



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

Stock Code ■ 3993



2011 Interim Report



* For identification purposes only

CORPORATE INFORMATION

Directors

Executive Directors

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

Non-executive Directors

Shu Hedong
Zhang Yufeng

Independent Non-executive Directors

Gao Dezhu
Zeng Shaojin
Gu Desheng
Ng Ming Wah, Charles

Supervisors

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

Joint Company Secretaries

Ho Siu Pik (*FCS, FCIS*)
Lai Sharon Magdalene (*ACS, ACIS*)

Board Secretary

He Feng

Authorized Representatives

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

Alternate Authorized Representative

Lai Sharon Magdalene (*ACS, ACIS*)

Audit Committee

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

Strategic Committee

Duan Yuxian (*Chairman*)
Li Chaochun
Wu Wenjun
Li Faben
Wang Qinxì
Zhang Yufeng
Shu Hedong
Gao Dezhu
Gu Desheng
Zeng Shaojin
Ng Ming Wah, Charles
Yang Jianbo
Wang Bin
Zhang Bin

Nomination Committee

Duan Yuxian (*Chairman*)
Li Chaochun
Gao Dezhu (*Vice Chairman*)
Zeng Shaojin
Gu Desheng
Ng Ming Wah, Charles

Auditor

Messrs. Deloitte Touche Tohmatsu

Legal Advisors

Kwongs in association with SJ Berwin LLP
Llinks Law Offices

Principal Bankers

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

Hong Kong H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
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Wanchai
Hong Kong

Registered Office in the PRC

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Luanchuan County
Luoyang City
Henan Province
the PRC

Principal Place of Business in the PRC

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

Principal Place of Business in Hong Kong

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

Share Information

Stock code	:	3993
Listing date	:	26 April 2007
Number of H shares	:	1,311,156,000 H shares (as at 30 June 2011)
Nominal value	:	RMB0.20 per share
Stock name	:	CMOC

Financial Calendar

Interim results announcement	:	20 August 2011
Closure of register of members	:	N/A
Payment of interim dividend	:	N/A

Investor Relations

The Company	:	Mr. He Feng North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC
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Company's Website

www.chinamoly.com

MARKET REVIEW

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

In the first half of 2011, the average price of domestic molybdenum concentrates was approximately RMB2,130/metric tonne unit, which reached its trough at approximately RMB2,020/metric tonne unit to RMB2,050/metric tonne unit at the beginning of the year and at the end of June, respectively. In particular, molybdenum price fell closer to a low of RMB2,000/metric tonne unit by the end of June. On the other hand, molybdenum price posted a half year high at RMB2,220/metric tonne unit in mid-February this year, followed by a second, longer peak period, most notably from mid-April to the end of April, hitting a record high of RMB2,180/metric tonne unit.

In the first half of 2011, the average price of molybdenum oxide lingered at approximately US\$17/lb Mo, peaked at US\$17.8/lb Mo to US\$18.1/lb Mo from mid-February to the end of February, and returned to sustainably high levels from mid-April to the end of April. The price of molybdenum oxide stood at above US\$17/lb Mo and bounced back to US\$17.3, its highest for the period. In the first half of 2011, some of the lowest levels of the international molybdenum price could be seen at the beginning of the year, late March and late June respectively. It first hit the trough at US\$16.5/lb Mo at the beginning of the year, then plummeted to nearly US\$16.5/lb Mo at the end of March. The slump deepened as the price dropped to less than US\$16/lb Mo at the end of June, shortly fell below US\$15/lb and bottomed at US\$14.85/lb Mo.

As regards the tungsten market, the domestic tungsten price first rose then declined. Given the efforts to govern and straighten out environmental protection measures and continuous tension in power supply, the price of tungsten concentrates rose sharply for the first five months to a high of RMB158,000/tonne. As at the end of June, the price of tungsten concentrates undergone a proper downward adjustment to RMB130,000/tonne after a sell-off by some speculative enterprises. In general, the prices of other domestic tungsten products were in line with the ore price, with APT reaching as high as RMB246,000/tonne and the price of tungsten carbide hitting a record high of RMB375/kg to RMB380/kg. By the end of June, the prices returned to RMB214,000/tonne and RMB343/kg to RMB348/kg, respectively. For the international market, under the dual impact of the domestic market and export quotas, the price fluctuations of APT in Europe slightly lagged behind. The price of tungsten reached its highest at US\$460/metric tonne unit to US\$485/metric tonne unit in mid-June, then began to fall following the commencement of summer break to US\$452/metric tonne unit to US\$470/metric tonne unit by the end of June.

DOMESTIC INDUSTRY POLICIES

Export Quota

On 28 December 2010 and 7 July 2011, the Ministry of Commerce of the PRC promulgated two notifications on export quota (first batch and second batch for 2011) of ordinary trading industrial commodities respectively. Under the notifications, the Company was entitled to export 5,423 tonnes and 3,612 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 68 tonnes and 41 tonnes of molybdenum chemical products and 83 tonnes and 55 tonnes of molybdenum products respectively.

BUSINESS REVIEW

During the first half of 2011, capitalizing on its abundant resources, scale of production and an integrated production chain, the Group maintained the production volume of its major products or increased the production volume to various degree as compared with the same period last year. From January to June, the Group's production of molybdenum concentrates (including 45% Mo) amounted to approximately 17,130 tonnes, representing an increase of 2.68% as compared with the same period last year. The production of scheelite concentrates (including 65% W) amounted to approximately 5,827 tonnes (including 2,422 tonnes from Luoyang Yulu Mining Co., Ltd.,* (洛陽豫鷺礦業有限責任公司) "Yulu Company"), representing an increase of 45.5% as compared to the same period last year. The Group produced approximately 17,167.26 tonnes of sulphuric acid (98% concentration), 511 kg of gold and 5,848 kg of silver. Under the market condition in the first half of the year, the Group concentrated its sales in the domestic market. The top ten clients of the Company accounted for 39.94% of its domestic sales volume.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2011, profit attributable to owners of the Company was RMB586.1 million, representing an increase of RMB167.6 million or 40.0% from RMB418.5 million for the six months ended 30 June 2010.

The comparative analysis for the six months ended 30 June 2011 and the six months ended 30 June 2010 is as follows:

OPERATING RESULTS

For the six months ended 30 June 2011, the Group recorded a turnover of RMB3,141.7 million, representing an increase of RMB1,074.4 million or 52.0% from RMB2,067.3 million for the six months ended 30 June 2010. For the six months ended 30 June 2011, the Group achieved a gross profit of RMB1,006.7 million, representing an increase of RMB311.9 million or 44.9% from RMB694.8 million in the same period last year.

