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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)

INTERNAL CONTROL REVIEW

References are made to the Press Release and the Announcement. Shinewing, an independent professional adviser appointed by the Company, conducted the Internal Control Review and completed the First Report containing recommendations to improve the Company's internal controls to ensure compliance with Chapters 14 and 14A of the Listing Rules. The First Report was submitted to the Stock Exchange on 3 April 2013.

In summary, the objectives of the Internal Control Review are:

- to review the internal controls of the Company in relation to the Company's compliance with Chapters 14 and 14A of the Listing Rules;
- to identify significant risks and deficiencies in the Company's internal controls in relation to the Company's compliance with Chapters 14 and 14A of the Listing Rules; and
- to make recommendations to the management of the Company for improvements.

Based on the results of the Internal Control Review, the Adviser considers that the Company is required to strengthen and formalize its existing internal controls. The Company agrees that the findings identified by the Adviser are weaknesses in the Company's internal controls and the Company will consider adopting the recommendations made by the Adviser in the First Report in a timely manner. Furthermore, the Company believes that, by adopting the recommendations in the First Report, the Company's internal controls will be improved to ensure the Company's compliance with Chapters 14 and 14A of the Listing Rules. A follow-up report regarding the Company's full implementation of the recommendations will be issued by the Adviser within a further period of two months after the issue of the First Report.

INTRODUCTION

References are made to the press release (the "**Press Release**") published by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 February 2013 and the announcement of China Molybdenum Co., Ltd.* (the "**Company**") dated 7 March 2013 (the "**Announcement**").

As stated in the Announcement, the Company has appointed SHINEWING Risk Services Limited ("**Shinewing**") as the independent professional adviser (the "**Adviser**") to conduct a thorough review (the "**Internal Control Review**") of and make recommendations to improve the Company's internal controls in relation to compliance with Chapters 14 and 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). On 2 April 2013, Shinewing issued to the Company its written report (the "**First Report**") containing recommendations to improve the Company's internal controls. The First Report was submitted to the Stock Exchange on 3 April 2013.

SCOPE OF REVIEW

The Adviser conducted a thorough review on the internal controls of the Company in relation to compliance with Chapters 14 and 14A of the Listing Rules.

FINDINGS

Based on the results of the Internal Control Review, the Adviser considers that the Company is required to strengthen and formalize its internal controls in relation to compliance with Chapters 14 and 14A of the Listing Rules. The Adviser identified significant weaknesses or deficiencies in the Company's internal controls in the following key areas:

- the existing List of Connected Persons of the Company is not comprehensive and the Company has not established a written policy in respect of the identification of connected persons and amendments to the List of Connected Persons of the Company;
- the Information Disclosure Policy (信息披露制度) of the Company has not yet been circulated to the relevant staff members. The Information Disclosure Policy does not contain detailed explanations in relation to, including but not limited to, the classification of notifiable transactions and procedures to be taken in compliance with the notification, publication and shareholders' approvals requirements of the Listing Rules;
- the Policy for Connected Transactions (關連交易制度) of the Company does not include detailed procedures for the identification, monitoring and reporting of transactions in accordance with Chapter 14A of the Listing Rules;
- no proper filing is maintained for transactions proposals, computations of "size tests" and documents showing review and/or approval by the senior management. The checklist for "size test" does not fully reveal the computations of the percentage ratios stipulated under the Listing Rules; and
- the Company failed to enter into formal agreement with its external service consultant in a timely manner and to carry out regular review of the terms of services with its external consultants to assess the necessity of the services required. The Company has not maintained records detailing its assessments of the quality of services provided by its external service consultants.

RECOMMENDATIONS

Set out below are key recommendations of the Adviser:

- to update the List of Connected Persons and to maintain written records and proper audit trail upon obtaining the relevant information for the identification of connected persons of the Company;
- to formulate a procedure in relation to the addition, removal and amendment to information in relation to connected persons of the Company;
- to disseminate the Information Disclosure Policy (信息披露制度) to all relevant staff members. The Company is recommended to conduct staff training to explain such policy and to ensure staff members adhere to the policy;
- to establish detailed policy and procedures for notifiable transactions in accordance with Chapter 14 of the Listing Rules and to carry out regular review for continuous improvement;
- to establish detailed policy and procedures for identifying, monitoring and reporting connected transactions in accordance with Chapter 14A of the Listing Rules and to disseminate such policy and procedures to the relevant staff members to ensure its continued compliance;
- the relevant department should maintain proper filing for all potential transactions proposals, computations of “size tests” and documents showing review and/or approval by the senior management;
- to review the checklist for “size test” showing detailed computations of all the percentage ratios stipulated under the Listing Rules;
- to enter into formal service agreement with its external service consultant in a timely manner and maintain records in relation to such matter and approvals; and
- to carry out regular (i) review of the terms of services with external service consultants, and (ii) assessments of the quality of services provided by external service consultants, and to maintain proper records regarding the above.

The Company agrees with the Adviser that the above findings are significant weaknesses in the internal controls of the Company in relation to compliance with Chapters 14 and 14A of the Listing Rules and the Company will consider adopting the recommendations made by the Adviser in the First Report in a timely manner. Furthermore, the Company believes that by adopting the recommendations in the First Report, the Board and the management of the Company would be able to improve its internal controls to ensure compliance with Chapters 14 and 14A of the Listing Rules. A follow-up review will be conducted by the Adviser and a written report on the Company's implementation of the Adviser's recommendations will be issued by the Adviser within a further period of two months after the issue of the First Report.

By Order of the Board
China Molybdenum Co., Ltd.*
Wu Wenjun
Chairman

Luoyang City, Henan Province, the People's Republic of China, 16 April 2013

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

* *for identification purposes only*