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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)

**Annual Results Announcement
For the Year Ended 31 December 2012**

Pursuant to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” issued by The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) in December 2010, Mainland incorporated companies listed in Hong Kong are allowed by the Hong Kong Stock Exchange commencing from 15 December 2010 to prepare their financial statements using the China Accounting Standards for Business Enterprises (“**CASBE**”), and Mainland audit firms that have been approved by the Ministry of Finance of the People’s Republic of China (the “**PRC**”) and the China Securities Regulatory Commission (“**CSRC**”) are eligible to serve these companies as their auditors and to audit such financial statements using Mainland auditing standards. Accordingly, an extraordinary general meeting of China Molybdenum Co., Ltd.* (the “**Company**”) was held on 21 December 2012, at which the shareholders of the Company passed a resolution in respect of the amendments to the Company’s Articles of Association which enable the Company to prepare its financial statements in accordance with Mainland accounting standards. As a result, the Company has the flexibility of opting for the uniform application of CASBE in preparing its annual and interim financial statements to satisfy the requirements of both the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company has adopted CASBE to prepare its financial statements for its A share and H share shareholders from the financial year ended 31 December 2012 onwards.

I. FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED BALANCE SHEET

Items	Note	As at 31 December	As at 31 December
		2012	2011
		RMB	RMB
Current assets:			
Bank balances and cash		2,710,070,379.19	2,860,065,810.02
Held-for-trading financial assets		10,891,273.49	61,629,534.63
Bills receivable		1,220,159,395.98	984,534,030.86
Accounts receivable	1	640,733,755.79	778,145,711.39
Prepayments		227,396,412.53	291,043,384.76
Interests receivable		11,504,773.64	10,184,296.16
Other receivables		70,336,012.59	126,272,930.32
Inventories		1,310,298,697.22	1,646,117,907.47
Other current assets		1,412,014,904.49	92,700,516.79
Total current assets		7,613,405,604.92	6,850,694,122.40
Non-current assets:			
Long-term equity investment		1,678,402,125.96	1,683,741,984.15
Fixed assets		3,623,670,473.44	3,666,325,877.90
Construction in progress		398,038,691.38	345,851,224.66
Intangible assets		2,057,651,702.79	2,022,026,452.99
Long-term deferred expenses		135,300,540.93	96,325,122.39
Deferred income tax assets		133,435,838.06	156,887,815.55
Other non-current assets		109,410,215.00	124,271,355.00
Total non-current assets		8,135,909,587.56	8,095,429,832.64
Total assets		15,749,315,192.48	14,946,123,955.04

Items	Notes	As at 31 December	As at 31 December
		2012	2011
		RMB	RMB
Current liabilities:			
Short-term borrowings		10,000,000.00	334,675,124.00
Bills payable		75,891,401.38	73,817,000.00
Accounts payable	2	267,690,496.16	445,063,550.97
Receipts in advance		49,024,118.34	96,938,639.19
Employee benefits payable		120,121,388.57	83,061,884.75
Taxes payable		(168,792,483.06)	(108,375,469.52)
Interests payable		41,166,666.66	—
Dividends payable		150,547,472.71	40,845,798.67
Other payables		481,230,559.29	275,843,596.02
Non-current liabilities due within one year		262,320,927.26	29,600,000.00
Short-term financing bonds payable		—	2,000,000,000.00
Other current liabilities		16,433,778.49	95,329,589.56
Total current liabilities		1,305,634,325.80	3,366,799,713.64
Net current assets		6,307,771,279.12	3,483,894,408.76
Total assets less current liabilities		14,443,680,866.08	11,579,324,241.40
Non-current liabilities:			
Bonds payable		2,000,000,000.00	—
Provision		46,983,083.13	44,745,793.45
Other non-current liabilities		25,303,634.90	275,591,339.96
Total non-current liabilities		2,072,286,718.03	320,337,133.41
Total liabilities		3,377,921,043.83	3,687,136,847.05
Shareholders' equity:			
Share capital		1,015,234,105.00	975,234,105.00
Capital reserve		8,102,977,121.92	7,584,830,422.21
Special reserve		78,938,263.32	78,916,909.25
Surplus reserve		704,898,171.11	704,898,171.11
Undistributed profits	3	1,641,545,905.43	1,048,096,576.11
Exchange differences arising on translation of financial statements denominated in foreign currencies		(2,058,590.46)	(1,842,810.97)

Items	Notes	As at 31 December	As at 31 December
		2012	2011
		RMB	RMB
Total equity attributable to the Shareholders of the parent company		<u>11,541,534,976.32</u>	<u>10,390,133,372.71</u>
Minority interests		<u>829,859,172.33</u>	<u>868,853,735.28</u>
Total shareholders' equity		<u>12,371,394,148.65</u>	<u>11,258,987,107.99</u>
Total liabilities and shareholders' equity		<u>15,749,315,192.48</u>	<u>14,946,123,955.04</u>

CONSOLIDATED INCOME STATEMENT

Item	Notes	2012	2011
		RMB	RMB
Total operating revenue	4	5,710,893,904.27	6,099,651,578.23
Total operating costs			
Less: Operating costs	4	4,009,216,807.89	3,911,370,115.23
Business taxes and levies		268,890,022.83	218,796,117.22
Selling expenses		25,330,075.67	24,626,272.32
Administrative expenses		433,331,447.59	460,023,025.05
Finance expenses	5	49,597,057.16	68,700,862.67
Impairment loss of assets		27,853,560.45	23,196,195.85
Add: Gains (losses) from changes in fair value		(738,261.14)	(2,469,548.93)
Investment income	6	151,042,583.91	127,041,473.79
Including: Income from investments in associates and joint ventures		<u>116,760,141.81</u>	<u>109,243,630.10</u>

Item	<i>Notes</i>	2012 <i>RMB</i>	2011 <i>RMB</i>
Operating profits		1,046,979,255.45	1,517,510,914.75
Add: Non-operating income		54,187,319.00	14,804,136.79
Less: Non-operating expenses		4,209,530.52	20,398,534.05
Including: Loss from disposal of non-current assets		1,036,818.99	15,357,352.18
Total profits		1,096,957,043.93	1,511,916,517.49
Less: Income tax expenses	7	80,581,368.21	355,754,740.02
Net profits		1,016,375,675.72	1,156,161,777.47
Net profit attributable to owners of the parent company		1,050,304,676.57	1,118,175,996.91
Minority interests		(33,929,000.85)	37,985,780.56
Earnings per share:			
Basic earnings per share	8	0.21	0.23
Diluted earnings per share		N/A	N/A
Other comprehensive income (losses)		(215,779.49)	1,897,969.35
Total comprehensive income		1,016,159,896.23	1,158,059,746.82
Total comprehensive income attributable to shareholders of the parent company		1,050,088,897.08	1,120,073,966.26
Total comprehensive income (losses) attributable to minority interests		(33,929,000.85)	37,985,780.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTS RECEIVABLE