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

The table below sets out the turnover, operating cost, gross profit and gross profit margin of our products in the first half of 2011 and in the first half of 2010:

Product Name	First half of 2011				First half of 2010			
	Turnover (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	Turnover (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
Domestic market								
— Molybdenum additive materials	1,840.3	1,177.9	662.4	36.0%	1,450.1	924.9	525.2	36.3%
— Tungsten concentrate (65% WO ₃)	246.1	58.7	187.4	76.1%	111.0	47.2	63.8	57.5%
— Processed tungsten & molybdenum products	94.2	90.8	3.4	3.6%	42.2	40.7	1.5	3.6%
— Gold, silver and relevant products	349.1	230.4	118.7	34.0%	85.9	67.2	18.7	21.8%
— Electrolytic lead	192.4	199.3	-6.9	-3.6%	—	—	—	—
— Other	366.8	352.7	14.1	3.8%	135.1	131.8	3.3	2.4%
Sub-total	3,088.9	2,109.8	979.1	31.7%	1,824.4	1,211.8	612.5	33.6%
International market								
— Molybdenum additive materials	47.4	18.8	28.6	60.3%	216.9	135.4	81.5	37.6%
— Processed tungsten & molybdenum products	5.4	6.5	-1.1	-20.4%	26.0	25.2	0.8	3.1%
Sub-total	52.8	25.3	27.5	52.1%	242.9	160.6	82.3	33.9%
Total	3,141.7	2,135.1	1,006.6	32.0%	2,067.3	1,372.4	694.8	33.6%

Turnover increased by RMB1,074.4 million or 52.0% to RMB3,141.7 million in the same period of 2011 from RMB2,067.3 million in the first half of 2010, mainly attributable to 1) the Group's efforts in proactively tapping into the sale market through strengthened sales initiatives in the first half of the year, which cleared the old inventory and resulted in an increase in the sales of ferromolybdenum and tungsten concentrates, our principal products, as compared with the same period last year; 2) a year-on-year increase of RMB426.0 million in the Group's turnover as a result of the commencement of production of Yongning Gold & Lead; 3) a rise in trading gains of the Group in the first half of the year, resulting in additional turnover of RMB208.9 million to the Group; 4) a 118% increase in the turnover of tungsten products as a result of a growth of over 70% in the price of tungsten products for this year as compared with the same period last year and a further increase in production volume.

For the six months ended 30 June 2011, the operating cost of the Group amounted to RMB2,135.1 million, representing an increase of RMB762.7 million or 55.6% from RMB1,372.4 million in the same period last year, mainly attributable to: 1) the various increases in the Group's sales volume of ferromolybdenum and tungsten concentrate, our principal products, during the year as compared with the same period last year; 2) the inclusion of products such as electrolytic lead, pig iron and nickel plate into the sales of the Group during the year; 3) the increase in the cost of ancillary materials and labor during the year which resulted in a rise in the cost of molybdenum related products of the Group as compared with same period last year.

For the six months ended 30 June 2011, the average gross profit margin of the Group was 32.0%, representing a decrease of 1.6% as compared with 33.6% in the same period last year, mainly attributable to the increase in trade sales during the period as well as decline in overall gross profit margin of the Group as a result of a relative low gross profit margin recorded in products sales of Yongning Gold & Lead.

OTHER INCOME

For the six months ended 30 June 2011, other income of the Group amounted to RMB29.7 million, representing a decrease of RMB16.4 million or 35.6% from RMB46.1 million in the same period last year. Such decrease was mainly attributable to the drop in its principal amount for debt security investment during the year, resulting in a decrease in interest income.

SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2011, the selling and distribution expenses of the Group amounted to RMB12.1 million, representing an increase of RMB5.4 million or 80.6% from RMB6.7 million in the same period last year. Such increase was mainly attributable to a year-on-year increase in the sales volume of the Group's products during the period.

ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2011, the administrative expenses of the Group amounted to RMB208.3 million, representing an increase of RMB99.9 million or 92.2% from RMB108.4 million in the same period last year. Such increase was mainly attributable to 1) an increase in expenses of research and development of the Group as compared with the same period last year; 2) the increase in fixed assets depreciation as well as intangible assets amortization; and 3) a year-on-year increase in the labor cost of the Group.

OTHER EXPENSES

For the six months ended 30 June 2011, other expenses of the Group amounted to RMB3.9 million, representing a decrease of RMB7.8 million or 66.7% from RMB11.7 million in the same period last year. Such decrease was mainly attributable to a year-on-year decrease in net exchange loss.

FINANCE COSTS

For the six months ended 30 June 2011, the finance costs of the Group amounted to RMB36.5 million, representing an increase of RMB15.2 million or 71.4% from RMB21.3 million in the same period last year. Such increase was mainly attributable to an increase in bank borrowings.

SHARE OF RESULTS OF ASSOCIATES

For the six months ended 30 June 2011, the results of associated companies attributable to the Group amounted to RMB41.6 million, representing an increase of RMB25.2 million or 153.7% from RMB16.4 million in the same period last year. Such increase was mainly attributable to the significant increase in results of the associated company Yulu Company for the year as compared with the same period last year.

INCOME TAX EXPENSE

For the six months ended 30 June 2011, the income tax expense of the Group amounted to RMB195.0 million, representing an increase of RMB26.5 million or 15.7% from RMB168.5 million in the same period last year. Such increase was mainly attributable to the increase in profits during the period.

NON-CONTROLLING INTERESTS

For the six months ended 30 June 2011, the non-controlling interests of the Group amounted to RMB35.1 million, representing an increase of RMB8.2 million or 30.5% from RMB26.9 million in the same period last year. Such increase was mainly attributable to the substantial increase in profits from the three holding subsidiaries of the Group, namely Luanchuan County Jiuyang Mining Co., Ltd* (樂川縣九揚礦業有限公司) (“Jiuyang Company”), Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd* (樂川縣三強鉬鎢有限公司) (“Sanqiang Company”) and Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd* (樂川縣大東坡鎢鉬礦業有限公司) (“Dadongpo Company”) during the period.

PROFIT OR LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the six months ended 30 June 2011, the net profit attributable to owners of the Company amounted to RMB586.1 million, representing an increase of RMB167.6 million or 40.0% from RMB418.5 million for the six months ended 30 June 2010, mainly due to the increase in profit for the period.

FINANCIAL POSITION

For the six months ended 30 June 2011, the total assets of the Group amounted to approximately RMB14,687.0 million, comprising non-current assets of approximately RMB8,373.7 million and current assets of approximately RMB6,313.3 million. Equity attributable to owners of the Company for the six months ended 30 June 2011 decreased by RMB1,384.6 million or 12.0% to RMB10,159.4 million from RMB11,544.0 million for the year ended 31 December 2010. Such increase was mainly due to: 1) an increase of RMB586.1 million in profit or loss attributable to owners of the Company during the period and 2) a payment of RMB1,970.0 million of dividend for 2010.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

For the six months ended 30 June 2011, property, plant and equipment decreased by RMB114.8 million or 2.5% to RMB4,432.8 million from RMB4,547.6 million for the year ended 31 December 2010. The decrease was mainly attributable to the increase in accumulated depreciation for the period.

DEBT TO TOTAL ASSETS RATIO

The debt to total assets ratio of the Group rose from 15.1% as of 31 December 2010 to 24.9% as of 30 June 2011. The increase was mainly attributable to an increase in total liabilities for the period as a result of the issue of short-term financing bills of RMB2,000 million during the period.

CASH FLOW

For the six months ended 30 June 2011, the Group had cash and cash equivalents of RMB1,956.6 million, representing a decrease of RMB882.8 million or 31.1% from RMB2,839.4 million for the year ended 31 December 2010, which was primarily attributable to: 1) an increase in cash flow resulting from the issuance of one-year term short-term financing bills of RMB2,000 million; 2) payment of 2010 dividend of RMB2,028.8 million and 3) repayment of bank borrowings of RMB565 million.

