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**洛陽欒川鉬業集團股份有限公司**  
**China Molybdenum Co., Ltd.\***

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

(Stock Code: 03993)

**DISCLOSEABLE AND CONNECTED TRANSACTION**  
**ACQUISITION OF 100% EQUITY INTEREST IN**  
**LUOYANG CONSTRUCTION INVESTMENT AND MINING CO., LTD.**  
**AND LUANCHUAN HUQI MINING COMPANY LIMITED**  
**PURSUANT TO AN ARBITRATION AWARD**

On 19 April 2010, Luoyang Arbitration Commission granted the Arbitration Award in favour of the Company pursuant to which the Company and LMG are obliged to, among other things, complete the Acquisition for the Consideration within 30 days of LMG's receipt of the Arbitration Award. As LMG has received the Arbitration Award on 19 April 2010, the Acquisition is required to be completed by 18 May 2010. In order to comply with the Arbitration Award, the Company has completed the Acquisition and acquired 100% equity interests in the Borrower and Huqi Mining on 22 April 2010 and 5 May 2010 respectively.

**LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the announcement requirements under Rule 14.34 of the Listing Rules.

As at the date of this announcement, LMG, which owned the 100% equity interest in the Borrower and Huqi Mining immediately prior to the Acquisition, is a controlling Shareholder holding 1,796,593,475 Domestic Shares representing approximately 36.84% of the issued share capital of the Company. LMG is therefore a connected person of the Company within the meaning of the Listing Rules. The Acquisition also constitutes a connected transaction of the Company.

As one of the applicable percentage ratios sets out in the Listing Rules in respect of the Acquisition exceeds 2.5%, the Acquisition also constitutes a connected transaction which is subject to the reporting, announcement and independent shareholders' approval requirements for the purpose of Chapter 14A of the Listing Rules.

Rule 14A.18 of the Listing Rules requires that a connected transaction which is subject to independent shareholders' approval requirement is required to be made conditional on prior approval of the shareholders of the listed company in its general meeting. Rule 14A.52 of the Listing Rules requires that a connected transaction which is subject to independent shareholders' approval requirement must be made conditional on approval by the independent shareholders at the time when the listed company enters into the transaction.

In order to comply with the Arbitration Award, the Company has completed and acquired 100% equity interests in the Borrower and Huqi Mining on 22 April 2010 and 5 May 2010, respectively, before the Company is able to convene and hold an EGM for the independent Shareholders to approve the Acquisition. Therefore, the Acquisition is not able to be made conditional upon independent Shareholders' approval. A waiver from the requirements under Rules 14A.18 and 14A.52 of the Listing Rules has been sought from the Stock Exchange.

