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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)

**CHANGE IN USE OF PROCEEDS FROM A SHARE ISSUE
PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS
USE OF PROCEEDS TO BE RAISED FROM A SHARE CONVERTIBLE
BONDS AND PROJECT FEASIBILITY
PROVISION OF GUARANTEE
STATEMENT ON USE OF
PROCEEDS FROM PREVIOUS FUNDS RAISING ACTIVITY
AND
PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR**

CHANGE IN USE OF PROCEEDS FROM A SHARE ISSUE

References are made to the announcements of the Company dated 30 July 2013, 7 June 2013, 14 March 2013, 7 May 2011 and 18 March 2011 and the circulars of the Company dated 22 April 2013 and 22 March 2011 in relation to, among other things, the proposed use of proceeds in connection with the A Share Issue. In view of the development needs of the Company, the Board proposed to apply the proceeds raised from the A Share Issue to finance the Proposed Acquisition.

An ordinary resolution to consider and approve the change in use of proceeds from A Share Issue will be proposed to the Shareholders at the EGM.

PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS

On 29 September 2013, the Board resolved, among other things, to seek the Shareholders' approval for proposal to issue A Share Convertible Bonds of not more than RMB4.9 billion. The proposed issuance of A Share Convertible Bonds is subject to approval by the Shareholders and CSRC.

This proposal will each be submitted to the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting for consideration and approval, each as a special resolution.

USE OF PROCEEDS TO BE RAISED FROM A SHARE CONVERTIBLE BONDS AND PROJECT FEASIBILITY

The Board proposed to use the proceeds (after deducting the issuing fees and expenses) to be raised from the A Share Convertible Bonds to finance the Proposed Acquisition. An ordinary resolution to consider and approve the use of proceeds to be raised from the A Share Convertible Bonds and the feasibility of the project will be proposed to the Shareholders at the EGM.

PROVISION OF GUARANTEE

Reference is made to the announcement of the Company dated 30 July 2013 in relation to, among other things, satisfaction of the consideration payable for the Proposed Acquisition and the provision of guarantee by the Company for the due and punctual performance of CMOG Mining, an indirect wholly owned subsidiary of the Company, of its obligations under the Asset Sale and Purchase Agreement.

To facilitate the completion of the Proposed Acquisition prior to the completion of the issue of the Convertible Bonds, subsidiaries of the Company propose to obtain finance, standby letter of credit and/or letter of guarantee in an aggregate amount of not exceeding USD1.0 billion from domestic and overseas banks.

To support subsidiaries of the Company in obtaining finance, standby letter of credit and/or letter of guarantee from domestic and overseas banks to finance the Proposed Acquisition, the Board resolved that the Company will provide guarantee therefor.

In accordance with the listing rules of the Shanghai Stock Exchange and the Articles of Association, a special resolution to consider and approve the provision of Guarantee will be proposed to the Shareholders at the EGM.

STATEMENT ON USE OF PROCEEDS FROM PREVIOUS FUNDS RAISING ACTIVITY

As at the date of this announcement, the Company has not applied the proceeds raised from A Share Issue and the amount of proceeds as at 31 December 2012 was approximately RMB570.46 million (representing the sum of the net proceeds raised of approximately RMB558.15 million, other expenses incurred in connection with the A Share Issue of approximately RMB11.85 million and interests accrued of approximately RMB460,000).

In accordance with the listing rules of the Shanghai Stock Exchange, the statement on use of proceeds from previous funds raising activity is subject to approval by the Shareholders. An ordinary resolution to consider and approve the statement on use of proceeds from previous funds raising activity will be proposed to the Shareholders at the EGM.

PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Yuan Honglin has been nominated as a non-executive Director and a member of the remuneration committee of the Company. According to the Articles of Association, appointment of Director is subject to the approval of the Shareholders. Accordingly, the Board has resolved to submit the proposal as a special resolution at the EGM to approve the appointment of Mr. Yuan Honglin as a non-executive Director and to fix his remuneration.

BOOK CLOSURE PERIOD

In order to determine the list of H Shareholders who will be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting, the H Share register of the Company will be closed from Saturday, 26 October 2013 to Monday, 25 November 2013 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the H Share register of the Company at 4:30 p.m. on Friday, 25 October 2013 shall be entitled to attend and vote at the EGM and H Shareholders' Class Meeting. In order for H Shareholders to qualify for attending and voting at the EGM and the H Shareholders' Class Meeting, all transfers accompanied by the relevant share certificates and transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 25 October 2013.

CIRCULAR

A circular containing, among others, further details regarding, the change in use of proceeds from A Share Issue, proposed issuance of A Share Convertible Bonds, use of proceeds to be raised from the A Share Convertible Bonds and project feasibility, provision of Guarantee, statement on use of proceeds from previous funds raising activity, proposed appointment of a non-executive Director together with notices of the EGM, H Shareholders' Class Meeting and A Shareholders' Class Meeting will be despatched to the Shareholders as soon as practicable.

1. CHANGE IN USE OF PROCEEDS FROM A SHARE ISSUE

References are made to the announcements of the Company dated 30 July 2013, 7 June 2013, 14 March 2013, 7 May 2011 and 18 March 2011 and the circulars of the Company dated 22 April 2013 and 22 March 2011 in relation to, among other things, the proposed use of proceeds in connection with the A Shares Issue in certain projects including the followings:

- (1) Constructing clean, efficient and resource-utilizing project to process 42,000 tons per year of low-grade and complex scheelite concentrates (the "**APT Project**"); and
- (2) Constructing efficient, energy-saving and automatic ammonium molybdate project (the "**Ammonium Molybdate Project**").

