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洛陽樂川鎢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: 3993)

DISCLOSEABLE TRANSACTION
PROVISION OF LOAN
AND
RESUMPTION OF TRADING

PROVISION OF LOAN

On 22 December 2009, the Company entered into the Loan Agreement with the Borrower to advance the Loan in the aggregate amount of RMB1,150,000,000 (equivalent to approximately HK\$1,311,000,000) to the Borrower. The Borrower will use the Loan to finance the Acquisition.

The Loan will be secured by (i) the Equity Pledge; (ii) guarantee from the Guarantor; and (iii) an equity pledge to be executed by the Borrower in favour of the Company in respect of the equity interest in the Target Company following the completion of the Acquisition.

Pursuant to the Loan Agreement, the Company has (i) during the term of the Loan, an option (but is not obliged) for the Company or any party(ies) designated by the Company to acquire the Borrower's interest in the Target Company following the completion of the Acquisition at a price to be determined by making reference to a valuation report to be prepared at the relevant time by an independent valuer; (ii) a right of first refusal after the completion of the Acquisition to purchase from the Borrower the equity interest in the Target Company; and (iii) a right of priority to investment opportunities in relation to other mineral resources projects owned by the Borrower.

As one of the applicable percentage ratio sets out in the Listing Rules in respect of the transactions contemplated under the Loan Agreement exceeds 5% but is less than 25%, the transactions contemplated under the Loan Agreement constitute a discloseable transaction of the Company and is subject to reporting and announcement requirements under Rule 14.06 of the Listing Rules. As the Loan also represents more than 8% of the consolidated total asset value of the Company as at 30 June 2009, the Loan is also subject to the disclosure requirements under Rule 13.13 of the Listing Rules.

RESUMPTION OF TRADING

Trading in the H Shares was suspended on the Stock Exchange at the request of the Company with effect from 9:30 a.m. on 23 December 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 28 December 2009.

THE PROVISION OF LOAN

On 22 December 2009, the Company entered into the Loan Agreement with the Borrower pursuant to which the Company has agreed to advance a total sum of RMB1,150,000,000 (equivalent to approximately HK\$1,311,000,000) to the Borrower.

LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows:

Date	:	22 December 2009.
Lender	:	The Company.
Borrower	:	洛陽建投礦業有限公司 (Luoyang Construction Investment and Mining Co., Ltd.*)

The Borrower is a state-owned enterprise which engages in the construction and investments in mineral resources projects in the PRC. The Borrower is a wholly-owned subsidiary of the Guarantor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of the Borrower and the Guarantor are independent third parties of the Company and its connected person.

Principal amount : In the aggregate amount of RMB1,150,000,000 (equivalent to approximately HK\$1,311,000,000)

The sum of RMB1,050,000,000 (equivalent to approximately HK\$1,197,000,000) shall be advanced to the Borrower upon entering into the Loan Agreement. The remaining balance of the Loan shall be advanced to the Borrower upon the Company's approval of the notice of request received from the Borrower.

Purpose : To finance the Acquisition: being the acquisition of the equity interest in Xuzhou Huanyu or Luoyang Fuchuan. Xuzhou Huanyu owns 90% equity interest in Luoyang Fuchuan. Luoyang Fuchuan owns and operates the Shangfanggou molybdenum mine located in Luanchuan County, Luoyang City, PRC.

Term : 1 year, commencing from 22 December 2009 to 21 December 2010.

Interest rate : 10% below the benchmark interest rate for loan of 1 year as quoted by the People's Bank of China on the date of entering into the Loan Agreement. Interest shall be calculated on the basis of the amount of the Loan advanced and the actual number of days elapsed.

The interest accrued on the Loan will be payable together with the principal upon maturity of the Loan. The Company may in its sole discretion reduce and/or waive any interest accrued on the Loan.

Repayment : The principal amount of the Loan together with interest thereon shall be repayable in full by the Borrower on the expiry of the term of the Loan.

