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洛陽樂川鉬業集團股份有限公司

China Molybdenum Co., Ltd.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03993)

Annual Results Announcement

For the Year Ended 31 December 2014

I. FINANCIAL INFORMATION

The board (the “**Board**”) of directors (the “**Directors**”) of China Molybdenum Co., Ltd.* (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 2014 together with the comparative figures for 2013 as follows:

CONSOLIDATED BALANCE SHEET

Items	Note	As at 31 December		Increase (decrease)
		2014 RMB	2013 RMB	
Current assets:				
Bank Balances and Cash		9,325,581,044.71	1,882,647,897.27	395.3%
Bills receivable		1,158,139,987.39	1,591,402,447.61	-27.2%
Accounts receivable	1	851,358,849.42	805,679,742.94	5.7%
Prepayments		272,450,320.91	297,345,943.53	-8.4%
Interests receivable		55,295,452.15	452,860.33	12,110.3%
Dividends receivable		61,226,476.23	—	100%
Other receivables		48,949,578.33	72,517,407.57	-32.5%
Inventories		432,754,646.84	820,996,265.56	-47.3%
Other current assets		2,559,100,452.85	1,701,577,473.05	50.4%
Total current assets		14,764,856,808.83	7,172,620,037.86	105.9%
Non-current assets:				
AFS financial assets		4,928.00	204,928.00	-97.6%
Long-term equity investment		1,484,565,921.78	1,598,257,270.92	-7.1%
Fixed assets		4,983,502,274.40	5,876,304,885.87	-15.2%
Construction in progress		372,524,643.53	493,586,919.64	-24.5%
Inventories		307,737,812.71	334,515,072.36	-8.0%
Intangible assets		3,915,838,078.45	4,425,899,735.38	-11.5%
Long-term deferred expenses		115,221,782.30	128,517,647.63	-10.3%
Deferred income tax assets		307,825,177.99	140,019,796.25	119.8%
Other non-current assets		1,802,798,943.92	1,729,212,246.72	4.3%
Total non-current assets		13,290,019,563.08	14,726,518,502.77	-9.8%
Total assets		28,054,876,371.91	21,899,138,540.63	28.1%

Items	Note	As at 31 December		Increase (decrease)
		2014 RMB	2013 RMB	
Current liabilities:				
Short-term borrowings		305,950,000.00	224,344,311.98	36.4%
Financial liabilities at fair value				
through profit or loss		998,690,650.00	357,251,970.00	179.5%
Bills payable		156,900,000.00	27,910,000.00	462.2%
Accounts payable	2	192,793,812.46	197,385,526.41	-2.3%
Receipts in advance		76,780,913.29	61,827,310.76	24.2%
Employee benefits payable		137,777,636.28	146,914,601.55	-6.2%
Taxes payable		207,789,199.47	-63,559,475.84	-426.9%
Interests payable		47,062,873.80	55,733,935.24	-15.6%
Dividends payable		27,885,796.67	57,085,715.06	-51.2%
Other payables		253,313,764.07	568,214,130.26	-55.4%
Non-current liabilities due				
within one year		578,277,474.64	390,708,567.70	48.0%
Other current liabilities		16,651,701.67	20,202,200.99	-17.6%
Total current liabilities		2,999,873,822.35	2,044,018,794.11	46.8%
Net current assets		11,764,982,986.48	5,128,601,243.75	129.4%
Total assets less current liabilities		25,055,002,549.56	19,855,119,746.52	26.2%
Non-current liabilities:				
Long-term borrowings		4,160,920,000.00	4,664,128,500.00	-10.8%
Bonds payable		5,438,722,886.26	2,000,000,000.00	171.9%
Projected liabilities		280,949,808.78	243,513,209.64	15.4%
Other non-current liabilities		29,876,208.25	54,825,730.13	-45.5%
Total non-current liabilities		9,910,468,903.29	6,962,467,439.77	42.3%
Total liabilities		12,910,342,725.64	9,006,486,233.88	43.3%

Items	Note	As at 31 December		Increase (decrease)
		2014 RMB	2013 RMB	
Shareholders' equity:				
Share capital		1,015,234,105.00	1,015,234,105.00	—
Capital reserve		9,529,866,110.21	8,102,977,121.92	17.6%
Other comprehensive income		-208,549,984.41	-51,029,120.69	308.7%
Special reserve		271,924,909.24	199,586,093.33	36.2%
Surplus reserve		704,898,171.11	704,898,171.11	0.0%
Undistributed profits	3	3,320,200,571.47	2,206,609,158.00	50.5%
Total equity attributable to the shareholders of the parent company		14,633,573,882.62	12,178,275,528.67	20.2%
Minority interests		510,959,763.65	714,376,778.08	-28.5%
Total shareholders' equity		15,144,533,646.27	12,892,652,306.75	17.5%
Total liabilities and shareholders' equity		28,054,876,371.91	21,899,138,540.63	28.1%

CONSOLIDATED INCOME STATEMENT

Items	Notes	For the year ended 31 December		Increase (decrease)
		2014 RMB	2013 RMB	
I. Total operating revenue		6,662,382,123.45	5,536,469,246.73	20.3%
Including: Operating Revenue	4	6,662,382,123.45	5,536,469,246.73	20.3%
Less: Operating costs	4	3,871,429,795.40	3,733,468,267.20	3.7%
Business taxes and levies		349,981,670.62	270,681,417.11	29.3%
Selling expenses		99,817,516.25	26,909,956.33	270.9%
Administrative expenses		448,352,128.52	686,204,836.52	-34.7%
Financial expenses	5	181,697,640.05	103,227,553.28	76.0%
Impairment losses of assets		105,559,909.17	87,704,184.08	20.4%
Add: Gains (losses) from changes in fair values		888,370.00	8,269,939.71	-89.3%
Investment income	6	531,758,189.98	373,417,961.32	42.4%
Including: Income from investments in associates and joint ventures		86,466,625.43	157,560,072.96	-45.1%
II. Operating profit		2,138,190,023.42	1,009,960,933.24	111.7%
Add: Non-operating income		66,656,292.09	246,601,099.22	-73.0%
Including: Income from disposal of non-current assets		21,670,101.53	166,833.13	12,889.1%
Less: Non-operating expenses		56,786,238.27	20,379,818.34	178.6%
Including: Losses from disposal of non-current assets		51,055,392.73	4,610,406.83	1,007.4%
III. Total profit	7	2,148,060,077.24	1,236,182,214.12	73.8%
Less: Income tax expenses	8	347,858,293.20	151,271,401.35	130.0%
IV. Net profit		1,800,201,784.04	1,084,910,812.77	65.9%
Net profit attributable to owners of the parent company		1,824,255,286.97	1,174,203,715.57	55.4%
Profit or loss attributable to minority interests		-24,053,502.93	-89,292,902.80	-73.1%

Items	Notes	For the year ended 31 December		Increase (decrease)
		2014 RMB	2013 RMB	
V. Other comprehensive income, net of tax		-157,520,863.72	-48,970,530.23	221.7%
Other comprehensive income attributable to owners of the parent company, net of tax		-157,520,863.72	-48,970,530.23	221.7%
(1) Other comprehensive income that will not be reclassified subsequently to profit or loss		—	—	
(2) Other comprehensive income that may be reclassified subsequently to profit or loss		-157,520,863.72	-48,970,530.23	221.7%
Including: Exchange differences arising on translation of financial statements denominated in foreign currencies		-157,520,863.72	-48,970,530.23	221.7%
Other comprehensive income attributable to minority interests, net of tax		—	—	
VI. Total comprehensive income		1,642,680,920.32	1,035,940,282.54	58.6%
Total comprehensive income attributable to owners of the parent company		1,666,734,423.25	1,125,233,185.34	48.1%
Total comprehensive income attributable to minority interests		-24,053,502.93	-89,292,902.80	-73.1%
VII. Earnings per share				
(I) Basic earnings per share	9	0.36	0.23	55.4%
(II) Diluted earnings per share	9	0.36	N/A	

CONSOLIDATED CASH FLOW STATEMENT

Items	For the year ended 31 December		
	2014	2013	Increase
	<i>RMB</i>	<i>RMB</i>	(decrease)
I. Cash flow from operating activities:			
Cash received from sales of goods and provision of services	7,859,617,868.81	5,842,111,942.08	34.5%
Other cash receipts relating to operating activities	119,587,736.21	74,521,419.31	60.5%
Sub-total of cash inflows from operating activities	7,979,205,605.02	5,916,633,361.39	34.9%
Cash payments for goods purchased and services received	2,372,217,158.40	2,772,092,075.27	-14.4%
Cash payments to and on behalf of employees	691,883,777.41	635,434,743.94	8.9%
Payments of various types of taxes	1,092,799,630.87	922,476,327.89	18.5%
Other cash payments relating to operating activities	187,257,901.17	214,915,838.49	-12.9%
Sub-total of cash outflows from operating activities	4,344,158,467.85	4,544,918,985.59	-4.4%
Net cash flow from operating activities	3,635,047,137.17	1,371,714,375.80	165.0%

Items	For the year ended 31 December		
	2014	2013	Increase
	RMB	RMB	(decrease)
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments	4,668,357,974.57	4,980,406,928.42	-6.3%
Cash receipts from investment income	292,301,129.18	430,012,687.91	-32.0%
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	73,233,797.38	3,261,701.50	2,145.3%
Cash receipts from acquisitions or disposals of subsidiaries and other business units	814,373,425.01	186,832,429.95	335.9%
Other cash receipts relating to investing activities	34,200,000.00	—	100%
Sub-total of cash inflows from investing activities	5,882,466,326.14	5,600,513,747.78	5.0%
Cash payments for acquisitions or disposals of subsidiaries and other business units	—	4,846,769,844.81	-100%
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	601,565,585.43	593,705,253.52	1.3%
Cash payments to acquire investments	9,229,000,000.00	4,345,000,000.00	112.4%
Other cash payments relating to investing activities	131,158,843.62	125,391,150.21	4.6%
Sub-total of cash outflows from investing activities	9,961,724,429.05	9,910,866,248.54	0.5%
Net cash flow from investing activities	-4,079,258,102.91	-4,310,352,500.76	-5.4%

