB338 million for technological improvement at Luoyang High-Tech;
- approximately RMB744 million for the construction of a 40,000-tonne molybdenum smelting project;
- approximately RMB105 million for the extension construction of tailing storage;
- approximately RMB150 million for financing the plants selection for mines, technological improvement and research and development for the purpose of mining;
- approximately RMB223 million for the construction of a 3,000-tonne and 6,000-tonne scheelite recovery plants;
- approximately RMB16 million for the expansion of the scheelite recovery projects;
- approximately RMB58 million for the technological improvement of Luoyang High-Tech;
- approximately RMB1,050 million for the construction of the smelting plant of Yongning Gold & Lead;
- approximately RMB85 million for the research and trial run of ammonium paratungstate projects; and
- approximately RMB147 million for the construction of Tungsten and Molybdenum High-tech Industrial Park (鎢鉬高新技術工業園).

MATERIAL EVENTS

A. MATERIAL EVENTS

1. The Group issued the A share prospectus and a relevant overseas regulatory announcement

On 18 March 2012, the Group issued the A share prospectus and a relevant overseas regulatory announcement. For details, please refer to the Company's announcement dated 18 March 2012.

2. The Group successfully registered and issued debt financing instruments with National Association of Financial Market Institutional Investors

On 2 August 2012, the Group has successfully issued the medium-term note and the full amount of the proceeds were received on 3 August 2012. Details of the results of the medium-term note are set out below: Name of medium-term note: First tranche medium-term note of the Company in 2012; Abbreviation of medium-term note: 12 CMO MTN1; Code of medium-term note: 1282273; Term of medium-term note: 5 years; Coupon: Fixed interest; Tender date for issue: 2 August 2012; Total size issued: RMB2 billion; Total size proposed to be issued: RMB2 billion; Issue price: RMB100 for nominal value of RMB100; Nominal interest rate: 4.94% per annum; Lead underwriters: Bank of China Limited and Industrial and Commercial Bank of China Limited. (For details, please refer to the Company's announcements dated 25 July 2012 and 3 August 2012).

B. Honours

1. **The Group was conferred the “Special Award of the Secretary to the County Party Committee and the County Chief (縣委書記、縣長特別獎)”**

On 31 January 2012, the Group was conferred the “Special Award of the Secretary to the County Party Committee and the County Chief (縣委書記、縣長特別獎)” with a reward of RMB200,000.

2. **The Group was awarded the “2011 Second Prize for the Outstanding Contribution by Enterprises during the Assessment of the Objective of Enriching the People and Prospering the City”**

On 31 January 2012, the Group was awarded the “2011 Second Prize for the Outstanding Contributions by Enterprises during the Assessment of the Objective of Enriching the People and Prospering the City” by the municipal party committee and the municipal government of Luoyang City.

3. **The Group was honoured the “Advanced Enterprise in the Development and Utilisation of Mining Resources (礦產資源開發利用先進單位)” and the “Advanced Enterprise in the Payment of Mining Resource Compensation Fees (礦產資源補償費繳納先進單位)”**

On 23 February 2012, our Group was honoured the “Advanced Enterprise in the Development and Utilisation of Mining Resources (礦產資源開發利用先進單位)” and the “Advanced Enterprise in the Payment of Mining Resource Compensation Fees (礦產資源補償費繳納先進單位)” by the Geological and Mineral Resources Bureau of Luanchuan County (樂川縣地質礦產局).

4. **The Group was honoured as one of the “2012 Top 100 Enterprises in Henan Province (河南省2012年度百強企業)”**

On 26 February 2012, the Group was honoured as one of the “2012 Top 100 Enterprises in Henan Province (河南省2012年度百強企業)” by the provincial government of Henan, ranking the 32nd place.

5. **The Group was recognised as an enterprise of new and high technology**

Pursuant to the “Notice of Recognition of the Second Batch of New and High Technology Enterprises in Henan Province 2011” dated 16 March 2012, jointly issued by the Science and Technology Department of Henan Province, Finance Department of Henan Province, State Tax Bureau of Henan Province and Provincial Tax Bureau of Henan Province, the Company was recognised as one of the enterprises in the 2011 second batch of new and high technology enterprises in Henan Province. The recognition certificate will be valid for a term of three years. For details, please refer to the Company’s announcements dated 21 March 2012 and 28 April 2012.

6. The Group was honoured as one of the “2011 Most Influential Enterprises in Luoyang City (2011洛陽最具影響力企業)”

In May 2012, the Group was honoured as one of the “2011 Most Influential Enterprises in Luoyang City (2011洛陽最具影響力企業)” subject to the consideration and approval by the organisation committee of the election for the Economic Figures of the Year in Luoyang City.

7. The Group was honoured as the “Enterprise with Special Contribution (特別貢獻企業)”

The Group was honoured as the “Enterprise with Special Contribution (特別貢獻企業)” by the executive committee of the Peony Culture Festival of Luoyang (洛陽牡丹文化節).