Given that the local government requires that new chemical projects be implemented inside specified industrial park, the Company has been entering into discussions with and conducting evaluations in respect of, among others, selection of industrial park, environmental impact assessment and follow-up construction matters for the projects. The overall progress is slow as the industrial park proposed to be selected is newly established, and it has not yet been finalized as to whether the ultimate place for implementing the projects to be funded by the proceeds shall be changed to the industrial park. As a result, the APT Project and the Ammonium Molybdate Project have not yet been implemented, and the proceeds from the A Shares Issue have not been applied.

Meanwhile, taking into account that the Proposed Acquisition is in line with the strategy of the Company's active expansion in acquisitions of overseas resources, optimization of metal varieties, and the project proposed to be acquired is developed and productive with high profitability and certainty, the Board, after weighing the urgency and priority of the APT Project, the Ammonium Molybdate Project and the Proposed Acquisition, resolved to use all the net proceeds from the A Shares Issue and the interests thereon to finance the Proposed Acquisition.

The Company may continue (or with relevant adjustments) with the APT Project and the Ammonium Molybdate Project with its internal funding, subject to changes to external circumstances and the Company's actual conditions. The Company will approve such projects based on the status of development and in accordance with its internal decision-making procedures. Further announcement(s) will be made in accordance with the relevant rules.

The Company proposed to use the proceeds raised from the A Share Issue and the interests thereon to finance the Proposed Acquisition. Based on the unaudited net profits attributable to the Business prepared under Australian equivalent to International Financial Reporting Standards for the year ended 31 December 2012 was approximately HKD1,043 million (as disclosed in the announcement dated 30 July 2013), the investment payback period and the internal rate of return for the Business are approximately seven years and 14%, respectively. The above information is provided for illustration purposes only and no forecast or estimate of profits or losses in respect of the Business has been made. Further information in relation to the Proposed Acquisition will be disclosed in the circular.

An ordinary resolution to consider and approve the change in use of proceeds from A Share Issue will be proposed to the Shareholders at the EGM.

2. PROPOSED ISSUANCE OF A SHARE CONVERTIBLE BONDS

In accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC, the Administrative Measures for the Issuance of Securities by Listed Companies issued by CSRC, and any other relevant law, and through self-inspection against those requirements, regulations and legal documents with the force of law, the Board confirms that the Company has satisfied the criteria for the issuance of the Convertible Bonds in the PRC and approved the proposal for the issuance of the A Share Convertible Bonds.

The proposed issuance of the A Share Convertible Bonds is conditional upon the Proposed Acquisition. If the Proposed Acquisition does not proceed to completion, the proposed issuance of the Convertible Bonds will not proceed to completion. The proposed issuance is further subject to the approvals by the Shareholders and CSRC.

2.1. Type of securities to be issued

The type of the securities to be issued by the Company is A Share convertible bonds. The Convertible Bonds and A Shares to be converted into will be listed on the Shanghai Stock Exchange.

2.2. Issue size

The total amount of the Convertible Bonds will be not more than RMB4.9 billion. The actual size of the issuance shall be determined by the Board within the above scope, subject to approval by the Shareholders' general meeting.

2.3. Par value and issue price

The Convertible Bonds will be issued at par with a nominal value of RMB100 each.

2.4. Term

The term of the Convertible Bonds will be six years from the date of issuance.

2.5. Interest rate

The interest rate of the Convertible Bonds shall not exceed 3% for the issuance of the Convertible Bonds. Subject to the authorization at the Shareholders' general meeting, the Board shall determine the actual interest rate for each year with reference to the PRC government policies, market conditions and the actual conditions of the Company after consultation with the sponsor and the lead underwriter.

In the event that the benchmark deposit rate of RMB is adjusted upward prior to the issuance of the Convertible Bonds, the Board proposed that the Shareholders' general meeting to authorize the Board to adjust the cap of the interest rate of the Convertible Bonds accordingly.

2.6. Method and timing of interest payment

2.6.1. Calculation of annual interest

The interest of each interest accrual year (“**Annual Interest**”) means the interest accrued to the CB Holders in each year on each anniversary of the date of issuance of the Convertible Bonds, calculated based on the aggregate nominal value of the Convertible Bonds.

The formula for calculating the Annual Interest: $I = B \times i$

“I”: denotes the Annual Interest;

“B”: denotes the aggregate nominal value of the Convertible Bonds held by a CB Holder; and

“i”: denotes the interest rate of the Convertible Bonds of that year.

2.6.2. Method of interest payment

- (1) Interest of the Convertible Bonds will be paid annually, accruing from the date of issuance of the Convertible Bonds.
- (2) Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the Convertible Bonds. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
- (3) Record date for interest payment: The record date for interest payment in each year will be the last trading date preceding the interest payment date. The Company will pay the interest accrued in that year within five trading days from the interest payment date. The Company will not pay any interest for that year to the CB Holders whose Convertible Bonds have been applied to be converted into the A Shares of the Company on or before the record date for interest payment.
- (4) Tax payable on the interest income of a CB Holder shall be borne by such CB Holder.

2.7. Conversion period

The conversion period of the Convertible Bonds commences on the first trading day immediately following the expiry of the six-month period after the date of issuance of the Convertible Bonds and ends on the maturity date of the Convertible Bonds.