## **EGM**

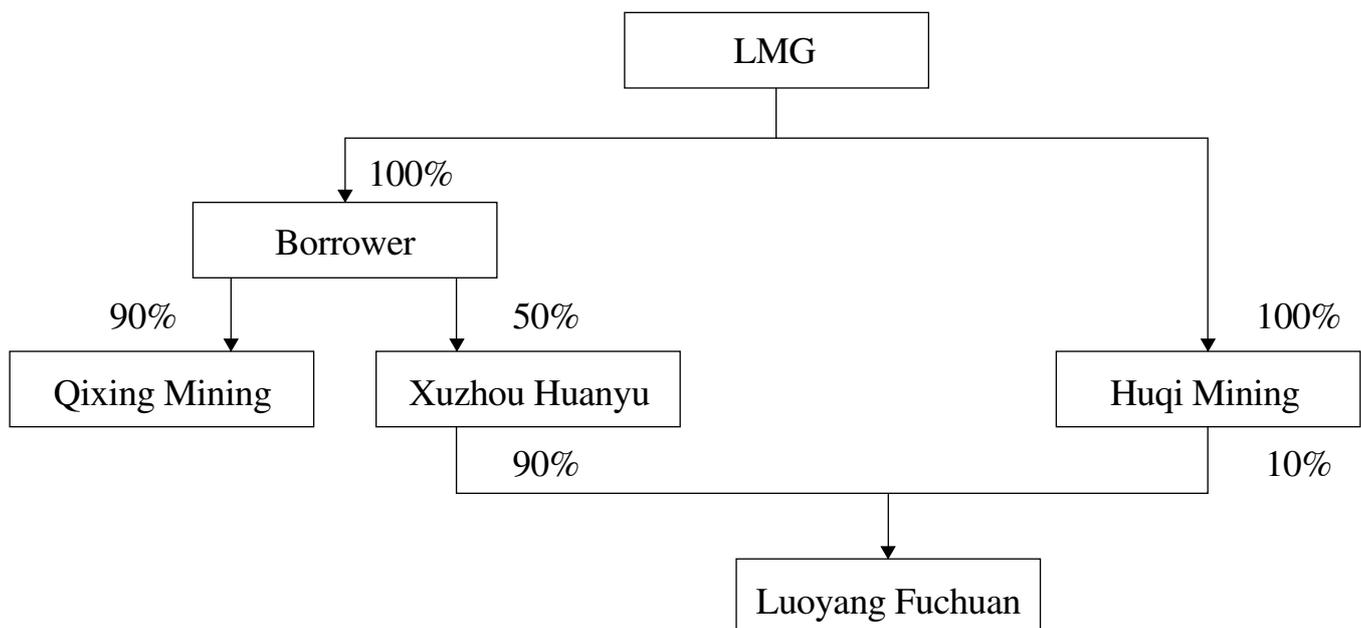
The Directors propose to convene an EGM to seek independent Shareholders' confirmation, approval and ratification of the Acquisition. A circular containing, among other things, further information on the Acquisition and the Target Group, the valuation report from the independent valuer, the technical report from the technical adviser, the advice of the independent financial adviser, the recommendation of the independent board committee, the notice of convening the EGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. Accordingly, LMG and its associates will abstain from voting on the resolution to confirm, approve and ratify the Acquisition at the EGM. CFC, a controlling Shareholder holding 1,736,706,322 Domestic Shares representing approximately 35.62% of the total issued share capital of the Company, is a disinterested and independent Shareholder for the purpose of the Acquisition under the Listing Rules and has indicated its intention to vote in favour of the Acquisition. CFC's interest represents approximately 56.39% of the interest of all independent Shareholders entitled to vote on the Acquisition at the EGM.

## BACKGROUND

References are made to the Company's announcements dated 27 December 2009, 14 April 2010 and 20 April 2010.

Immediately prior to the Acquisition, the shareholding structure of the Borrower and Huqi Mining was as follows:



## **LOAN AGREEMENT AND SUPPLEMENTAL AGREEMENT**

The Company had advanced the Loan to the Borrower pursuant to the Loan Agreement. Pursuant to the Supplemental Agreement, LMG further agreed, among other things, that it shall acquire the remaining 50% equity interest in Xuzhou Huanyu from Yongcheng Group by 1 April 2010 so as to hold effectively 100% of the equity interest in Luoyang Fuchuan, and that it shall transfer 100% of the equity interest in Luoyang Fuchuan to the Company by 10 April 2010. If LMG fails to acquire the remaining 50% equity interest in Xuzhou Huanyu by 1 April 2010, LMG agreed that it shall transfer the Borrower's 50% equity interest in Xuzhou Huanyu and Huqi Mining's 10% equity interest in Luoyang Fuchuan to the Company by 10 April 2010. If LMG or the Borrower breaches such obligations, LMG agreed to transfer, as remedial measures, all of its equity interest in the Borrower and Huqi Mining to the Company for a total consideration of RMB260.0 million (equivalent to approximately HK\$296.4 million) and at the same time the Company shall release the guarantee obligations of the Guarantor and LMG for the due and punctual payment of any and all sums owed by the Borrower. It is also provided in the Supplemental Agreement that LMG shall arrange for appraisal of all of its equity interest in the Borrower and Huqi Mining as at 31 March 2010. If the appraised value is higher than the consideration stated above, the Company shall pay the excess to LMG.

