
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Molybdenum Co., Ltd.*, you should at once hand this circular and the accompanying reply slip and form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**FINANCIAL REPORT AND BUDGET REPORT
PROPOSED DISTRIBUTION OF FINAL DIVIDEND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
PROPOSED AMENDMENTS TO RULES FOR SHAREHOLDERS' GENERAL MEETINGS
PROPOSED RENEWAL OF LIABILITY INSURANCE FOR
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES
PROPOSED EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' APPROVAL
TO ISSUE DEBT FINANCING NOTES
PROPOSED AUTHORISATION TO DETERMINE REMUNERATION
OF A NON-EXECUTIVE DIRECTOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 1 to 20 of this circular.

The notice convening the AGM to be convened on Friday, 9 May 2014 is set out on pages 39 to 43 of this circular. The form of proxy and reply slip for use in connection with AGM are enclosed herewith.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or for holders of A Shares, to the office of the Board at the Company's principal place of business in the PRC at North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC, as soon as possible but in any event not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meetings should you so wish.

H Shareholders who intend to attend the AGM in person or by proxy should return the reply slip to the office of the Board at the Company's principal place of business in the PRC 20 days before the meeting, i.e. before Friday, 18 April 2014 by hand, by post or by fax.

24 March 2014

* For identification purposes only

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	
1. INTRODUCTION	2
2. FINANCIAL REPORT AND BUDGET REPORT	2
3. PROPOSED DISTRIBUTION OF FINAL DIVIDEND	3
4. (a) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION	3
(b) PROPOSED AMENDMENTS TO RULES FOR SHAREHOLDERS' GENERAL MEETINGS	14
5. PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	17
6. PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES	17
7. PROPOSED EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' APPROVAL TO ISSUE DEBT FINANCING NOTES	18
8. PROPOSED AUTHORISATION TO DETERMINE REMUNERATION OF A NON-EXECUTIVE DIRECTOR	18
9. ANNUAL GENERAL MEETING	19
10. CLOSURES OF REGISTER OF MEMBERS	19
11. PROXY ARRANGEMENT	20
12. VOTING BY WAY OF POLL	20
13. RECOMMENDATIONS	20
Appendix I — 2013 FINANCIAL REPORT	21
Appendix II — 2013 WORK REPORT OF INDEPENDENT DIRECTORS	27
NOTICE OF AGM	39

DEFINITIONS

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

“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 Renminbi (stock code: 603993)
“A Shareholder(s)”	holder(s) of A Shares
“AGM”	the annual general meeting of the Company to be held at 9:00 a.m. on Friday, 9 May 2014 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, among other things, the resolutions contained in the Notice which is set out on pages 39 to 43 of this circular
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“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, the A Shares and H Shares of which are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Extension”	the proposed extension of the validity period of the Shareholders’ approval for the authorisations granted to the Board in connection with the debt financing notes at the 2012 annual general meeting of the Company held on 7 June 2013
“Final Dividend”	the proposed distribution of a final dividend of RMB0.14 per Share (tax inclusive) for the year ended 31 December 2013 as described in the announcement of the Company dated 26 February 2014
“Financial Report”	the 2013 financial report of the Company as set out in Appendix I to this circular
“Group”	the Company and its subsidiaries
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Latest Practicable Date”	Monday, 17 March 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to therein
“Mr. Yuan”	Mr. Yuan Honglin, a non-executive Director of the Company
“PRC”, “Mainland”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Supervisor(s)”	supervisor(s) of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.



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)

Executive Directors:

Li Chaochun (Chairman)
Li Faben
Wang Qinxu
Gu Meifeng
Wu Wenjun

Non-executive Directors:

Zhang Yufeng
Yuan Honglin

Independent Non-executive Directors:

Bai Yanchun
Xu Shan
Cheng Gordon
Xu Xu^(Note 1)

Registered office:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China

*Principal place of business
in Hong Kong:*

Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

To the Shareholders

Dear Sir or Madam,

**FINANCIAL REPORT AND BUDGET REPORT
PROPOSED DISTRIBUTION OF FINAL DIVIDEND
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
PROPOSED AMENDMENTS TO RULES FOR SHAREHOLDERS' GENERAL MEETINGS
PROPOSED RENEWAL OF LIABILITY INSURANCE FOR
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES
PROPOSED EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' APPROVAL
TO ISSUE DEBT FINANCING NOTES
PROPOSED AUTHORISATION TO DETERMINE REMUNERATION
OF A NON-EXECUTIVE DIRECTOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

* For identification purposes only

Note 1: Mr. Xu Xu has tendered his resignation as an independent non-executive Director but will continue to perform his duties as an independent non-executive Director, member of the nomination committee, remuneration committee and strategic committee of the Company until the formal appointment of his replacement. For details, please refer to the Company's announcement dated 7 February 2014.

LETTER FROM THE BOARD

I. INTRODUCTION

References are made to the announcements of the Company dated 13 January 2014 and 26 February 2014, in relation to, among others, the Budget Report, proposed distribution of Final Dividend, proposed amendments to the Articles of Associations and the Rules for Shareholders' General Meetings, the proposed Extension and proposed authorisation to determine the remuneration of a non-executive Director.