MARKET PROSPECT FOR THE SECOND HALF OF 2012

On 25 July 2012, the State’s Ministry of Industry and Information Technology released an announcement announcing the market access criteria for the molybdenum industry, pursuant to which certain restrictions were imposed on existing small or non-standard mines and molybdenum smelting enterprises to curb blind investment and low quality, redundant projects, which will help restrict the molybdenum output to a certain extent and facilitate the sound development of the domestic molybdenum industry. This is set to be favourable to larger molybdenum mining enterprises. In respect of the supply in the molybdenum market in the second half of 2012, according to the operating conditions of domestic molybdenum mines, there will be an increasing number of high-cost enterprises that are going into suspension or partial suspension of operations. Given the current economic landscape, the supply in the molybdenum market in the second half of the year will shrink.

In respect of demand, in spite of relatively poor conditions and severe losses, domestic steel industry will not see any significant decrease in demand for molybdenum. This is mainly due to the fact that a lot of steel plants adjust their steel types and increase the production of prime special steel (優特鋼), thus securing the demand for molybdenum. Meanwhile, the second half of the year will bode well for the domestic steel industry. The burgeoning growth of the State’s investments under the “Going West” strategy and the increase in the number of key projects will improve the regional industrial chain and hence stimulate demand for the iron and steel industry amid regional development. The indicators for downstream iron and steel industries such as real estate, automobiles and machinery as well as investment in fixed assets see signs of recovery. Moreover, in the medium to long term, given a potential high structural growth in the domestic iron and steel market, the steel price will be stabilised subsequently as industry insiders estimated.

Henceforward, following the promulgation of national macro-control policies and with rigid demand and supply, the domestic steel industry is expected to be out of the recession in the second half of the year and demonstrate sound growth momentum. Furthermore, as the current price of molybdenum has fallen below the production cost of most small and medium-sized molybdenum mines, there is little room for further decline. With the general balance between supply and demand, the domestic molybdenum market is expected to rebound after bottoming out and the price of molybdenum will increase to a certain extent as compared with its current price.

On tungsten market supply, the State's regulation on environmental protection, production safety and quota management in recent years had driven up the production and finance costs of certain tungsten enterprises this year, which led to a decline in production of tungsten concentrates and affecting their supply, thus hindering the substantial growth of tungsten concentrate supply. In respect of demand, the support of China's macro economic policy will continue to drive the development of industries such as machinery processing, mining, iron and steel, automobile, chemical engineering and railway construction which in turn boost consumption of tungsten. In addition, given the steady demand for hard alloy and the solid expansion of the application scope of tungsten in emerging areas, the added value of tungsten is gradually thrust into the limelight. In the second half of 2012, it is expected that the tungsten industry will maintain a steady momentum and the tungsten price will head upwards as a whole without much fluctuations.

In the second half of 2012, the production volume of major products will remain virtually the same as that in the first half of 2012.

In the second half of 2012, the management of the Company will grasp the opportunities in molybdenum and tungsten market, further carrying through production and operation to fully meet the targets set for the year. In addition, the Company will seek to implement new projects and to promote listing of A shares in the PRC. Through vigorous resource integration and overseas acquisitions in strict adherence to our corporate development strategies, we expect to enhance our comprehensive strengths and profitability for better returns to shareholders.

On behalf of the board of directors of the Company (the "Board"), I would like to express my sincere gratitude to all shareholders for their unwavering trust and support and full understanding.

By Order of the Board
Duan Yuxian
Chairman

Dalian, the PRC, 30 July 2012

DIRECTORS AND SUPERVISORS

As at 30 July 2012, our Board consisted of the following 11 directors of the Company (the “**Directors**”), and the supervisory committee consisted of the following 3 supervisors of the Company, pursuant to the Articles of Association, by which our Directors and supervisors have a term of three years, renewable upon re-election.

Executive Directors: Duan Yuxian, Li Chaochun, Wu Wenjun, Li Faben, Wang Qinxi

Non-executive Directors: Shu Hedong, Zhang Yufeng

Independent non-executive Directors: Gao Dezhu, Zeng Shaojin, Gu Desheng, Ng Ming Wah, Charles

Supervisors: Zhang Zhenhao, Yin Dongfang, Deng Jiaoyun

EMPLOYEES

The Group had approximately 8,121 employees as at 30 June 2012. The remuneration package of the employees includes salary, bonuses and allowances. Employees also receive welfare benefits including medical care, housing subsidies, child care and education, retirement and other miscellaneous items.