- Security : (a) The Guarantor guarantees and makes payment on demand of the outstanding principal and interests due to the Company from the Borrower under the Loan Agreement;
- (b) The Equity Pledge executed by the Guarantor in respect of its entire equity interest in the Borrower in favour of the Company; and
- (c) An equity pledge to be executed by the Borrower in favour of the Company in respect of its interest in the Target Company within three business days following the completion of the Acquisition.
- Undertakings : The Borrower undertakes to the Company the followings:
- (a) At all times during the term of the Loan and following the completion of the Acquisition, the Borrower shall not without the prior written consent of the Company create or permit to subsist any mortgage, charge, lien, pledge, encumbrance or other security interests over its interest in the Target Company;
- (b) At all times during the term of the Loan and following the Acquisition, the Borrower shall procure the director(s) appointed or nominated by the Borrower at the Target Company, not to approve any corporate restructuring or material transactions involving the Target Company without the prior consent of the Company;
- (c) At all times during the term of the Loan, the Borrower shall grant to the Company an option (but is not obliged), for the Company or any party(ies) designated by the Company to acquire the Borrower's interest in the Target Company. The consideration for acquiring the equity interest in the Target Company shall be determined by making reference to a valuation report to be prepared at the relevant time by an independent valuer;

- (d) The Borrower irrevocably grants to the Company a right of first refusal to purchase from the Borrower the equity interest in the Target Company; and
- (e) The Company shall have the right of priority to investment opportunities in relation to other mineral resources projects owned by the Borrower.

EQUITY PLEDGE AGREEMENT

The principal terms of the Equity Pledge Agreement are as follows:

- Date : 22 December 2009.
- Pledgee : The Company.
- Pledgor : The Guarantor.
- Assets pledged : The Guarantor agreed to pledge to the Company its entire equity interest in the Borrower as security for the Borrower's obligations and performance under the Loan Agreement. The Equity Pledge Agreement is conditional upon registration at the relevant government authority in the PRC.

The Equity Pledge Agreement will terminate upon the settlement of the Loan under the Loan Agreement.

REASONS FOR THE TRANSACTION

Luoyang Fuchuan owns and operates the Shangfanggou molybdenum mine located in Luanchuan County, Luoyang City, PRC. Xuzhou Huanyu owns 90% equity interest in Luoyang Fuchuan. The Company understands that the Borrower has entered into a 50% Xuzhou Huanyu equity transfer agreement with the owner of Xuzhou Huanyu.

The Company is a leading producer of molybdenum in the PRC. The Group's primary business operations involve molybdenum mining, flotation, roasting, smelting and downstream processing. In addition, the Group is a fast-growing producer of tungsten products.

The Group has sought to increase shareholders' return through market integration and industry cooperation. By entering into the Loan Agreement, the Group seeks an opportunity to reinforce its position as one of the leading molybdenum producers in the PRC. The Board considers that the terms of the Loan are arrived at after arms' length negotiation with the Borrower. Moreover, the Board considers that the terms of the Loan are fair and reasonable and are in the interest of the Shareholders and the Company as a whole after taking into account that:

- (i) through the Loan Agreement, the Company has an option (but is not obliged), for the Company or any party(ies) designated by the Company to acquire the Borrower's interest in the Target Company as such time as it deems appropriate;
- (ii) the Company has a first right to invest in the Target Company before other investors since the Company has a first right of refusal;
- (iii) through the Loan Agreement, the Company shall have right of priority to investment opportunities in relation to other mineral resources projects owned by the Borrower;
- (iv) the Guarantor has agreed to guarantee the due and punctual payment of any and all sums owed by the Borrower. Furthermore, the Guarantor has entered into the Equity Pledge Agreement with the Company, pursuant to which the Guarantor agreed to pledge to the Company its entire equity interest in the Borrower. The guarantee and the Equity Pledge will provide the Group with security in relation to the Loan;
- (v) the provision of the Loan enables the Company to start a new business relationship with the Borrower and the Guarantor; and
- (vi) the Company can earn interest income from the provision of the Loan.