2.8. Determination and adjustment of the CB Conversion Price

2.8.1. Basis for determining the initial CB Conversion Price

The initial CB Conversion Price of the Convertible Bonds shall not be lower than the average trading price of A Shares of the Company for the 20 trading days preceding the date of publication of the offering document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Company on the trading day preceding the date of the offering document of the Convertible Bonds. The actual initial CB Conversion Price shall be determined by the Board with reference to the market conditions after consultation with the sponsor and the lead underwriter, subject to the authorization at the Shareholders' general meeting.

2.8.2. Method and calculation formulae of adjustments to CB Conversion Price

The CB Conversion Price is subject to adjustment, upon the occurrence of distribution of share dividend, capitalization, issuance of new shares, rights issue or distribution of cash dividend, etc. The CB Conversion Price will be adjusted based on the following formulae:

Distribution of share dividend or capitalization: $P_1 = P_0 / (1+n)$;

Issue of new shares or rights issue: $P_1 = (P_0 + A \times k) / (1+k)$;

Where the two events above occur concurrently: $P_1 = (P_0 + A \times k) / (1+n+k)$;

Distribution of cash dividend: $P_1 = P_0 - D$;

Where the three events above occur concurrently:

$$P_1=(P_0-D+A\times k)/(1+n+k)$$

In the aforesaid formulae, “P₀” denotes the initial CB Conversion Price before adjustment; “n” denotes the rate of scrip dividend or capitalization issue; “k” denotes the new share issue rate or rights issue rate; “A” denotes the price of new share issue or rights issue; “D” denotes the cash dividend per share; and “P₁” denotes the effective CB Conversion Price after adjustment.

Upon occurrence of any of the abovementioned changes in the shareholdings and/or shareholder’s interests of the Company, the CB Conversion Price will be adjusted accordingly and in the same order of the occurrence of the changes, and an announcement of the Board resolution shall be made on the publications designated by CSRC and in Hong Kong market (if required) in accordance with the Hong Kong Listing Rules and the Articles of Association. If the CB Conversion Price adjustment date is on or after the date on which a CB Holder applies for conversion of his Convertible Bonds, but before the date of registration of the shares to be issued upon such conversion, then such conversion will be effected based on the adjusted CB Conversion Price.

In the event that the CB Holder’s rights and benefits, or the interests derived from the share conversion are affected by the change in the Company’s share class, quantity and/or shareholders’ interests due to any possible share repurchase, consolidation, division or any other action which may be undertaken by the Company, the Company will adjust the CB Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equity so as to fully protect the CB Holders’ interests. The details of adjustments to CB Conversion Price and its implementation measures shall be determined in accordance with the then relevant PRC laws and regulations and the relevant provisions of the securities regulatory authorities.

2.9. Downward adjustment to CB Conversion Price

2.9.1. Adjustment right and the magnitude of adjustment

If, during the term of the Convertible Bonds issued hereunder, the closing prices of the A Shares of the Company in any 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing CB Conversion Price, the Board may propose a downward adjustment to the CB Conversion Price to the Shareholders for their consideration and approval at a Shareholders' general meeting.

The abovementioned proposal is subject to the approval of the Shareholders at general meeting, A Shareholders' Class Meeting and H Shareholders' Class Meeting by way of a special resolution as required under the Articles of Association. Shareholders who hold the Convertible Bonds issued hereunder should abstain from voting. The adjusted CB Conversion Price should be no less than the average trading price of the A Shares of the Company for the 20 trading days immediately before the aforementioned Shareholders' general meeting, or the average trading price of the A Shares of the Company on the trading day immediately prior that Shareholders' general meeting, whichever is higher; and should be also no less than the nominal value per Share or the net asset value per Share based on the latest audited financial statement.

In the event that an adjustment to the CB Conversion Price is made during the aforementioned period of 20 trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted CB Conversion Price and the closing price of the shares on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted CB Conversion Price and the closing price of the shares on each such day.

2.9.2. Adjustment procedures

If a downward adjustment to the CB Conversion Price is approved by the Shareholders at a Shareholders' general meeting, the Company will publish an announcement of the resolutions of the Shareholders' general meeting in relation to magnitude of adjustment, equity record date and conversion suspension period in the print media and the website designated by CSRC and in Hong Kong market (if needed) in accordance with the Listing Rules and the Articles of Association. Application for conversion of CB with adjusted Conversion Price shall be resumed upon the first trading day after the equity record date, i.e. the Conversion Price adjustment date. If the CB Conversion Price adjustment date is on or after the date on which a CB Holder applies for conversion of Convertible Bonds, but before the date of registration of the shares to be issued upon such conversion, then such conversion will be effected based on the adjusted CB Conversion Price.

2.10. Method for determining the number of Shares for conversion

Where a CB Holder applies to convert the Convertible Bonds held by him during the conversion period, the formula for calculating the number of the Shares to be issued upon conversion: $Q = V/P$. Any fractional Share shall be rounded down to the nearest whole number.

In the aforesaid formula, "V" denotes the aggregate nominal value of the Convertible Bonds in respect of which the CB Holders apply for conversion; and "P" denotes the prevailing CB Conversion Price as at the date of application for conversion.

Within five trading days from the conversion of the Convertible Bonds, the Company will pay the CB Holders in cash an amount equal to the nominal value of the remaining balance of such Convertible Bonds which are insufficient to be converted into one Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange and such other authorities.