## **ARBITRATION AND COMPLETION**

As LMG has not transferred 100% of the equity interest in Luoyang Fuchuan to the Company by 10 April 2010 or the Borrower's 50% interest in Xuzhou Huanyu and Huqi Mining's 10% interest in Luoyang Fuchuan to the Company, on 12 April 2010, the Company presented the case to the Luoyang Arbitration Committee for arbitration in accordance with the terms of the Supplemental Agreement.

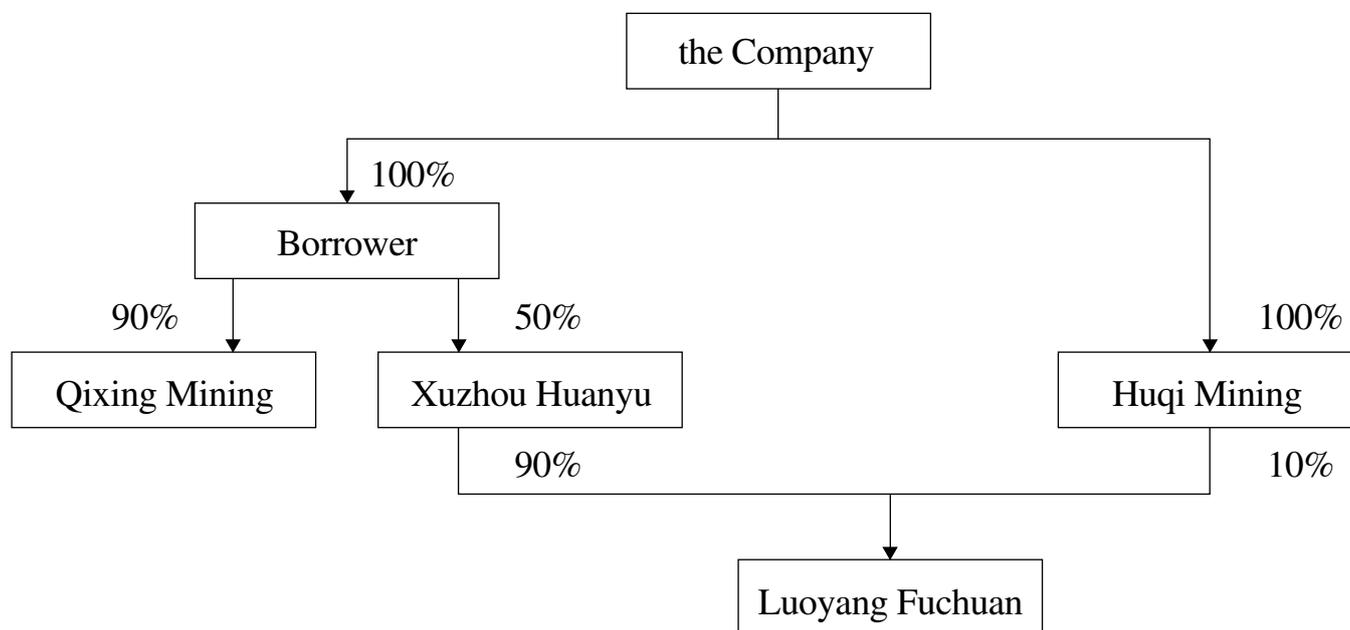
On 19 April 2010, the Luoyang Arbitration Commission granted an award in favour of the Company pursuant to which LMG shall, among other things, transfer all of the equity interest in the Borrower and Huqi Mining to the Company for the Consideration within 30 days of LMG's receipt of the Arbitration Award (that is on or before 18 May 2010). The Arbitration Award does not provide for any other terms for the Acquisition.