Items	For the year ended 31 December		
	2014	2013	Increase
	RMB	RMB	(decrease)
III. Cash flows from financing activities:			
Cash receipts from borrowings	5,326,397,956.20	5,800,113,211.98	-8.2%
Other cash receipts relating to financing activities	992,093,300.00	352,728,000.00	181.3%
Sub-total of cash inflows from financing activities	6,318,491,256.20	6,152,841,211.98	2.7%
Cash repayments of borrowings	628,820,161.77	660,000,000.00	-4.7%
Cash payments for distribution of dividends or profits and settlement of interests	974,258,892.86	854,729,859.54	14.0%
Other cash payments relating to financing activities	426,161,875.11	1,353,186,087.58	-68.5%
Sub-total of cash outflows from financing activities	2,029,240,929.74	2,867,915,947.12	-29.2%
Net cash flow from financing activities	4,289,250,326.46	3,284,925,264.86	30.6%
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
	-24,041,546.34	-5,340,750.27	350.2%
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents	1,804,583,230.33	1,463,636,840.70	23.3%
VI. Closing balance of cash and cash equivalents			
	5,625,581,044.71	1,804,583,230.33	211.7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTS RECEIVABLE

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

RMB

Category	31 December 2014				31 December 2013			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio of provision (%)	Amount	Ratio (%)	Amount	Ratio of provision (%)
Individually significant amount and subject to separate provision for bad debts	833,070,811.37	94.88	4,229,626.57	0.51	727,482,654.45	87.61	4,229,626.57	0.58
Subject to provision for bad debts based on the characteristics of credit risk as a group	44,979,808.67	5.12	22,462,144.05	49.94	102,907,712.98	12.39	20,480,997.92	19.90
Total	878,050,620.04	100.00	26,691,770.62	3.04	830,390,367.43	100.00	24,710,624.49	2.98

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 on accounts receivable:

RMB

Aging	End of the year balance				Balance at the beginning of the year			
	Amount	Ratio (%)	Provision for bad debts	Book value (%)	Amount	Ratio (%)	Provision for bad debts	Book value (%)
Within 1 year	817,539,018.89	93.11	—	817,539,018.89	754,642,158.64	90.88	—	754,642,158.64
1 to 2 years	5,535,767.33	0.63	—	5,535,767.33	55,925,095.89	6.73	4,887,511.59	51,037,584.30
2 to 3 years	35,844,426.72	4.08	7,560,363.52	28,284,063.20	10,995,975.09	1.32	10,995,975.09	—
Over 3 years	19,131,407.10	2.18	19,131,407.10	—	8,827,137.81	1.07	8,827,137.81	—
Total	878,050,620.04	100.00	26,691,770.62	851,358,849.42	830,390,367.43	100.00	24,710,624.49	805,679,742.94

Accounts receivable of individual amount is significant and subject to separate provision for bad debts at the end of the year:

RMB

Accounts receivable (Based on company)	31 December 2014			Reason for the provision
	Accounts receivable	Provision for bad debts	Ratio of the provision (%)	
Company A	<u>8,669,251.49</u>	<u>4,229,626.57</u>	<u>48.79</u>	Bad debt risk exists
Total	<u><u>8,669,251.49</u></u>	<u><u>4,229,626.57</u></u>	48.79	

Use of aging analysis for making bad debt provision in the portfolio:

RMB

Aging	31 December 2014		
	Accounts receivable	Provision for bad debts	Ratio of the provision (%)
Within 2 years	22,517,664.62	—	—
Over 2 years	<u>22,462,144.05</u>	<u>22,462,144.05</u>	<u>100.00</u>
Total	<u><u>44,979,808.67</u></u>	<u><u>22,462,144.05</u></u>	<u><u>49.94</u></u>

(2) Provision for bad debts amounted to RMB3,536,303.72 during the year; written back or reversed bad debts amounted to RMB1,499,135.69 during the year.

(3) **Accounts receivable actually written off during the year**

Item	Amount
Accounts receivable actually written off	<u>56,021.90</u>
Total	<u><u>56,021.90</u></u>

(4) The largest 5 accounts receivables according to debts at the end of the year

RMB

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the amount to the total accounts receivable (%)	Ending balance of bad debts provision
Company B	Third party	140,851,547.88	Within 1 year	16.04	—
Company C	Third party	131,101,209.32	Within 1 year	14.93	—
Company D	Third party	82,772,734.82	Within 1 year	9.43	—
Company E	Third party	66,622,613.63	Within 1 year	7.59	—
Company F	Third party	<u>38,096,421.16</u>	Within 1 year	4.34	—
Total		<u><u>459,444,526.81</u></u>		<u><u>52.33</u></u>	<u><u>—</u></u>

(5) There are no accounts receivable that have been derecognised during the reporting period.

2. ACCOUNTS PAYABLE

(1) Accounts payable

RMB

Items	31 December 2014	31 December 2013
Costs for purchase of goods	<u>192,793,812.46</u>	<u>197,385,526.41</u>
Total	<u><u>192,793,812.46</u></u>	<u><u>197,385,526.41</u></u>

(2) Aging analysis on accounts receivable:

RMB

Items	End of the year balance	Balance at the beginning of the year
Within 1 year	179,843,245.66	188,066,861.47
1 to 2 years	5,722,872.75	2,562,561.42
Over 2 years	7,227,694.05	6,756,103.52
Total	<u>192,793,812.46</u>	<u>197,385,526.41</u>

3. UNDISTRIBUTED PROFITS

RMB

Items

2014:

Undistributed profits at the beginning of the year	2,206,609,158.00
Add: Net profit attributable to shareholders of the parent company for the year	1,824,255,286.97
Less: Appropriation of statutory surplus reserve	—
Dividends payable for ordinary shares	<u>710,663,873.50</u>
Undistributed profits at the end of the year	<u>3,320,200,571.47</u>

2013:

Undistributed profits at the beginning of the year	1,641,545,905.43
Add: Net profit attributable to shareholders of the parent company for the year	1,174,203,715.57
Less: Appropriation of statutory surplus reserve	—
Dividends payable for ordinary shares	<u>609,140,463.00</u>
Undistributed profits at the end of the year	<u>2,206,609,158.00</u>

In 2014, calculated based on the issued 5,076,170,525 shares with a par value of RMB0.2 per share, a final cash dividend for the year 2013 of RMB0.14 per share was distributed to all the shareholders (2013: RMB0.12).

The Board proposed to distribute a final cash dividend of RMB0.18 per share to all shareholders for the year 2014, based on the total of 5,076,170,525 issued shares with a par value of RMB0.2 each. The proposed cash dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting (2013 final: RMB0.14).

As at 31 December 2014, the balance of the Group's undistributed profits include appropriation to surplus reserves by subsidiaries amounting to RMB113,591,532.75 (31 December 2013: RMB142,298,009.59).

4. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

Items	<i>RMB</i>	
	2014	2013
Revenue from principal businesses	6,484,300,456.84	5,411,498,755.12
Revenue from other businesses	178,081,666.61	124,970,491.61
Costs from principal business	3,743,066,560.66	3,634,817,296.96
Costs from other businesses	128,363,234.74	98,650,970.24

(2) Principal businesses (by product)

Product name	<i>RMB</i>			
	2014		2013	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum, tungsten and related products	3,615,113,883.37	1,954,328,057.09	3,677,246,126.32	1,948,137,680.66
Gold, silver and related products	274,177,972.60	273,721,309.77	716,508,742.68	712,842,982.41
Electrolytic lead	215,679,580.18	246,411,582.03	504,164,045.67	607,731,405.38
Copper, gold and related products	2,049,420,999.10	991,636,715.54	172,193,437.38	65,635,860.38
Others	329,908,021.59	276,968,896.23	341,386,403.07	300,469,368.13
Total	<u>6,484,300,456.84</u>	<u>3,743,066,560.66</u>	<u>5,411,498,755.12</u>	<u>3,634,817,296.96</u>

5. FINANCE EXPENSES

	<i>RMB</i>	
Items	2014	2013
Interest expenses on bonds	122,855,059.92	98,799,999.99
Interest on discounted commercial notes	4,617,561.37	5,448,944.48
Interest expenses on borrowings	140,336,056.35	19,234,775.09
Including: Interest expenses on bank loans due within 5 years	139,839,074.14	19,234,775.09
Total interest expenses:	267,808,677.64	123,483,719.56
Less: Interest expenses capitalized	—	—
Less: Interest income	154,414,916.16	43,753,784.17
Exchange difference	(5,046,526.72)	(1,594,718.69)
Less: Exchange difference capitalized	—	—
Others	73,350,405.29	25,092,336.58
	<u>181,697,640.05</u>	<u>103,227,553.28</u>
Total	<u>181,697,640.05</u>	<u>103,227,553.28</u>

6. INVESTMENT INCOME

(1) Breakdown of investment income

	<i>RMB</i>	
Items	2014	2013
Investment income from long-term equity investments under equity method	86,466,625.43	157,560,072.96
Income arising from bonds and bank financial products	140,844,167.55	200,416,038.43
Investment income from held-for-trading equity instruments	—	305,015.04
Investment (loss) from disposal of held-for-trading equity instruments	355,119.70	(13,278,254.78)
Derivatives not designated as a hedge — Gains from settlement of commodity derivative contracts	—	40,041.47
Investment income from disposal of subsidiaries	304,092,277.30	28,375,048.20
	<u>531,758,189.98</u>	<u>373,417,961.32</u>
Total	<u>531,758,189.98</u>	<u>373,417,961.32</u>

(2) Investment income from long-term equity investments under equity method:

RMB

Investee	2014	2013	Reasons of increase/decrease as compared with the previous year
Yulu Mining	151,548,955.95	214,068,013.85	Change in net profits of the invested company
Yuhua Molybdenum	(13,144.84)	(243,165.03)	Cancellation of the invested company
Luoyang High-Tech	(10,215,827.48)	(9,674,775.86)	Change in net profits of the invested company
Fuchuan Mining	(54,853,358.20)	(46,590,000.00)	Change in net profits of the invested company
Total	<u>86,466,625.43</u>	<u>157,560,072.96</u>	Change in net profits of the invested company

There is no significant restriction on remittance of investment income.

Investment income for both current and prior years is come from the unlisted entities.