SHARE CAPITAL

	As at 30 June 2012	
	Number of shares	Amount
		<i>RMB</i>
Domestic shares at a nominal value of RMB0.20 per share	3,565,014,525	713,002,905
H shares at a nominal value of RMB0.20 per share	1,311,156,000	262,231,200
Total	4,876,170,525	975,234,105

SHARE CAPITAL STRUCTURE

As at 30 June 2012, the share capital structure of the Company was as follows:

 Holders of domestic shares or H shares	As at 30 June 2012	
	No. of shares	Approximate percentage of total share capital
Holders of domestic shares		
Luoyang Mining Group Co., Ltd.	1,796,593,475	36.84%
Cathay Fortune Corporation	1,726,706,322	35.41%
Other shareholders	41,714,728	0.86%
Holders of H shares	1,311,156,000	26.89%
Total	4,876,170,525	100%

Class of shares	No. of shares	Approximate percentage of total share capital
Domestic shares	3,565,014,525	73.11%
H shares	1,311,156,000	26.89%
Total shares	4,876,170,525	100%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

To the best knowledge of all Directors and supervisors, as at 30 June 2012, the persons or companies other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
Luoyang Mining Group Co., Ltd. ("LMG") ⁽¹⁾	1,796,593,475 (L)	Beneficial owner	Domestic share	50.40%
Cathay Fortune Corporation ("CFC") ⁽²⁾	1,726,706,322 (L)	Beneficial owner	Domestic share	48.43%
National Council for Social Security Fund of the PRC	119,196,000 (L)	Beneficial owner	H share	9.09%

Note: (L) Long position

- (1) LMG is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Luoyang City (洛陽市人民政府國有資產監督管理委員會) ("Luoyang SASAC"), which holds the interests on behalf of the People's Government of Luoyang City.
- (2) Mr. Yu Yong holds 99% of equity interests in CFC.

Save as disclosed above, as at 30 June 2012, the Directors were not aware of any other person (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 30 June 2012, 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', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2012, none of the Directors, chief executives, supervisors or their respective associates had any interests and short positions in the share capital, 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 of Hong Kong Limited (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 (the "**Model Code**") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time as at 30 June 2012 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 of the Company to acquire such rights in any other body corporate.

DIVIDENDS

At the Board meeting held on 30 July 2012, the Board did not propose to declare an interim dividend for the six months ended 30 June 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2012, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (effective from 1 April 2012) and the Code on Corporate Governance Practices (expired on 31 March 2012) set out in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

The Board of the Company consisted of 11 Directors, namely 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors. For the six months ended 30 June 2012, the Board convened six meetings (with an attendance rate of 99%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, the 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 four meetings during the six months ended 30 June 2012 (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the 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 2012.

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 two independent non-executive Directors and one non-executive Director, namely, Mr. Ng Ming Wah, Charles, Mr. Zeng Shaojin and Mr. Zhang Yufeng. The audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2012 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 and products of retained business which constitute competition in accordance with the Non-competition Agreement. The Non-competition Agreement took effect on 26 April 2007.

Deloitte.

德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF 洛陽樂川鋁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)

Introduction

We have reviewed the condensed consolidated financial statements of 洛陽樂川鋁業集團股份有限公司 China Molybdenum Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 43, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standards ("IAS") 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

30 July 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	NOTES	Six months ended 30 June	
		2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Revenue	3	2,992,474	3,141,723
Cost of sales		(2,098,245)	(2,135,067)
Gross profit		894,229	1,006,656
Other income	4	53,885	29,415
Other gains and losses	5	(213)	(1,459)
Selling and distribution expenses		(12,411)	(12,063)
Administrative expenses		(193,170)	(208,314)
Other expenses	6	(1,697)	(2,119)
Finance costs	7	(49,569)	(36,471)
Share of results of associates		74,691	41,551
Share of results of jointly controlled entities		(7,919)	(995)
Profit before taxation		757,826	816,201
Taxation	8	(23,106)	(195,032)
Profit for the period	9	734,720	621,169
Other comprehensive expense			
Exchange differences arising on translation of foreign operations		(281)	(659)
Total comprehensive income for the period		734,439	620,510
Profit for the period attributable to:			
Owners of the Company		739,549	586,052
Non-controlling interests		(4,829)	35,117
		734,720	621,169
Total comprehensive income attributable to:			
Owners of the Company		739,268	585,393
Non-controlling interests		(4,829)	35,117
		734,439	620,510
Earnings per share - Basic	11	RMB0.152	RMB0.120

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012

	NOTES	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	4,417,543	4,410,935
Land use rights - non-current portion	13	678,267	670,027
Mining rights	14	322,614	319,121
Exploration assets		1,065,053	1,065,053
Trademarks		261	378
Interests in associates		111,165	156,474
Interests in jointly controlled entities	15	1,517,044	1,524,963
Available-for-sale investments		2,200	2,300
Deferred tax assets	16	78,897	120,937
Long term deposits paid	19	124,271	124,271
		8,317,315	8,394,459
Current assets			
Inventories		1,552,692	1,617,136
Trade and other receivables	17	2,241,051	2,239,140
Tax recoverable		121,487	—
Amounts due from an associate	25 (ii) (b)	44,981	75,879
Amounts due from jointly controlled entities	25 (ii) (b)	17,200	44,706
Land use rights - current portion	13	9,170	16,531
Investments in debt securities	18	32,673	87,181
Held-for-trading investments		60,860	61,634
Restricted bank deposits	22	45,300	80,869
Bank balances and cash		1,462,863	2,779,197
		5,588,277	7,002,273
Current liabilities			
Trade and other payables	20	(1,094,164)	(1,018,774)
Short-term financing bonds	21	—	(2,054,717)
Dividend payables		(30,846)	(40,846)
Tax payable		—	(30,208)
Bank borrowings - due within one year	22	(400,600)	(364,275)
		(1,525,610)	(3,508,820)
Net current assets		4,062,667	3,493,453
Total assets less current liabilities		12,379,982	11,887,912