(1) Accounts receivable are disclosed by category as follows:

RMB

Category	31 December 2012				31 December 2011			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant	554,563,227.17	85.21	—	—	718,611,179.83	91.31	—	—
Other insignificant	96,264,041.07	14.79	10,093,512.45	100.00	68,408,731.22	8.69	8,874,199.66	100.00
Total	<u>650,827,268.24</u>	<u>100.00</u>	<u>10,093,512.45</u>	<u>100.00</u>	<u>787,019,911.05</u>	<u>100.00</u>	<u>8,874,199.66</u>	<u>100.00</u>

The Group recognizes accounts receivable of over RMB5 million as accounts receivables that are individually significant.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Aging analysis of accounts receivable is as follows:

RMB

Aging	31 December 2012				31 December 2011			
	Amount	Ratio (%)	Provision		Amount	Ratio (%)	Provision	
			for bad debts	Book value			for bad debts	Book value
Within 1 year	621,103,094.19	95.43	—	621,103,094.19	770,708,118.29	97.93	—	770,708,118.29
1 to 2 years	19,634,127.92	3.02	3,466.32	19,630,661.60	7,437,593.10	0.95	—	7,437,593.10
2 to 3 years	1,642,396.83	0.25	1,642,396.83	—	1,000,021.02	0.12	1,000,021.02	—
Over 3 years	8,447,649.30	1.30	8,447,649.30	—	7,874,178.64	1.00	7,874,178.64	—
Total	<u>650,827,268.24</u>	<u>100.00</u>	<u>10,093,512.45</u>	<u>640,733,755.79</u>	<u>787,019,911.05</u>	<u>100.00</u>	<u>8,874,199.66</u>	<u>778,145,711.39</u>

- (2) During the reporting period, the Group had no accounts receivable actually written off.
- (3) There was no accounts receivable due from shareholders holding 5% or more voting shares of the Company.

2. ACCOUNTS PAYABLE

- (1) Breakdown of accounts payable is as follows:

	<i>RMB</i>	
Item	31 December 2012	31 December 2011
Costs for purchase of goods	<u>267,690,496.16</u>	<u>445,063,550.97</u>

- (2) There was no accounts payable due to shareholders holding 5% or more voting shares of the Company.
- (3) Aging analysis of accounts payable is as follows:

	<i>RMB</i>	
Item	31 December 2012	31 December 2011
Within 1 year	254,880,117.28	394,670,660.83
1 to 2 years	3,117,260.11	38,476,038.40
Over 2 years	<u>9,693,118.77</u>	<u>11,916,851.74</u>
Total	<u>267,690,496.16</u>	<u>445,063,550.97</u>

3. UNDISTRIBUTED PROFITS

RMB

2012:

Undistributed profits at the beginning of the year	1,048,096,576.11
Add: Net profit attributable to shareholders of the parent company for the year	1,050,304,676.57
Less: Appropriation of statutory surplus reserve	—
Dividends payable for ordinary shares	<u>456,855,347.25</u>
Undistributed profits at the end of the year	<u><u>1,641,545,905.43</u></u>

2011:

Undistributed profits at the beginning of the year	2,010,215,040.41
Add: Net profit attributable to shareholders of the parent company for the year	1,118,175,996.91
Less: Appropriation of statutory surplus reserve	110,321,569.11
Dividends payable for ordinary shares	<u>1,969,972,892.10</u>
Undistributed profits at the end of the year	<u><u>1,048,096,576.11</u></u>

In 2012, calculated based on the issued 5,076,170,525 shares with a par value of RMB0.2 per share, an interim cash dividend of RMB0.09 per share for the nine month period ended 30 September 2012 were distributed to all the shareholders (2011 interim: Nil).

The Board proposed to declare a final cash dividends for the year ended 31 December 2012 of RMB609,140,463, equivalent to cash dividends of RMB0.12 per share (tax inclusive) to the shareholders of the Company, based on the total of 5,076,170,525 shares with a par value of RMB0.2 each. The proposed cash dividend is subject to the shareholders' approval in the forthcoming annual general meeting of the Company (2011 final: Nil).

4. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

RMB

Item	2012	2011
Revenue from principal businesses	5,569,041,700.17	5,935,544,808.34
Revenue from other businesses	141,852,204.10	164,106,769.89
Costs from principal business	3,880,807,347.13	3,761,295,188.25
Costs from other business	128,409,460.76	150,074,926.98

(2) Principal businesses (by product)

RMB

Product name	2012		2011	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum and related products	2,768,197,229.87	2,030,167,589.77	3,718,631,039.59	2,243,216,488.88
Tungsten and related products	929,048,872.45	204,561,971.95	626,551,958.27	152,002,914.18
Gold, silver and related products	965,459,191.69	805,948,686.96	638,563,369.33	413,169,326.91
Electrolytic lead	578,801,461.27	606,501,885.72	401,694,263.58	433,405,643.35
Others	327,534,944.89	233,627,212.73	550,104,177.57	519,500,814.93
Total	<u>5,569,041,700.17</u>	<u>3,880,807,347.13</u>	<u>5,935,544,808.34</u>	<u>3,761,295,188.25</u>

5. FINANCE EXPENSES

RMB

Item	2012	2011
Interest expenses on bonds	80,249,999.99	54,716,666.67
Interest expenses on borrowings	12,669,945.92	31,071,338.88
Including: Bank loans due within 5 years	12,669,945.92	31,071,338.88
Total interest expenses:	92,919,945.91	85,788,005.55
Less: Interest expenses capitalized	—	—
Less: Interest income	49,334,655.06	31,961,188.47
Exchange difference	49,233.11	1,909,134.42
Less: Exchange difference capitalized	—	—
Others	5,962,533.20	12,964,911.17
Total	<u>49,597,057.16</u>	<u>68,700,862.67</u>