7. TOTAL PROFIT FOR THE YEAR

The profit for the year has been arrived at after charging:

RMB

	2014	2013
Depreciation	<u>612,349,446.42</u>	<u>371,886,310.56</u>
Amortisation	<u>210,291,067.47</u>	<u>79,700,482.32</u>

8. INCOME TAX EXPENSES

RMB

Items	2014	2013
Current income tax calculated according to tax laws and relevant rules	482,233,005.90	241,039,918.17
Settlement difference in income tax for the previous year	37,182,252.00	(9,224,262.16)
Deferred income tax adjustment	<u>(171,556,964.70)</u>	<u>(80,544,254.66)</u>
Total	<u><u>347,858,293.20</u></u>	<u><u>151,271,401.35</u></u>

Reconciliation of income tax expenses to the accounting profit is as follows:

RMB

Items	2014	2013
Accounting profit	2,148,060,077.24	1,236,182,214.12
Income tax expenses calculated at 15% (2013: 15%)	322,209,011.59	185,427,332.12
Effect of expenses that are not deductible for tax purposes	17,075,150.99	35,684,578.32
Effect of tax-free income, extra tax deductible expenses and other items	(61,726,361.01)	(69,371,881.19)
Effect of using previously unrecognised deductible losses and deductible temporary differences	(68,745,518.46)	(17,150,242.25)
Effect of unrecognised deductible losses and deductible temporary differences	52,957,907.68	45,501,707.54
Effect of different tax rates of subsidiaries operating in other jurisdictions	48,905,850.41	(19,595,831.03)
Settlement difference in income tax for the previous year	<u>37,182,252.00</u>	<u>(9,224,262.16)</u>
Total	<u><u>347,858,293.20</u></u>	<u><u>151,271,401.35</u></u>

9. CALCULATION OF BASIC EARNINGS PER SHARE

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

	<i>RMB</i>	
	2014	2013
Net profit attributable to ordinary shareholders for the period	1,824,255,286.97	1,174,203,715.57

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

	<i>Share</i>	
	2014	2013
Number of outstanding ordinary shares at the beginning of the year	5,076,170,525	5,076,170,525
Add: Weighed number of ordinary shares issued during the year	—	—
Weighted number of outstanding ordinary shares at the end of the year	5,076,170,525	5,076,170,525

Earnings per share

	<i>RMB</i>	
	2014	2013
Based on the net profit attributable to shareholders of the parent company:		
Basic earnings per share	0.36	0.23
Diluted earnings per share (<i>Note</i>)	0.36	N.A.

Note: The Company had no outstanding diluted potential ordinary shares.

II. FINANCIAL REVIEW

OVERVIEW

For the year ended 31 December 2014, the net profit of the Group was RMB1,800.2 million, representing an increase of RMB715.3 million or 65.9% from RMB1,084.9 million for the year ended 31 December 2013. For the year ended 31 December 2014, net profit attributable to the owners of the parent company was RMB1,824.3 million, representing an increase of RMB650.1 million or 55.4% from RMB1,174.2 million for the year ended 31 December 2013, which was primarily due to: (1) the increase in profit contributed by a copper-gold mine in Northparkes, situated at north west of the town of Parkes in New South Wales, Australia (“**NPM**”), 80% equity of which is held by a subsidiary of the Company as the manager to the Group compared with the same period last year; (2) the increase in revenue of transfer of equity attributed to the transfer of the subsidiary in the period; (3) the increase in the overall level of profitability resulting from changing the product structure through the disposal of subsidiaries and the suspension of production for repair and maintenance of Luoyang Yongning Gold & Lead Refining Co., Ltd. (“**Yongning Gold & Lead**”) by the Group; and (4) the offset of adverse effects by the Group regarding the net profit affected by the decrease in market price through measures involving increase in sales and decrease in costs.

The comparative analysis for the year ended 31 December 2014 and the year ended 31 December 2013 is as follows:

OPERATING RESULTS

For the year ended 31 December 2014, the Group recorded an operating revenue of RMB6,662.4 million, representing an increase of RMB1,125.9 million or 20.3% from RMB5,536.5 million for the year ended 31 December 2013. For the year ended 31 December 2014, the gross profit of the Group was RMB2,791.0 million, representing an increase of RMB988.0 million or 54.8% from RMB1,803.0 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 2014 and 2013:

Product Name	2014				2013			
	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
Domestic market								
— Molybdenum and tungsten-related products	3,558.6	1,925.6	1,632.9	45.9	3,642.7	1,907.4	1,735.3	47.6
— Gold, silver and related products	274.2	273.7	0.5	0.2	716.5	712.8	3.7	0.5
— Electrolytic lead	215.7	246.4	(30.7)	(14.2)	504.2	607.7	(103.6)	(20.5)
— Copper-related products	630.6	305.1	325.5	51.6				
— Others	474.7	405.3	69.4	14.6	461.3	399.1	62.2	13.5
Sub-total	<u>5,153.8</u>	<u>3,156.2</u>	<u>1,997.5</u>	<u>38.8</u>	<u>5,324.7</u>	<u>3,627.1</u>	<u>1,697.6</u>	<u>31.9</u>
International market								
— Molybdenum and tungsten-related products	56.5	28.7	27.9	49.3	34.5	40.7	(6.2)	(17.9)
— Copper-related products	1,418.8	686.5	732.3	51.6	172.2	65.6	106.6	61.9
— Others	33.2	0.0	33.2	100.0	5.0	0.0	5.0	100.0
Sub-total	<u>1,508.6</u>	<u>715.2</u>	<u>793.4</u>	<u>52.6</u>	<u>211.7</u>	<u>106.3</u>	<u>105.4</u>	<u>49.8</u>
Total	<u><u>6,662.4</u></u>	<u><u>3,871.4</u></u>	<u><u>2,791.0</u></u>	<u><u>41.9</u></u>	<u><u>5,536.5</u></u>	<u><u>3,733.5</u></u>	<u><u>1,803.0</u></u>	<u><u>32.6</u></u>

Note: The related products of molybdenum and tungsten of the Company mainly produced in the Sandaozhuang molybdenum and tungsten associated mine, and two products shared the processes of mining, transportation, crushing, tailings discharge and others. In order to reflect the characteristics of the sharing processes of these two products in a more reasonable manner, the Company no longer separately calculates the gross profit margin of these two products.

During the reporting period, NPM recorded a revenue of RMB2,082.7 million for the first full year, which offset the adverse impact on the Company's revenue from price reduction of products, disposal of gold and silver business, and decrease in underlying sales business due to the suspension of production for repair and maintenance of Yongning Gold & Lead. The Company generated an operating revenue of RMB6,662.4 million, representing an increase of 20.3% as compared with the same period last year.

During the reporting period, the sales of copper concentrates from newly acquired NPM achieved high gross profit margin of 51.6% and became a new profit growth momentum of the Company. Meanwhile, the Company decreased efforts to sell gold, silver and electrolytic lead products with lower gross profit margins, so as to achieve the structural adjustment of the Company's products and offset the adverse impact on gross profit and gross profit margin from the decline in market price. The Company effectively reduced production costs through enhancing internal management and implementing various cost control measures, which further improved the market competitiveness of molybdenum and tungsten products.

During the reporting period, the gross profit and gross profit margin of the Company were RMB2,791.0 million and 41.9% respectively, representing an increase of RMB988.0 million and 9.3 percentage points as compared with the same period last year.

The Company has adjusted the provision standard for production maintenance fee of domestic mines from RMB18 per tonne to RMB15 per tonne since 1 January 2014. As domestic mines of the Company has entered into the stage of stable mining, the balance of provision for production maintenance fee of the Company increased by RMB83.9 million as of 31 December 2014 as compared with that of the beginning of the year upon the adjustment of provision standard. According to the requirements of the accounting standards, the unused provision for production maintenance fee was directly reflected in the shareholders' equity of the Company, rather than the net profit of the Company for the year, which decreased earnings per share of the Company by RMB0.017 per share.

For the year ended 31 December 2014, the operating cost of the Group was RMB3,871.4 million, representing an increase of RMB137.9 million or 3.7% from RMB3,733.5 million for the same period last year. The effect on the operating cost caused by the increased sales volume at NPM was offset by the decrease in the sales volume of gold, silver and electrolytic lead products during the period which allowed the operating cost to remain similar to the same period last year. Set out below is the component of cost of the major products of the Company:

Product	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 during the year (%)
Molybdenum and tungsten-related products	materials	524.9	30.4	474.3	26.3	10.7
	labor	338.3	19.6	359.2	19.9	(5.8)
	depreciation	180.4	10.5	193.0	10.7	(6.5)
	energy	237.7	13.8	295.4	16.4	(19.5)
	manufacturing fees	445.4	25.8	481.8	26.7	(7.6)
Gold and silver-related products	materials	200.9	74.6	338.7	52.6	(40.7)
	labor	41.6	15.4	215.7	33.5	(80.7)
	depreciation	4.7	1.7	26.9	4.2	(82.7)
	energy	4.5	1.7	18.3	2.8	(75.3)
	manufacturing fees	17.6	6.5	44.5	6.9	(60.5)
Electrolytic lead	materials	231.1	89.3	493.1	90.6	(53.1)
	labor	6.8	2.6	11.6	2.1	(40.9)
	depreciation	10.8	4.2	23.1	4.3	(53.4)
	energy	7.6	2.9	13.7	2.5	(44.6)
	manufacturing fees	2.5	1.0	3.0	0.6	(18.1)
Copper and related products	materials	342.6	32.4			—
	labor	162.3	15.3			—
	depreciation	437.4	41.3			—
	energy	87.9	8.3			—
	manufacturing fees	28.0	2.6			—

BUSINESS TAXES AND LEVIES

For the year ended 31 December 2014, the Group recorded business taxes and levies of RMB350.0 million, representing an increase of RMB79.3 million or 29.3% from RMB270.7 million for the same period in 2013, mainly due to an increase of RMB66.8 million in business taxes and levies related to NPM during the period.

SELLING EXPENSES

For the year ended 31 December 2014, the selling expenses of the Group amounted to RMB99.8 million, representing an increase of RMB72.9 million or 270.9% from RMB26.9 million for the same period in 2013. Such increase was mainly attributable to an increase in selling expenses related to income from NPM during the period.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2014, the administrative expenses of the Group was RMB448.4 million, representing a decrease of RMB237.8 million or 34.7% from RMB686.2 million for the same period in 2013. Such decrease was mainly attributable to the stamp duties and intermediary expenses of RMB298.0 million incurred in the acquisition of the business in Australia by the Group in the same period last year. No such expense incurred in the year.

For the year ended 31 December 2014, the Group's administrative expenses included a technology development fee of RMB126.6 million. The main projects comprised Research on Applications of Reasonable Ore Mixing with Different Lithological Nature (不同岩性礦石合理配礦應用研究), Research on the Integrated Technology for the Intensified Mining of the Open Pit and Treatment of the Open Areas in Sandaozhuang and Specification (三道莊露天礦強化開採與空區處理一體化工藝與規範研究), Experimental Research on Processing of High Chlorite Molybdenum Raw Mines (高綠泥石鉬原礦選礦試驗研究) and Research on Improvement of the Recycle Rate of Molybdenum Roughing (提高鉬粗選作業回收率的研究) and other technical research and development.