	NOTES	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)
Non-current liabilities			
Provision		(45,864)	(44,746)
Deferred income		(37,170)	(29,591)
Long term payable	23	—	(246,000)
		(83,034)	(320,337)
		12,296,948	11,567,575
Capital and reserves			
Share capital	24	975,234	975,234
Reserves		10,462,755	9,723,487
Equity attributable to owners of the Company		11,437,989	10,698,721
Non-controlling interests		858,959	868,854
Total equity		12,296,948	11,567,575

The condensed consolidated financial statements on pages 21 to 43 were approved and authorised for issue by the Board of Directors on 30 July 2012 and are signed on its behalf by:

DUAN, YUXIAN
Director

WU, WENJUN
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2011	975,234	7,346,260	332,962	697,601	(3,741)	2,195,640	11,543,956	444,883	11,988,839
Profit for the year	—	—	—	—	—	1,122,840	1,122,840	37,986	1,160,826
Exchange differences arising on translation of foreign operations	—	—	—	—	1,898	—	1,898	—	1,898
Total comprehensive income for the year	—	—	—	—	1,898	1,122,840	1,124,738	37,986	1,162,724
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	390,000	390,000
Dividends	—	—	—	—	—	(1,969,973)	(1,969,973)	(4,015)	(1,973,988)
Transfer of reserves	—	—	—	110,321	—	(110,321)	—	—	—
Transfer	—	—	359,320	—	—	(359,320)	—	—	—
Transfer upon utilisation	—	—	(374,795)	—	—	374,795	—	—	—
At 31 December 2011 (audited) and at 1 January 2012	975,234	7,346,260	317,487	807,922	(1,843)	1,253,661	10,698,721	868,854	11,567,575
Profit (loss) for the period	—	—	—	—	—	739,549	739,549	(4,829)	734,720
Exchange differences arising on translation of foreign operations	—	—	—	—	(281)	—	(281)	—	(281)
Total comprehensive (expense) income for the period	—	—	—	—	(281)	739,549	739,268	(4,829)	734,439
Dividends	—	—	—	—	—	—	—	(5,066)	(5,066)
Transfer	—	—	210,539	—	—	(210,539)	—	—	—
Transfer upon utilisation	—	—	(172,634)	—	—	172,634	—	—	—
At 30 June 2012 (unaudited)	975,234	7,346,260	355,392	807,922	(2,124)	1,955,305	11,437,989	858,959	12,296,948
At 1 January 2011	975,234	7,346,260	332,962	697,601	(3,741)	2,195,640	11,543,956	444,883	11,988,839
Profit for the period	—	—	—	—	—	586,052	586,052	35,117	621,169
Exchange differences arising on translation of foreign operations	—	—	—	—	(659)	—	(659)	—	(659)
Total comprehensive (expense) income for the period	—	—	—	—	(659)	586,052	585,393	35,117	620,510
Dividends	—	—	—	—	—	(1,969,973)	(1,969,973)	(4,015)	(1,973,988)
Capital injection from non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	390,000	390,000
Transfer	—	—	173,030	—	—	(173,030)	—	—	—
Transfer upon utilisation	—	—	(208,248)	—	—	208,248	—	—	—
At 30 June 2011 (unaudited)	975,234	7,346,260	297,744	697,601	(4,400)	846,937	10,159,376	865,985	11,025,361

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	736,668	52,100
Investing activities		
Interest received	29,486	24,424
Dividend received from an associate	120,000	—
Purchase of property, plant and equipment	(209,538)	(308,329)
Purchase of land use rights	(10,119)	(64,523)
Purchase of mining rights	(21,301)	—
Purchase of exploration assets	—	(50,000)
Purchase of investment in debt securities	—	(4,318)
Long term deposits paid	—	(2,279)
Proceeds from disposal of property, plant and equipment	502	—
Proceeds from investments in debt securities upon maturity	54,508	247
Proceeds from disposal of an available-for-sale investment	100	—
Refund of other receivable	30,000	—
Advance to a jointly controlled entity	(15,300)	—
Repayment from a jointly controlled entity	15,000	28,736
Advance to a shareholder	—	(29)
Decrease (increase) in restricted bank deposits	35,569	(58,310)
Net cash generated from (used in) investing activities	28,907	(434,381)
Financing activities		
Interest paid	(103,168)	(35,407)
Dividends paid to shareholders	(10,000)	(2,028,756)
Dividends paid to non-controlling shareholders of subsidiaries	(5,066)	(4,015)
Advance from a jointly controlled entity	—	50,444
Proceeds from issuance of short-term financing bonds	—	2,000,000
Repayment of short-term financing bonds	(2,000,000)	—
New bank borrowings raised	345,000	1,103,838
Repayment of bank borrowings	(308,675)	(1,586,650)
Net cash used in financing activities	(2,081,909)	(500,546)
Net decrease in cash and cash equivalents	(1,316,334)	(882,827)
Cash and cash equivalents at 1 January	2,779,197	2,839,449
Cash and cash equivalents at the end of the period, represented by bank balance and cash	1,462,863	1,956,622

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PREPARATION

The 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 "Listing Rules") and with IAS 34.