For the six months ended 30 June 2011, net cash inflow generated from operating activities was RMB29.8 million; net cash used in investment activities was RMB420.5 million and net cash used in financing activities was RMB492.1 million.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE

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

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

EXPOSURE TO THE PRICE FLUCTUATION OF PRODUCTS

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

EXPOSURE TO INTEREST RATE

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

USE OF PROCEEDS

As at 30 June 2011, the Company applied an aggregate of approximately RMB7,539 million of the proceeds raised from our initial public offering in April 2007, mainly as follows:

- approximately RMB781 million to repay various short-term bank borrowings and interest;
- approximately RMB826 million to repay current liabilities and supplement general working capital;
- approximately RMB361 million to prepay the remaining consideration in respect of the mining rights of the Sandaozhuang Mine;
- approximately RMB338 million to construct auxiliary facilities of ores;
- approximately RMB552 million for the expansion of Mining Branches, Sanqiang Company and construction of scheelite recovery plant;
- approximately RMB1,586 million for the construction of the smelting plant of Yongning Gold & Lead and merger and acquisition project of precious metals;
- approximately RMB744 million to construct a smelting plant of molybdenum with a capacity of 40,000 tonnes per year;
- approximately RMB58 million for technological improvement at Luoyang High-Tech Metals Co., Ltd.* (洛陽高科鉬鎢材料有限公司) (“Luoyang High-Tech”);
- approximately RMB1,481 million for the acquisition of Shangfanggou Mine;
- approximately RMB431 million for carrying out preliminary exploitation in the mine located in Hami, Xinjiang;
- approximately RMB105 million for the extension construction of tailing storage;
- approximately RMB150 million for financing the plants selection, technological improvement and research and development for the purpose of mining; and
- approximately RMB126 million for the construction of Tungsten and Molybdenum High-tech Industrial Park (鎢鉬高新技術工業園).

MATERIAL EVENTS

The group company was honored as “Enterprise with Quality and Creditability in China” (中國質量誠信企業)

On 19 January 2011, the Commendation of Enterprises with Quality and Creditability in Imports and Exports & the Third Representative Meeting of Henan Entry-Exit Inspection and Quarantine Association (進出口質量誠信企業表彰暨河南出入境檢驗檢疫協會第三屆會員代表大會) was held in Zhengzhou, the provincial capital in Henan Province. Our group was commended by China Entry & Exit Inspection and Quarantine Association as an “Enterprise with Quality and Creditability in China”, and was highly appraised at the meeting. Chairman Duan Yuxian of the group company was elected as the candidate for the standing member of the third council of Henan Entry-Exit Inspection and Quarantine Association (河南出入境檢驗檢疫協會).

The group company was granted with EU Green Card for exports of molybdenum oxide and ferromolybdenum

On 19 January 2011, the Summary Conference of the Registration of the First Batch of Substances with China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters under the REACH Regulation was convened in Nanning, Guangxi, at which the first batch of substances registered under the REACH Regulation of EU were awarded official registration certificates. The conference also specified subsequent regulatory requirements of REACH Regulation. The molybdenum oxide and ferromolybdenum of our group were successfully registered and were awarded certificates under the REACH Regulation of EU.

The group company won the accolade of “Advanced Enterprise of Internal Audit in Henan Province” (河南省內部審計工作先進單位)

In January 2011, the group company was honored as the “Advanced Enterprise of Internal Audit in Henan Province” by the Department of Audit of Henan Province.

The group company was honored the “Eminent Foreign-funded Enterprise” (優秀外商投資企業)

In February 2011, the group company was named the Eminent Foreign-funded Enterprise in 2010 by Luoyang Pioneering Group for External Relations (洛陽市對外開放領導小組).

The group company was awarded “2010 Golden Award for Enterprises with Outstanding Contribution” (2010年企業突出貢獻一等獎)

In February 2011, the group company was awarded “2010 Golden Award for Enterprises with Outstanding Contribution” by Luoyang Municipal Committee and the Municipal Government of Luoyang (洛陽市委、市政府).

The group company was honored as “Industry Leader” (行業龍頭企業)

On 1 March 2011, the group company was accredited as the “Industry Leader” by Henan Provincial Government.

The group company won the honor of “Advanced Investigator in Business Climate Survey” (企業景氣調查工作先進調查企業)

In March 2011, the group company was honored as the “Advanced Investigator in Business Climate Survey” by Henan Investigation Corps of the National Bureau of Statistics of China (中國統計局河南調查總隊).

The group company was entitled the “Top Ten Caring Community in Luoyang” (洛陽市十大愛心集體)

In March 2011, the results of the 2010 Contest of the “Top Ten Caring Community in Luoyang” was announced (2010年“洛陽市十大愛心集體”評選活動). The contest was jointly organized by Luoyang Charity Association (洛陽市慈善協會), Luoyang Cultural Committee (洛陽市文明委員會) and Luoyang Daily (洛陽日報社), in which the group company was honored as one of the “Top Ten Caring Community in Luoyang”.

The group company was awarded the second prize in technology development in Henan Province for its “development and application of localization of wear-resistant lining plates for C160 large jaw crushers”(C160大型顎式破碎機耐磨襯板國產化開發與應用) project

In March 2011, the “development and application of localization of wear-resistant lining plates for C160 large jaw crushers” (C160大型顎式破碎機耐磨襯板國產化開發與應用) project jointly developed by the group company and Henan University of Science and Technology was awarded the second prize in technology development in Henan Province by the Science and Technology Department of Henan Province.

The group company was honored as the “Enterprise of Resources Integration in Henan Province” (河南省資源綜合利用企業)

On 16 March 2011, the “treatment of flue gas from roasting of molybdenum concentrate” (鉬精礦焙燒煙氣治理) project of the group company passed the inspection of Henan Resources Integration Identification and Verification Team (河南省資源綜合利用核查認定小組). The group company was thus entitled the “Enterprise of Resources Integration in Henan Province”.

The Mudu-Lee Royal International Hotel of the group company won the accolade of the “2010 Best Star Hotel in Henan Province” (河南省2010年度最佳星級飯店)

On 13 April 2011, at the Management Conference for Hotels for Travelers in Henan Province (河南省旅遊飯店管理工作會議), Mudu-Lee Royal International Hotel of the group company was honored as the “2010 Best Star Hotel in Henan Province”.

Each of the group company and Luoyang Yulu Mining Co., Ltd., its non-wholly owned subsidiary, won RMB10 million from the “Incentive Fund for Saving and Integrated Use of Mineral Resources”(礦產資源節約與綜合利用獎勵基金)

In May 2011, the Luoyang Municipal Ministry of Finance (洛陽市財政局) announced the list of incentives for the saving and integrated use of mineral resources in 2010, pursuant to which the previous application of the “Incentive Fund for Saving and Integrated Use of Mineral Resources” of the group company was approved by Yu Cai Jian [2010] No. 553 Document (豫財建【2010】553號文件) and the group company was awarded a financial incentive fund of RMB10 million. The incentive fund was mainly used for technical overhaul and research and development projects to further enhance the “three ratios” (三率). Meanwhile, Yulu Company, the Group’s non-wholly owned subsidiary was also enlisted and awarded a financial incentive fund of RMB10 million.

The group company successfully registered and issued debt financing instruments with National Association of Financial Market Institutional Investors

On 2 June 2011, the group company successfully issued short-term financing bills and the full amount of the proceeds was received on 3 June. The results of the issue are set out below: name of short-term financing bill: first tranche short-term financing bill of the Company in 2011; abbreviation of short-term financing bill: 11 CMOC CP01; code of short-term financing bill: 1181267; term of short-term financing bill: 365 days; coupon: fixed interest; tender date for issue: 2 June 2011; total size issued: RMB 2 billion; total size proposed to be issued: RMB2 billion; nominal interest rate: 4.69% per annum; lead underwriter: Bank of China Limited. (For details, please refer to the Company's announcements dated 24 May 2011 and 3 June 2011).