FINANCE EXPENSES

For the year ended 31 December 2014, the finance expenses of the Group amounted to RMB181.7 million, representing an increase of RMB78.5 million or 76.0% from RMB103.2 million for the same period in 2013. Such increase was mainly attributable to interest expenses incurred from newly-added long-term borrowings in the period after the acquisition of NPM at the end of 2013.

INVESTMENT INCOME

For the year ended 31 December 2014, the investment income of the Group was RMB531.8 million, representing an increase of RMB158.4 million or 42.4% from RMB373.4 million for the same period in 2013. Such increase was mainly attributable to the increase in equity transfer income after the disposal of equity interests in a subsidiary during the period.

NON-OPERATING INCOME

For the year ended 31 December 2014, the non-operating income of the Group amounted to RMB66.7 million, representing a decrease of RMB179.9 million or 73.0% from RMB246.6 million for the same period last year. Such increase was mainly attributable to the recognition of RMB200.5 million in respect of the discount on acquisition of the business in Australia in the previous period. There was no such income during the period.

NON-OPERATING EXPENSES

For the year ended 31 December 2014, the non-operating expenses of the Group amounted to RMB56.8 million, representing an increase of RMB36.4 million or 178.6% from RMB20.4 million for the same period in 2013. Such increase was mainly attributable to the suspension of production for repair and maintenance of Yongning Gold & Lead and retirement of part of obsolete fixed assets during the period.

INCOME TAX EXPENSES

For the year ended 31 December 2014, the income tax expenses of the Group amounted to RMB347.9 million, representing an increase of RMB196.6 million or 130.0% from RMB151.3 million for the same period last year. Such increase was mainly attributable to the increase in total amount of profit as compared with the same period last year and a relative high income tax rate of NPM.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY

For the year ended 31 December 2014, the net profit of the Group attributable to owners of the parent company amounted to RMB1,824.3 million, representing an increase of RMB650.1 million or 55.4% from RMB1,174.2 million for the year ended 31 December 2013. Such increase was mainly attributable to an increase in the net profit for the year ended 31 December 2014.

MINORITY INTERESTS

For the year ended 31 December 2014, the minority interest income of the Group was RMB-24.1 million, representing an increase of RMB65.2 million or 73.1% from RMB-89.3 million for the same period last year. Such increase was mainly attributable to the decrease in loss assumed by minority shareholders during the period.

FINANCIAL POSITION

The total assets of the Group for the year ended 31 December 2014 amounted to RMB28,054.9 million, comprising non-current assets of RMB13,290.0 million and current assets of RMB14,764.9 million. Equity attributable to shareholders of the parent company for the year ended 31 December 2014 increased by RMB2,455.3 million or 20.2% to RMB14,633.6 million from RMB12,178.3 million for the year ended 31 December 2013. Such increase was mainly due to the increase in the profit of the Company and the inclusion of the value of conversion rights into capital reserve resulting from the issuance of the A share convertible corporate bonds during the period.

CURRENT ASSETS

The current assets of the Group for the year ended 31 December 2014 increased by RMB7,592.3 million or 105.9% to RMB14,764.9 million from RMB7,172.6 million for the year ended 31 December 2013. The increase in the current assets was mainly attributable to the issuance of A share convertible corporate bonds, disposal of subsidiaries and increase in bank balances and cash through production and operation in the period.

NON-CURRENT ASSETS

The non-current assets of the Group for the year ended 31 December 2014 amounted to RMB13,290.0 million, representing a decrease of RMB1,436.5 million or 9.8% from RMB14,726.5 million for the year ended 31 December 2013. The decrease in the non-current assets was mainly attributable to the decrease in non-current assets after disposal of subsidiaries by the Group in the period.

CURRENT LIABILITIES

The current liabilities of the Group for the ended 31 December 2014 amounted to RMB2,999.9 million, representing an increase of RMB955.9 million or 46.8% from RMB2,044.0 million for the year ended 31 December 2013. The increase in the current liabilities was mainly attributable to the increase in short-term financing.

NON-CURRENT LIABILITIES

The non-current liabilities of the Group for the year ended 31 December 2014 amounted to RMB9,910.5 million, representing an increase of RMB2,948.0 million or 42.3% from RMB6,962.5 million for the year ended 31 December 2013. The increase in the non-current liabilities was mainly due to the issuance of A share convertible corporate bonds in the period.

CONTINGENCY

As at 31 December 2014, the Group had the following contingent liabilities:

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (欒川縣楊樹凹西鉛礦) (“**Yangshuao**”) filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a branch of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff contended that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18.0 million. As of 31 December 2014, the court still accepted the submission of relevant litigation. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believed that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company currently believes that the litigation would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

The NPM business of the Group provides guarantees to various government agencies of New South Wales, Australia through certain banks in relation to the operation of the business. The guarantees amounted to AUD28.38 million (equivalent to RMB142.5 million) as at 31 December 2014. The owners of the joint venture agreed with the enforcement of the guarantees arising from any obligations in relation to the business. As at 31 December 2014, no significant obligations for the guarantees were occurred.

The Company provided guarantee of RMB231 million to the bank borrowing of RMB420 million from Luoyang Fuchuan Mining Co., Ltd. (“**Luoyang Fuchuan**”), a subsidiary of the Company's joint venture, Xuzhou Huanyu Molybdenum Co., Ltd.* (徐州環宇鉬業有限公司) (“**Xuzhou Huanyu**”) in accordance with its proportion of capital contribution, the term of which is from the effective date of the contract to two years after the expiry of performance of debts. The Company's management considered such financial guarantee did not have significant impact on its financial statements.

GEARING RATIO

The gearing ratio (total liabilities/total assets) of the Group increased to 46.0% for the year ended 31 December 2014 from 41.1% for the year ended 31 December 2013. The increase in the gearing ratio was mainly attributable to the issuance of A share convertible corporate bonds by the Company in the period.

CASH FLOW

For the year ended 31 December 2014, the Group had cash and cash equivalents of RMB5,625.6 million, representing an increase of RMB3,821.0 million or 211.7% from RMB1,804.6 million for the year ended 31 December 2013.

For the year ended 31 December 2014, net cash inflow generated from operating activities was RMB3,635.0 million; net cash outflow generated from investment activities was RMB4,079.3 million; net cash inflow generated from financing activities was RMB4,289.3 million.

During 2014, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. As at the end of 2014, the Company had sufficient capital which enabled it to operate through economic circles or satisfy the liquidity requirement for coping with the variations in the production capacity.

EXPOSURE TO PRICE FLUCTUATIONS OF MAJOR PRODUCTS

The income of the Company primarily derived from sales of molybdenum, tungsten and copper products, including ferromolybdenum, tungsten concentrates, copper concentrates and other molybdenum products. Its operational results are mainly influenced by fluctuations in the market prices of molybdenum, tungsten and copper. At the same time, the Company sells gold, silver and lead products. Therefore, the price fluctuations in gold, silver and lead also have an impact on the Company. Since the fluctuations in exploration and smelting are relatively insignificant, the Company's profit and profit margin in the reporting period are closely related with the price trend of commodities. If there is a significant fluctuation in the prices of molybdenum, tungsten, copper, gold, silver and lead in the future, the operating results of the Company will become unstable. In particular, if the prices of molybdenum, tungsten and copper plummet, the operating results of the Company will be affected.

EXPOSURE TO THE MINERAL RESOURCES

As an enterprise engaged in mineral exploitation, the Company is highly 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 SAFETY PRODUCTION OR NATURAL DISASTERS

The Company and all of its subsidiaries invest substantial resources on safety production, establishment of sound and safety production and management bodies, personnel and systems and form a complete system in terms of safety production and management, prevention and supervision. However, safety incidents are unavoidable. As a mining resources developing enterprise, large amounts of barren rock and tail slag are produced in the production process. If the management of slag discharge fields and tailing storage is inefficient, small scale of disaster may occur. The Company is required to use explosive in the mining process. If there are defects in the management of storage and use of such materials, casualties may happen. In addition, tailing storage and slag discharge fields may be damaged if serious natural disaster happens such as heavy rain and debris flow.

EXPOSURE TO INTEREST RATE

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

EXPOSURE TO EXCHANGE RATE

The Company's principal operations are in the PRC and recorded in RMB, the lawful currency of the PRC. As the production capacity of the Group increases along with its development in the markets and recovery in the overseas markets of molybdenum, tungsten and copper, there will be abundant products exported by the Company or through its subsidiary to different countries. As at 31 December 2014, the Company provided loans of approximately US\$765 million in net balance for the mergers and acquisitions of CMOC Limited and CMOC Mining Pty Limited (wholly-owned subsidiaries of the Company). All the assets of CMOC Mining Pty Limited are located in Australia, and its income is denominated in U.S. Dollar while its cost is settled in Australian Dollar. The foreign currency risks of the Company are primarily arising from the sales of products in foreign currencies and the holding of foreign assets and liabilities. Currently, the Company has no formal hedging policy in place. The Company has not entered into any foreign currency exchange contracts or derivatives to hedge against the Company's currency risks.

EMPLOYEES

As at 31 December 2014, the Group had approximately 7,207 full-time employees, classified as follows by function and department:

Department	Employees	Proportion
Management & administration	689	9.6%
Quality control, research and development	521	7.2%
Production	4,895	67.9%
Finance, sales and other support	1,102	15.3%
Total	<u>7,207</u>	<u>100%</u>

The remuneration policy for the employees of the Company principally consists of a salary point and performance remuneration system, based on the employees' positions and responsibilities and their quantified assessment results. Performance remuneration is linked to the Company's overall economic efficiency and personal performances, which provides a consistent, fair and impartial remuneration system for all the employees. The Group has participated in the social insurance contribution plans introduced by the PRC local governments. In accordance with the requirements of the laws and policies in the country or area where the employees are located and the requirements of the Company, the Group participates in the requisite social insurance plan and pension fund or health scheme.