2. 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs"):

Amendments to IFRS 7	Disclosures - Transfers of financial assets
Amendments to IAS 12	Deferred tax: Recovery of underlying assets

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

Amendments to IFRSs	Annual improvements to IFRSs 2009-2011 cycle ¹
Amendments to IFRS 7	Disclosures - Offsetting financial assets and financial liabilities ¹
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance ¹
IFRS 9	Financial instruments ²
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures ²
IFRS 10	Consolidated financial statements ¹
IFRS 11	Joint arrangements ¹
IFRS 12	Disclosure of interests in other entities ¹
IFRS 13	Fair value measurement ¹
Amendments to IAS 1	Presentation of items of other comprehensive income ³
IAS 19 (Revised 2011)	Employee benefits ¹
IAS 27 (Revised 2011)	Separate financial statements ¹
IAS 28 (Revised 2011)	Investments in associates and joint ventures ¹
Amendments to IAS 32	Offsetting financial assets and financial liabilities ⁴
IFRIC 20	Stripping costs in the production phase of a surface mine ¹

¹ Effective for annual periods beginning on or after 1 January 2013.

² Effective for annual periods beginning on or after 1 January 2015.

³ Effective for annual periods beginning on or after 1 July 2012.

⁴ Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

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 segments 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 reportable 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 related products
- (f) Gold, silver and related products
- (g) Electrolytic lead

In addition, other unreportable segments (sulfuric acid, copper, lead and other by-products) are aggregated and presented as "Others".

The following is an analysis of the Group's revenue and results by operating segments for the periods ended 30 June 2012 and 2011.

Segment results represent the gross profit for the period in each operating segment. This is the measure reported to the Executive Directors of the Company 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 expenses such as administrative and other expenses.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

4. OTHER INCOME

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
Interest income		
— bank deposits	20,097	17,401
— debentures classified as held-for-trading investments	8,163	2,699
— investments in debt securities	1,226	4,324
Total interest income	29,486	24,424
Dividend from equity securities	8	192
Government grants recognised	23,231	215
Others	1,160	4,584
	53,885	29,415

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
Net loss on fair value change of financial assets classified as held-for-trading	(774)	(906)
Net gain on sales of scrap materials	545	283
(Loss) gain on disposal of property, plant and equipment	(33)	4
Net foreign exchange gain (loss)	49	(840)
	(213)	(1,459)

6. OTHER EXPENSES

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
Penalty expenses	1	60
Donations	1,534	855
Others	162	1,204
	1,697	2,119

7. FINANCE COSTS

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
Interests on bank borrowings wholly repayable within five years	9,043	21,039
Interest on short-term financing bonds	38,827	7,035
Interests on bills discounted with recourse	581	324
Other financing charges	—	7,008
Other interest expenses - unwinding discounts on provision	1,118	1,065
	49,569	36,471

8. TAXATION

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
The charge (credit) comprises the PRC Enterprise Income Tax:		
Current taxation		
— current period	100,088	174,939
— (over)underprovision in prior years	(119,022)	5,091
	(18,934)	180,030
Deferred taxation (note 16)		
— current period	29,997	15,002
— attributable to change of tax rate	12,043	—
	23,106	195,032

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for each Group entity and at its applicable tax rate determined in accordance with the relevant laws and regulations in the PRC. The PRC Enterprise Income Tax rate applicable to all group entities, except for the Company, is 25% for both reporting periods.

In March 2012, the Company has been awarded the Foreign Invested Advanced-technology Enterprise Certificate. As a result, the Company is entitled to a concessionary income tax rate at 15% for the years ended 31 December 2011 to 2013. The tax expense overcharged for the year 2011 of RMB 126,955,000 was reversed to profit or loss in current period.

9. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<hr/>		
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	202,395	193,042
Amortisation of land use rights	9,240	7,351
Amortisation of mining rights (included in cost of sales)	17,808	16,778
Amortisation of trademarks (included in cost of sales)	81	137
(Reversal of) allowance for doubtful debts	(279)	659
Allowance for inventories (included in cost of sales)	11,653	26,795
Share of tax of associates		
(included in share of results of associates)	25,386	13,968
Resources compensation fee (<i>Note</i>)	38,082	37,304
	<hr/>	

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.

10. DIVIDENDS

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividend recognised as distribution during the period:		
Final - for year 2011 of nil		
(30 June 2011: for year 2010 of RMB0.404) per share	—	1,969,973

During the six months ended 30 June 2012, no dividend was paid to shareholders as final dividend for 2011. The Directors did not recommend the payment of final dividend for the year 2011.