2.11. Terms of redemption

2.11.1. *Terms of redemption at maturity*

Within five trading days upon the maturity of the Convertible Bonds issued hereunder, the Company will redeem all the Convertible Bonds from CB Holders which have not been converted into the Shares by then, at a price calculated at a premium (including the interest accrued in the last interest accrual year) in addition to the nominal value of the Convertible Bonds. The actual premium shall be determined by the Board with reference to the market conditions, subject to the authorisation at the Shareholders' general meeting.

2.11.2. *Terms of conditional redemption*

During the conversion period of the Convertible Bonds issued hereunder, if the closing price of the A Shares of the Company in at least 15 trading days out of any 30 consecutive trading days is equal to or higher than 130% of the prevailing CB Conversion Price, the Company shall have the right to redeem, at a price equal to 103% of the nominal value of the Convertible Bonds (including the interest of the interest accrual year). If the Company does not exercise the redemption the first time when conditions for redemption are satisfied, it may not exercise such rights in such interest accrual year.

In the event that an adjustment to the CB Conversion Price has been implemented in the aforementioned trading days, the calculation shall be made based on unadjusted CB Conversion Price relating to, and the closing price of, each day prior to such adjustment, and on the adjusted Conversion Price relating to, and the closing price of, each day after such adjustment.

Formula for calculating then accrued interest is: $I_A = B \times i \times t/365$

I_A : Accrued interest for the current period;

B: Aggregate nominal value of the Convertible Bonds issued hereunder that are held by the CB Holders and will be redeemed;

i: Interest rate of the Convertible Bonds for current year; and

t: Number of days on which interest is accrued, meaning the actual number of calendar days from the last interest payment date to the redemption date of the current interest accrual year (excluding the redemption date).

In addition, if the balance of Convertible Bonds not converted is less than RMB30 million, the Board may redeem all Convertible Bonds not converted at the par value plus the accrued interest for the current period.

2.12. Terms of sale back

2.12.1. Conditional sale back

Starting from the third interest accrual year of the Convertible Bonds, if the closing prices of the A Shares of the Company in 30 consecutive trading days are lower than 70% of the prevailing CB Conversion Price, the CB Holders shall have the right to sell back to the Company all or part of the Convertible Bonds at 103% of the nominal value of the Convertible Bonds plus the interest accrued. If a CB Holders does not exercise the sale back rights the first time when conditions for sale back are satisfied in any of the interest accrual year, it may not exercise such rights in such interest accrual year.

In the event that an adjustment to the CB Conversion Price has been implemented in the aforementioned trading days, the calculation shall be made based on unadjusted CB Conversion Price relating to, and the closing price of, each day prior to such adjustment, and on the adjusted Conversion Price relating to, and the closing price of, each day after such adjustment.

2.12.2. Additional sale back

During the conversion period of the Convertible Bonds issued hereunder, if the actual use of the proceeds from the issuance of the Convertible Bonds by the Company differs materially from the description of the use of proceeds set out by the Company in the offering document, and such changes, according to the relevant provisions of CSRC, could be deemed as a change in the use of proceeds or is considered by the CSRC as a deviation in the use of proceeds, the CB Holders will be entitled to a one-off right to sell all or part of the Convertible Bonds held by them back to the Company at the price equal to 103% of the nominal value of the Convertible Bonds plus the interest accrued. The CB Holders may sell their Convertible Bonds back to the Company during the sale back declaration period after it is announced by the Company. If the CB Holders do not exercise their sale back rights during the sale back declaration period, such rights to sell back the Convertible Bonds shall automatically lapse.

2.13. Entitlement to dividend of the year of conversion

The new A Shares to be issued as a result of the conversion of the Convertible Bonds shall rank pari passu with all the existing issued shares of the Company, and all Shareholders whose names are recorded on the register of members of the Company on the record date for dividend entitlement shall be entitled to receive the dividend for that year.

2.14. Method of issuance and target investors

The method of the issuance of the Convertible Bonds will be determined by the Board (or person authorised by the Board), subject to the authorization at the Shareholders' general meeting, and the sponsor and lead underwriter. The target investors are natural persons, legal persons, securities investment funds and other investors that are in compliance with the laws, who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, except for those prohibited by the PRC laws and regulations.

2.15. Subscription arrangement for the existing holders of A Shares

The existing holders of A Shares shall have preferential rights to subscribe for the Convertible Bonds to be issued in proportion to their shareholdings. The actual amount to be preferentially allocated to the existing holders of A Shares shall be determined by the Board with reference to the market conditions, subject to the authorization at the Shareholders' general meeting, and shall be disclosed in the offering document of the Convertible Bonds.

If any A Shareholders give up their pro rata entitlements, the Convertible Bonds not taken up would be offered to the public by online subscription through the Shanghai Stock Exchange and offline placement. And the balance would be underwritten by the underwriting syndicate.

2.16. CB Holders and CB Holders' meetings

2.16.1. Rights and obligations of CB Holders

(1) Rights of CB Holders

- ① to receive agreed interests based on the number of Convertible Bonds held by the CB Holders;
- ② to convert the Convertible Shares held by the CB Holders into the shares of the Company;
- ③ to exercise the right of sale back on agreed conditions;
- ④ to transfer, donate or pledge the Convertible Shares held by the CB Holders in accordance with laws, administrative regulations and the Articles of Association;
- ⑤ to receive relevant information in accordance with the laws and the Articles of Association;

- ⑥ to request the Company to repay the principal and interest of the Convertible Bonds within the agreed term and by the agreed methods;
- ⑦ other rights as the creditors of the Company prescribed by applicable laws, administrative regulations and the Articles of Association.