USE OF PROCEEDS

As at 31 December 2013, the proceeds of approximately RMB7,694.0 million raised by the Group from the public offering of H shares in April 2007 has been fully applied.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the Shanghai Stock Exchange (“SSE”) 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 by the Company 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 net proceeds from the initial public offering and listing of A shares and its interests were applied in full for the acquisition of 80% interest in Northparkes Joint Venture held by North Mining Limited and certain associated rights and assets, as considered and approved at the first extraordinary general meeting of the Company in 2013 held on 25 November 2013. On 25 November 2013, the Company invested the balance of RMB571.3 million (equivalent to US\$93.8 million) in the designated account for proceeds, of which US\$45.8 million was used as investment cost and US\$48.0 million as working capital invested in CMOG Limited, a wholly-owned subsidiary based in Hong Kong, in a one-off manner. On the same day, CMOG Limited transferred the above amount in US dollar in full into the account of the purchasing entity for the overseas acquisition project of CMOG Mining Pty Limited (a wholly-owned subsidiary in Australia). On 29 November 2013, the investment cost of US\$45.8 million was paid to the counterparty of the overseas acquisition project as part of the transaction consideration.

As approved by the approval (Zheng Jian Xu Ke [2014] No. 1246) from China Securities Regulatory Commission (“CSRC”), the Company issued A shares convertible corporate bonds on 2 December 2014 with total proceeds raised of RMB4,900,000,000. After deducting the issuance fees of RMB56,452,000, the actual proceeds raised amounted to RMB4,843,548,000. The Proposal in Relation to Replacement of the Internal Financed Funds in Advance by Application of the Proceeds Raised was considered and approved in the twenty-fourth extraordinary meeting of the third session of the Board of the Company, where it was agreed to use the proceeds raised of RMB4,843,548,000 and its yields to replace the internal financed funds initially contributed to the proceeds funded projects. Until now, the Company has cancelled the special accounts for proceeds raised from initial public offering of A Shares and special accounts for proceeds raised from A share convertible corporate bonds. (Please refer to the announcements of the Company dated 18 December 2014 and 25 December 2014 for details)

As at 25 December 2014, the Company had applied all the proceeds raised from the issuance of A shares in the initial public offering and the public issuance of A share convertible bonds. The two abovementioned fund-raising accounts had been cancelled.

ANALYSIS ON A MAJOR SUBSIDIARY AND A JOINT STOCK COMPANY

(1) *Main subsidiaries*

1. *Luoyang Yongning Gold & Lead Refining Co., Ltd.*

Legal representative:	Xie Fengxiang
Date of establishment:	21 September 2007
Registered capital and paid-up capital:	RMB1 million
Registered address:	Xishandi Street, Xishandi Village, Luoning County, Luoyang City, Henan Province, the PRC
Major businesses engaged:	Smelting of lead and recycling of co-products, procurement and sale of mineral products, export of self-produced products of this company, import of raw and auxiliary materials, mechanical equipments, instruments and meters and components required by the production and research of this company, processing business in relation to the products of this company, etc.

Luomu Group Precious Metals Co., Ltd., a wholly-owned subsidiary of the Company, holds 75% of the equity interest of this company, while Henan Found Mining Co., Ltd. (河南發恩德礦業有限公司) and Luoning Huatai Mining Corp. Ltd. (洛寧華泰礦業開發有限公司) own 15% and 10% of the equity interest of this company, respectively. As of 31 December 2014, the total assets of this company amounted to RMB408.1794 million with net assets of RMB-268.1110 million. Operating revenue of this company for the year 2014 amounted to RMB526.0193 million with operating profit of RMB-180.5728 million and net profit of RMB-228.2373 million. At present, the subsidiary has suspended its production to carry out repair and maintenance.

2. *CMOC Mining Pty Limited*

Legal representative:	Li Chaochun
Date of establishment:	25 July 2013
Registered capital and paid-up capital:	USD346 million
Registered address:	Governor Phillip Tower Level 61, 1 Farrer Place, Sydney, Australia
Major businesses engaged:	Copper and other nonferrous metal ore exploration, mining, processing and sales of related products

CMOC Limited (洛陽鉬業控股有限公司), a wholly-owned subsidiary of the Company, holds 100% of the shares of this company. For the year ended 31 December 2014, the total assets of this Company amounted to RMB6,088.0193 million with net assets of RMB2,674.0096 million. Operating revenue of this company for the year 2014 amounted to RMB2,082.6675 million with operating profit of RMB840.1823 million and net profit of RMB714.3529 million.

(2) *Disposal of subsidiaries*

1. In accordance with the equity transfer agreement entered into between the Company and Zijin Mining Group Co., Ltd (“**Zijin Mining**”) on 15 April 2014, the Company agreed to transfer 70% equity interest in Luoyang Kunyu Mining Co., Ltd. (“**Kunyu Mining**”) owned by the Company at a consideration of RMB700 million. On 15 April 2014, the Company received the initial transfer payment of RMB450 million from Zijin Mining. Meanwhile, the management appointed by the Company withdrew from the operation of Kunyu Mining. The relevant equity change procedures were completed on 28 May 2014 and the balance of equity transfer was received on 8 July 2014. The difference between the consideration and the net asset value of the equity interest disposed of recorded in the consolidated financial statements amounted to RMB280,896,558.50.

2. In accordance with the equity transfer agreement entered into with the Company and Luoyang Yixin Property Company Limited* on 30 May 2014, the Company agreed to transfer 100% equity interest in Luoyang Mudu Hotel Management Co., Ltd. (“**Hotel Management**”) owned by the Company at a consideration of RMB169,132,509.33. The relevant equity change procedures were completed on 30 June 2014 and the management appointed by the Company withdrew from the operation of the Hotel Management. As at the end of the year, the Company received all the transfer payment. The difference between the consideration and net asset value of the equity interest disposed of recorded in the consolidated financial statements amounted to RMB23,195,718.80.

(3) *Subsidiaries newly established*

1. In April 2014, the Company established Schmocker (Shanghai) International Trading Co., Ltd. (施莫克(上海)國際貿易有限公司) as a wholly-owned subsidiary with the registered capital of RMB500 million in the free trade area of Shanghai.
2. In May 2014, CMOC Limited, a wholly-owned subsidiary of the Company, established CMOC Mining USA Ltd. as a wholly-owned subsidiary with the registered capital of USD1 in the USA.
3. In August 2014, Luoyang Mudu International Hotel Co., Ltd., a subsidiary of the Company, established a wholly-owned subsidiary, Luoyang Mudu Lihao Trading Co., Ltd.,* with the registered capital of RMB10 million in Luoyang, Henan province.

Resources and Reserves

As at 31 December 2014, the mineral resources and reserves of the Company were as follows:

(I) Summary of molybdenum and tungsten resources and reserves of the Company

1. Summary of molybdenum and tungsten resources and reserves of Sandaozhuang Mine

1) Estimation of mineral resources under JORC Code — (31 December 2014)

Total <i>(million tonnes)</i>	Measured <i>(million tonnes)</i>	Indicated <i>(million tonnes)</i>	Inferred <i>(million tonnes)</i>	Mo %	WO₃ %
<u>581.05</u>	<u>334.93</u>	<u>242.50</u>	<u>4.06</u>	<u>0.10</u>	<u>0.09</u>

2) Estimation of mineral reserves under JORC Code — (31 December 2014)

Total <i>(million tonnes)</i>	Estimated proven reserves <i>(million tonnes)</i>	Estimated probable reserves <i>(million tonnes)</i>	Mo %	WO₃ %	Molybdenum metal <i>(‘000 tonnes)</i>	WO₃ metal <i>(‘000 tonnes)</i>
<u>320.99</u>	<u>232.49</u>	<u>88.50</u>	<u>0.11</u>	<u>0.11</u>	<u>333.37</u>	<u>381.05</u>

- Notes:*
- at a 0.03% grade molybdenum cut-off;
 - The molybdenum and tungsten resources of Sandaozhuang Mine were estimated based on the independent technical review report issued by Minarco Asia Pacific Pty Limited appointed by the Company in 2007. The decrease in the molybdenum resources and reserves of the mine was attributable to the commencement of mining, while the data as at the end of the year had been confirmed by our own experts.

2. *Summary of molybdenum resources and reserves of Shangfanggou Mine*

1) Estimation of mineral resources under JORC Code — (31 December 2014)

Total <i>(million tonnes)</i>	Measured <i>(million tonnes)</i>	Indicated <i>(million tonnes)</i>	Inferred <i>(million tonnes)</i>	Molybdenum %
<u>463</u>	<u>14.59</u>	<u>291.41</u>	<u>156.83</u>	<u>0.139</u>

2) Estimation of mineral reserves under JORC Code (31 December 2014)

Total <i>(0'000 tonnes)</i>	Molybdenum grade %	Measured reserves <i>(0'000 tonnes)</i>	Molybdenum grade %	Probable reserves <i>(0'000 tonnes)</i>	Molybdenum grade %
<u>4,122.38</u>	<u>0.181</u>	<u>356.262</u>	<u>0.243</u>	<u>3,766.12</u>	<u>0.175</u>

- Notes:*
1. The molybdenum resources and reserves of Shangfanggou Mine were estimated based on the independent technical report on Shangfanggou Mine issued by Wardrop Engineering Inc appointed by the Company in 2010. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts. The molybdenum mine did not operate in 2014 and its molybdenum resources and reserves remained the same as those disclosed in the annual report for 2013.
 2. The Shangfanggou molybdenum mine is owned by Luoyang Fuchuan, a joint venture of the Company. Its shareholding structure as at the date of this announcement is as follows: 10% equity interest of which is owned by Luanchuan Fuhai Business and Trading Company Limited* (欒川縣富凱商貿有限公司), a wholly-owned subsidiary of the Company and 90% equity interest of which is owned by Xuzhou Huanyu, a joint venture of the Company (the Company holds 50% equity interest of Xuzhou Huanyu and Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司) holds 50% equity interests in Xuzhou Huanyu).

3. Molybdenum resources and reserves of Xinjiang Mine

1) Estimation of mineral resources reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Molybdenum metal		Molybdenum metal		Molybdenum metal		Average grade (%)
		Average grade (%)	(331+111b) (0'000 tonnes)	Average grade (%)	(332+122b) (0'000 tonnes)	Average grade (%)	(333) (0'000 tonnes)	
441	50.8	0.115	12.94	0.134	8.34	0.128	29.53	0.106

2) Estimation of mineral reserve under the PRC standards

Mineral reserves (million tonnes)	Molybdenum metal (0'000 tonnes)	Average grade (%)	Molybdenum metal (111b) (0'000 tonnes)	Average grade (%)	Molybdenum metal (122b) (0'000 tonnes)	Average grade (%)
141.58	19.98	0.141	12.23	0.142	7.75	0.139

Note: The molybdenum ore resources and reserves at the Xinjiang Mine were estimated based on the Opinions on the Examination of Mineral Resources and Reserves in the Molybdenum Exploration Report in East Gobi, Hami, Xinjiang* (《〈新疆哈密市東戈壁鉬礦勘探報告〉礦產資源儲量評審意見書》) (Xin Guo Tu Zi Chu Ping [2011] No. 016) issued by Xinjiang Uygur Autonomous Region Mineral Resources Evaluation Center (新疆維吾爾自治區礦產資源儲量評審中心) in January 2011. The data of such resources and reserves of the molybdenum mine had been confirmed by our own experts in compliance with the PRC Resources/Reserves Category (1999).

