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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)

## **ANNOUNCEMENT**

This announcement is made pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

On 22 August 2013, the board of directors of China Molybdenum Co., Ltd.\* (the “**Company**”) resolved, among other things, to extend an entrusted loan of RMB150 million to Luoyang Fuchuan Mining Co., Ltd.\* (洛陽富川礦業有限公司) (“**Fuchuan Mining**”), a joint venture of the Company, in order for Fuchuan Mining to repay the loan of RMB250 million due to Luoyang Mining Group Co., Ltd.\* (洛陽礦業集團有限公司), a controlling shareholder of the Company. As at the date of this announcement, no agreement has been entered into in respect of the proposed loan and there is no assurance that the proposed loan will proceed.

The proposed loan may constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Further announcement will be made by the Company in compliance with the Listing Rules as and when necessary.

The following sets out the “Announcement on Providing Borrowings for Luoyang Fuchuan Mining Co., Ltd\*, a Joint Venture, through Entrusted Loans by the Company” published by the Company on the website of the Shanghai Stock Exchange on 22 August 2013. The aforesaid announcement is originally prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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

Luoyang City, Henan Province, the People’s Republic of China, 22 August 2013

*As at the date of this announcement, the executive Directors are Mr. Wu Wenjun, Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi and Ms. Gu Meifeng; 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*

**ANNOUNCEMENT ON PROVIDING BORROWINGS  
FOR LUOYANG FUCHUAN MINING CO., LTD\*,  
A JOINT VENTURE, THROUGH ENTRUSTED LOANS  
BY THE COMPANY**

**The board of directors (the “Board”) of the Company and all its members warrant that there are no false representations or misleading statements contained in, or material omissions from this announcement, and severally and jointly accept responsibilities for the truthfulness, accuracy and completeness of the contents contained herein.**

## **IMPORTANT HIGHLIGHTS**

1. Luoyang Fuchuan Mining Co., Ltd\* (洛陽富川礦業有限公司), a joint-venture subsidiary of the Company, has solved its historical issue and will resume production. Since Luoyang Fuchuan Mining Co., Ltd\* is solvent to a certain extent, the provision of borrowings in favour of the company will not have adverse impact on the production and operation of the Company.
2. In the past twelve months, the Company did not provide any borrowings for Luoyang Fuchuan Mining Co., Ltd\*.

### **I. Summary of the transaction**

1. Major contents: As a solution to the historical issue in the operation of Luoyang Fuchuan Mining Co., Ltd\*(洛陽富川礦業有限公司) (hereinafter as “**Fuchuan Mining**”), Luoyang Mining Group Co., Ltd., the controlling shareholder of the Company, lent a loan of RMB250 million to Fuchuan Mining in February 2013. The term of the borrowings will expire and Fuchuan needs to repay the debt of RMB250 million to Luoyang Mining Group Co., Ltd.. However, due to the long suspension of operation, Fuchuan Mining is unable to repay such borrowings for the moment. As Fuchuan Mining is a joint venture subsidiary of the Company, if it cannot repay the debt due, the Company will be adversely affected. Therefore, the Company agreed to lend Fuchuan Mining an entrusted loan of RMB150 million.

2. Counterparty: Fuchuan Mining
3. Relationship between the counterparty and the Company:

Fuchuan Mining is a joint venture of the Company. Its shareholding structure is as follows: Luanchuan Huqi Mining Company Limited\*(欒川縣滬七礦業有限公司)(a wholly-owned subsidiary of the Company) holds 10% equity interests in Fuchuan Mining, and Xuzhou Huanyu Molybdenum Co., Ltd.\* (徐州環宇鉬業有限公司) (a joint venture of the Company) holds 90% equity interests in Fuchuan Mining. The Company holds 50% equity interests in Xuzhou Huanyu Molybdenum Co., Ltd.\* (hereinafter as “**Xuzhou Huanyu**”), while Luoyang Guoyuan Investment Management Consultancy Co., Ltd.\* (洛陽國元投資管理諮詢有限公司) (hereinafter as “**Guoyuan Investment**”) holds 50% equity interests in Xuzhou Huanyu. Pursuant to relevant requirements in the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, Fuchuan Mining is not deemed as a connected legal person of the Company. Besides, supervisor Yin Dongfang is the general manager of Luoyang State-owned Assets Operation Co., Ltd.\* (洛陽市國資國有資產經營有限公司) ( hereinafter as “**SAOCL**”), which is the sole contributor of Guoyuan Investment. Therefore, SAOCL is a connected legal person of the Company. In conclusion, Xuzhou Hunayu is invested jointly by the Company and the wholly-owned subsidiary of the Company’s connected legal person, while Fuchuan Mining is the controlled subsidiary of Xuzhou Huanyu. Pursuant to relevant requirements in the Guidelines of the Shanghai Stock Exchange on Connected Transactions of Listed Companies, since the Company proposes to provide a financial aid greater than the proportion of its equity interests in Fuchuan Mining, and Xuzhou Huanyu does not provide financial aid to Fuchuan Mining this time, therefore for the purpose of this transaction, in order to further protect the interests of the shareholders of the Company, the Company reviewed the transaction in reference to the procedures of connected transactions.