During the six months ended 30 June 2011, dividend of RMB0.404 per share totalling RMB1,969,973,000 was paid to shareholders as final dividend for 2010.

The Board has resolved not to distribute an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: nil).

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	
	2012	2011
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share (RMB'000)	739,549	586,052
Number of shares for the purpose of basic earnings per share	4,876,170,525	4,876,170,525

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

12. PROPERTY, PLANT AND EQUIPMENT

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
CARRYING VALUES		
At beginning of the period/year	4,410,935	4,547,601
Additions	209,538	347,116
Cost adjustment	—	(68,288)
Disposals	(535)	(32,133)
Depreciation	(202,395)	(383,361)
At end of the period/year	4,417,543	4,410,935

13. LAND USE RIGHTS

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
CARRYING VALUES		
At beginning of the period/year	686,558	558,845
Additions	10,119	166,610
Disposals	—	(25,001)
Amortisation	(9,240)	(13,896)
At end of the period/year	687,437	686,558
Less: Amount included as current assets	(9,170)	(16,531)
Amount due after one year	678,267	670,027

14. MINING RIGHTS

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
CARRYING VALUES		
At beginning of the period/year	319,121	347,507
Additions	21,301	4,330
Amortisation	(17,808)	(32,716)
At end of the period/year	322,614	319,121

The mining rights are amortised over their license periods ranging from 10 to 15 years.

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2012	31.12.2011
	RMB'000	RMB'000
	(unaudited)	(audited)
Cost of unlisted investments in jointly controlled entities	1,540,395	1,540,395
Share of post-acquisition losses	(23,351)	(15,432)
	1,517,044	1,524,963

16. DEFERRED TAX ASSETS

The followings are the deferred tax assets recognised and movements thereon during the period/year:

	Impairment of property, plant and equipment	Allowance for inventories	Allowance for receivables	Tax losses	Deferred income	Accrued expense	Unrealised profit	Held-for- trading investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011 (audited)	44	101	3,627	11,926	6,346	31,955	67,595	3,476	125,070
Credit (charge) to profit or loss	—	5,712	58	(11,926)	1,178	(6,191)	7,606	(570)	(4,133)
At 31 December 2011 (audited)	44	5,813	3,685	—	7,524	25,764	75,201	2,906	120,937
(Charge) credit to profit or loss	—	(5,709)	(1,638)	8,860	(336)	(12,217)	(17,414)	(1,543)	(29,997)
Effect of change of tax rate	—	—	(684)	—	(736)	(10,121)	—	(502)	(12,043)
At 30 June 2012 (unaudited)	44	104	1,363	8,860	6,452	3,426	57,787	861	78,897

Note: Amounts represent unrealised profit resulting from transactions between the Company and its subsidiaries which are eliminated against the carrying amount of inventories.

17. TRADE AND OTHER RECEIVABLES

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
Trade receivables (net of allowances)	577,913	702,267
Bills receivable	1,163,821	984,534
	1,741,734	1,686,801
Advances to suppliers	255,800	263,537
Other tax recoverable	111,339	145,745
Other receivables and prepayments	132,178	143,057
	2,241,051	2,239,140
Breakdown of advances to suppliers		
Third parties	203,013	170,625
Advance to a jointly controlled entity	52,787	92,912
	255,800	263,537

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period will be allowed for certain major customers. The aged analysis of trade receivables (presented based on the invoice date) and bills receivable (presented based on the issuance date of the relevant bills) is as follows:

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
0-90 days	999,206	1,042,997
91-180 days	660,838	594,012
181-365 days	75,286	48,230
1-2 years	6,404	1,562
	1,741,734	1,686,801

18. INVESTMENTS IN DEBT SECURITIES

	30.6.2012	31.12.2011
	RMB'000	RMB'000
	(unaudited)	(audited)
Investments in debt securities held as current assets represented:		
Debentures issued by central government	32,673	87,181

As at 30 June 2012, the amount represents debentures issued by central government.

The debentures were stated at amortised cost less any impairment loss. They will mature in August 2012 (31 December 2011: mature during the period from May 2012 to August 2012) with effective interest rate at 3.7% (31 December 2011: 3.7%) per annum.

19. LONG TERM DEPOSITS PAID

	30.6.2012	31.12.2011
	RMB'000	RMB'000
	(unaudited)	(audited)
Deposits paid for acquisition of land use rights	8,660	8,660
Deposits paid for exploration assets (<i>note 1</i>)	50,000	50,000
Deposits paid for acquisition of property, plant and equipment	35,611	35,611
Other deposit paid (<i>note 2</i>)	30,000	30,000
	124,271	124,271

Notes:

- (1) The amount represented advance to 河南省地質礦產勘查開發局第二地質勘察院 (No. 2 Geological Institution of Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource) for the acquisition of exploration assets in Xinjiang, Tibet and Yunnan.
- (2) The amount represented deposit paid to government authority for construction of a museum where the Group will be allocated with certain areas as showroom for promoting the Group's products.