(2) Obligation of CB Holders

- ① to abide by the terms of Convertible Bonds;
- ② to pay the subscription amount in accordance with the number of Convertible Bonds subscribed for;
- ③ not to request the Company to repay the principle and interest of the Convertible Bonds before maturity, unless otherwise required by applicable laws and regulations or otherwise agreed in the offering document of the Convertible Bonds;
- ④ other obligations of the CB Holders prescribed by applicable laws, administrative regulations and the Articles of Association.

2.16.2. CB Holders' meetings

(1) Circumstances under which CB Holders' meeting shall be convened

A CB Holders' meeting shall be convened by the Board upon the occurrence of any of the following events:

- ① the Company proposes to change the terms of the offering document;
- ② the Company defaults in paying principal amount and interests under the Convertible Bonds on time;
- ③ the Company undertakes a capital reduction, merger, division, dissolution or files for bankruptcy;

- ④ other matters which may affect the material interests of the CB Holders.

The following entities or persons may propose a CB Holders' meeting:

- ① the Board;
- ② upon written proposal by holders of 10% or more of total par value of the Convertible Bonds;
- ③ other entities or persons prescribed by CSRC.

(2) Convening of CB Holders' meeting

- ① A CB Holder's meeting shall be convened and presided over by the Board;
- ② The Board shall, within 30 days after the proposal of the meeting has been raised or received by the Board, convene CB Holders' meeting. The Board shall, at least 15 days before the meeting, publish the meeting notice in at least one designated newspapers or websites, which shall indicate among others the specific time, revenue, agenda and method of the meeting as confirmed by the Board.

(3) Attendees of the CB Holders' meeting

Unless otherwise required by applicable laws and regulations, a CB Holder may attend the CB Holders' meeting in person or by a proxy and exercise its voting right.

The following entity or person may attend the CB Holders' meeting as a non-voting attendee and submit the proposal for discussion and decision by the meeting:

- ① Issuer of the Convertible Bond;

- ② Other key connected parties.

The Board shall engage attorneys to attend the CB Holders' meeting and issue legal opinions on matters such as the convening, voting procedures and qualification of attendees of the CB Holders' meeting.

(4) Procedures of CB Holders' meeting

- ① The chairperson of the meeting shall firstly announce the rules of procedure of the meeting, nominate and announce a controller of ballot and read out the proposals. Votes will be cast after discussion of proposals and the resolution will be effective upon witness by the attorneys;
- ② A CB Holders' meeting shall be presided over by the Chairman. In the absence of the Chairman, the meeting shall be presided over by a director authorized by Chairman; if neither the Chairman nor the director authorized by the Chairman is unable to preside over the meeting, the meeting shall be presided over by a CB Holder elected by CB Holders representing at least 50% (exclusive) of par value of Convertible Bonds present at the meeting;
- ③ The convener of the meeting shall prepare a signature book for attendees, which shall indicate the name, ID card number and domicile, of the attendees, the par value of the Convertible Bonds held or represented by the attendees and the name of their proxies.

(5) Voting and resolution of CB Holders' meeting

- ① Each Convertible Bond represents one vote in the CB Holders' meeting;
- ② CB Holders shall vote by open ballot in the CB Holders' meeting;
- ③ A resolution of the CB Holders' meeting shall be valid upon the affirmative votes representing at least two-third of par value of Convertible Bonds present at the meeting;

- ④ Different proposals or different items contained in one proposal shall be discussed and voted separately in the CB Holders' meeting;
- ⑤ A resolution of CB Holders' meeting shall be adopted by vote, provided that, if the approval of CSRC or other competent authorities are required, it shall become effective on the date of approval or other date confirmed by such approval;
- ⑥ Unless expressly agreed that special compensation shall be made to the CB Holders voting against the resolution or failing to attend the meeting, a resolution shall have equal effect on all CB Holders;
- ⑦ After a resolution is adopted by the CB Holders' meeting, the Board of the Company shall notify the CB Holders by announcement and implement such resolution.

2.17. Use of proceeds from the issuance of the Convertible Bonds

The total amount of the Convertible Bonds will be not more than RMB4.9 billion. The proceeds from the issuance of the Convertible Bonds, after deduction of the expenses relating to the issuance, will be used to finance the following project:

Project Name	Project Total Investment	Use of Proceeds
Proposed Acquisition	RMB5.602 billion	RMB4.9 billion

If the actual amount of proceeds to be raised from the A Share Convertible Bonds is less than the amount proposed above, the Company will make up the shortfall by other means; if the time at which the proceeds are raised does not match the implementation schedule of the project, the Company may utilize other funds for the implementation of the project and replace such funds with the proceeds raised when they are available.

2.18. Guarantee

There is no guarantee in relation to the proposed issuance of the Convertible Bonds.

2.19. Designated deposit account

The proceeds from the issuance of the Convertible Bonds must be deposited in the designated account determined by the Board. Matters relating to the opening of the designated account will be determined by the Board prior to the issuance of the Convertible Bonds and details of which will be disclosed in the announcement at the time of the issuance.

2.20. The validity period of the resolution in respect of the issuance of the Convertible Bonds

The resolution in respect of the issuance of the Convertible Bonds will be valid for 12 months from the date on which the resolution is approved at a Shareholders' general meeting and Shareholders class meetings.