6. INVESTMENT INCOME

RMB

Item	2012	2011
Investment income from long-term equity investments under equity method	116,760,141.81	109,243,630.10
Income arising from bonds and bank financial products	32,000,568.82	13,277,259.77
Investment income from held-for-trading financial assets	331,073.28	361,077.84
Investment income from disposal of held-for-trading financial assets	1,415,000.00	4,159,506.08
Investment income from disposal of equity investment	535,800.00	—
Total	<u>151,042,583.91</u>	<u>127,041,473.79</u>

7. INCOME TAX EXPENSES

	<i>RMB</i>	
Item	2012	2011
Current income tax calculated according to tax laws and relevant rules	176,296,706.47	363,523,930.16
Effect of tax rate adjustment for 2011 (<i>Note</i>)	(126,955,295.28)	—
Settlement difference in income tax for the previous year	7,787,979.53	4,624,808.57
Deferred income tax adjustment	23,451,977.49	(12,393,998.71)
Total	<u>80,581,368.21</u>	<u>355,754,740.02</u>

Note: In March 2012, the Company has been recognised as a new and high technology enterprise. As a result, the Company is entitled to a concessionary income tax rate at 15% for the three financial years starting retrospectively from 1 January 2011 to 31 December 2013. The tax expense overcharged in the year of 2011 was reversed in current year.

8. CALCULATION OF BASIC EARNINGS PER SHARE

Net profit for the current year attributable to ordinary shareholders of the Company used for calculating basic earnings per share is as follows:

	<i>RMB</i>	
Item	2012	2011
Net profit attributable to ordinary shareholders	1,050,304,676.57	1,118,175,996.91
Including: Net profit attributable to continuing operations	1,050,304,676.57	1,118,175,996.91
Net profit attributable to discontinued operations	—	—

The denominator used for calculating the earnings per share, being the weighted average number of outstanding ordinary shares, is calculated as follows:

	<i>RMB</i>	
Item	2012	2011
Number of outstanding ordinary shares at the beginning of the year	4,876,170,525	4,876,170,525
Add: Weighed number of ordinary shares issued during the year	50,000,000	—
Less: Weighted number of ordinary shares repurchased during the year	—	—
Weighted number of outstanding ordinary shares at the end of the year	4,926,170,525	4,876,170,525

	<i>RMB</i>	
Earnings per share	2012	2011
Based on the net profit attributable to shareholders of the parent company:		
Basic earnings per share	1,050,304,676.57	1,118,175,996.91
Based on the net profit from continuing operations attributable to shareholders of the parent company:		
Basic earnings per share	0.21	0.23
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	1,050,304,676.57	1,118,175,996.91
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	0.21	0.23
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	—	—
Based on the net profit from discontinued operations attributable to shareholders of the parent company:		
Basic earnings per share	—	—

The Company had no diluted potential ordinary shares.

II. FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the consolidated results of the Group and the notes thereto detailed in Section I of this announcement.

OVERVIEW

For the year ended 31 December 2012, the net profit of the Group was RMB1,016.4 million, representing a decrease of RMB139.8 million or 12.1% from RMB1,156.2 million for the year ended 31 December 2011. For the year ended 31 December 2012, net profit attributable to the owners of the parent company was RMB1,050.3 million, representing a decrease of RMB67.9 million or 6.1% from RMB1,118.2 million for the year ended 31 December 2011.

The comparative analysis for the year ended 31 December 2012 and the year ended 31 December 2011 is as follows:

OPERATING RESULTS

For the year ended 31 December 2012, the Group recorded an operating revenue of RMB5,710.9 million, representing a decrease of RMB388.8 million or 6.4% from RMB6,099.7 million for the year ended 31 December 2011. For the year ended 31 December 2012, the gross profit of the Group was RMB1,701.7 million, representing a decrease of RMB486.6 million or 22.2% from RMB2,188.3 million for the same period last year.

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

Product Name	For the year ended 31 December							
	2012				2011			
	Turnover	Cost of sales	Gross profit	Gross profit margin	Turnover	Cost of sales	Gross profit	Gross profit margin
(RMB million)	(RMB million)	(RMB million)	(%)	(RMB million)	(RMB million)	(RMB million)	(%)	
Domestic market								
— Molybdenum additive materials	2,599.5	1,860.5	739.0	28.4%	3,367.3	1,974.1	1,393.2	41.4%
— Tungsten-related products	929.0	204.6	724.4	78.0%	626.6	152.0	474.5	75.7%
— Deep-processed molybdenum products	124.6	129.0	(4.4)	(3.5%)	141.6	126.8	14.8	10.5%
— Gold and silver and relevant products	965.5	805.9	159.6	16.5%	638.6	413.2	225.4	35.3%
— Electrolytic lead	578.8	606.5	(27.7)	(4.8%)	401.7	433.4	(31.7)	(7.9%)
— Sulfuric acid	21.9	41.7	(19.8)	(90.4%)	26.0	36.2	(10.1)	(38.8%)
— Others	447.5	320.3	127.2	28.4%	828.7	708.0	120.7	14.6%
Sub-total	5,666.8	3,968.5	1,698.3	30.0%	6,030.5	3,843.7	2,186.8	36.3%
International market								
— Molybdenum additive materials	33.2	29.7	3.5	10.5%	49.1	46.8	2.3	4.7%
— Deep-processed molybdenum products	10.9	11.0	0.1	(0.9%)	20.1	20.9	(0.8)	(4.0%)
Sub-total	44.1	40.7	3.4	7.7%	69.2	67.7	1.5	2.2%
Total	5,710.9	4,009.2	1,701.7	29.8%	6,099.7	3,911.4	2,188.3	35.9%

For the year ended 31 December 2012, the Group recorded an operating revenue of RMB5,710.9 million, representing a decrease of RMB388.8 million or 6.4% from RMB6,099.7 million for the year ended 31 December 2011. Such decrease in operating revenue was mainly attributable to: 1) the decrease in operating revenue driven by a decrease in the selling prices of ferromolybdenum in the year under the influence of the international market price; and 2) a decrease in the sales from trade in 2012 as compared with that of 2011.

