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**洛陽樂川鉬業集團股份有限公司**

**China Molybdenum Co., Ltd. \***

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

(Stock Code: 03993)

## **ANNOUNCEMENT**

### **PROPOSED ISSUE OF DEBT FINANCING INSTRUMENTS IN THE PRC**

On 16 August 2010, the Board approved the proposal in respect of the issue of the Debt Financing Instruments in the PRC and the submission of the proposal for the approval by the Shareholders at the EGM.

A circular containing, among other things, further details of the proposed issue of the Debt Financing Instruments and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

**The proposed issue of the Debt Financing Instruments may or may not occur, and the Shareholders and investors should therefore exercise caution in dealing in the Shares.**

## PROPOSED ISSUE OF DEBT FINANCING INSTRUMENTS

On 16 August 2010, the Board approved the proposal in respect of the issue of the Debt Financing Instruments in the PRC and the submission of the proposal for the approval by the Shareholders at the EGM.

Particulars of the proposal in respect of the issue of the Debt Financing Instruments are set out below:

Maximum principal amount: Not more than RMB4 billion (approximately HK\$4.56 billion) in total, to be issued in one or several tranches, subject to the prevailing market conditions at the time of the issue

Term: The term of the Debt Financing Instruments will be one to five years

Interest rate: To be determined according to the prevailing market conditions at the time of the issue, but in any event expected to be not higher than the best lending rate quoted by the People's Bank of China for the corresponding period

Target: Not for the general public. Only to institutional investors in the inter-bank bond market in the PRC, save for those prohibited by PRC laws or regulations from subscription

Issue method: To be arranged and underwritten by the financial institution(s) to be engaged by the Company, and each of the financial institution(s) shall be a financial institution registered with the People's Bank of China

Use of proceeds: It is expected that the proceeds from the issue of the Debt Financing Instruments will be used to satisfy the operational needs of the Company and its subsidiaries, including but not limited to, capital expenditure, working capital and repayment of bank loan(s)

## SHAREHOLDERS' APPROVAL

It is proposed that Shareholders' approval for the issue of the Debt Financing Instruments and the grant of a mandate to authorise the Board or any one Director to generally and unconditionally deal with all matters relating to the issue of the Debt Financing Instruments will be sought at the EGM. The authorisation shall include but not be limited to the following matters:

- (a) to decide the terms of the issue of the Debt Financing Instruments, including but not limited to the principal amount, the term, the number of tranches for the issue, timing of the issue, the method of the issue, the interest rate and the method to determine the interest rate;
- (b) to select and engage qualified professional intermediaries, including but not limited to selecting and engaging the underwriting institutions, credit rating authority and legal counsel;
- (c) to undergo all necessary negotiations, and to amend and execute all relevant agreements and other necessary documents (including but not limited to the applications for approval of the issue of the Debt Financing Instruments, registration report, offering document, underwriting agreement, all announcements and documents for necessary disclosure);
- (d) to apply for all necessary approvals and make all necessary filings and registrations in connection with the Debt Financing Instruments, including but not limited to submitting application for registration to the relevant authorities in the PRC in relation to the issue of the Debt Financing Instruments and making necessary amendments to the proposal on the issue of the Debt Financing Instruments in response to any request from the relevant authorities in the PRC; and
- (e) to take all necessary actions and deal with or make decisions on all matters relevant to the issue of the Debt Financing Instruments.

The proposed issue of the Debt Financing Instruments is subject to Shareholders' approval by special resolution at the EGM and is conditional upon obtaining necessary approvals from the National Association of Financial Market Institutional Investors\* (中國銀行間市場交易委員會).

The Board believes that the proposed issue of the Debt Financing Instruments will provide additional source of funding for the Company, improve the debt structure and reduce the financing costs. The Board is of the view that the proposed issue of the Debt Financing Instruments is in the interest of the Company and its Shareholders as a whole.

## GENERAL

A circular containing, among other things, further details of the proposed issue of the Debt Financing Instruments and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

**The proposed issue of the Debt Financing Instruments may or may not occur, and the Shareholders and investors should therefore exercise caution in dealing in the Shares.**

## DEFINITIONS

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

“Board”	the board of Directors
“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
“Debt Financing Instruments”	the short-term financing bills and medium-term notes with an aggregate principal amount of not more than RMB4 billion proposed to be issued by the Company
“Directors”	directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of approving, among other matters, the proposed issue of the Debt Financing Instruments
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of the PRC

“Share(s)”	share(s) of the Company with nominal value at RMB0.2 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

*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 representations that any amount in RMB or HK\$ has been, could have been or may be converted at such rate.*

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

Luoyang, the People’s Republic of China, 17 August 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 identification purposes only*