2.21. Authorization in connection with the issuance of the Convertible Bonds

In order to complete the issuance of Convertible Bonds lawfully and efficiently, and to devise the particulars of an issuance plan that is in line with the circumstances of the capital market, the Board proposed to the Shareholders general meeting to authorise the Board, subject to the applicable laws and regulations, to deal with any and all matters associated with the issuance of the Convertible Bonds at the sole discretion of the Board, including but not limited to those set out below:

2.21.1. to the extent permitted under the laws, regulations, and the Articles of Association, and in compliance with the regulatory requirements, granting the Board the authorization to decide the issuance terms and the issuance plan for the issuance, establish and implement the definitive issuance plan, and to decide on the timing and any other matters relating to the issuance plan by taking into consideration the circumstances of the Company;

2.21.2. granting the Board, the Chairman or the authorized representative the authorization to engage agents to deal with the matters relating to the issuance and listing application, prepare, amend and submit the filing materials relating to the issuance and listing application;

- 2.21.3. granting the Board, the Chairman or the authorized representative the authorization to amend, supplement, execute, submit, file and implement any and all agreements, contracts and documents (including without limitation the underwriting and sponsorship agreement, agreement relating to project investment to be invested with the proceeds, engagement of service agents, etc.) required for the issuance;
- 2.21.4. granting the Board the authorization to adjust or determine the use of the proceeds in line with the progress of the project to be invested with the proceeds as well as the actual demand of the funds, subject to the scope of investment approved by the Shareholders' meeting; granting the Board the authorization to allow the Company to initiate the financing arrangement for the project to be invested with the proceeds before the proceeds are available for use according to the progress and needs of the project operation, and to replace the refinancing capital consumed by the project as decided by the Board resolution with the proceeds when they are ready; and granting the Board the authorization to make necessary adjustment to the project to be invested with the proceeds according to the applicable laws, regulatory requirements and the market conditions;
- 2.21.5. granting the Board the authorization to amend, when necessary, the related provisions of the Articles of Association according to the circumstances of the offering and conversion of the Convertible Bonds, and conduct such matters as industrial and commercial registration, registration of the change in registered capital, listing of the Convertible Bonds, etc.;
- 2.21.6. where there is any change in the regulatory policies with respect to the issuance of the Convertible Bonds or any change in the market conditions, except for the matters requiring voting by the Shareholders meeting according to applicable laws, regulations and the Articles of Association, granting the Board the authorization to make necessary adjustment to the issuance plan and other relevant issues;

- 2.21.7. in case of force majeure event or occurrence of any event significant enough making the offering becomes very difficult, or will bring adverse effect to the Company though the offering does happens, or where there is any change in the regulatory policies with respect to the issuance of Convertible Bonds, granting the Board the authorization to postpone the implementation of the issuance plan at its discretion;
- 2.21.8. to authorise the Board, the Chairman or any other authorised person to deal with other matters relating to the issuance of the Convertible Bonds; and
- 2.21.9. the resolution in respect of the authorisation in connection with the issuance of the Convertible Bonds will be valid for 12 months from the date on which the resolution is approved at a Shareholders' general meeting and Shareholders class meetings.

The Board is of the view that the Company shall pay close attention to the management of its balance sheet and arrangements in relation to its capital structure while implementing its strategies for development as well as overseas mergers and acquisitions. In addition, the Company should particularly take into account factors including finance costs and capital structure, availability of various financing methods and instruments as well as the correlation between the cycles for approval and its business development and acquisition arrangements. Given the recent increase in interest rates in the domestic bond market, the importance, certainty and urgency of the Proposed Acquisition, the Board, having considered the interests of the Shareholders and the Company as a whole; with an aim to further reduce the finance costs; to apply financing instruments in a more reasonable manner; to continuously optimize the capital structure; the credit arrangements of financial institutions and all the existing authorized bond financing instruments under public offerings, resolved to apply the proceeds from the issue of Convertible Bonds for the Proposed Acquisition along with the unused proceeds from the A Share Issue. In the event that the Convertible Bonds could be successfully issued, the Board currently has no intention to publicly issue other bond financing instruments in accordance with the existing authorization granted by the Shareholders at the general meeting of the Company.

This proposal will each be submitted to the EGM, A Shareholders' Class Meeting and H Shareholders' Class Meeting for consideration and approval item by item, each as a special resolution.

Implications under the Listing Rules

Under the proposed issue of the A Share Convertible Bonds, the A Share Convertible Bonds will be offered to all existing A Shareholders preferentially and to institutional and public investors that have A Shares stock trading accounts with the Shanghai Stock Exchange in the PRC, which may potentially include connected persons of the Company.

The issue of the A Share Convertible Bonds to connected persons of the Company, if any, will constitute connected transactions of the Company under Chapter 14A of the Listing Rules. In light of the above, the Company has applied for a waiver from strict compliance with the requirements under Chapter 14A of the Listing Rules.

3. USE OF PROCEEDS TO BE RAISED FROM A SHARE CONVERTIBLE BONDS AND PROJECT FEASIBILITY

The Company proposed to use the proceeds (after deducting the issuing fees) to be raised from the A Share Convertible Bonds to finance the Proposed Acquisition. An ordinary resolution to consider and approve the use of proceeds to be raised from the A Share Convertible Bonds and project feasibility will be proposed to the Shareholders at the EGM.

4. PROVISION OF GUARANTEE

Reference is made to the announcement of the Company dated 30 July 2013 in relation to, among other things, satisfaction of the consideration for the Proposed Acquisition and provision of guarantee by the Company for the due and punctual performance of CMOG Mining of its obligations under the Asset Sale and Purchase Agreement.