The Consideration is determined based on the appraised value of the equity interest in the Borrower and Huqi Mining as at 31 March 2010 in accordance with the terms of the Supplemental Agreement and confirmed by the Luoyang Arbitration Commission.

LMG did not pay any consideration for the acquisition of 100% equity interest in the Borrower as the acquisition was carried out pursuant to an administrative allocation by the State-owned Assets Supervision and Administration Commission of the People’s Government of Luoyang City. The original cost of LMG’s acquisition of Huqi Mining was RMB180,000,000 (equivalent to approximately HK\$205,200,000) pursuant to the Huqi Transfer Agreement.

After the issue of the Arbitration Award, the Company considered whether the transfer should be effected pursuant to an equity transfer agreement conditional upon independent Shareholders’ approval for the transfer or the transfer can be effected without the entering into such a conditional equity transfer agreement. As the Company is obliged to acquire all the equity interest in the Borrower and Huqi Mining pursuant to the Arbitration Award and no separate conditional equity transfer agreement is required, the Company has completed the Acquisition and acquired 100% equity interests in the Borrower and Huqi mining on 22 April 2010 and 5 May 2010, respectively, in accordance with the Arbitration Award without first obtaining independent Shareholders’ approval. Had the Company failed to comply with the Arbitration Award, LMG has the right to enforce the Arbitration Award.

Immediately after completion of the Acquisition, the shareholding structure of the Borrower and Huqi Mining is as follows:



At the completion of the Acquisition, the Company has also released the guarantee obligations of the Guarantor and LMG pursuant to the Supplemental Agreement.

## **INFORMATION ON THE PARTIES TO THE ACQUISITION**

### **The Group**

The Group is one of the leading molybdenum producers in the PRC. The Group's primary business operations involve molybdenum mining, flotation, roasting, smelting and downstream processing.

### **LMG**

LMG is a state-owned enterprise which principally engages in investment in mineral resources. LMG, which held the 100% equity interest in the Borrower and Huqi Mining immediately prior to the Acquisition, is a controlling Shareholder holding 1,796,593,475 Domestic Shares representing approximately 36.84% of the total issued share capital of the Company.

### **The Borrower**

The Borrower engages in the construction and investments in mineral resources projects in the PRC. In March 2010, LMG acquired 100% equity interest in the Borrower pursuant to an administrative allocation by the State-owned Assets Supervision and Administration Commission of the People's Government of Luoyang City.

In January 2010, the Borrower acquired 50% equity interest in Xuzhou Huanyu, which in turn owns 90% equity interest in Luoyang Fuchuan, pursuant to the Huanyu Transfer Agreement. In February 2010, the Borrower also acquired 90% equity interest in Qixing Mining pursuant to the Qixing Transfer Agreement. Yongcheng Group holds the remaining 50% equity interest in Xuzhou Huanyu and Jiaoshuao Villagers Committee and Longxing Mining together hold the remaining 10% equity interest in Qixing Mining. The key terms of the Huanyu Transfer Agreement and the Qixing Transfer Agreement are set out below:

## Huanyu Transfer Agreement

Pursuant to the Huanyu Transfer Agreement, the Borrower acquired 50% equity interest in Xuzhou Huanyu for a consideration of RMB950,000,000 (equivalent to approximately HK\$1,083,000,000). The following, among other things, were also agreed by the parties under the Huanyu Transfer Agreement and, where applicable, the figures shown below are those as shown in the audited accounts of the Borrower as at 31 March 2010:

- (a) the Borrower acknowledged that Luanchuan County Government is entitled to a dividend payment in the amount that is equal to 8% of the annual net profit (after-tax) of Luoyang Fuchuan each year and undertook and guaranteed that Xuzhou Huanyu or Luoyang Fuchuan will continue to make such payment to Luanchuan County Government after the completion of the Huanyu Transfer Agreement;
- (b) Immediately before the completion of the Huanyu Transfer Agreement, there was an estimated outstanding dividend payment of approximately RMB25,000,000 (equivalent to approximately HK\$28,500,000) payable by Xuzhou Huanyu to Luanchuan County Government. The Borrower undertook to make such outstanding dividend payment to Luanchuan County Government. As at 31 March 2010, the Borrower owed LMG an amount of RMB20,000,000 (equivalent to approximately HK\$22,800,000) which was paid by LMG to Luanchuan County Government on behalf of the Borrower. This financial assistance provided by LMG, a controlling Shareholder and therefore a connected person of the Company, to the Borrower, which has become a member of the Group as a result of the Acquisition, is provided for the benefit of the Borrower on normal commercial terms (or better to the Borrower) where no security over the assets of the Group is granted as described under Rule 14A.65(4) of the Listing Rules. As such, the granting of the loan and its repayment are exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules pursuant to Rule 14A.64(4) of the Listing Rules;
- (c) Immediately before the completion of the Huanyu Transfer Agreement, Jiangsu Tianyu and Xuzhou Jiaxun owed Luoyang Fuchuan an aggregate of approximately RMB16,000,000 (equivalent to approximately HK\$18,240,000). The Borrower agreed to assume the obligations to repay such loans to Luoyang Fuchuan;

- (d) Immediately before the completion of the Huanyu Transfer Agreement, Luoyang Fuchuan owed Jiangsu Tianyu an amount of approximately RMB52,000,000 (equivalent to approximately HK\$59,280,000). The Borrower had repaid such loan to Jiangsu Tianyu. Jiangsu Tianyu's interest as the lender of such loan was transferred to the Borrower upon completion of the Huanyu Transfer Agreement;
- (e) The Borrower guaranteed that it would acquire from Jiangsu Tianyu 90% equity interest in Qixing Mining and Jiangsu Tianyu's interest in a loan to Qixing Mining for an aggregate consideration of RMB100,000,000 (equivalent to approximately HK\$114,000,000). Details of such acquisition is disclosed under paragraph headed "**Qixing Transfer Agreement**" below;
- (f) Jiangsu Tianyu had provided a guarantee for a loan to Luoyang Fuchuan amounting to RMB100,000,000 (equivalent to approximately HK\$114,000,000). Jiangsu Tianyu was released from this guarantee upon completion of the Huanyu Transfer Agreement;
- (g) The Borrower acknowledged the fact that, while Luoyang Fuchuan has the right to conduct mining activities at the Shangfanggou Mine, there are at least two other mining companies that also conduct mining activities in the same mine; and
- (h) Xuzhou Huanyu pledged its 10% equity interest in Luoyang Fuchuan for securing a loan owed by Jiangsu Tianyu. This pledge was agreed to be released before the completion of the Huanyu Transfer Agreement.

### **Qixing Transfer Agreement**

Pursuant to the Qixing Transfer Agreement, the Borrower acquired 90% equity interest in Qixing Mining for a consideration of RMB42,643,636 (equivalent to approximately HK\$48,613,745). Immediately before the completion of the Qixing Transfer Agreement, Qixing Mining owed Jiangsu Tianyu an amount of RMB57,356,364 (equivalent to approximately HK\$65,386,255). The Borrower had repaid this loan to Jiangsu Tianyu and Jiangsu Tianyu's interest as the lender of the loan was transferred to the Borrower pursuant to the Qixing Transfer Agreement.

## **Financial information of the Borrower, Luoyang Fuchuan and Qixing Mining**

Based on the audited accounts of the Borrower prepared under PRC accounting standards, as at 31 March 2010:

- (a) the audited total assets of the Borrower was approximately RMB1,146,039,454 (equivalent to approximately HK\$1,306,484,978) as at 31 March 2010; and
- (b) the audited total net asset value of the Borrower was approximately RMB4,874,481 (equivalent to approximately HK\$5,556,908) as at 31 March 2010.