The purpose of this circular is to provide you with, among other things, the notice of the AGM, and to provide relevant details for you to make informed decisions when, among others, the below ordinary resolutions and special resolutions proposed for voting at the AGM:

- (i) Financial Report and Budget Report;
- (ii) Proposed distribution of Final Dividend;
- (iii) Proposed amendments to the Articles of Associations;
- (iv) Proposed amendments to the Rules for Shareholders' General Meetings;
- (v) Proposed renewal of liability insurance for Directors, Supervisors and senior management;
- (vi) Proposed general mandate for issue of Shares;
- (vii) Proposed Extension of the validity period of the Shareholders' authorisation to the Board to issue debt financing notes; and
- (viii) Proposed authorisation to determine the remuneration of a non-executive Director.

2. FINANCIAL REPORT AND BUDGET REPORT

As stated in the announcement of the Company dated 13 January 2014, the Board approved the budget report of the Group for the year ending 31 December 2014 (the "**Budget Report**"). According to the Budget Report for the year ending 31 December 2014, (1) the planned production volume and estimated production cash costs of molybdenum concentrates (including 100% Mo) would be approximately 15,100 tonnes and RMB677 per tonne unit (excluding resources tax, amortization and depreciation, sales and general management costs), respectively; (2) the planned production volume and estimated production cash costs of tungsten concentrates (including 100% WO₃) would be approximately 7,000 tonnes and RMB201 per tonne unit (excluding resources tax, amortization and depreciation, sales and general management costs), respectively; and (3) the planned production volume and estimated production cash costs of Northparkes (saleable copper) would be approximately 43,000 tonnes (based on 80% equity interest owned by the Company in Northparkes) and USD0.7 per pound (cash operating costs (including mining, processing, mine management, logistic, smelting and refining expenses and exploitation tax) net of income from sale of by-products), respectively.

The Board approved the Financial Report on 26 February 2014, a copy of which is set out in Appendix I to this circular.

Ordinary resolutions regarding the consideration and approval of the Budget Report and Financial Report will be proposed at the AGM.

LETTER FROM THE BOARD

3. PROPOSED DISTRIBUTION OF FINAL DIVIDEND

As stated in the announcement of the Company dated 26 February 2014 relating to, among other things, annual results of the Company for the year ended 31 December 2013, the Board proposed to distribute the Final Dividend of RMB 0.14 per share (tax inclusive) subject to the approval of the Shareholders at the AGM and an ordinary resolution will be proposed to the Shareholders for voting at the AGM.

It is expected that the Final Dividend will be paid on Thursday, 12 June 2014, to H Shareholders whose names appear on the register of members of H Shares (the “**H Share Register of Members**”) of the Company on Wednesday, 21 May 2014 (the “**Reference Date**”). The Company will make further announcement regarding the proposed distribution of Final Dividend to A Shareholders.

Under the relevant tax rules and regulations of the PRC (collectively, the “**PRC Tax Law**”), the Company is required to withhold corporate income tax at the rate of 10% when distributing the Final Dividend to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H Shares Register of Members on the Reference Date.

In accordance with the PRC Tax Law, the Company has an obligation to withhold the corporate income tax for payment from the payment of the Final Dividend to non-resident enterprises whose names appear on the H Share Register of Members on the Reference Date. A resident enterprise (such term shall have the meaning as defined under the PRC Tax Law) whose name appears on the H Share Register of Members who does not wish to have the corporate income tax withheld for payment should lodge with Computershare Hong Kong Investor Services Limited the relevant documents issued by the relevant PRC tax authority certifying that it is a resident enterprise, at or before 4:30 p.m. on Thursday, 15 May 2014. The address of Computershare Hong Kong Investor Services Limited is at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The Company will withhold payment for the corporate income tax strictly in accordance with the PRC Tax Law and the requirements of the relevant government authorities. The Company shall not be liable for any dispute relating to the withholding of corporate income tax which arises from any failure to lodge the relevant documents within the prescribed timeframe as mentioned above.

4. (a) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The Board announced that, a special resolution regarding the amendments to the Articles of Association will be proposed at the AGM, to (i) reflect the changes in the Company’s contact details; (ii) reflect the changes in the Company’s scope of business; (iii) comply with the requirements of cash distribution policy pursuant to the Listed Companies Regulatory Guidance No. 3 — Cash Dividends Distribution of Listed Companies” (《上市公司監管指引第3號—上市公司現金分紅》) issued by the CSRC; and (iv) comply with the requirements of under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by CSRC. In view of the above, the Board proposed to amend Articles 5, 14, 103, 104, 145 and 215 of the Articles of Association.