As of the date of this announcement, the Company does not have any intention to acquire any interest in the Target Company or make any investments in other mineral resources projects owned by the Borrower.

INFORMATION ON THE PARTIES

The Company is a leading producer of molybdenum in the PRC. The Group's primary business operations involve molybdenum mining, flotation, roasting, smelting and downstream processing. In addition, the Group is a fast-growing producer of tungsten products.

The Borrower is a state-owned enterprise which engages in the mining and development of mineral resources in the PRC. The Borrower is a wholly-owned subsidiary of the Guarantor.

The Guarantor is a state-owned enterprise which engages in investment in construction and infrastructure projects in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Borrower and the Guarantor are independent third parties not connected with the Company and its connected person.

GENERAL

As one of the applicable percentage ratio sets out in the Listing Rules in respect of the transactions contemplated under the Loan Agreement exceeds 5% but are less than 25%, the transactions contemplated under the Loan Agreement constitute a discloseable transaction of the Company and is subject to reporting and announcement requirements under Rule 14.06 of the Listing Rules. As the Loan also represents more than 8% of the consolidated total asset value of the Company as at 30 June 2009, the Loan is also subject to the disclosure requirements under Rule 13.13 of the Listing Rules.

RESUMPTION OF TRADING

Trading in the H Shares was suspended on the Stock Exchange at the request of the Company with effect from 9:30 a.m. on 23 December 2009 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:30 a.m. on 28 December 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

“Acquisition”	Possible acquisition by the Borrower of all or any part of the equity interest in Xuzhou Huanyu or Luoyang Fuchuan
“Board”	the board of Directors
“Borrower”	洛陽建投礦業有限公司 (Luoyang Construction Investment and Mining Co., Ltd.*), a company incorporated in the PRC with limited liability
“Company”	洛陽欒川鋁業集團股份有限公司 (China Molybdenum Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Equity Pledge”	the pledge under the Equity Pledge Agreement
“Equity Pledge Agreement”	the agreement dated 22 December 2009 entered into between the Guarantor and the Company, pursuant to which the Guarantor agreed to pledge to the Company the entire equity interest in the Borrower as security for the Borrower’s obligations and performance under the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	洛陽市建設投資有限公司 (Luoyang Municipal Construction and Development Investment Co., Ltd.*), a company incorporated in the PRC with limited liability

“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company with nominal value of RMB0.20 each, which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the aggregate amount of RMB1,150,000,000 (equivalent to approximately HK\$1,311,000,000) made to the Borrower under the Loan Agreement
“Loan Agreement”	the loan agreement dated 22 December 2009 entered into among the Company, the Borrower and the Guarantor in respect of the Loan
“Luoyang Fuchuan”	洛陽富川礦業有限公司 (Luoyang Fuchuan Mining Co., Ltd.*), a company incorporated in the PRC with limited liability. Luoyang Fuchuan is owned as to 90% by Xuzhou Huanyu
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Xuzhou Huanyu or Luoyang Fuchuan

“Xuzhou Huanyu”

徐州環宇鉬業有限公司 (Xuzhou Huanyu Molybdenum Co., Ltd.*), a company incorporated in the PRC with limited liability and owns 90% equity interest in Luoyang Fuchuan

“%”

per cent

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

Luoyang, PRC, 27 December 2009

As at the date of this announcement, the executive Directors are Mr. Duan Yuxian, Mr. Li Chaochun, Mr. Wu Wenjun, Mr. Li Faben and Mr. Wang Qinxi; the non-executive Directors are Mr. Zhang Yufeng and Mr. Shu Hedong; and the independent non-executive Directors are Mr. Zeng Shaojin, Mr. Gao Dezhu, Mr. Gu Desheng and Mr. Ng Ming Wah, Charles.

The exchange rates adopted in this announcement for illustration purposes only is RMB 1.00 = HK\$1.14.

* *For identification purposes only*