Based on the unaudited accounts of Luoyang Fuchuan prepared under PRC accounting standards, as at 31 December 2009:

- (a) the unaudited total assets of Luoyang Fuchuan was approximately RMB632,119,028 (equivalent to approximately HK\$720,615,692) as at 31 December 2009;
- (b) the unaudited total net asset value of Luoyang Fuchuan was approximately RMB317,182,978 (equivalent to approximately HK\$361,588,595) as at 31 December 2009;
- (c) the unaudited net profit (before tax) of Luoyang Fuchuan for the year ended 31 December 2009 was approximately RMB8,145,191 (equivalent to approximately HK\$9,285,517); and
- (d) the unaudited net profit (after tax) of Luoyang Fuchuan for the year ended 31 December 2009 was approximately RMB6,108,893 (equivalent to approximately HK\$6,964,138).

Based on the unaudited accounts of Qixing Mining prepared under PRC accounting standards, as at 31 December 2009:

- (a) the unaudited total assets of Qixing Mining was approximately RMB66,958,959 (equivalent to approximately HK\$76,333,213) as at 31 December 2009; and
- (b) the unaudited total net asset value of Qixing Mining was approximately RMB1,200,000 (equivalent to approximately HK\$1,368,000) as at 31 December 2009.

Due diligence exercise is being carried out on the Borrower, Xuzhou Huanyu, Qixing Mining and Luoyang Fuchuan and certain financial information of the Borrower, Xuzhou Huanyu, Qixing Mining and Luoyang Fuchuan is not yet available. Such information, if available after the due diligence exercise, will be provided in the circular to the Shareholders.

## **Huqi Mining**

Huqi Mining engages in molybdenum flotation and molybdenum concentrate and oxide processing. In October 2009, LMG acquired Huqi Mining, which in turn holds 10% equity interest in Luoyang Fuchuan, pursuant to the Huqi Transfer Agreement. The key terms of the Huqi Transfer Agreement are set out below:

### **Huqi Transfer Agreement**

Pursuant to the Huqi Transfer Agreement, the Borrower acquired 100% equity interest in Huqi Mining for a consideration of RMB180,000,000 (equivalent to approximately HK\$205,200,000) from Mr Yang Zhisen (楊植森), an Independent Third Party. The assets of Huqi Mining covered by this transfer only included its 10% equity interest in Luoyang Fuchuan and its interest in a loan of RMB21,200,000 (equivalent to approximately HK\$24,168,000) in relation to an advance payment for Luoyang Fuchuan's mining right (together the “**Acquired Interests**”). All other assets and liabilities (including but not limited to financial liabilities, operating liabilities and liabilities or contingent liabilities arising from guarantees provided by Huqi Mining for others) of Huqi Mining were excluded from the transfer under the Huqi Transfer Agreement and assumed by Mr Yang Zhisen.

Due diligence exercise is being carried out on Huqi Mining and the Acquired Interests and financial information of Huqi Mining is not yet available. Such information, if available after the due diligence exercise, will be provided to the Shareholders in the circular. Financial information on Luoyang Fuchuan is disclosed in the paragraph headed “**Financial information of the Borrower, Luoyang Fuchuan and Qixing Mining**” above.

### **SOURCE OF FUNDING FOR THE ACQUISITION**

The Consideration was satisfied by the Company from its internal resources.

## **REASONS AND BENEFITS OF THE ACQUISITION**

Luoyang Fuchuan owns and operates the Shangfanggou Mine which, to the Directors' knowledge, is known as one of the largest and richest molybdenum deposits in the PRC. As a result of the Acquisition, the Company is able to control and further develop the resources in the Shangfanggou molybdenum mine. The Group has sought to increase shareholders' return through the Acquisition. The Acquisition provides an opportunity for the Group to reinforce its position as one of the leading molybdenum producers in the PRC.

Besides, the Shangfanggou Mine is located near to the Group's Sandaozhuang (三道莊) molybdenum mine and the Directors are of the opinion that the Group will be benefited from the synergies resulted from the shared and coordinated operations between these two mines such as management, distribution and transportation.