20. TRADE AND OTHER PAYABLES

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
Trade payables	284,019	445,063
Bills payable	24,920	73,817
	308,939	518,880
Other payables and accruals (<i>note</i>)	785,225	499,894
	1,094,164	1,018,774
Breakdown of trade payables		
Third parties	284,019	439,167
Trade payable due to a jointly controlled entity	—	5,896
	284,019	445,063

Note: Amount included payable for acquisition of exploration assets of RMB246,000,000 which was classified under long term payable as at 31 December 2011 (see note 23).

The aged analysis of trade and bills payables by invoice date (bills issue date for bills payable) is as follows:

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
0–90 days	258,940	362,235
91–180 days	17,979	139,816
181–365 days	5,876	11,440
1–2 years	22,779	4,298
Over 2 years	3,365	1,091
	308,939	518,880

21. SHORT-TERM FINANCING BONDS

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
Principal amount	—	2,000,000
Accrued interests	—	54,717
	—	2,054,717

The Company received a notice of acceptance of registration dated 24 May 2011 (Zhong Shi Xie Zhu [2011] No. CP107) from the National Association of Financial Market Institutional Investors that the issuance of a short-term financing bill with a principal amount of RMB2,000,000,000 ("Short-term financing bonds") had been duly registered with the National Association of Financial Market Institutional Investors. The issuance of short-term financing bonds was in connection with replenishment of the working capital of the Company's subsidiaries and repayment of bank loans. The short-term financing bonds were issued at fixed interest rate of 4.69% per annum and a term of 365 days. Interest would be paid upon maturity.

The Company issued the short-term financing bonds on 2 June 2011, and the amount of the proceeds were received on 3 June 2011.

The short-term financing bonds were matured and fully paid on 1 June 2012.

On 19 June 2012, the Company received a notice of acceptance of registration from the National Association of Financial Market Institutional Investors that the issue of a medium-term note with a principal amount of RMB2,000,000,000 ("Medium-term Note") had been duly registered with the National Association of Financial Market Institutional Investors.

The Medium-term Note will be marketed through book-building and centralised allocation, and the face value of each unit will be RMB100. The maturity period of the Medium-term Note will be five years and the Medium-Term Note is expected to be issued on 2 August 2012.

22. BANK BORROWINGS

	30.6.2012 RMB'000 (unaudited)	31.12.2011 <i>RMB'000</i> (audited)
Fixed-rate bank loan - unsecured	320,000	100,000
Variable-rate bank loans		
— secured	25,000	—
— unsecured	55,600	264,275
	80,600	264,275
Amount due within one year shown as current liabilities	400,600	364,275

As at 30 June 2012, bank loan of RMB5,600,000 (31 December 2011: RMB100,000,000) was guaranteed by Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司) ("LMG"), a substantial shareholder with significant influence over the Company. Bank loan of RMB25,000,000 (31 December 2011: nil) was secured by inventories amounted to RMB42,080,000 (31 December 2011: nil).

At the end of the reporting period, the Group had short term banking facilities of RMB45,300,000 (31 December 2011: RMB80,869,000) secured by the following assets of the Group:

	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)
Bank deposits	45,300	80,869

The carrying amount and ranges of interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Carrying amount		Interest rates	
	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)	30.6.2012 (unaudited)	31.12.2011 (audited)
Fixed-rate borrowings				
— RMB	320,000	100,000	6.31% - 7.32%	6.31%
Variable-rate borrowings				
— RMB	80,600	141,600	90% - 100% of benchmark interest rate in People's Bank of China	100% of benchmark interest rate in People's Bank of China
— USD	—	122,675	N/A	London Interbank Offer Rate + 1.8%
	400,600	364,275		

23. LONG TERM PAYABLE

Long term payable comprised of:

	30.6.2012 RMB'000 (unaudited)	31.12.2011 RMB'000 (audited)
Payable for acquisition of exploration assets	—	246,000

As at 31 December 2011, an amount of RMB246,000,000 represented payable to 河南省地質礦產勘查開發局第二地質勘察院 (No. 2 Geological Institution of Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource) for the acquisition of exploration assets in Xinjiang, which is non-interest bearing and payable on 30 June 2013. The payable was classified in other payable as current liabilities as at 30 June 2012 (see note 20).

24. SHARE CAPITAL

	Number of shares		Amount RMB'000
	Domestic shares	H shares	
At 1 January 2011, 31 December 2011 and at 30 June 2012	3,565,014,525	1,311,156,000	975,234

There were no movements in the share capital of the Company in either the current or the prior reporting year/period.

25. RELATED PARTY TRANSACTIONS

Other than disclosed in notes 17 and 20, the Group has the following significant transactions with related parties:

(i) Transactions with government-related entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significant influenced by the PRC government (hereinafter collectively referred to as "Government-related entities"). In addition, the Group itself is a Government-related entities. LMG, a substantial shareholder with significant influence over the Group, is wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Luoyang City (洛陽市人民政府國有資產監督管理委員會) ("Luoyang SASAC"), which holds the interests on behalf of the People's Government of Luoyang City. During the period, except as disclosed below, the Group did not had any individually significant transactions with other Government-related entities in its ordinary and usual course of business.