The group company's technological research in respect of "methods and apparatus for roasting of molybdenum concentrates by self-ignition" (鉬精礦自燃式焙燒方法及裝置) passed technological appraisal

On 25 June 2011, the technological research conducted by the group company in respect of "methods and apparatus for roasting of molybdenum concentrates by self-ignition" successfully passed the technological appraisal organized by the Expert Team of the Science and Technology Department of Henan Province (河南省科技廳組織的專家組).

A foundation-laying ceremony for the highly-efficient hard alloy project as well as the processing project of tungsten metal products and tungsten materials and alloy (高性能硬質合金項目和鎢金屬製品及鎢材料合金深加工項目) of the group company was held

On 28 June 2011, the group company officially held the foundation-laying ceremony for its highly-efficient hard alloy project as well as the processing project of tungsten metal products and tungsten materials and alloy (高性能硬質合金項目和鎢金屬製品及鎢材料合金深加工項目) with a total investment of RMB2.858 billion. The projects are planned to commence construction by the end of June of 2011 and completed construction in June 2013. Upon completion, the group company will become one of the largest tungsten metal product and hard alloy manufacturer in China.

PROSPECTS FOR THE SECOND HALF OF 2011

In respect of the supply in the molybdenum market in the second half of 2011, in light of the situation of domestic mining operations, suspension, partial suspension of operations and production below full capacity will virtually remain a general phenomenon among domestic and overseas mines. Not least a lower production capacity utilization rate as compared to the same period last year, the supply capacity of molybdenum raw materials in China is therefore yet to be fully utilized. As the molybdenum market slumped in June and a number of domestic mines suspended production, the supply of molybdenum raw material will hardly see a sudden surge in the short run. As for production, overseas molybdenum mines shared almost the same fate as their counterparts in China. A handful of construction projects are still being suspended in the hope of resumption of construction under a better international molybdenum market sentiment. Hence, a sharp increase in raw materials supply is unlikely either. In respect of demand, the iron and steel industry has a greater influence over the molybdenum industry. Stimulated by strong demand from China and other emerging economies, the global demand for iron and steel is expected to grow within a range from 6.5% to 7% in 2011, up to 1,500 million tonnes. While the demand for iron and steel is expected to sustain a momentum of more than 7% this year, whereas the demand for iron and steel in the United States, the European Union and other developed economies will continue to recover steadily. Beset by sustainably high levels of iron and steel production, a decelerating growth in iron and steel demand as well as a dampened international market, the market prices of steel products will remain volatile in the future. Taking advantage of the robust domestic market consumption of steel products in China and on the back of the construction of affordable housings, railways and farmland irrigation facilities, a stronger domestic market demand for steel is on the horizon. In view of the above situations, the demand of molybdenum in the second half of the year is expected to be stronger than last year.

On tungsten market supply, environmental protection policy and ongoing power shortage has continued to affect the rate of capacity utilization of tungsten enterprises this year, which led to a decline in production of tungsten concentrates and affected its supply. In addition, mine reserves in many regions such as Guangdong and Hunan provinces have currently been exhausted. Resource depletion and more stringent regulatory measures over environmental protection are further tightening the supply of tungsten concentrates, thus hindering the substantial growth of tungsten concentrate supply. In respect of demand, China's macro economy enjoys stable and rapid development, which will continue to drive the development of industries such as machinery processing, mining, iron and steel, automobile and chemical engineering which in turn boost consumption of tungsten. In light of the decrease in the supply of tungsten concentrates and steady growth in the underlying demand, supply shortage will exacerbate, leaving more room for the price of tungsten concentrates to move up.

In the second half of 2011, the production volume of major products will remain virtually the same as that in the first half of 2011.

In the second half of 2011, the management of the Company will grasp the opportunities in molybdenum and tungsten market, further enhancing production and operation to fully meet the targets set for the year. In addition, the Company will seek to implement new projects to capture new economic growth and to promote listing of A shares in the PRC. Through vigorous resource integration and overseas acquisitions in strict adherence to our corporate development strategies, we expect to enhance our comprehensive strengths and profitability for better returns to shareholders.

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

By Order of the Board

Duan Yuxian

Chairman

Xinjiang, the PRC, 20 August 2011

DIRECTORS AND SUPERVISORS

As at 20 August 2011, our Board consists of the following 11 directors, pursuant to the Articles of Association, our directors have a term of three years, renewable upon re-election.

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

Non-executive Directors: Shu Hedong, Zhang Yufeng

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

Supervisors: Zhang Zhenhao, Yin Dongfang, Deng Jiaoyun

EMPLOYEES

The Group had approximately 8,142 employees as at 30 June 2011. The remuneration package of the employees includes salary, bonuses and allowances. Employees also receive welfare benefits including medical care, housing subsidies, child care and education, retirement and other miscellaneous items.

SHARE CAPITAL

	As at 30 June 2011	
	Number of shares	Amount
		<i>RMB</i>
Domestic shares at a nominal value of RMB0.20 per share	3,565,014,525	713,002,905
H shares at a nominal value of RMB0.20 per share	1,311,156,000	262,231,200
Total	4,876,170,525	975,234,105

SHARE CAPITAL STRUCTURE

As at 30 June 2011, the share capital structure of the Company was as follows

As at 30 June 2011	As at 30 June 2011	
	No. of shares	Approximate percentage of total share capital
Holder's of domestic shares or H shares		
Holder's of domestic shares		
Louyang Mining Group Co., Ltd.	1,796,593,475	36.84%
Cathay Fortune Corporation	1,726,706,322	35.41%
Other shareholders	41,714,728	0.86%
Holder's of H shares	1,311,156,000	26.89%
Total	4,876,170,525	100%
	Class of shares	No. of shares Approximate percentage of total share capital
Domestic shares	3,565,014,525	73.11%
H shares	1,311,156,000	26.89%
Total shares	4,876,170,525	100%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

To the best knowledge of all directors and supervisors, as at 30 June 2011, the persons or companies (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
Luoyang Mining Group Co., Ltd. ("LMG") ⁽¹⁾	1,796,593,475 (L)	Beneficial owner	Domestic share	50.40%
Cathay Fortune Corporation ("CFC") ⁽²⁾	1,726,706,322 (L)	Beneficial owner	Domestic share	48.43%
National Council for Social Security Fund of the PRC	119,196,000 (L)	Beneficial owner	H share	9.09%
JP Morgan Chase & Co.	65,856,468 (L)	Beneficial owner	H share	5.02%
	5,500,000 (S)	Beneficial owner	H share	0.42%
	59,222,465 (P)	Custodian	H share	4.52%

Note: (L) — Long position, (S) — Short position, (P) — Lending pool

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

(2) Mr. Yu Yong holds 90% of equity interests in CFC.

Save as disclosed above, as at 30 June 2011, the directors were not aware of any other person (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

As at 30 June 2011, none of the directors and supervisors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the same period.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 30 June 2011, none of the directors, chief executives, supervisors or their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which would be required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or which would be required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time as at 30 June 2011 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

DIVIDENDS

At the Board meeting held on 20 August 2011, the Board resolved not to distribute an interim dividend for the six months ended 30 June 2011.

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

The Company's H shares were listed on the Stock Exchange on 26 April 2007. The Company and its subsidiaries had not purchased, sold or redeemed any securities of the Company during the six months ended 30 June 2011.