The Directors (excluding the independent non-executive Directors whose opinion will be given after taking into account the advice of the independent financial adviser) are of the opinion that the terms of the Acquisition including the Consideration are normal commercial terms, fair and reasonable and the Acquisition is in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the announcement requirements under Rule 14.34 of the Listing Rules.

LMG, which held the 100% equity interest in the Borrower and Huqi Mining immediately prior to the Acquisition, is a controlling Shareholder holding 1,796,593,475 Domestic Shares representing approximately 36.84% of the issued share capital of the Company. LMG is therefore a connected person of the Company within the meaning of the Listing Rules. The Acquisition also constitutes a connected transaction of the Company.

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Acquisition exceeds 2.5%, the Acquisition also constitutes a connected transaction which is subject to the reporting, announcement and independent shareholders' approval requirements for the purpose of Chapter 14A of the Listing Rules.

Rule 14A.18 of the Listing Rules requires that a connected transaction which is subject to independent shareholders' approval requirement is required to be made conditional on prior approval of the shareholders of the listed company in its general meeting. Rule 14A.52 of the Listing Rules requires that a connected transaction which is subject to independent shareholders' approval requirement must be made conditional on approval by the independent shareholders at the time when the listed company enters into the transaction.

In order to comply with the Arbitration Award, the Company has completed the Acquisition and acquired 100% equity interest in the Borrower and Huqi Mining on 22 April 2010 and 5 May 2010, respectively, before the Company is able to convene and hold an EGM for the independent Shareholders to approve the Acquisition. Therefore, the Acquisition is not able to be made conditional upon independent Shareholders' approval.

A waiver from the requirements under Rules 14A.18 and 14A.52 of the Listing Rules has been sought from the Stock Exchange.

The Directors propose to convene an EGM to seek independent Shareholders' confirmation, approval and ratification of the Acquisition. A circular containing, among other things, further information on the Acquisition and the Target Group, the valuation report from the independent valuer, the technical report from the technical adviser, the advice of the independent financial adviser, the recommendation of the independent board committee, the notice of convening the EGM and a proxy form will be despatched to the Shareholders in accordance with the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, any connected person with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. Accordingly, LMG and its associates will abstain from voting on the resolution to confirm, approve and ratify the Acquisition at the EGM. CFC, a controlling Shareholder holding 1,736,706,322 Domestic Shares representing approximately 35.62% of the total issued share capital of the Company, is a disinterested and independent Shareholder for the purpose of the Acquisition under the Listing Rules and has indicated its intention to vote in favour of the Acquisition. CFC's interest represents approximately 56.39% of the interest of all independent Shareholders entitled to vote on the Acquisition at the EGM.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the transfer of 100% of the equity interest in the Borrower and Huqi Mining from LMG to the Company pursuant to the Arbitration Award
“Arbitration”	an arbitration presented by the Company to Luoyang Arbitration Committee on 12 April 2010 in accordance with the terms of the Supplemental Agreement
“Arbitration Award”	the award granted by the Luoyang Arbitration Commission dated 19 April 2010 in respect of the Arbitration
“associate”	has the meaning ascribed to it under the Listing Rules
“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
“CFC”	鴻商產業控股集團有限公司 (Cathay Fortune Corporation*), a limited liability company established in the PRC
“Company”	洛陽欒川鉬業集團股份有限公司 (China Molybdenum Co., Ltd.*), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Stock Exchange
“Consideration”	the consideration of approximately RMB276.3 million (equivalent to approximately HK\$315.0 million) paid by the Company for the Acquisition