As such, (i) CMOG Mining proposes to apply for financing in an amount not exceeding USD45 million from Bank of China Limited, Sydney Branch to settle the Australian stamp duty payable for the transfer of taxable assets in connection with the Proposed Acquisition (subject to certain exceptions, the stamp duty is refundable should the Proposed Acquisition fail to complete in accordance with the Asset Sale and Purchase Agreement), with the guarantee therefor to be provided by the Company; and (ii) CMOG Mining and CMOG Limited propose to apply for financing, letter of guarantee and/or standby letter of credit from domestic and overseas banks in an amount not exceeding USD1.0 billion, with the guarantee therefor to be provided by the Company.

To support CMOC Mining and CMOC Limited in obtaining finance, standby letter of credit and/or letter of guarantee from domestic and overseas banks for the Proposed Acquisition, the Board resolved that the Company will provide guarantee therefor.

Pursuant to the listing rules of the Shanghai Stock Exchange and the Articles of Association, the provision of Guarantee capped at USD1.0 billion is subject to approval by the Shareholders. Accordingly, a special resolution to consider and approve the provision of Guarantee will be proposed to the Shareholders at the EGM.

5. STATEMENT ON USE OF PROCEEDS FROM PREVIOUS FUNDS RAISING ACTIVITY

Pursuant to CSRC's approval ([2012] No. 942), the Company issued 200,000,000 A Shares at the offer price of RMB3.00 per A Share on 9 October 2012. The amount of proceeds raised from the A Share Issue amounted to RMB600 million. Following the deductions of (i) the underwriting, marketing and online issuance expenses in the aggregate sum of RMB30 million; and (ii) other expenses in connection with the A Share Issue, the net proceeds raised amounted to approximately RMB558.15 million. All the subscription moneys in relation to the A Share Issue have been received and verified by Deloitte Touche Tohmatsu CPA Ltd. (now known as Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership)) in De Shi Bao (Yan Zi) (12) No.57 verification report.

As at 31 December 2012, the balance of proceeds raised from the A Share Issue amounted to approximately RMB570.46 million (representing the sum of the net proceeds raised of approximately RMB558.15 million, other expenses incurred in connection with the A Share Issue of approximately RMB11.85 million and interests accrued of approximately RMB460,000).

In accordance with the listing rules of the Shanghai Stock Exchange, the statement on use of proceeds from previous funds raising activity is subject to approval by the Shareholders. An ordinary resolution to consider and approve the statement on use of proceeds from previous funds raising activity will be proposed to the Shareholders at the EGM.

6. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Mr. Yuan Honglin has been nominated as a non-executive Director and a member of the remuneration committee of the Company. According to the Articles of Association, appointment of Director is subject to the approval of the Shareholders. Accordingly, the Board has resolved to submit the proposal as a special resolution at the EGM to approve the appointment of Mr. Yuan Honglin as a non-executive Director and to fix his remuneration. Upon the appointment of Mr. Yuan Honglin as a non-executive Director, he will be also appointed as a member of the remuneration committee of the Company.

The biographical details of Mr. Yuan Honglin are set out below:

Mr. Yuan Honglin, aged 46, has over 20 years of experience in the banking industry. Mr. Yuan graduated from Nanjing University in July 1990 with a bachelor's degree in economics. In July 2004, Mr. Yuan obtained a MBA degree from Shanghai Jiao Tong University. From August 1990 to May 2000, Mr. Yuan worked at Bank of China Limited, Nantong Branch where he held various positions including vice president of the Rudong sub-branch and manager of the credit management department. Between June 2000 and August 2007, Mr. Yuan worked at China Merchants Bank Limited, Shanghai Branch where he held various positions including president of Jiang Wan sub-branch and general manager of corporate banking department. From September 2007 to September 2012, Mr. Yuan worked at PingAn Bank Co., Ltd. where he held various positions including assistant to the president of the Shanghai branch, vice president (responsible for the overall business operations) of the Shanghai Branch and general manager of the corporate banking department responsible for the northern region of China. From October 2012 to the present, Mr. Yuan has been the deputy general manager of Cathay Fortune Capital Limited, a wholly-owned subsidiary of Cathay Fortune Corporation, a controlling shareholder of the Company.

As at the date of this announcement, Mr. Yuan Honglin has not entered into a service contract as a non-executive Director. The Board proposed to appoint Mr. Yuan Honglin with a term of office commencing from the date on which the resolution regarding Mr. Yuan Honglin's appointment is passed at the EGM until the conclusion of the annual general meeting ("AGM") to be held in 2015, subject to retirement by rotation and re-election at the AGMs pursuant to the Articles of Association. His remuneration will be determined by reference to his job responsibilities and prevailing market conditions. The Board proposes to fix Mr. Yuan Honglin's annual director's remuneration at RMB90,000, subject to the approval of the Shareholders at the EGM.

Save as disclosed above, as at the date of this announcement, Mr. Yuan Honglin does not have any relationship with any Directors, senior management nor substantial shareholders of the Company, and does not hold any other positions in the Company nor any subsidiaries of the Company nor any other directorships in listed public companies in the last three years.

As at the date of this announcement, Mr. Yuan Honglin does not have any interests nor short positions in any shares, underlying Shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, the Board is not aware of any other matters in relation to the proposed appointment of Mr. Yuan Honglin as a non-executive Director that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Upon the appointment of Mr. Yuan Honglin, the requirements of (i) the number of Directors under the Articles of Association, and (ii) the number of members of the remuneration committee under the terms of reference and operation rules of the remuneration committee of the Company, have been fulfilled by the Company.