CORPORATE GOVERNANCE

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the six months ended 30 June 2011, in the opinion of the Board, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Directors' Updated Biographical Details

Mr. Ng Ming Wah, Charles, the independent non-executive director, resigned as the independent non-executive director of Dalian Port (PDA) Company Limited (stock code: 02880), a company listed on The Stock Exchange of Hong Kong Limited, on 17 March 2011.

Mr. Gao Dezhu, the independent non-executive director, resigned as the independent non-executive director of Ningxia Orient Tantalum Industry Co., Ltd. (stock code: 000962), a company listed on the Shenzhen Stock Exchange, on 17 April 2011.

Save as disclosed above, as at 30 June 2011, there had not been any other changes to the directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

BOARD OF DIRECTORS

The Board of the Company consists of 11 directors, namely 5 executive directors, 2 non-executive directors and 4 independent non-executive directors. For the six months ended 30 June 2011, the Board convened five meetings (with an attendance rate of 99%).

SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, directors and members of the senior management; and to prevent them from abusing their power and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened one meeting during the six months ended 30 June 2011 (with an attendance rate of 100%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors of the Company. Having made specific enquiries, the Board confirmed that all the directors complied with the required standard set out in the Model Code for the period ended 30 June 2011.

AUDIT COMMITTEE

The terms of reference of the audit committee based on "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The audit committee provides an important link between the Board and the Company's auditors in matters falling within the scope of the audit of the Company and the Group. The audit committee will review the effectiveness of the external audit and of internal controls, evaluate risks and will provide advice and guidance to the Board. The audit committee comprises two independent non-executive directors and one non-executive director, namely, Mr. Ng Ming Wah, Charles, Mr. Zeng Shaojin and Mr. Zhang Yufeng. The audit committee has reviewed the unaudited financial results of the Company for the six months ended 30 June 2011 and considered that the results complied with relevant accounting standards and that the Company has made appropriate disclosure.

NON-COMPETITION AGREEMENT

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

Deloitte.

德勤

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF 洛陽樂川鋁業集團股份有限公司 CHINA MOLYBDENUM CO., LTD.

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

Introduction

We have reviewed the interim financial information set out on pages 21 to 43, which comprises the condensed consolidated statement of financial position of 洛陽樂川鋁業集團股份有限公司 China Molybdenum Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

20 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTES	Six months ended 30 June	
		2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Revenue	3	3,141,723	2,067,270
Cost of sales		(2,135,067)	(1,372,424)
Gross profit		1,006,656	694,846
Other income and gains	4	29,702	46,086
Gain on disposal of a subsidiary		—	8,010
Selling and distribution expenses		(12,063)	(6,742)
Administrative expenses		(208,314)	(108,417)
Other expenses and losses	5	(3,865)	(11,697)
Finance costs	6	(36,471)	(21,326)
Share of results of associates		41,551	16,392
Share of results of jointly controlled entities		(995)	(3,377)
Profit before taxation		816,201	613,775
Taxation	7	(195,032)	(168,458)
Profit for the period	8	621,169	445,317
Other comprehensive (expense) income:			
Exchange differences arising on translation of foreign operations		(659)	1,250
Total comprehensive income for the period		620,510	446,567
Profit for the period attributable to:			
Owners of the Company		586,052	418,467
Non-controlling interests		35,117	26,850
		621,169	445,317
Total comprehensive income attributable to:			
Owners of the Company		585,393	419,717
Non-controlling interests		35,117	26,850
		620,510	446,567
Earnings per share - Basic	10	RMB0.120	RMB0.086

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	NOTES	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	11	4,432,765	4,547,601
Land use rights - non-current portion	12	662,449	550,408
Mining rights	13	330,729	347,507
Exploration right	14	1,065,053	—
Trademarks		498	635
Interests in associates		80,091	78,541
Interests in jointly controlled entities	15	1,532,658	1,533,653
Investments in debt securities	18	30,560	83,072
Available-for-sale investments		2,300	2,300
Deferred tax assets	16	110,068	125,070
Long term deposits paid	19	126,550	534,271
		8,373,721	7,803,058
Current assets			
Inventories		1,348,990	1,442,875
Trade and other receivables	17	2,563,455	1,755,892
Amounts due from associates	25 (ii)	115,315	47,936
Amount due from a shareholder	25 (ii)	29	—
Amounts due from jointly controlled entities	25 (ii)	17,200	45,936
Land use rights - current portion	12	13,568	8,437
Investments in debt securities	18	146,623	89,793
Held-for-trading investments		69,198	64,099
Restricted bank deposits	22	82,257	23,947
Bank balances and cash		1,956,622	2,839,449
		6,313,257	6,318,364
Current liabilities			
Trade and other payables	20	(911,802)	(1,101,820)
Amount due to a jointly controlled entity	25 (ii)	(58,903)	—
Short-term financing bonds	21	(2,000,000)	—
Dividend payables		(44,861)	(103,644)
Tax payable		(19,003)	(62,975)
Bank borrowings — due within one year	22	(285,838)	(786,650)
		(3,320,407)	(2,055,089)
Net current assets		2,992,850	4,263,275
Total assets less current liabilities		11,366,571	12,066,333

	NOTES	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Non-current liabilities			
Bank borrowings — due after one year	22	(28,000)	(10,000)
Provision		(43,680)	(42,615)
Deferred income		(23,530)	(24,879)
Long term payable	23	(246,000)	—
		(341,210)	(77,494)
		11,025,361	11,988,839
Capital and reserves			
Share capital	24	975,234	975,234
Reserves		9,184,142	10,568,722
Equity attributable to owners of the Company		10,159,376	11,543,956
Non-controlling interests		865,985	444,883
Total equity		11,025,361	11,988,839

The condensed consolidated financial statements on pages 21 to 43 were approved and authorised for issue by the Board of Directors on 20 August 2011 and are signed on its behalf by:

DUAN, YUXIAN
Director

WU, WENJUN
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Translation reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2010	975,234	7,346,260	388,722	610,981	(1,740)	1,651,045	10,970,502	320,272	11,290,774
Profit for the year	—	—	—	—	—	965,549	965,549	36,143	1,001,692
Exchange differences arising on translation of foreign operations	—	—	—	—	(2,001)	—	(2,001)	—	(2,001)
Total comprehensive (expense) income for the year	—	—	—	—	(2,001)	965,549	963,548	36,143	999,691
Capital injection from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	180,480	180,480
Dividends	—	—	—	—	—	(390,094)	(390,094)	(92,012)	(482,106)
Transfer of reserves	—	—	—	86,620	—	(86,620)	—	—	—
Transfer	—	—	370,322	—	—	(370,322)	—	—	—
Transfer upon utilisation	—	—	(426,082)	—	—	426,082	—	—	—
At 31 December 2010 (audited) and at 1 January 2011	975,234	7,346,260	332,962	697,601	(3,741)	2,195,640	11,543,956	444,883	11,988,839
Profit for the period	—	—	—	—	—	586,052	586,052	35,117	621,169
Exchange differences arising on translation of foreign operations	—	—	—	—	(659)	—	(659)	—	(659)
Total comprehensive (expense) income for the period	—	—	—	—	(659)	586,052	585,393	35,117	620,510
Dividends	—	—	—	—	—	(1,969,973)	(1,969,973)	(4,015)	(1,973,988)
Capital injection from non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	390,000	390,000
Transfer	—	—	173,030	—	—	(173,030)	—	—	—
Transfer upon utilisation	—	—	(208,248)	—	—	208,248	—	—	—
At 30 June 2011 (unaudited)	975,234	7,346,260	297,744	697,601	(4,400)	846,937	10,159,376	865,985	11,025,361
At 1 January 2010	975,234	7,346,260	388,722	610,981	(1,740)	1,651,045	10,970,502	320,272	11,290,774
Profit for the period	—	—	—	—	—	418,467	418,467	26,850	445,317
Exchange differences arising on translation of foreign operations	—	—	—	—	1,250	—	1,250	—	1,250
Total comprehensive income for the period	—	—	—	—	1,250	418,467	419,717	26,850	446,567
Dividends	—	—	—	—	—	(390,094)	(390,094)	(50,185)	(440,279)
Transfer of reserves	—	—	—	630	—	(630)	—	—	—
Transfer	—	—	184,352	—	—	(184,352)	—	—	—
Transfer upon utilisation	—	—	(176,849)	—	—	176,849	—	—	—
At 30 June 2010 (unaudited)	975,234	7,346,260	396,225	611,611	(490)	1,671,285	11,000,125	296,937	11,297,062