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Domestic Shares”	ordinary shares in the capital of the Company with nominal value of RMB0.20 each, other than the H Shares
“EGM”	an extraordinary general meeting to be convened and held by the Company to confirm, approve and ratify the Acquisition
“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 and an Independent Third Party which owned the Borrower before the LMG’s acquisition of the Borrower pursuant to the administrative allocation by the State-owned Assets Supervision and Administration Commission of the People’s Government of Luoyang City
“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
“Huanyu Transfer Agreement”	an equity transfer agreement dated 22 December 2009 between the Borrower (as transferee), Jiangsu Tianyu (as transferor) and LMG (as guarantor) in relation to the transfer of 50% equity interest in Xuzhou Huanyu

“Huqi Mining”	樂川縣滬七礦業有限公司 (Luanchuan Huqi Mining Company Limited*), a company incorporated in the PRC with limited liability and owns 10% equity interest in Luoyang Fuchuan
“Huqi Transfer Agreement”	an equity transfer agreement dated in October 2009 between LMG, Mr Yang Zhisen (楊植森) and the State-owned Assets Supervision and Administration Commission of the People’s Government of Luoyang City in relation to the transfer of 100% equity interest in Huqi Mining
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) that, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Group and its connected persons in accordance with the Listing Rules
“Jiaoshuao Villagers Committee”	樂川縣陶灣鎮蕉樹凹村民委員會 (Luanchuan County Taowan Town Jiaoshuao Villagers Committee*), an organisation established under the laws of the PRC and an Independent Third Party, which owns 3% equity interest in Qixing Mining
“Jiangsu Tianyu”	江蘇天裕能源化工集團有限公司 (Jiangsu Tianyu Energy Chemical Group Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party which owned 50% in Xuzhou Huanyu and 90% in Qixing Mining before the completion of the Huanyu Transfer Agreement and Qixing Transfer Agreement respectively

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LMG”	洛陽礦業集團有限公司 (Luoyang Mining Group Co., Ltd.*), a company incorporated in the PRC with limited liability and one of the Company’s controlling shareholders
“Loan”	the loan in an aggregate amount of RMB1,150,000,000 (equivalent to approximately HK\$1,311,000,000) made by the Company 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
“Longxing Mining”	欒川龍興礦業有限公司 (Luanchuan Longxing Mining Company Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party which owns 7% equity interest in Qixing Mining
“Luanchuan County Government”	欒川縣人民政府 (People’s Government of Luanchuan County*)
“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
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Qixing Mining”	欒川縣啟興礦業有限公司 (Luanchuan Qixing Mining Company Limited*), a company incorporated in the PRC with limited liability

“Qixing Transfer Agreement”	an equity transfer agreement dated 22 December 2009 between the Borrower (as transferee), Jiangsu Tianyu (as transferor) and LMG (as guarantor) in relation to the transfer of 90% equity interest in Qixing Mining
“RMB”	Renminbi, the lawful currency of the PRC
“Shangfanggou Mine”	Shangfanggou (上房溝) molybdenum mine located in Luanchuan County, Luoyang City, the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 25 February 2010 entered into among the Company, the Borrower and LMG
“Target Group”	the companies, including their subsidiaries, which have been acquired by the Company under the Acquisition
“Xuzhou Huanyu”	徐州環宇鎢業有限公司 (Xuzhou Huanyu Molybdenum Co., Ltd.*), a company incorporated in the PRC with limited liability
“Xuzhou Jiaxun	徐州佳迅貿易有限公司 (Xuzhou Jiaxun Trading Company Limited*), a company incorporated in the PRC with limited liability and an Independent Third Party
“Yongcheng Group”	永城煤電控股集團有限公司 (Yongcheng Coal and Electrical Holding Group Company Limited*), a company incorporated in the PRC with limited liability which owns 50% equity interest in Xuzhou Huanyu
%	per cent

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

Luoyang, the People's Republic of China, 17 May 2010

*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 Shu Hedong and Mr Zhang Yufeng; and the independent non-executive Directors are Mr Gao Dezhu, Mr Zeng Shaojin, Mr Gu Desheng and Mr Ng Ming Wah, Charles.*

*For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.14 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and does not constitute representation that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.*

\* *For identification purposes only*