For the year ended 31 December 2012, the operating cost of the Group was RMB4,009.2 million, representing an increase of RMB97.8 million or 2.5% from RMB3,911.4 million for the same period last year. Such increase in the operating cost was mainly attributable to an increase in the sales of tungsten concentrate, gold, silver and electrolytic lead, the major products of the Group during the year. Set out below is the component of cost of the major products of the Company:

Industry	Component of cost	Current period (RMB million)	Percentage over total cost for the current period	Amount for the same period last year (RMB million)	Percentage over total cost for the same period last year	Percentage of changes in amount over the same period last year
Molybdenum-related products	materials	505.60	29%	687.16	35%	-26%
	labor	304.18	18%	329.35	17%	-8%
	depreciation	173.92	10%	172.58	9%	1%
	energy	251.65	14%	224.37	12%	12%
	manufacturing	509.52	29%	525.86	27%	-3%
Tungsten-related products	materials	66.80	42%	75.73	46%	-12%
	labor	42.79	27%	42.09	26%	2%
	depreciation	16.35	10%	17.24	11%	-5%
	energy	25.91	17%	23.06	15%	10%
	manufacturing	5.86	4%	4.08	2%	44%
Gold and silver-related products	materials	418.69	59%	408.39	61%	3%
	labor	202.70	28%	168.03	25%	21%
	depreciation	24.42	3%	24.26	4%	1%
	energy	15.51	2%	13.70	2%	13%
	manufacturing	53.58	8%	49.69	8%	8%
Electrolytic lead	materials	527.78	90%	458.74	91%	15%
	labor	12.08	2%	11.60	2%	4%
	depreciation	24.28	4%	23.66	5%	3%
	energy	20.31	3%	8.08	2%	151%
	manufacturing	3.25	1%	2.23	0%	46%

For the year ended 31 December 2012, the average gross profit margin of the Group was 29.8%, representing a decrease of 6.1% from 35.9% for the same period last year. The main reason was the decrease in the overall gross profit margin of the Group which was due to the decrease in the selling prices of ferromolybdenum, the major product of the Group, during the year as compared with the same period last year.

BUSINESS TAXES AND LEVIES

For the year ended 31 December 2012, the Group recorded a business taxes and levies of RMB268.9 million, representing an increase of RMB50.1 million or 22.9% from RMB218.8 million for the same period in 2011. Such increase was mainly due to the increase of resource tax rate during the year.

SELLING EXPENSES

For the year ended 31 December 2012, the selling expenses of the Group amounted to RMB25.3 million, representing an increase of RMB0.7 million or 2.8% from RMB24.6 million for the same period in 2011. Such increase was mainly attributable to the increase in the sales volume of the relevant products.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2012, the administrative expenses of the Group was RMB433.3 million, representing a decrease of RMB26.7 million or 5.8% from RMB460.0 million for the same period in 2011. Such decrease was mainly attributable to the intensified expenses control imposed by the Group during the year.

For the year ended 31 December 2012, the Group's administrative expenses included a technology development fee of RMB112.7 million. The main projects included: the research on the application of the gradual advancement method through the inclined holes exposed at the flank in 1310 over-mined area in Zone E3 (邊部側翼揭露斜孔分次逐漸推進法在E3區1310空區處理中的應用研究), the research on the application of cut-and-fill by using small-bore gravels in the treatment of over-mined area (小孔徑碎石充填法在治理空區中的應用研究), the research on the application of automation for ore grinding based on the fuzzy control (基於模糊控制的磨礦自動化應用研究) and the research on the application of automatic system for dehydration and packaging of products (產品自動化脫水包裝系統應用研究).

FINANCE EXPENSES

For the year ended 31 December 2012, the finance expenses of the Group amounted to RMB49.6 million, representing a decrease of RMB19.1 million or 27.8% from RMB68.7 million for the same period in 2011. Such decrease was mainly attributable to an increase in interest income on bank structured deposits.

INVESTMENT INCOME

For the year ended 31 December 2012, the investment income of the Group was RMB151.0 million, representing an increase of RMB24.0 million or 18.9% from RMB127.0 million for the same period in 2011. Such increase was mainly attributable to the income increase from the investment in treasury products and improvement in results of Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司) (“**Yulu Company**”), an associated company, as compared with the same period last year.

NON-OPERATING INCOME

For the year ended 31 December 2012, the non-operating income of the Group amounted to RMB54.2 million, representing an increase of RMB39.4 million or 266.2% from RMB14.8 million for the same period last year. Such increase was mainly attributable to an increase of RMB44.1 million in the government grants received during the year as compared with last year.

NON-OPERATING EXPENSES

For the year ended 31 December 2012, the non-operating expenses of the Group amounted to RMB4.2 million, representing a decrease of RMB16.2 million or 79.4% from RMB20.4 million for the same period in 2011. Such decrease was mainly due to a decrease in net loss from the disposal of fixed assets in the year as compared with last year.

INCOME TAX EXPENSES

For the year ended 31 December 2012, the income tax expenses of the Group amounted to RMB80.6 million, representing a decrease of RMB275.2 million or 77.3% from RMB355.8 million for the same period last year. Such decrease was mainly attributable to the Company’s entitlement to an income tax preferential ratio of 15% upon being recognized as a new and high technology enterprise during the year.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2012, the net profit of the Group attributable to owners of the parent company amounted to RMB1,050.3 million, representing a decrease of RMB67.9 million or 6.1% from RMB1,118.2 million for the year ended 31 December 2011. Such decrease was mainly attributable to a decrease in the net profit for the year ended 31 December 2012.

MINORITY INTERESTS

For the year ended 31 December 2012, the minority interests of the Group was RMB-33.9 million, representing a decrease of RMB71.9 million or 189.2% from RMB38.0 million for the same period last year. Such decrease was mainly attributable to the decrease in the net profit of the Group's holding companies during the year.

FINANCIAL POSITION

For the year ended 31 December 2012, the total assets of the Group amounted to RMB15,749.3 million, comprising non-current assets of RMB8,135.9 million and current assets of RMB7,613.4 million. Equity attributable to shareholders of the parent company as at 31 December 2012 increased by RMB1,151.4 million or 11.1% to RMB11,541.5 million from RMB10,390.1 million as at 31 December 2011. Such increase was mainly due to the fact that the earnings in 2012 was more than the profit distribution in the same year.

CURRENT ASSETS

For the year ended 31 December 2012, current assets of the Group increased by RMB762.7 million or 11.1% to RMB7,613.4 million from RMB6,850.7 million as at 31 December 2011. Such increase was mainly attributable to the proceeds from the A share listing during the year.

NON-CURRENT ASSETS

For the year ended 31 December 2012, the non-current assets of the Group amounted to RMB8,135.9 million, representing an increase of RMB40.5 million or 0.5% from RMB8,095.4 million as at 31 December 2011.