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Net cash generated from (used in) operating activities	52,100	(633,463)
Investing activities		
Interest received	24,424	39,950
Acquisition of subsidiaries	—	(272,686)
Proceeds on disposal of a subsidiary	—	95,346
Dividend received from an associate	—	15,000
Long term deposits paid	(2,279)	(255,624)
Purchase of property, plant and equipment	(308,329)	(129,088)
Purchase of land use rights	(64,523)	(10,728)
Purchase of exploration right	(50,000)	—
Purchase of investments in debt securities	(4,318)	(958,020)
Purchase of trademark	—	(77)
Proceeds from investments in debt securities upon maturity	—	796,843
Proceeds from disposal of property, plant and equipment	247	367
Proceeds from disposal of land use rights	—	5,937
Advance of loan receivables	—	(75,000)
Repayment of loan receivables	—	42,824
Repayment from a jointly controlled entity	28,736	—
Advance to a shareholder	(29)	—
Increase in restricted bank deposits	(58,310)	(562,759)
Net cash used in investing activities	(434,381)	(1,267,715)
Financing activities		
Interest paid	(35,407)	(22,762)
Dividends paid to shareholders	(2,028,756)	(390,094)
Dividends paid to non-controlling shareholders of subsidiaries	(4,015)	(50,590)
Advance from a jointly controlled entity	50,444	—
Proceeds from issuance of short-term financing bonds	2,000,000	—
New bank borrowings raised	1,103,838	1,657,000
Repayment of bank borrowings	(1,586,650)	(149,242)
Net cash (used in) generated from financing activities	(500,546)	1,044,312
Net decrease in cash and cash equivalents	(882,827)	(856,866)
Cash and cash equivalents at 1 January	2,839,449	2,824,751
Cash and cash equivalents at the end of the period	1,956,622	1,967,885
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	1,956,622	1,967,885

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listed Rules") and with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010. In addition, the Group applied the following accounting policy for the exploration right acquired during the current period.

Exploration rights

Exploration rights are recognised at cost on initial recognition. Subsequent to initial recognition, exploration rights are stated at cost less any accumulated impairment losses. Exploration rights include the cost of exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable and relevant mining rights certificate is obtained, previously recognised exploration rights are reclassified as mining rights or property, plant and equipment. These assets are assessed for impairment before reclassifications.

Impairment of exploration rights

The carrying amount of the exploration rights is reviewed annually and adjusted for impairment whenever one of the following events or changes in circumstances indicate that the carrying amount may not be recoverable (the list is not exhaustive).

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
- Substantive expenditure on future exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.

- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exist to indicate that, through a development in the specific area is likely to proceed, the carrying amount of the exploration rights is unlikely to be recovered in full from successful development or by sale.

An impairment loss is recognised in the profit or loss whenever the carrying amount of the exploration rights exceeds its recoverable amount.

The application of the new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements.

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

IFRS 7 (Amendments)	Disclosures - Transfers of financial assets ¹
IFRS 9	Financial instruments ³
IFRS 10	Consolidated financial statements ³
IFRS 11	Joint arrangements ³
IFRS 12	Disclosure of interests in other entities ³
IFRS 13	Fair value measurement ³
IAS 1 (Amendments)	Presentation of items of other comprehensive income ⁴
IAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ²
IAS 19 (Revised 2011)	Employee benefits ³
IAS 27 (Revised 2011)	Separate financial statements ³
IAS 28 (Revised 2011)	Investments in associates and joint ventures ³

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2012.

³ Effective for annual periods beginning on or after 1 January 2013.

⁴ Effective for annual periods beginning on or after 1 July 2012.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios, including cases where an investor may control an investee with less than majority of voting rights. Overall, the application of IFRS 10 requires extensive use of judgement.

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

For the six months ended 30 June 2010

	Molybdenum related products		Processed molybdenum and tungsten products		Tungsten products	Gold, silver and relevant products	Electrolytic lead	Segment total	Others	Elimination	Consolidated
	Domestic	International	Domestic	International							
	RMB'000	RMB'000	RMB'000	RMB'000							
SEGMENT REVENUE											
Sales to external customers	1,450,119	216,917	42,219	25,996	110,982	85,936	—	1,932,169	135,101	—	2,067,270
Intersegment sales	1,296,077	—	20,963	—	—	—	—	1,317,040	—	(1,317,040)	—
Total	2,746,196	216,917	63,182	25,996	110,982	85,936	—	3,249,209	135,101	(1,317,040)	2,067,270
Segment result	525,226	81,537	1,521	796	63,804	18,691	—	691,575	3,271	—	694,846
Other income and gains											46,086
Gain on disposal of a subsidiary											8,010
Unallocated expenses											(148,182)
Share of results of associates											16,392
Share of results of jointly controlled entities											(3,377)
Profit before taxation											613,775

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

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

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest income		
— bank deposits	17,401	14,749
— debentures classified as held for trading investments	2,699	1,494
— investments in debt securities	4,324	23,707
Total interest income	24,424	39,950
Dividend from equity securities	192	1,485
Net gain on sales of scrap materials	283	—
Government grants recognised	215	100
Gain on disposal of property, plant and equipment	4	135
Others	4,584	4,416
	29,702	46,086

5. OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss on fair value change of financial assets classified as held-for-trading	906	4,053
Net foreign exchange losses	840	3,875
Penalty expenses	60	118
Donations	855	1,011
Others	1,204	2,640
	3,865	11,697

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interests on bank borrowings wholly repayable within five years	21,039	4,248
Interests on bills discounted with recourse	324	18,864
Interest on short-term financing bonds	7,035	—
Financing charges on short-term financing bonds	7,008	—
Other interest expenses - unwinding discounts on provision	1,065	1,014
Less: Amount included in the cost of qualifying assets	—	(2,800)
	36,471	21,326

7. TAXATION

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
The charge comprises the People's Republic of China ("PRC") Enterprise Income Tax:		
Current taxation		
— current period	174,939	163,961
— underprovision in prior years	5,091	6,575
	180,030	170,536
Deferred taxation		
— current period	15,002	(2,078)
	195,032	168,458

The Group is subject to PRC Enterprise Income Tax levied at a rate of 25% (six months ended 30 June 2010: 25%) of taxable income determined in accordance with the relevant laws and regulations in the PRC.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011 <i>RMB'000</i> (unaudited)	2010 <i>RMB'000</i> (unaudited)
Profit for the period has been arrived at after charging:		
Cost of inventories recognised as an expense	2,080,848	1,333,718
Depreciation of property, plant and equipment	193,042	146,567
Amortisation of land use rights (included in administrative expenses)	7,351	4,698
Amortisation of mining rights (included in cost of sales)	16,778	13,611
Amortisation of trademarks (included in cost of sales)	137	95
Allowance for doubtful debts	659	—
Share of tax of associates (included in share of results of associates)	13,968	5,492
Resources compensation fee (<i>Note</i>)	37,304	25,000

Note: Resources compensation fee is calculated on the basis of a ratio of the sales income of mineral products during the period by reference to the compensation fee rate and coefficient of mining recovery rate and included in cost of sales.