(a) Transactions with LMG and its subsidiaries

As at 30 June 2012, bank loan of RMB5,600,000 (31 December 2011: RMB100,000,000) was guaranteed by LMG.

	Six months ended 30 June	
	2012 RMB'000 (unaudited)	2011 RMB'000 (unaudited)
Sales of goods		
洛陽礦業集團樂川田豐礦業有限公司	—	2,367
Purchase of goods		
洛陽礦業集團嵩縣黃金礦業有限公司	—	7,685

(b) Transactions with other government-related entities in the PRC

As at 30 June 2012, amount in long term deposit included deposit amounting to RMB30,000,000 (31 December 2011: RMB30,000,000) paid to government authority for construction of a museum.

As at 31 December 2011, the Group completed its acquisition of the exploration assets for a molybdenum mine from a Government-related entity.

As at 30 June 2012, the Group has deposit amounting to RMB50,000,000 (31 December 2011: RMB50,000,000) for a Government-related entity relating to its acquisition of the exploration assets.

In addition, the Group has also entered into various transactions, including deposits placements, borrowings and other general banking facilities, with banks which are Government-related entities in its ordinary course of business. Over 85% (31 December 2011: over 90%) of its banks deposits and borrowings are with government-related entities.

(c) Compensation of key management personnel

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

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	5,045	5,491
Post-employment benefit	29	25
	5,074	5,516

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

(ii) Transactions with other related parties**(a) Sales and purchases of goods**

	Six months ended 30 June	
	2012 <i>RMB'000</i> (unaudited)	2011 <i>RMB'000</i> (unaudited)
Sales of goods		
Shanghai Yuhua Molybdenum Co., Ltd ("Shanghai Yuhua") (Note 1)	121,454	194,159
Luoyang Fuchuan Mining Co., Ltd ("Luoyang Fuchuan") (Note 3)	48	—
Purchases of goods		
Luoyang Fuchuan (Note 3)	109,450	120,029
Luoyang High-Tech Metals Co., Ltd (Note 2)	—	1,009

Notes:

- (1) An associate of the Group.
- (2) A jointly controlled entity of the Group.
- (3) A subsidiary of a jointly controlled entity of the Group.

(b) Balances with other related companies:

	30.6.2012	31.12.2011
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Amounts due from related companies		
Shanghai Yuhua (Note 1)	44,981	75,879
Luoyang Fuchuan (Note 3)	—	27,506
Xuzhou Huanyu Molybdenum Co., Ltd (Note 2)	17,200	17,200
Amounts included in other receivables		
Luoyang Fuchuan (Note 3)	52,787	92,912
Amounts included in trade payables		
Luoyang Fuchuan (Note 3)	—	5,896

Notes:

- (1) An associate of the Group
- (2) A jointly controlled entity of the Group
- (3) A subsidiary of a jointly controlled entity of the Group

The amount due from Shanghai Yuhua arose from trading of molybdenum products and the Group allows a credit period of 90 days.

The remaining amounts were all unsecured, interest free and repayable on demand.

26. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments contracted for but not provided in the condensed consolidated financial statements:

	30.6.2012	31.12.2011
	RMB'000	RMB'000
	(unaudited)	(audited)
Acquisition of:		
Property, plant and equipment	117,618	62,431
Exploration assets	450,000	450,000

27. LITIGATION

During the year ended 31 December 2009, the Group was involved in a civil litigation relating to a claim from a mining company (the "plaintiff") for damages arising from the Group's construction of a manufacturing plant which affect the plaintiff's mining activities in that area for an amount of approximately RMB135 million.

During the year ended 31 December 2010, the plaintiff increased the claim by RMB95 million to approximately RMB230 million. The Group had lodged objections for the additional claim as the claim was submitted after the permission period. The court has ruled in favour of the Group and rejected the increased claim.

The directors of the Company are of the view that the Group 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 considered that the Group 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 condensed consolidated financial statements. The case was heard by the court and the court rejected the claims of the plaintiff. The plaintiff was unwilling to accept the ruling of the Court and had applied for second trial, which was finalised in March 2012. The court again rejected the appeal by the plaintiff and ruled in favour of the Group.

FOR SHAREHOLDERS' INFORMATION

This 2012 interim report ("Interim Report") has been prepared in both English and Chinese. Shareholders who have received either the English version or Chinese version of the Interim Report may request a copy in the other language by writing to the Company through the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at chinamoly@computershare.com.hk.

The Interim Report (in both English and Chinese versions) has been posted on the Company's website at <http://www.chinamoly.com>. Shareholders who have chosen to read the Company's corporate communications published on the Company's website in place of receiving printed copies may request the printed copy of the Interim Report.

Shareholders who have chosen to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing or by email at chinamoly@computershare.com.hk be promptly sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change your choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company through the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at chinamoly@computershare.com.hk.



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