4. Target of the transaction: Entrusted loan of RMB150 million provided by the Company to Fuchuan Mining
5. The transaction does not constitute the material asset reorganization as prescribed in the Administrative Measures for the Material Asset Reorganisations of Listed Companies.
6. As at the date of the transaction, the Company did not provide any borrowings for Fuchuan Mining.

## II. INTRODUCTION OF FUCUHAN MINING

1. Name: Luoyang Fuchuan Mining Co., Ltd.\* (洛陽富川礦業有限公司)
2. Nature: Limited liability company
3. Registered place: Junshan East Road, Luanchuan County
4. Principal business place: Junshan East Road, Luanchuan County
5. Legal representative: Li Lingmin
6. Registered capital: RMB50,000,000
7. Major business: Smelting, processing and sales of mineral products
8. Business development of Fuchuan Mining for the last three years: Fuchuan Mining was mainly engaged in the mining, smelting, processing and sale of molybdenum concentrates and second iron powder (次鐵粉).
9. As at 31 December 2012, the Company had a prepayment of RMB 82,690,379.25 and other payables of RMB510,776.21 in Fuchuan Mining. In 2012, the Company purchased minerals of RMB140,610,036.96 from Fuchuan Mining. Save for the above, there are no other connected relations between the Company and Fuchuan Mining as for property rights, assets, employees, etc.
10. Major financial figures of Fuchuan Mining: As at 31 December 2012, Fuchuan Mining had a total assets of RMB644,406,095.53 and net assets of RMB335,844,670.82. In 2012, its operating revenue was RMB163,123,182 and net profits was RMB -1,590,347.27.

### **III. INTRODUCTION OF THE TRANSACTION**

1. Type : External investment
2. Name: Providing borrowings to Fuchuan Mining through entrusted loans
3. Amount: RMB150 million
4. Term: One year from 27 August 2013
5. Interest rate: Basic lending rate of People's Bank of China under the same period and same grade+10%
6. Bank charges: not more than 0.1% of the borrowing amount
7. Guarantee: Assets of RMB300 million out of the fixed assets of approximately RMB160 million and land of approximately RMB190 million owned by Fuchuan Mining as secured guarantee
8. Preconditions:1) the approval from the general meeting of Fuchuan Mining to provide secured guarantee using the assets of RMB300 million out of the fixed assets of approximately RMB160 million and land of approximately RMB190 million owned by Fuchuan Mining as for the abovementioned debt; 2) the relevant secured guarantee contract entered into between Fuchuan Mining and the Company

### **IV. IMPACT OF THE TRANSACTION ON THE COMPANY**

As Fuchuan Mining is a joint venture of the Company, if it cannot repay the debt due, the Company will be adversely affected. Luoyang Fuchuan Mining Co., Ltd\* (洛陽富川礦業有限公司), a joint-venture subsidiary of the Company, has solved its historical issue and will resume production. Since Luoyang Fuchuan Mining Co., Ltd\* is solvent to a certain extent and will provide secured guarantee for the Company using the assets of RMB300 million out of the fixed assets of approximately RMB160 million and land of approximately RMB190 million, the provision of borrowings will not have adverse impact on the production and operation of the Company. Also, the Company provides borrowings for Luoyang Fuchuan Mining Co., Ltd\* at the prevailing interest rate in the market, which is in the interests of the Company and will not undermine the interests of the Company and all the shareholders, especially the minority shareholders.

## V. REVIEW PROCEDURES FOR THE TRANSACTION

Pursuant to relevant requirements in the Guidelines of the Shanghai Stock Exchange on Implementation of Connected Transactions of Listed Companies, since the Company proposes to provide financial aid taking up a greater proportion than its shareholding in Fuchuan Mining, and Xuzhou Huanyu does not provide financial aid this time, in order to further protect the interests of the Company's shareholders, the seventh meeting of the third session of the Board of the Company reviewed the transaction with reference to the procedures of connected transactions. In the meantime, in light of the fact that the entrusted loans provided for Fuchuan Mining by the Company are used to repay Fuchuan Mining's borrowings from Luoyang Mining Group Co., Ltd., to further safeguard the interests of minority shareholders, Wu Wenjun, Li Faben and Wang Qinxi, directors of the Company, abstained from voting voluntarily. The seventh meeting of the third session of the Board of the Company considered and approved the Resolution Regarding Providing Borrowings for Luoyang Fuchuan Mining Co., Ltd\*, a Joint Venture, through Entrusted Loans by the Company (《關於公司以委托貸款方式向合營公司洛陽富川礦業有限公司提供借款的議案》) with 8 votes in favour, 0 vote against and 0 vote abstained. All the four independent directors voted for this resolution.

### Documents Available for Inspection

1. Statement of prior approval by independent directors in respect of the relevant matters discussed at the seventh meeting of the third session of the Board;
2. Independent opinions of independent directors in respect of the relevant matters discussed at the seventh meeting of the third session of the Board;
3. The written opinions of audit committee of the Board upon review of the relevant matters discussed at the seventh meeting of the third session of the Board

**The Board of China Molybdenum Co., Ltd.\***

22 August 2013