(II) Summary of copper, gold and silver resources and ore reserves of NPM of the Company

1) Copper, gold and silver mineral resources under the JORC Code

	Measured resources				Indicated resources				Inferred resources				Total resources				Total metal		
	As at 31 December 2014				As at 31 December 2014				As at 31 December 2014				As at 31 December 2014						
	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Cu	Au	Ag
	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(million Oz)	(million Oz)
Total volume from NPM	32.06	0.65	0.24	2.04	324.75	0.56	0.19	1.79	126.56	0.56	0.17	1.69	483.37	0.56	0.18	1.78	2.71	2.87	27.62

2) Copper, gold and silver ore reserves under the JORC Code

	Estimated proven Reserves				Estimated probable reserves				Total ore reserves				Total metal		
	As at 31 December 2014				As at 31 December 2014				As at 31 December 2014						
	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Tonnage	Cu grade	Au grade	Ag grade	Cu	Au	Ag
	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(%)	(g/t)	(g/t)	(million tonnes)	(million Oz)	(million Oz)
Total meta	8.22	0.40	0.24	2.19	98.26	0.63	0.26	2.29	106.47	0.61	0.26	2.28	0.65	0.90	7.82

- Note:*
1. NPM mineral resources and ore reserves as at 31 December 2014 were calculated by the NPM technical team based on the experiences and knowledge in the operation of NPM, and had been confirmed by the qualified experts on the NPM mines.
 2. Mineral resources and reserves in the above table are 100% of the mineral resources and reserves of the NPM.

II. EXPLORATION, DEVELOPMENT AND MINING ACTIVITIES

(I) *Exploration*

During the year, the Company had exploration projects only in NPM. Details of the works are as follows:

As an important drive for the developing strategies of the NPM, the Company highly values and actively promotes the exploration works. Planned exploration of 9,505 metres in 2014 with 7,748.5 metres actually completed. Details of the situation are: 1. reverse circulation (RC): planned to complete 5,800 metres and actually completed 3,939 metres. In particular, mining right No. 5800 was planned to complete 1,150 metres and actually completed 1,088 metres; exploration right No. 5801 was planned to complete 3,450 metres and actually completed 1,501 metres; exploration right No. 5323 was planned to complete 1,200 metres and actually completed 1,350 metres. 2. diamond core drilling (DD): planned to complete 3,705 metres and actually completed 3,809.5 metres. In particular, exploration right No. 5801 was planned to complete 1,740 metres and actually completed 1,187.7 metres; exploration right No. 5323 was planned to complete 1,965 metres and actually completed 2,621.8 metres.

Exploration results: 6,260 samples were provided and 4,764 examination reports were received.

(II) *Development*

1. *Sandaozhuang Mine*

During the year, the Company did not have any significant development in Sandaozhuang Mine.

2. *Shangfanggou Mine*

During the year, the Company did not have any significant development in Shangfanggou Mine.

3. *Xinjiang Mine*

During the year, the Company did not have any significant development in Xinjiang Mine.

4. *NPM Copper Mine*

The Company expanded the production project in mining area E48. Three mining routes and 60 mining spots commenced operation after the construction was completed. The useful life of the mine extended one year and nine months. The project commenced construction in 2013 and it was expected to complete and commence production at the end of March 2015. The progress of the project is currently in line with the expectation. The development costs in 2014 amounted to US\$17,622,400.

(III) Mining

2014

Sandaozhuang molybdenum mine	
Production volume of open-pit mining (<i>kilotonnes</i>)	17,642.77
NPM copper mine	
Production volume of underground mining (<i>kilotonnes</i>)	<u><u>6,095.43</u></u>

- Remarks:*
1. The mining production volume of molybdenum of Sandaozhuang Mine and the mining production volume of NPM copper mine were calculated on basis of the statistics prepared by the Company and had been confirmed by our own experts.
 2. During the year, no mining activities were conducted in Xinjiang Mine and Shangfanggou Mine.

III. EXPLORATION, DEVELOPMENT AND MINING FEES OF THE COMPANY

For the year ended 31 December 2014, the summary of the expenditure of exploration, development and mining activities of the Company is as follows:

- (i) Exploration fees: NPM exploration fees in 2014 amounted to US\$2,794,698, which was mainly used in the exploration of diamond core drilling, reverse circulation and superficial drill exploration and field and examination works.
- (ii) Development fees: the exploration fees of NPM amounted to US\$17,622,400.

(iii) Mining fees: 1) The mining fees of Sandaozhuang Mine amounted to RMB577,320,000; 2) the NPM mining fee amounted to US\$28,933,046.

(Note: the above fees exclude ore processing)

III. MARKET REVIEW

Molybdenum market

Domestic market: In 2014, subject to the impact produced by the recession in the macro economy, reduction in industrial investment, serious problem of surplus production capacity, slow growth of the development in downstream industry including construction, machinery and automobiles, and iron and steel industry still under cold winter, the entire molybdenum market continued to go down. Details were as follows: As for the first quarter, the market kept declining slowly because of the diminishing demand from the downstream and the accumulation of the original inventory. As for the second quarter, the market was rising to a small extent due to the lead of demand and the rebound of molybdenum prices in international market. As for the third quarter, molybdenum prices continued to drop since there was no significant improvement in macro economy and the operation of iron and steel market was subject to greater pressure. As for the fourth quarter, ferromolybdenum market faced fierce challenge and the price of molybdenum products continued to reach new low, with no improvement until the end of the year, because the overall situations of iron and steel industry were worse for the year and steel plants suppressed the purchase price of raw materials even more.

The average price of molybdenum concentrates for 2014 was RMB1,351/metric tonne unit, with a year-on-year decrease of 11.68%; the lowest price was RMB1,210/metric tonne unit and the highest price was RMB1,440/metric tonne unit. The average price of ferromolybdenum for 2014 was RMB93,100/tonne, with a year-on-year decrease of 10.17%; the lowest price was RMB84,000/tonne and the highest price was RMB100,200/tonne.

International market: For the first two months in 2014, the international market of molybdenum did not perform well, with a prolonged flat trend and only very slight change in the price of product. The noteworthy point was: after March, the economy in Europe and the U.S. became better and the external demand resumed. Yet, the major mining production output of foreign countries was not satisfactory. As a result, the market lacked spot goods and the price kept rising. Until early June, the highest price of molybdenum oxides hit US\$15.20/pound of molybdenum, being the highest since 2012. After the big rise in the international price of molybdenum for the second quarter, the industry expected some growth for the fourth quarter though the third quarter was a summer vacation in Europe. Besides, there was an increase in short-term operation of some trading companies. Since China's collection and reserve for molybdenum oxides produced some certain impact on external trading companies, the international price of molybdenum fluctuated within a tightly defined range at high price level in July and August. Entering into September, the market's hope was not realized as the international price of molybdenum kept going downwards, hit the new low and still remained at low level until the end of the year, because of the following: the economy in Europe was weak; the demand for steel plants was low; imported goods in prior months were not timely consumed; the pressure on the supply and demand of the market was further increased due to the commencement of production of new molybdenum mines in foreign countries.

The average international MW price of molybdenum oxide for 2014 was US\$11.39/pound of molybdenum, with a year-on-year increase of 9.91%; the lowest price was US\$8.70/pound of molybdenum and the highest price was US\$15.2/pound of molybdenum.

Tungsten market

Domestic market: The year 2014 saw a departure from the high price level back in 2013 and adjustments began to be made to the tungsten market. The unbalanced status of supply and demand promoted a downturn in tungsten market. Tungsten market continued to head downwards due to no improvement in market demand, continuous accumulation of new inventory and failure in realizing expected and potential favorable factors.

In 2014, the average price 65% of domestic wolframite concentrates was RMB103,800/tonne, with a year-on-year decrease of 16.52%; the lowest price was RMB78,000/tonne and the highest price was RMB117,000/tonne. APT average price was RMB164,800/tonne, with a year-on-year decrease of 13.56%; the lowest price was RMB128,000/tonne and the highest price was RMB181,000/tonne.

International market: the price of tungsten was also in the downside trend. The international market of tungsten went downwards in early 2014 but rebounded after hitting the bottom in May. Yet, the overall trend was downward. Export market recovered significantly in April and May. More overseas quotation inquiries were received and consumer businesses supplemented their inventory and increased purchases of tungsten. Since the supply of tungsten in Vietnam was suspended in June, foreign buyers increased their orders of tungsten from China, resulting in a small rise of international tungsten price up to US\$370/mtu. On the other hand, following China's loss in the lawsuit over rare earths, tungsten, and molybdenum according to the judgement by the World Trade Organization, foreign consumer businesses believed that China would open up for export in 2015 and then the price would drop accordingly, and thus, they intentionally reduced the purchase.

The average international APT price on European market for 2014 was US\$350/metric tonne unit, with a year-on-year decrease of 4.96%; the highest price was RMB 372/metric tonne unit and the lowest price was RMB 270/metric tonne unit.

Copper market

The Company operated its copper business mainly through NPM and thus the operational performance of the segment was subject to the impact produced by the fluctuation of international copper price. Meanwhile, the ancillary businesses NPM involved gold and silver.

In 2014, the economy of emerging markets experienced a slowdown in growth and an increase in US dollar index. As a result, product price declined and the entire market of base metal became weak. As for the supply and demand, the global production of copper concentrates for 2014 recorded a growth higher than that of consumption, resulting in increase in production surplus in the market. According to the estimate made by Goldman Sach, the world production of copper concentrates for 2014 amounted to 21,900,000 tonnes, representing a growth of 6.4% over the previous year. The world consumption of copper concentrates for 2014 amounted to 21,600,000 tonnes, representing a growth of 4.7% over the previous year. Moreover, the production in China continued to grow and production for a single month surged to new highs repeatedly. Yet, the surplus correspondingly increased due to the drop in growth of consumption. Although the international copper market rebounded in the year, the overall trend of copper price for the entire year was downwards and recorded the biggest decrease for the most recent three years. For most of the time, the price of the copper traded on the London Metal Exchange (LME) for 2014 fluctuated between US\$6,300/tonne–US\$7,300/tonne (or US\$2.8/pound–US\$3.3/pound) and the average traded price for the year was US\$6,859/tonne (or US\$3.1/pound).