ASSETS-LIABILITIES RATIO

The assets-liabilities ratio of the Group dropped to 21% as at 31 December 2012 from 25% as at 31 December 2011.

CASH FLOW

For the year ended 31 December 2012, the Group had cash and cash equivalents of RMB1,463.6 million, representing a decrease of RMB1,315.6 million or 47.3% from RMB2,779.2 million as at 31 December 2011.

For the year ended 31 December 2012, net cash inflow generated from operating activities was RMB1,606.2 million; net cash outflow generated from investment activities was RMB2,666.9 million; net cash outflow generated from financing activities was RMB254.8 million, including the payment for dividends in 2011 of RMB352.2 million.

During 2012, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. As at the end of 2012, the Company had sufficient capital which enabled it to operate in a virtuous circle or satisfy the liquidity requirement for coping with the variations in the production capacity. It also ensured funding support for any possible resource mergers and acquisitions as well as expansion of the Group.

EXPOSURE TO PRICE FLUCTUATIONS OF PRODUCTS

As the trading price of the Group's molybdenum, tungsten and precious metals products are calculated based on international and domestic prices, the Group has been exposed to the price fluctuation risk of molybdenum, tungsten and precious metals products. In the long run, the international and domestic prices of molybdenum, tungsten and precious metals products mainly depend on market demand and supply. These factors are beyond our control. Further, the prices of molybdenum, tungsten and precious metals 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 THE MINERAL RESOURCES

As an enterprise engaged in mineral exploitation, the Company is dependent on resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, the drop in the recovery rate, inflation or other factors, or restrictions caused by technical problems and natural conditions such as weather and natural disasters in the process of mining. Therefore, full utilisation of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

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 outstanding liabilities of the Group are 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 of the date of this announcement, the Group has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

EMPLOYEES

As at 31 December 2012, the Group had approximately 8,139 full time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	895	11%
Quality control, research and development	651	8%
Production	5,698	70%
Repair and maintenance, safety inspection and environmental protection	895	11%
Total	<u>8,139</u>	<u>100%</u>

The remuneration portfolio of the Group's employees comprises salary, bonus and allowances. The Group has participated in the social insurance contribution plans introduced by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. Pursuant to the current applicable PRC local regulations, the percentage of certain insurance policies are as follows: the pension insurance, medical insurance, unemployment insurance and the contribution to housing reserve fund of our PRC employees represent 20%, 6%, 3% and 5% to 12% of his or her total basic monthly salary respectively.

USE OF PROCEEDS

As at 31 December 2012, the proceeds raised by the Group from the public offering of H shares in April 2007 of approximately RMB7,694.0 million has been used up.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the Shanghai Stock Exchange at an issue price of RMB3.00 per share and the proceeds raised was RMB600.0 million. Deducting the total underwriting commission of RMB30.0 million, the actual proceeds received from the above-mentioned issuance of A shares were RMB570.0 million. After deducting other issuance expenses paid by the Company, the net actual proceeds were RMB558.1 million. The above-mentioned proceeds have not been used.

ESTIMATION ON RESERVES AND RESOURCES OF SHANGFANGGOU MINE AND XINJIANG MINE

As at 31 December 2012, the estimates of the (a) reserves and resources at the Shangfanggou molybdenum mine (“**Shangfanggou Mine**”) located in Luanchuan County, Luoyang City, the PRC; and (b) resources at the molybdenum mine (“**Xinjiang Mine**”) located in East Gobi, Hami, Xinjiang, the PRC are:

SHANGFANGGOU MINE

Estimated proven and probable reserves:

	<i>Kilotonnes</i>	Grade (%)
	45,671	0.173

Estimated resources:

Classification (at a 0.03% grade molybdenum cut-off)

	<i>Million tonnes</i>	Average grade (%)
Measured	14.6	0.171
Indicated	291.4	0.141
Inferred	156.8	0.133

The reserves and resources at the Shangfanggou Mine were estimated based on the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

XINJIANG MINE

Ore (million tonnes)	Molybdenum		Molybdenum		Molybdenum	
	metal (million tonnes)	Average grade (%)	metal (331) (million tonnes)	Average grade (%)	metal (332) (million tonnes)	Average grade (%)
441	0.508	0.115	0.1294	0.134	0.08337	0.128

Note: The resources at the Xinjiang Mine were estimated based on specifications for copper, lead, zinc, silver, nickel and molybdenum mineral exploration (DZ/T0214-2002), exploration specification for hydrogeology and engineering geology in mining areas (GB12719-91) and specifications for compilation of geological report of solid-mineral exploration/mine-closing (DZ/T0033-2002). The Xinjiang Mine has not been exploited and there was no change in the resource reserve.

III. MARKET REVIEW

In 2012, the European debt crisis muted the international economy. On the other hand, China's economic growth gradually slowed down in recent years. Economic downturn depressed the molybdenum market and curbed the market rebound of molybdenum. The domestic and international molybdenum markets in 2012 continued to grow slowly with the price of molybdenum lingering and staying at a relatively low level in recent years. The second quarter was affected by the economic trend. The steel plants were affected by severe losses and offered low bid price. The molybdenum price began to drop at a level once even below the costs curves of certain mines, resulting in the suspension of production of certain enterprises. However, even when the supply of molybdenum was on a downward trend, there remained certain high-price stock of molybdenum concentrates which caused the price to fall since the second quarter and continued to linger at a low level. Since the fourth quarter, the economy posted a favorable outlook and the mines were reluctant to sell at a low price. The demand from the steel plants tightened the spot goods supply of molybdenum, driving the price to rise substantially.

In 2012, along with the trend of the macro-economy, the tungsten market experienced fall and wobbles as the overall tungsten price slipped. In the domestic market, the tungsten price continued to fall in the first three quarters. From the fourth quarter, the tungsten price started to rise due to the indicative price and frequent purchase of concentrates, yet still behind the ideal price level under the influence of market demand and the price managed to remain stable at the end of the year.