7. BOOK CLOSURE PERIOD

In order to determine the list of H Shareholders who will be entitled to attend and vote at the EGM and the H Shareholders' Class Meeting, the H Share register of the Company will be closed from Saturday, 26 October 2013 to Monday, 25 November 2013 (both days inclusive), during which period no transfer of H Shares will be effected. Holders of H Shares whose names appear on the H Share register of the Company at 4:30 p.m. on Friday, 25 October 2013 shall be entitled to attend and vote at the EGM and H Shareholders' Class Meeting. In order for H Shareholders to qualify for attending and voting at the EGM and the H Shareholders' Class Meeting, all transfers accompanied by the relevant share certificates and transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 25 October 2013.

8. PROGRESS OF THE PROPOSED ACQUISITION

The Ministry of Commerce of the PRC has issued an Enterprise Overseas Investment Certificate (《企業境外投資證書》) to the Company, giving its consent to the establishment of CMOC Limited by the Company as a wholly-owned subsidiary in Hong Kong in connection with the Proposed Acquisition. In addition, the Company has completed foreign exchange registration formalities with the State Administration of Foreign Exchange, Luoyang Branch Office (國家外匯管理局洛陽市中心支局) in respect of the establishment of CMOC Limited. Obtaining the Enterprise Overseas Investment Certificate and completion of foreign exchange registration formalities are part of the PRC regulatory approvals necessary for the Proposed Acquisition.

9. CIRCULAR

A circular containing, among others, further details regarding, the change in use of proceeds from A Share Issue, proposed issuance of A Share Convertible Bonds, use of proceeds to be raised from the A Share Convertible Bonds and project feasibility, provision of Guarantee, statement on use of proceeds from previous funds raising activity, proposed appointment of a non-executive Director together with notices of the EGM, H Shareholders' Class Meeting and A Shareholders' Class Meeting will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“A Share Issue”	the allotment and issue of 200 million A Shares which were listed and traded on the Shanghai Stock Exchange on 9 October 2012
“A Share(s)”	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in RMB (stock code: 603993)
“A Shareholder(s)”	holder(s) of A Shares
“A Shareholders’ Class Meeting”	the class meeting of A Shareholders to be held on Monday, 25 November 2013 after the EGM at the International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC
“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemented from time to time
“Asset Sale and Purchase Agreement”	the asset sale and purchase agreement effective on 26 July 2013 entered into between the Vendor, CMOC Mining and the Company in relation to the Proposed Acquisition
“Board”	the board of directors of the Company
“Business”	the mining, product transportation, product sales and related businesses and operations conducted by or on behalf of the Vendor in connection with the Northparkes Joint Venture, including but not limited to the Vendor’s interest in Northparkes Joint Venture
“CB Holder(s)”	holders of the Convertible Bonds

“Chairman”	the Chairman of the Board
“CMOC Limited”	CMOC Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“CMOC Mining”	CMOC Mining Pty Limited, a company incorporated in Australia with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	China Molybdenum Co., Ltd.*, a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“controlling shareholder(s)”	has the meaning given to it under the Listing Rules
“Convertible Bonds” or “CB”	convertible corporate bonds in the total amount of not more than RMB4.9 billion which are convertible into new A Shares, proposed to be issued by the Company in the PRC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“EGM”	the extraordinary general meeting of the Company to be held on Monday, 25 November 2013 at the International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC, to consider, and if thought fit, to approve, inter alia, the change in use of proceeds from A Share Issue, proposed issuance of A Share Convertible Bonds, use of proceeds to be raised from the A Share Convertible Bonds and project feasibility, provision of Guarantee, statement on use of proceeds from previous funds raising activity and proposed appointment of a non-executive Director
“Group”	the Company and its subsidiaries

“Guarantee”	the guarantee to be provided by the Company for CMOC Mining and CMOC Limited, to obtain financing, letter of standby credit and/or letter of guarantee from domestic and overseas banks in an amount not exceeding USD1 billion
“H Share(s)”	Overseas listed foreign share(s) with a nominal value of RMB0.20 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and are traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders to be held on Monday, 25 November 2013 after the EGM and the A Shareholders’ Class Meeting at the International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Northparkes”	a copper-gold operation situated in Goonumbla, situated 27 kilometres north west of the town of Parkes in Central West New South Wales, Australia
“Northparkes Joint Venture”	the unincorporated joint venture established between the Vendor, Sumitomo Metal Mining Oceania Pty Ltd and SC Mineral Resources Pty Ltd in respect of the Northparkes mines pursuant to the terms of the joint venture agreement entered into between the Vendor, Sumitomo Metal Mining Oceania Pty Ltd and SC Mineral Resources Pty Ltd dated 22 July 1993

“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
“Proposed Acquisition”	the proposed acquisition of 80% interest in Northparkes Joint Venture and certain associated assets of the business by CMOC Mining from North Mining Limited pursuant to the Asset Sale and Purchase Agreement. Please refer to the announcement of the Company dated 30 July 2013 for details
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“USD”	United States dollars, the lawful currency of the United States of America
“Vendor”	North Mining Limited, a company incorporated in Australia
“%”	per cent.

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

Luoyang City, Henan Province, People’s Republic of China, 30 September 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 Director is Mr. Zhang Yufeng; and the independent non-executive Directors are Messrs. Bai Yanchun, Xu Shan, Cheng Gordon and Xu Xu.

* *for identification purposes only*