9. DIVIDENDS

	Six months ended 30 June	
	2011 <i>RMB'000</i> (unaudited)	2010 <i>RMB'000</i> (unaudited)
Dividend recognised as distribution during the period:		
Final — for year 2010 of RMB0.404 (30.6.2010: for year 2009 of RMB0.08) per share	1,969,973	390,094

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

On 6 June 2010, dividend of RMB0.08 per share totalling RMB390,094,000 was paid to shareholders as final dividend for 2009.

The Board resolved not to distribute an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

10. EARNINGS PER SHARE - BASIC

The calculation of the basic earnings per share for the period is based on the following data:

	Six months ended 30 June	
	2011 (unaudited)	2010 (unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share (RMB'000)	586,052	418,467
Number of shares for the purpose of basic earnings per share	4,876,170,525	4,876,170,525

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

11. PROPERTY, PLANT AND EQUIPMENT

	RMB'000
CARRYING VALUES	
At 1 January 2011	4,547,601
Additions	140,156
Disposals	(61,950)
Depreciation	(193,042)
At 30 June 2011 (unaudited)	4,432,765

12. LAND USE RIGHTS

	RMB'000
CARRYING VALUES	
At 1 January 2011	558,845
Additions	124,523
Amortisation	(7,351)
At 30 June 2011 (unaudited)	676,017
Less: Amount included as current assets	(13,568)
Amount due after one year	662,449

13. MINING RIGHTS

	<i>RMB'000</i>
CARRYING VALUES	
At 1 January 2011	347,507
Amortisation	(16,778)
At 30 June 2011 (unaudited)	330,729

The mining rights are amortised over the initial license period ranging from 10 to 15 years.

14. EXPLORATION RIGHT

	<i>RMB'000</i> <i>(unaudited)</i>
CARRYING VALUE	
Additions during the period and as at 30 June 2011	1,065,053

The exploration right was acquired from 河南省地質礦產勘查開發局第二地質勘察院 (No. 2 Geological Institution of Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource) in relation to 新疆哈密市東戈壁鋁礦勘探, a molybdenum mine located in Xinjiang, PRC. The exploration certificate is with an initial license period of 2 years, which is renewable with relevant government authorities continuously at minimal charges.

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2011 <i>RMB'000</i> (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
Cost of unlisted investments in jointly controlled entities	1,540,395	1,540,395
Share of post-acquisition losses	(7,737)	(6,742)
	1,532,658	1,533,653

As at 30 June 2011, the Group had interests in the following significant jointly controlled entities and their subsidiary:

Name of company	Date of establishment	Place of establishment and operation	Registered capital	Proportion of equity held by the Group	Principal activity
Xuzhou Huanyu Molybdenum Co., Ltd. ("Xuzhou Huanyu") (徐州環宇鎢業有限公司)	19 June 1995	PRC	RMB50,446,614	50%	Investment holding
Luoyang Fuchuan Mining Co., Ltd. ("Luoyang Fuchuan") (洛陽富川礦業有限公司)	29 September 2003	PRC	RMB50,000,000	55% <i>(Note 1)</i>	Holding of mining right and related assets
Luoyang High-Tech Metals Co., Ltd. ("Luoyang High-Tech") (洛陽高科鎢鎢材料有限公司)	11 May 2010	PRC	RMB265,000,000	50% <i>(Note 2)</i>	Manufacturing of molybdenum powder, tungsten powder and related products

Notes:

- (1) The Company acquired 100% equity interest of Luoyang Construction Investment and Mining Co., Ltd. (洛陽建設礦業有限公司) ("Luoyang Construction") and Luanchuan Huqi Mining Company Limited (欒川縣滬七礦業有限公司) ("Huqi Mining") during the year ended 2010. Luoyang Construction holds 50% equity interest of Xuzhou Huanyu. Xuzhou Huanyu holds 90% equity interest in Luoyang Fuchuan. The remaining 10% equity interest in Luoyang Fuchuan was held by Huqi Mining. After the acquisitions, the Group's attributable interest in Luoyang Fuchuan is 55%. Luoyang Fuchuan is a non-wholly owned subsidiary of Xuzhou Huanyu.
- (2) Formerly known as Luoyang High Tech Molybdenum & Tungsten Co., Ltd. The company was a former subsidiary and became a jointly controlled entity upon disposal in the year ended 2010. Luoyang High-Tech was transformed into a sino-foreign equity joint venture on 11 May 2010.

16. DEFERRED TAX ASSETS

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

	Impairment of property, plant and equipment	Allowance for inventories	Allowance for receivable	Tax losses	Deferred income	Accrued expense	Unrealised profit	Held-for- trading investments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(Note)		
At 1 January 2010 (audited)	44	183	4,039	30,834	6,933	22,265	119,663	1,544	185,505
Disposal of a subsidiary	—	—	115	(5,671)	—	(1,315)	(986)	(514)	(8,371)
(Charge) credit to profit or loss	—	(82)	(527)	(13,237)	(587)	11,005	(51,082)	2,446	(52,064)
At 31 December 2010 (audited)	44	101	3,627	11,926	6,346	31,955	67,595	3,476	125,070
(Charge) credit to profit or loss	—	(30)	165	27	2,163	(12,541)	(3,872)	(914)	(15,002)
At 30 June 2011 (unaudited)	44	71	3,792	11,953	8,509	19,414	63,723	2,562	110,068

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

17. TRADE AND OTHER RECEIVABLES

	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Trade receivables (net of allowances)	690,399	535,823
Bills receivable	1,255,668	851,479
	1,946,067	1,387,302
Advances to suppliers	278,305	123,507
Other tax recoverable	112,331	125,827
Other receivables and prepayments	226,752	119,256
	2,563,455	1,755,892
Breakdown of advances to suppliers		
Third parties	218,039	45,842
Advance to a jointly controlled entity	60,266	77,665
	278,305	123,507

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

	30.6.2011 RMB'000 (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
0 - 90 days	1,881,542	984,077
91 - 180 days	31,703	383,391
181 - 365 days	31,532	18,878
1 - 2 years	1,290	956
	1,946,067	1,387,302

18. INVESTMENTS IN DEBT SECURITIES

	30.6.2011 RMB'000 (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
Investments in debt securities represented:		
Investment plans arranged by banks	177,183	172,865
Analysed for reporting purposes as:		
Current assets	146,623	89,793
Non-current assets	30,560	83,072
	177,183	172,865

As at 30 June 2011, the amount represents unlisted investment plans arranged by banks for investment in various debt securities. The underlying debt securities are analysed as follows:

	30.6.2011 RMB'000 (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
Unlisted corporate entities' debts	92,619	89,793
Debentures and bills issued by central government and banks	84,564	83,072
	177,183	172,865

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

The investment plans were stated at amortised cost less any impairment loss. They will mature during the period from November 2011 to August 2012 (31 December 2010: mature during the period from November 2011 to August 2012) with effective interest rate ranged from 3.7% to 6.5% (2010: 3.7% to 6.5%) per annum.