The molybdenum market in 2012 can be generally divided into four stages: 1) From January to May, the molybdenum price was relatively stable whilst the modest rise in February was mainly driven by the demand of steel plants due to a cluster of purchase order by way of bidding after the spring festival. 2) From June to August, the price fell due to the oversupply caused by a drop in the demand from steel plants during this period when the output from May to August 2012 was the highest throughout the year. 3) In August, the molybdenum price bottomed. The price of concentrates even fell below the cost curves of certain mining enterprises. The reluctance of enterprises to sell at such a low price helped the molybdenum price to have a small rebound after the excessive fall, however the rebound was modest. From September to November, the molybdenum price stabilised at a low level as there were no apparent changes in the supply and demand. 4) Since December, the weather factor caused certain molybdenum mines in North-eastern region to suspend production, which reduced the domestic demand. In the meantime, the demand from steel plants increased, which tightened the supply of molybdenum in the market gradually, driving the molybdenum price to rebound. Subsequently, as the New Year's Day and the Spring Festival approached, the steel plants increased their purchases for inventory purpose while mining enterprises were reluctant to sell at the moment, thus pushed the molybdenum price upward.

As for the supply and demand in the tungsten market, the supply of tungsten maintained at the level of last year, while the demand for special steel and hard alloy at home and demand for purchase abroad showed no improvement. The continued oversupply resulted in the problem of pent-up stocks as a whole.

IV. BUSINESS REVIEW

During the year 2012, with the benefits of efficient management, detailed organization and continued commitment of our staff, the Company fully capitalized its resources and vertically integrated industry chain and industry scale. The Company maintained a stable production volume of molybdenum and achieved a steady growth in the production volume of tungsten products. In 2012, the production volume of molybdenum concentrates (including 47% Mo), molybdenum oxides (including 51% Mo), ferromolybdenum (including 60% Mo) and tungsten concentrates (including 100% WO_3) (excluding Yulu Company) of the Company amounted to approximately 32,456 tonnes, 34,148 tonnes, 25,581 tonnes and 5,496 tonnes, respectively, representing a decrease of 1.7%, 7.6%, 13.3% and an increase of 16.4% as compared with that of 2011, respectively.

Statistics from Antaike indicated that the production volume of molybdenum concentrates in China (including 47% Mo) in 2012 was 195,107 tonnes. The Company's production volume of molybdenum concentrates accounted for approximately 16.6% of the total amount produced in China in 2012. According to an international research institution, the world's molybdenum production volume was approximately 490 million pounds for the year 2012, of which equivalents of approximately 33.63 million pounds were produced by the Company, representing approximately 6.9% of the total production volume of the world.

Based on the information from China Non-ferrous Metals Industry Association, the accumulative production volume of tungsten concentrates in China in 2012 was 124,706 tonnes (including 65% WO_3), with metal equivalents of 81,059 tonnes. The Company's production of tungsten concentrate represented approximately 6.8% of the total production of China in 2012.

The Company firmly pressed on with technological innovation and significantly increased its capability in the research and development of technology. The Company successfully developed an integrated safety alarm system of precise gauging on quakes for disasters in surface and underground rocks, thereby positioned itself for the gauging of the activities of the pressure in the core of the earth and underground blasting, so as to provide scientific rationale for the alarm and reporting for the disasters of collapse of the overlying strata. Vertical foaming tube was successfully developed and applied in flotation column in molybdenum processing, thereby increased the efficiency of the process of the flotation columns and saved energy by 30%. In addition, the technology of saving the energy of roasting brought good economic benefit and social benefit, which reduced carbon emission by approximately 230 tonnes per year. Law firms were also engaged to study and rectify the system of intellectual property rights protection of the Company so as to develop an effective system for the protection of its intellectual property rights. During the year, a total of 37 patents were applied, of which 13 were invention patents.

The Company firmly pressed ahead with the application of information technology, whereby the efficiency of its corporate management and operation was significantly increased. The office automation system of the Company successfully operated, thus accomplished coordinated operation for the offices of the Company's entities and facilitated standardized, scientific and efficient management. The material control system of the Company functioned steadily, and a unified system of material coding was also set up, thereby effectively enhanced the science and efficiency of material procurement and utilisation. The system of business intelligence helped realize swift production and operation as well as scientific decision-making through the collection and analysis of the information on inventory, supply chain, capital and sales. The data reporting system also facilitated timely control of the management to different steps in procurement, production and sale.

The Company actively pressed ahead with standardized corporate operation. In 2012, the Company formulated or amended the Articles of Association, the Rules for the Registration and Administration of Holders of Insider Information, Working Rules for the Secretary to the Board, Rules for Management of Provision of Securities to Third Parties, Rules for External Investment Management, Rules for Connected Transactions, Principles on Information Disclosure, Management Measures on Proceeds, Working Rules for General Managers, Working Rules for Independent Directors, Terms of Reference and Operation Rules of the Strategic Committee, Terms of Reference and Operation Rules of the Remuneration Committee, Terms of Reference and Operation Rules of the Audit Committee, Terms of Reference and Operation Rules of the Nomination Committee, Rules for Shareholders' General Meetings, Working Rules for Supervisory Board Meetings, Rules for Board Meetings, thereby refined its system of internal control and standardized its corporate operation.

The Company actively implemented the strategy of capital operation. On 18 June 2012, the National Association of Financial Market Institutional Investors issued the Notice of Acceptance of Registration, Zhong Shi Xie Zhu [2012] No. MTNI159 (中市協註[2012] MTNI159號《接受註冊通知書》), and accepted the registration of the RMB2,000,000,000 medium-term note of the Company. On 2 August 2012, the Company successfully issued the first tranche of medium-term note in 2012, 12 CMOC MTN1, with the nominal value of each unit being RMB100 and nominal interest rate of 4.94% per annum and the term of the note as 5 years. The relevant offering documents of the medium-term note had been uploaded to the websites of the China Foreign Exchange Trade System (<http://www.chinamoney.com.cn>) and ChinaBond (<http://www.chinabond.com.cn>) on 26 July 2012. The proceeds from the medium-term note would be used for the replenishment of working capital and repayment of existing bank loans.

The Company accelerated the listing of its A shares. On 9 October 2012, the Company successfully completed the IPO and listing of its A shares on the Shanghai Stock Exchange. The volume and price of the issue were 200,000,000 shares and RMB3.00 per share, respectively. The par value was RMB0.2 per share, and a total proceeds of RMB600 million were raised. As a result, the Company has both Hong Kong and the PRC as its platforms of capital market operation.

Not only did the Company effectively bolster its sales volume and stabilize its customers base, it also aspired towards better sales and marketing strategies with the aim to achieve greater efficiency.

Apart from accelerating the Company's business development, we also took further steps to cultivate corporate culture by highlighting practical and innovative management skills so as to increase the efficiency of the corporate operation.