IV. BUSINESS REVIEW

Molybdenum Sector

For 2014, the Company realized production volume of molybdenum metal (with metal equivalents of 100% MO metal) of 16,270 tonnes, the production cost in unit cash of RMB56,663/tonne and the recovery rate of molybdenum metal of 85.3%. As shown in the statistical information of Antaike (a supplier of metal information), the production volume of the PRC molybdenum concentrates for 2014 was 87,771 tonnes of molybdenum (content of metal). The Company's production volume of molybdenum metal accounted for 18.54% of the total volume produced in China for 2014. According to the estimate made by CRU, an international research institution, the world's production volume of molybdenum metal for 2014 was approximately 257,000 tonnes of molybdenum and the Company's production volume of molybdenum accounted for 6.33% of the world's total production volume of molybdenum metal.

Tungsten Sector

For 2014, the Company realized production volume of tungsten metal (with metal equivalents of 100%WO₃) of 8,122 tonnes (excluding Louoyang Yulu Mining Co., Ltd.), the production cost in unit cash of RMB17,635/tonne and the recovery rate of tungsten metal of 76.7%. As shown in the statistical information of National Bureau of Statistics, the aggregate production volume of the PRC tungsten concentrates for 2014 was 138,000 tonnes of tungsten (including 65% WO₃), with 100% metal equivalents (WO₃) of 89,654 tonnes. The Company's production volume of tungsten metal accounted for 9.06% of the total volume produced in China for 2014.

Copper Sector (Including Gold and Silver)

2014 marked a full year of operating Northparkes mine after the Company's completion of acquiring Northparkes copper and gold mine on 1 December 2013. In 2014, there occurred no major safety and environmental issues during the operation of copper metal sector by the Company. This matched the local operating concept of "Zero Hazard". Calculated based on 100% interest of the Company in the copper, the mining quantity for copper metal sector in 2014 hit a new record of 6.10 million tonnes, realizing the recovery rate for copper being 87.7% and for gold being 75.8%, production volume of copper concentrates of 169,400 tonnes, the copper grade of such concentrates was 33.4%. The sellable production volume of copper metal for the entire year was 54,700 tonnes, and the production cost in C1 cash of US\$0.56/tonne. For the entire year, there were 58,400 ounces of paid gold and 536,000 ounces of silver.

BUSINESS REVIEW

During the reporting period, despite facing the complicated unfavourable conditions of all metal sectors and selected grading of molybdenum ores being unstable, the Company's management, under the right guidance and leadership of the Board of Directors and full support from all the society, led all the staff members to endeavour their best efforts to overcome difficulty and to achieve good performance. Through greatly implementing cost reduction and efficiency enhancement, the Company actively facilitated the development strategy, strongly promoted capital operation, continued to strengthen the establishment of internal control, continued to strengthen the management of subsidiaries and conducted in-depth anti-corruption monitoring work and a series of powerful measures. 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 enhance the efficiency of corporate actions. During the reporting period, the Company made significant achievement in respect of production, operation and others. The Company outperformed its peers and gained sound economic benefits and social benefits. The details of the report are as follows:

1. Greatly implemented cost reduction and efficiency enhancement. During the reporting period, the Company actively conducted technical upgrading, optimized technical indicators, implemented sophisticated management, suppressed all non-production related expenses, further intensified cost management, adopted various measures, reduced production cost, dug out the existing potential, increased income and reduced expenditure, and created a good atmosphere of reducing cost and enhancing efficiency, thus the Company could achieve superb effect of reducing cost and enhancing efficiency. In 2014, the Company's total cost of domestic mining decreased by RMB64.93 million; the total cost of molybdenum concentrates decreased by RMB12.61 million; the total processing cost of ferromolybdenum decreased by RMB10.58 million; the total cost of tungsten concentrates decreased by RMB9.56 million; and the total amount of all the above items decreased by RMB97.68 million as compared to that of the previous year.
2. Improved sales strategy and promoted growth. During the reporting period, the Company endeavoured its efforts to improve its marketing strategy and promoted the sales based on the stable customer basis, aiming at enhancing the economic performance. In 2014, the Company sold molybdenum metal of 19,871 tonnes, with a year-on-year growth of 14.38%; it sold tungsten metal of 6,928 tonnes, with a year-on-year decrease of 2.96%; it sold copper metal of 43,618 tonnes (calculated based on 80% equity interests).

3. Actively facilitated the implementation of the development strategy. During the reporting period, the Company prepared and optimized the balance sheet, stripped and disposed of non-core and low-efficient assets and all went smoothly. The Company successfully transferred 70% of the equity shares in Kunyu Mining and successfully disposed of the original office of the Company located at Luoyang World Trade Center and some idled properties and assets in Luoyang and Luanchuan. In so doing, not only did it dispose of under-performing assets, optimize the balance sheet, and enrich the cash flow, but also strengthened its risk resistance capacity and created good conditions for the Company's continuous rapid and healthy development.

4. Strongly promoted fund management and capital operation. During the reporting period, the Company raised the efficiency in use and rate of return regarding its own fund in idle. Furthermore, the Company was confirmed by the departments of the State Administration of Foreign Exchange to be one of the two sole pilot enterprises of centralized operation of foreign exchange funds and one of the enterprises obtaining direct approval for foreign exchange quota. The Company set up a two-way foreign currency cash pooling of the Company and a two-way RMB cash pooling in Shanghai Pilot Free Trade Zone, facilitating that the Company could manage and use its funds within China or out of China in more effective and more convenient manner. During the reporting period, it was noteworthy that the Company successfully issued convertible bonds of RMB4.9 billion on 2 December 2014 and was successfully listed on the SSE on 16 December 2014. The Company's issuance of such convertible bonds gained utmost attention from the market and the public actively and passionately participated in such issuance. The successful issuance of such convertible bonds and successful listing provided the Company's continuous development with better funding support.

5. Continued to strengthen the control of its internal systems. During the reporting period, pursuant to the laws and regulations of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Application Guidelines for Enterprise Internal Controls (《企業內部控制應用指引》) and the Basic Norms for Enterprise Internal Controls (《企業內部控制基本規範》) and the provisions of Articles of Association (《公司章程》), the Company amended or formulated a series of corporate governance system including the Articles of Association (《公司章程》), the Rules of Procedure of Shareholders' General Meeting (《股東大會議事規則》), Details of Implementing Cumulative Voting System (《累積投票制實施細則》), Work Details of Investment Committee (《投資委員會工作細則》). It improved the internal control files including Assembly of Internal Control System (《內部控制制度彙編》), Internal Control Manual (《內部控制手冊》), Internal Control Assessment Manual (《內部控制評價手冊》), Guidelines for Regular Business License (《常規業務權限指引》) and commenced the implementation thereof. The improvement made to the foregoing system further strengthened the construction of internal control.

6. Continued to strengthen the management of subsidiaries. During the reporting period, by adopting measures such as changing the operating concept and further improving the award and punishment mechanism while seizing the opportunity arising from the enhancement of operation, management and control of Australian NPM, the Company earnestly learnt about the advanced management experience from Australian mining enterprises. With the Company's corporate culture and operating concept, the Company continued to strengthen the management of subsidiaries thoroughly such that profitable subsidiaries could make more profits and subsidiaries which had the potential to stop loss could try their best to make a profit instead of suffering from loss while subsidiaries with deficits could minimize their loss.

7. Developed in depth monitoring of anti-corruption activities mainly as follows. Firstly, the Company developed the activities of “Check and Investigate for Five Times” (五查五看) by combining the actual situation of the Company. Such activities are divided into learning and education, listening to opinions, identifying and solving the problems, commencing the criticism and rectifying and implementing, so as to improve the three stages of the system. Such activity was smoothly completed in December 2014 and passed upon acceptance through examination by the Company. By conducting such activity, the staff officers could really change their working styles and a long-lasting effective mechanism was established for close connection among many staff members, thereby strengthening the cohesiveness and a strong organizational protection were provided for accomplishing the target and missions for the year and for the rapid, steady and healthy development of the Company. Secondly, the Company continued to strengthen the internal audit work and organized and completed the auditing of the construction budget for 67 projects. Should the first person in charge of the relevant department of the organization quit from the job, 7 items were to be audited. This was to strengthen the leadership’s consciousness of economic responsibility and of being self-disciplined. Thirdly, the Company conscientiously implemented the establishment of anti-corruption system and promoted education. While it continuously established a healthy anti-corruption system, it conscientiously implemented anti-corruption education. It aimed at enhancing the leadership’s consciousness of integrity when performing their job duties by strengthening the learning through publicity and induction education. For the entire year, an equivalent of RMB195,500 in total for gifts, cash gift, negotiable securities and others were received from individuals who took initiative to turn those in. Fourthly, the Company effectively developed efficient monitoring and case investigation, and implemented efficient monitoring for 4 projects, effectively plugging the loopholes in management. For the entire year, as for cases accepted by reporting after investigation, 10 cases were prosecuted; as for assisting the judicial authority to conduct investigation, 4 cases were prosecuted; a total of 11 staff members who violated regulations and rules were punished and handled, with an illegal amount involved of more than RMB280,000. The Company’s disciplinary measures were strictly enforced and safeguarded the Company’s benefits.

V. PROSPECTS

1. Molybdenum market

Domestic market: As for the demand for molybdenum, it is expected that iron and steel industry will actively undergo transformation to adapt to the current situation in China in 2015. Considering that the continuous growth in the production volume of stainless steel and special steel will stimulate the consumption of molybdenum, the demand in molybdenum products can be well guaranteed in the following years. Meanwhile, there is hope that the export customs duty for molybdenum of China will be abolished in 2015. For recent years, high customs duties have been levied and sales of enterprises focus on domestic markets. Thus, it not only led to fierce competition in the domestic market, it also affected profits generated by enterprises. If export customs duties can be abolished, enterprises may choose domestic and international markets for promoting their sales. In so doing, sales channels can be expanded and pressure on domestic market can be reduced, bringing new opportunity for the molybdenum market.

As for the supply of molybdenum, the market downturn after 2010 rendered a serious production reduction and suspension among small and medium-sized enterprises. The PRC molybdenum industry started destocking, relieving the oversupply pressure to a certain extent. Although new mines have commenced production, the transformation of iron and steel plants and the increased production of the steel with molybdenum content all contribute to the substantial increase in the consumption of molybdenum. In 2015, following the released of production capacity of Luming Molybdenum Mine, the presence of new mines globally and raw materials of low cost, domestic market will further be threatened. Hence, it is expected that domestic production of molybdenum would grow slightly or remain stable in 2015.