19. LONG TERM DEPOSITS PAID

	30.6.2011	31.12.2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Deposits paid for acquisition of land use rights	10,939	68,660
Deposits paid for acquisition of exploration right (note 1)	50,000	400,000
Deposits paid for acquisition of property, plant and equipment	35,611	35,611
Other deposit paid (note 2)	30,000	30,000
	126,550	534,271

Notes:

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

20. TRADE AND OTHER PAYABLES

	30.6.2011	31.12.2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Trade payables	331,529	414,760
Bills payable	45,594	100,000
	377,123	514,760
Other payables and accruals	534,679	587,060
	911,802	1,101,820

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

	30.6.2011 RMB'000 (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
0–90 days	329,580	371,607
91–180 days	17,878	129,396
181–365 days	13,849	8,012
1–2 years	8,461	2,270
Over 2 years	7,355	3,475
	377,123	514,760

21. SHORT-TERM FINANCING BONDS

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

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

22. BANK BORROWINGS

	30.6.2011 RMB'000 (unaudited)	31.12.2010 <i>RMB'000</i> (audited)
Fixed-rate bank loan — unsecured	100,000	211,650
Variable-rate bank loans — unsecured	213,838	585,000
	313,838	796,650

The maturity profile of the above borrowings is as follows:

Within one year	285,838	786,650
More than one year but not exceeding two years	28,000	10,000
	313,838	796,650
Less: Amount due within one year shown under current liabilities	(285,838)	(786,650)
	28,000	10,000

As at 30 June 2011, the loan of RMB100,000,000 carries fixed-rate interest at 6.31% and the remaining variable-rate bank loans carry interest rates at 90% to 100% of benchmark interest rate quoted by People's Bank of China or London Inter bank Offered Rate ("LIBOR") plus 1.8% (31 December 2010: fixed-rate interest at 4.78% or 5.56% and variable interest rates at 90% to 100% of benchmark interest rate quoted by People's Bank of China) per annum and repayable by instalments over a period of one to two years (31 December 2010: one to two years). New bank borrowings of RMB1,103,838,000 (31 December 2010: RMB1,661,000) were raised in the current period. The proceeds were used to finance the purchase of materials and for the expansion of its existing manufacturing capacity on molybdenum related products.

As at 30 June 2011, bank loan of RMB100,000,000 (2010: RMB100,000,000) was guaranteed by Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司) ("LMG"), a substantial shareholder with significant influence over the Company.

At the end of the reporting period, the Group had short term banking facilities secured by the following assets of the Group:

	30.6.2011	31.12.2010
	HK\$	HK\$
	(unaudited)	(audited)
Bank deposits	82,257	23,947

23. LONG TERM PAYABLE

As at 30 June 2011, an amount of RMB246,000,000 (31 December 2010: nil) represented payable to 河南省地質礦產勘查開發局第二地質勘察院 (No.2 Geological Institution of Henan Provincial Bureau of Exploration and Development of Geology and Mineral Resource) for the acquisition of exploration right in Xinjiang, which is non-interest bearing and payable on 30 June 2013.

24. SHARE CAPITAL

	Number of shares		Amount <i>RMB'000</i>
	Domestic shares	H shares	
At 1 January 2010, 30 June 2010, 31 December 2010 and at 30 June 2011	3,565,014,525	1,311,156,000	975,234

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

25. RELATED PARTY TRANSACTIONS

During the period, the Group has the following significant transactions with related companies:

(i) Transactions with related companies:

	Six months ended 30 June	
	2011 RMB'000 (unaudited)	2010 RMB'000 (unaudited)
Nature of transactions		
Sales of goods		
Shanghai Yuhua Molybdenum Co., Ltd (Note 1)	194,159	109,266
Purchase of goods		
Luoyang Fuchuan (Note 4)	120,029	—
洛陽礦業集團嵩縣黃金礦業有限公司 (Note 2)	7,685	—
Luoyang High-tech (Note 3)	1,009	—
Guarantee for a bank loan		
LMG (Note 5)	100,000	100,000

(ii) Balances with related companies:

	30.6.2011 RMB'000 (unaudited)	31.12.2010 RMB'000 (audited)
Amounts due from/ (to) related companies		
Shanghai Yuhua Molybdenum Co., Ltd (Note 1)	115,282	47,936
Luoyang Yulu Mining Co., Ltd (Note 1)	33	—
Luoyang Fuchuan (Note 4)	(58,903)	28,736
Xuzhou Huanyu (Note 3)	17,200	17,200
LMG (Note 5)	29	—
Amounts included in other receivables		
Luoyang High-Tech (Note 3)	2,279	—
Dividend receivable from		
Luoyang Yulu Mining Co., Ltd (Note 1)	40,000	—
Amounts included in other payables		
洛陽礦業集團嵩縣黃金礦業有限公司 (Note 2)	(1,515)	(5,565)
Luoyang High-Tech (Note 3)	—	(590)

Notes:

- (1) An associate of the Group
- (2) A subsidiary of LMG, a substantial shareholder with significant influence over the Company
- (3) A jointly controlled entity of the Group
- (4) A subsidiary of a jointly controlled entity of the Group
- (5) A substantial shareholder with significant influence over the Company

(iii) Transactions with other government-related entities in PRC

In the opinion of the directors of the Company, the Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significant influenced by the PRC government (hereinafter collectively referred to as "Government-related entities"). In addition, the Group itself is a Government-related entity. During the period, except as disclosed below, the Group did not have any individually significant transactions with other Government-related entities in its ordinary and usual course of business.

During the current period, the Group completed its acquisition of the exploration right for a molybdenum mine from a Government-related entity. Details of such are set out in note 14.

During the year ended 31 December 2010, the Group paid deposit amounting to RMB30,000,000 to government authority for construction of a museum. Amount remained in long term deposit as at 31 December 2010 and 30 June 2011.

In addition, the Group has also entered into various transactions, including purchases, sales, expenses, deposits placements, borrowings and other general banking facilities, with entities which are Government-related entities in its ordinary course of business.

(iv) Compensation of key management personnel

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

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short-term benefits	5,491	5,491
Post-employment benefit	25	25
	5,516	5,516

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

26. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	30.6.2011	31.12.2010
	RMB'000	RMB'000
	(unaudited)	(audited)
Commitments for the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	523,648	387,707

27. MAJOR NON-CASH TRANSACTIONS

During the current period, the capital injection of RMB390,000,000 from non-controlling shareholders of a subsidiary was directly injected to acquisition of exploration right which is disclosed in note 14.

28. LITIGATION

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

During the year ended 31 December 2010, the plaintiff increased the claim by RMB95 million to approximately RMB230 million. The Group had lodged objections for the additional claim as the claim is submitted after the permission period. The additional claim was rejected and the claim amount remained approximately RMB135 million.

The directors of the Company are of the view that the Group has complied with relevant laws and regulations in respect of the construction of the manufacturing plant and has appointed lawyers to defend the claim on its behalf. The directors considered that the Group has good defenses to these claims and will continue to defend vigorously. Accordingly, no provision in connection with the legal claim has been made in the condensed consolidated financial statements. Such civil litigation is still in progress up to the date of these condensed consolidated financial statements were authorised for issuance.

FOR SHAREHOLDERS' INFORMATION

This 2011 interim report ("Interim Report") has been prepared in both English and Chinese. Shareholders who have received either the English version or Chinese version of the Interim Report may request a copy in the other language by writing to the Company through the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email at chinamoly@computershare.com.hk.

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

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

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



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