V. PROSPECT

1. Macroeconomic Environment

In 2013, the global economy is slightly better than last year, issues besetting the world's economy such as the U.S. fiscal cliff and the European debt crisis eased to different extent. Under these circumstances, the economic environment in the developed countries will be improving, with the strongest recover now being seen in the U.S., whilst Europe has put steady growth on top of its agenda. The overall situation should be better than last year. Under the dual difficulties of weaken external demand and internal structural problems, the developing economies generally adopted loose monetary policies such as consecutive interest rate reductions or reductions on reserve ratio, and launched a series of stimulative policies for facilitating investment, with an aim to facilitate growth for the developing economies in 2013.

The economy of the PRC is now in a period of transformation. In 2013, positive fiscal policies and stable monetary policies will be continued in the PRC, the target of economic growth for the PRC in 2013 is expected to be 7.5%, with steady and moderate economic growth to be maintained.

2. Competition and Development in the Molybdenum Industry

Due to higher export tariff in the molybdenum industry, the current markets of the molybdenum products of the Company are mainly in the PRC, with the major product being ferromolybdenum. The application of molybdenum in the PRC is mainly in the steel industry, such as in the manufacturing of alloy structural steel, stainless steel, heat resistant steel and tool steel in the steel industry. The domestic market of steel industry in 2013 will be improving, particularly with the promotion of urbanization and support to the real economy proposed by the central government, which are benefit to the development of steel industry. The production and apparent consumption of rough steel in the PRC in 2013 are anticipated to be approximately 750 million tonnes and 700 million tonnes respectively, which are close to the highest range of rough steel demand of 770 to 820 million tonnes as estimated in the Development Plan for the Steel Industry in the “Twelfth Five-Year Period” (《鋼鐵工業「十二五」發展規劃》). The consumption and demand of rough steel will be stable. The environment of slight profit for the steel industry is not likely to improve before the demand from downstream and the issue of excessive production capacity could be solved. Although the excess capacity still exists in the domestic steel industry, the output of special steel, which has a relatively large demand for molybdenum, will enjoy a relatively high increase. Currently, the output of special steel in the PRC only accounts for 6-10% of the total output of iron and steel, which is lower than the global average level of 15-20% and much lower as compared with industrialized countries of over 30%. In the future, high quality special steel, special alloy material and the supporting materials for military industry will be the emerging sectors with strategic importance to the special steel industry, which will drive the domestic demand for molybdenum.

As for the supply of molybdenum, the domestic supply of molybdenum will basically be maintained at the level of the previous years. Part of the new production capacity will be postponed as the molybdenum price has remained at a low level for a long time. There is a moderate rebound in the molybdenum price as compared with the end of last year, whilst the utilization of high-price inventory is limited. If there is no substantial increase in the price of molybdenum, the production capacity previously subject to suspension or reduction may not be re-activated. As a result, the domestic supply of molybdenum in 2013 is expected to have limited impact on price.

From the above-mentioned analysis, we believe that although there is little sign of a substantial improvement in the global economy in 2013 and the oversupply in the domestic molybdenum market will continue to a certain extent, as an important element for special steel and new types of alloy material, molybdenum will see a relatively fast growth in domestic consumption. Hence, the molybdenum market may see stable and moderate growth in 2013.

3. Competition and Development in the Tungsten Industry

The global economy in 2013 will generally have a moderate improvement as compared with last year. The European debt crisis will be eased to a certain extent and the forward export market of tungsten is expected to pick up from the low ebb. The economy of the PRC will be improving under the influence of policy. Strong intensifying efforts in urbanization and encouragement of unleashing domestic demand will result in a recovery of the manufacturing industry, thereby providing new opportunities to the development of tungsten industry.

The tungsten industry in the PRC was stimulated by the satisfactory market situation in the last two years, many new projects and supporting projects were reported, the new hard alloy projects were launched in recent years. With the launch of the relevant projects, the growth of tungsten consumption in the PRC will be significantly boosted, at the same time facilitating upgrade of the hard alloy industry. The demand for tungsten in the industries closely related to tungsten consumption in the PRC will generally be higher than in 2012. Based on positive expectations to the macroeconomic environment and the new hard alloy projects, we anticipate that in 2013, the demand for tungsten in the PRC will increase, and the export will post a gradual recovery. The tungsten industry will be better than last year.

In regards to the supply of tungsten, despite the production of tungsten ore will remain at the level of the previous years, with large scale consolidation occurred in the general tungsten market, the tungsten industry in future will become increasingly concentrated. In conclusion, we anticipate that in the first half of 2013, upward fluctuations will occur in the market of tungsten due to the procurement needs from many enterprises which have started operation; in the second half, with satisfactory development of the overall economic environment and market demand, the tungsten market will stage a strong surge.

In 2013, based on the future economic and market dynamics, we will tenaciously adhere to the development strategies of the Group to make the third leap forward development in history. Particular efforts will be put into the following areas: 1) spare no efforts in the management over the Group's existing business segments, with plans to produce approximately 29,240 tonnes of molybdenum concentrates (containing 47% Mo), 5,600 tonnes of tungsten concentrates (containing 100% WO₃). This will enhance management standards and operating efficiency, and thus maintain profitability of the Company's existing business segments; 2) adhere to its strategy of a molybdenum-led development supplemented by tungsten and precious metal business. In respect of its molybdenum business, the Company is to develop the molybdenum mine located in East Gobi, Hami, Xinjiang through rational planning and in an orderly manner. It will also implement projects such as optimization of mining technology at Sandaozhuang Mine by taking advantage of the pilot base of the integrated use of tungsten, molybdenum and iron resources in Luanchuan, Henan. Meanwhile, the project relating to an effective, energy-saving and automated production line of ammonium molybdate is scheduled for completion. As for its tungsten business, the Company is to further facilitate the integrated use of clean and energy-efficient resources for its composite mine comprised of tungsten, molybdenum and phosphorous (鎢鉬磷複合礦清潔高效資源綜合利用項目), as well as establish an industry chain of tungsten. For its precious metal business, the Company will step up efforts in the expansion project of Luoning Gold Mine (洛寧金礦) and further integrate gold, silver and other precious metal resources; 3) alter its economic growth pattern by adjusting and optimising industrial institutions, increasing investment in scientific research and development and focusing on the key technology research and development programs; 4) actively adjust marketing strategy and enhance market competitiveness to endeavor to capture market shares; 5) step up human resources management, optimize the Company's talent structure, strive to attract and cultivate talents, and strengthen technological innovation, in a bid to lay a solid talent base for future development of the Group; and 6) persist on its "go global" strategy. By making the best use of opportunities in the current economic environment, the Company will endeavor to identify potential targets for mergers and acquisitions domestically and internationally so as to expand its business, improve its profitability and maximise shareholders' value.