International market: the room for molybdenum commodity price to experience a significant drop narrows and there may as well be a chance for the market to take a turn for the better. In 2015, the molybdenum market is expected to be better than it was in 2014.

2. Tungsten market

As for the demand for tungsten, it is expected that the export of tungsten will increase because the export quota for 2015 has been abolished and there is hope that the export customs duties will be abolished. In addition, the domestic economy grows steadily despite a slower growth and the production volume of hard alloy and alloy steel will maintain at a stable level. The extensive marketing of tungsten products on the electronic platform is expected to boost a new momentum.

As for the supply for tungsten, although oversupply still exists in the tungsten market currently, the PRC government has promulgated various indicators and the Ministry of State Land and Resources will advise the indicators for controlling the total mining output of tungsten producers in all regions respectively, will implement the monthly and quarterly reporting systems for conducting an investigation, and will organize and develop an audit for implementation of indicators at appropriate time. Prior to 30 June 2015, the Ministry of State Land and Resources will suspend the acceptance of applications for prospecting new tungsten ore deposits and for registration of mining. Subject to be bound by the mining quota, it is expected that tungsten output will remain steady.

3. Copper market

As for the copper market in 2015, since the bull market of U.S. dollars index will cause re-evaluation of copper price, the weak demand from emerging economies will continue. Oversupply of copper concentrates will gradually be realized in 2015 and oversupply of copper concentrates will be smoothly transmitted to refined copper. The global economic growth will be slow and in particular, the PRC economic growth is entering into a stage of “New Normality”, both being the main factors for suppressing the price. Despite the upward pressure on copper price in 2015, factors such as the ongoing growth in copper consumption in China, the procurement of copper by the State Reserve Bureau and the ongoing recovery in the economy of the US, the second largest copper consumer, set ground for an improving copper market

As for the copper market in 2015, supply will be greater than demand because the global economic growth will be slow and in particular, the PRC economic growth is entering into a stage of “New Normality”. According to the forecasts by Goldman Sachs, the production volume and consumption of copper concentrates will reach 22.6 million tonnes and 22.10 million tonnes respectively. Both investment banks and relevant research institutes agree that the oversupply of copper concentrates will no longer be the case for 2016, and in 2017 and the years thereafter, the demand will exceed the supply as cuts in the investment inputs in mines will result in lower grades of copper produced from mines that are already under production.

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

On 26 July 2013, the Company received a notice of acceptance of registration (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, confirming the acceptance of the registration of the debt financing notes through private placement in the registered amount of RMB5 billion, which will be valid for a period of two years from the registration date. Since the interest rate in the market did not meet with the Company's expectation, the Company did not issue debt financing instruments through private placement. At present, the authorization period would expire soon. In order to meet the development strategy of the Company and increase financing channels, at the annual general meeting for the year 2013 held on 9 May 2014, the shareholders of the Company had approved to extend the authorization for the issue of debt financing instruments through private placement to the date of the annual general meeting to be held in 2016.

A Share convertible corporate bonds

On 24 October 2014, the application for issuance of A Share convertible corporate bonds of the Company has been approved by the Main Board Issuance Examination Committee of the CSRC. The Company issued a total of 49,000,000 A Share convertible corporate bonds with a nominal value of RMB100 each (the "**Convertible Bonds**"), amounting to RMB4.9 billion in aggregate. The Convertible Bonds will be issued at nominal value and the initial conversion price shall be RMB8.78 per A Share. The Convertible Bonds have a term of six years from the date of the issuance, which commences from 2 December 2014 and ends on 1 December 2020 and the conversion period will be from the first trading day after the expiry of six months from the date of completion of the issuance of the Convertible Bonds until the maturity date. The Convertible Bonds will bear an interest at the rate of 0.50% in the first year, 0.70% in the second year, 0.90% in the third year, 1.20% in the fourth year, 1.80% in the fifth year and 2.40% in the sixth year on a per annum basis. Within five trading days upon the maturity of the Convertible Bonds, the Company will redeem all outstanding Convertible Bonds which have not been converted from holders of the Convertible Bonds at a price of 108% (including the interest for the last interest accrual year) of the nominal value of the Convertible Bonds issued hereunder. The issued Convertible Bonds has been listed and traded on the SSE from 16 December 2014 (SSE Convertible Bond Code: 113501). The net proceeds (after deducting all expenses incidental to the issuance) raised from the Convertible Bonds, amounted to RMB4,843,547,956.20, are all used in the acquisition of the 80% interest in Northparkes Joint Venture and certain associated rights and assets held by North Mining Limited.

As at 31 December 2014, no conversion rights of the Convertible Bonds has been exercised.

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any listed securities of the Company for the year ended 31 December 2014.

VII. CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Group has strived to uphold high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”).

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code throughout the period from 1 January 2014 to 31 December 2014, save as the deviation from the code provision E.1.2 of the Corporate Governance Code.

Pursuant to the code provision E.1.2, the chairman of the Board should invite the chairmen of its Board committees to attend the annual general meeting. In their absence, the chairman of the Board should invite another committee member or failing this his duly appointed delegate, to attend. All members of the Audit Committee were unable to attend the annual general meeting of the Company held on 9 May 2014 due to other business arrangements. Chairmen or members of Remuneration Committee, Nomination Committee, Strategic Committee and Supervisory Committee and chief financial officer attended the annual general meeting. The Company considered that their attendance was sufficient for (i) answering the questions raised by the shareholders who attended the annual general meeting and (ii) effectively communicating with shareholders who attended the annual general meeting. The Company will optimize the planning of annual general meetings, give adequate notice to all Directors to accommodate their work arrangement and provide all necessary support for their presence and participation in annual general meetings such that all Directors will be able to attend future annual general meetings of the Company.

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

VIII. THE BOARD

During the year ended 31 December 2014, the Board held 19 Board meetings in total for reviewing and approving the financial affairs and usual course of business, considering and approving the annual budgets and the overall strategies and policies of the Company, and considering and approving the relevant matters regarding the issuance of the Convertible Bonds.

BOARD COMMITTEES

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

AUDIT COMMITTEE

The Board has adopted the terms of reference of the audit committee which are based primarily on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants.

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 has reviewed the effectiveness of the external audit and internal controls, evaluated risks, and provided 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 2014, 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)^(Note 1) and Mr. Yuan Honglin (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: to make recommendations to the Board on the Company's remuneration policy and structure of all Directors and the senior management and to establish transparent procedures for developing such remuneration policy; to make recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and the senior management; and to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The primary goal of the Company's remuneration policy on executive Directors' packages is to enable the Company to retain and motivate executive Directors by linking their remuneration with performance and 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. In determining guidelines for each element of the remuneration package, the Company refers to the remuneration surveys conducted by independent external consultants on companies operating in similar business.

In order to motivate the senior management of the Company in a scientific and reasonable way so that they can maximize value for the shareholders and the Company, the remuneration committee has taken into account the market-oriented principles including the determination of remuneration based on the performance, responsibilities, faults and attitude, the enhancement of rewards and punishment, the comparison with similar overseas and domestic listed companies in the industry, and consideration of granting special awards regarding the special projects and contributions, as well as referring to the advice from the professional intermediaries.

NOMINATION COMMITTEE

The roles and functions of the nomination committee are set out in its terms of reference and it is mainly responsible for advising the Board as to the scale, structure and composition (including skills, knowledge and experience and terms of office) of the Board in light of the business activities, size of assets, shareholding structure and the Board diversity policy 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 one executive Director, namely Mr. Li Chaochun, and four independent non-executive Directors, namely Mr. Bai Yanchun, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Xu Xu^(Note 1), 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. As at the date of this announcement, the strategic committee comprises two executive Directors, namely Mr. Li Chaochun and Mr. Li Faben, and two independent non-executive Directors, namely Mr. Bai Yanchun and Mr. Xu Xu^(Note 1), with Mr. Li Chaochun serving as the chairman of the committee (his appointment was approved by the twelfth meeting of the third session of the Board on 14 January 2014).

IX. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

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. Having made specific enquiries, all Directors confirmed that the required standards set out in the Model Code have been complied with throughout the year ended 31 December 2014. 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 inside information of the Company. No incident of non-compliance against the Employees Written Guidelines by the employees has been noted by the Company after making reasonable enquiry.

X. ANNUAL GENERAL MEETING (“AGM”) AND THE 2015 FIRST CLASS MEETING OF H SHAREHOLDERS (“H SHAREHOLDERS’ CLASS MEETING”) AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The AGM and the H Shareholders’ Class Meeting will be held on Friday, 26 June 2015 at the International Conference Room of Mudu-Lee Royal International Hotel at No. 239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC.

In order to determine the list of holders of H Shares of the Company (the “**H Shareholders**”) who will be entitled to attend and vote at the AGM and the H Shareholders’ Class Meeting, the Company’s H Shares register of members will be closed from Wednesday, 27 May 2015 to Friday, 26 June 2015 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the H Shares register of members of the Company at 4:30 p.m. on Tuesday, 26 May 2015 shall be entitled to attend and vote at the AGM and the H Shareholders’ Class Meeting. In order for the H Shareholders to qualify for attending and voting at the AGM and the H Shareholders’ Class Meeting, holders of H Shares whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company’s H Share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 26 May 2015.

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 RMB0.18 per share (tax inclusive) for the year ended 31 December 2014. Final dividend for the year ended 31 December 2014 is subject to the approval of shareholders of the Company at the forthcoming AGM.

The Company will despatch a circular containing, among other matters, further information relating to the proposed distribution of final dividend and the AGM and the H Shareholders' Class Meeting to H shareholders of the Company as soon as practicable.

XII. PUBLICATION OF DETAILS OF THE ANNUAL RESULTS

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

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the People's Republic of China, 23 March 2015

As at the date of this announcement, the executive Directors are Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi, Ms. Gu Meifeng and Mr. Wu Wenjun; the non-executive Directors are Messrs. Zhang Yufeng and Yuan Honglin; and the independent non-executive Directors are Messrs. Bai Yanchun, Xu Shan, Cheng Gordon and Xu Xu.

Note 1 Mr. Xu Xu has resigned as independent non-executive Director but continues to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the conclusion of the AGM to be held in 2015. For details, please refer to the Company's announcements dated 7 February 2014 and 23 March 2015, respectively.

* *For identification purposes only*