VI. PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company.

VII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group is committed to achieving high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the “**CG Code**”) updated from time to time as contained in Appendix 14 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Hong Kong Stock Exchange.

In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the period from 1 January 2012 to 31 December 2012.

The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

VIII. THE BOARD

During the year ended 31 December 2012, the Company held 13 Board meetings in total for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

On 17 August 2012, Mr. Gao Dezhu, Mr. Zeng Shaojin, Mr. Gu Desheng and Mr. Ng Ming Wah, Charles retired as independent non-executive Directors. Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu were appointed on the same date as independent non-executive Directors of the Company.

On 24 October 2012, Mr. Duan Yuxian resigned as executive Director and chairman of the Company. Mr. Wu Wenjun and Mr. Li Faben were appointed on the same date as chairman and general manager of the Company, respectively.

BOARD COMMITTEES

The Board has established four special committees, namely the audit committee, the remuneration committee, the nomination committee and the strategic committee.

AUDIT COMMITTEE

The terms of reference of the audit committee are based primarily 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 Group's scope of the audit.

The audit committee will review the effectiveness of the external audit and internal controls and evaluate risks to provide comments and advice to the Board. As at the date of this announcement, the audit committee comprises two independent non-executive Directors of the Company, namely Mr. Xu Shan and Mr. Cheng Gordon, and one non-executive Director, namely Mr. Zhang Yufeng, with Mr. Xu Shan as the chairman of the committee. The audit committee has reviewed with the management and external auditors, the audited consolidated results of the Group for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has established a remuneration committee and set out its specific terms of reference. As at the date of this announcement, the remuneration committee comprises three members, namely Mr. Bai Yanchun (independent non-executive Director), Mr. Xu Xu (independent non-executive Director) and Mr. Shu Hedong (non-executive Director), with Mr. Bai Yanchun as the chairman of the committee. The majority of members of the remuneration committee are independent non-executive Directors.

The roles and functions of the remuneration committee are set out in its terms of reference. Its primary functions include: making recommendations to the Board on the Company's remuneration policy and structure and remuneration packages of the executive Directors and the senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and facilitating the determination of remuneration by reference to the performance of the individual and the Company as well as market practice and conditions.

The primary goal of the Company's remuneration policy on executive Directors' packages is to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives. The remuneration policy of the Company for non-executive Directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. The remuneration committee has formulated, implemented and reviewed the remuneration policy and structure of the Company, evaluated the performance of executive Directors and considered the remuneration packages for the Directors and the senior management and the terms of their service contracts for the year ended 31 December 2012.

NOMINATION COMMITTEE

The nomination committee is responsible for advising the Board as to the scale, number of members and composition (in terms of skills, knowledge and experience) of the Board in light of the business activities, size of assets and shareholding structure of the Company, researching on the criteria and procedures for the selection and appointment of Directors, the general manager and other senior management members and making recommendations to the Board. It is also responsible for extensively seeking suitable candidates for Directors and general manager and making recommendations to the Board, advising the current session of the Board as to the candidates for the next session of the Board during elections of members for the next session of the Board, advising the Board as to the appointment of candidates electing for general manager upon expiry of the term of office of the general manager, evaluating the work progress of Directors, the general manager and other senior management members and providing advice or recommendations on the change of Directors, the general manager or other senior management members with reference to the results of evaluation as and when necessary, and assessing the independency of independent non-executive Directors.

As at the date of this announcement, the nomination committee comprises two executive Directors, namely Mr. Wu Wenjun and Mr. Li Chaochun, and four independent non-executive Directors, namely Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu with Mr. Bai Yanchun and Mr. Li Chaochun as the chairman and vice chairman of the committee, respectively.

STRATEGIC COMMITTEE

The strategic committee is responsible for formulating the overall development plans and investment decision-making procedures of the Group. The strategic committee comprises three executive Directors, namely Mr. Wu Wenjun, Mr. Li Chaochun and Mr. Li Faben, and two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu, with Mr. Wu Wenjun serving as the chairman of the committee.

IX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules in respect of dealings in the Company’s securities by Directors. Specific enquiry has been made on all Directors and they have confirmed that the Model Code has been complied with throughout the year ended 31 December 2012. The Company has also formulated written guidelines (the “**Employees Written Guidelines**”) on terms no less exacting than the Model Code for securities transactions by employees of the Company who are likely to be in possession of unpublished price or inside information in relation to the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees has been noted by the Company.

X. ANNUAL GENERAL MEETING (“AGM”) AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Company will arrange the time of convening the forthcoming AGM as soon as possible, and the notice of the AGM will be published and dispatched to shareholders of the Company timely in accordance with the requirements of the Listing Rules and the articles of association of the Company. Once the date of the AGM is finalized, the Company will issue a separate announcement and publish in the notice of AGM the period of closure of register of members of H shares.

XI. FINAL DIVIDEND

In order to maintain the continuity and stability of the Company’s dividend policy and to adhere to the commitment of providing shareholders with cash return, in accordance with the Company’s principle of profit distribution and cash dividend policy, the Board recommended the payment of a final dividend of RMB0.12 per share (including tax) for the year ended 31 December 2012. Final dividend for the year ended 31 December 2012 is subject to the approval of shareholders of the Company at the forthcoming AGM.

A circular containing, among other things, further information in respect of the proposed distribution of the final dividend and the AGM will be dispatched to the shareholders of the Company as soon as practicable.

XII. PUBLICATION OF DETAILS OF FINAL RESULTS FOR THE YEAR

This announcement is published on the website of the Hong Kong Stock Exchange at (www.hkexnews.hk), the website of the Shanghai Stock Exchange at (www.sse.com.cn) and the website of the Company at (www.chinamoly.com).

By Order of the Board
China Molybdenum Co., Ltd.*
Wu Wenjun
Chairman

Luoyang City, Henan Province, the PRC
14 March 2013

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

Executive Directors:

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

Non-executive Directors:

Mr. Shu Hedong and Mr. Zhang Yufeng

Independent Non-executive Directors:

Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu

* *For identification purposes only*