LETTER FROM THE BOARD

(i) *Proposed amendments to Article 5 of the Articles of Association:*

Currently reads as follows:

“The domicile of the Company: North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC

Postal code: 471500

Telephone number: 86-379-66819819

Fax number: 86-379-66824500”

It is proposed to be amended to:

“Domicile of the Company: North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC

Postal code: 471500

Telephone number: 86-379-68658017

Fax number: 86-379-68658030”

(ii) *Proposed amendments to Article 14 of the Articles of Association:*

Currently reads as follows:

“The scope of business of the Company shall be in accordance with the items approved by the company registry. The scope of business of the Company includes mining, processing, smelting, deep-processing and exploration of mineral resources; export of mineral resources products and chemical products (excluding hazardous chemicals, inflammables, explosives and easily-produced drugs); import of raw and auxiliary materials, machines and equipment, instruments and apparatuses, parts and components necessary for production (the said import and export items require appropriate qualification certificates); accommodation and catering (limited to branches with appropriate qualifications).”

It is proposed to be amended to:

“The scope of business of the Company shall be in accordance with the items approved by the company registry. The scope of business of the Company includes mining, processing, smelting, deep-processing and exploration of mineral resources; export of mineral resources products and chemical products (excluding hazardous chemicals, inflammables, explosives and easily-produced drugs); import of raw and auxiliary materials, machines and equipment, instruments and apparatuses, parts and components necessary for production (the said import and export items require appropriate qualification certificates).”

LETTER FROM THE BOARD

(iii) *Proposed amendments to Article 103 of the Articles of Association:*

Currently reads as follows:

“The following matters shall be resolved by way of an ordinary resolution of the shareholders’ general meeting:

1. work reports of the board of directors and the board of supervisors;
2. plans for the distribution of profits and making up of losses drafted by the board of directors;
3. the Company’s annual budget, final accounts, balance sheet, profit statement and other financial statements;
4. the annual report of the Company;
5. matters other than those that laws, administrative regulations or the Articles require to be passed by way of a special resolution.”

It is proposed to be amended to:

“The following matters shall be resolved by way of an ordinary resolution of the shareholders’ general meeting:

1. work reports of the board of directors and the board of supervisors;
2. plans for the distribution of profits and making up of losses drafted by the board of directors;
3. appointment and removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
4. the Company’s annual budget, final accounts, balance sheet, profit statement and other financial statements;
5. the annual report of the Company; and
6. matters other than those that laws, administrative regulations or the Articles of Association require to be passed by way of a special resolution.”

LETTER FROM THE BOARD

(iv) *Proposed amendments to Article 104 of the Articles of Association*

Currently reads as follows:

“The following matters shall be resolved by way of a special resolution of the shareholders’ general meeting:

1. appointment and removal of members of the board of directors and the board of supervisors, their remuneration and method of payment of their remuneration;
2. increase or reduction of the Company’s registered capital and issuance of any category of shares, warrants or other similar securities;
3. issuance of Company’s bonds;
4. division, merger, dissolution and liquidation of the Company;
5. amendment of the Articles of Association;
6. any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
7. any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
8. share incentive plans;
9. matters as required by laws, administrative regulations or the Articles, or other matters that, as resolved by way of an ordinary resolution of the shareholders’ general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.”

It is proposed to be amended to:

“The following matters shall be resolved by way of a special resolution of the shareholders’ general meeting:

1. increase or reduction of the Company’s registered capital and issuance of any category of shares, warrants or other similar securities;
2. repurchase of shares;
3. issuance of Company’s bonds;

LETTER FROM THE BOARD

4. division, merger, dissolution and liquidation of the Company;
5. amendment to the Articles of Association;
6. any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
7. any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
8. adjustment to the cash dividend policy of the Company;
9. matters as required by laws, administrative regulations or the Articles of Association, or other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.”

(v) *Proposed amendment to Article 145 of the Articles of Association*

Currently reads as follows:

“The board of directors shall exercise the following functions and powers:

1. to be responsible for convening the shareholders' general meeting and to report on its work thereto;
2. to implement the resolutions of shareholders' general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the proposed annual financial budgets and final accounts of the Company;
5. to formulate the plans for profit distribution and making up losses of the Company;
6. to formulate plans for the increase or reduction in the registered capital of the Company, the issue of the Company bonds and other securities, and the listing of the Company;
7. to draft plans for the Company with respect to significant takeovers, purchase of shares, mergers, divisions, winding up or changing the structure of the Company;

LETTER FROM THE BOARD

8. within the scope authorized by the shareholders' general meeting, to decide the Company's external investment, purchase and sale of assets, offering assets as securities, external guarantees, appointment to manage finance or to manage associated transactions;
9. to decide on the establishment of the Company's internal management organization;
10. to hire or fire the Company's general managers and secretaries to the board of directors; in accordance with the general managers' nominations, to hire or fire senior executive officers such as assistance managers, financial controllers, and to decide on their remuneration, reward and disciplinary matters;
11. to nominate candidates for directors and supervisors to the shareholders' general meeting;
12. to formulate the basic management system of the Company;
13. to formulate proposals for amendment of the Articles of the Company;
14. to manage the disclosure of information by the Company;
15. to suggest to the shareholders at the general meeting on the hiring or replacement of the auditors of the Company;
16. to receive the working reports of the general manager and examine his work;
17. other duties authorized by the law, administrative regulations, departmental regulations, or the Articles.

Matters beyond the scope of authorization of the shareholders' general meeting should be submitted to the shareholders' general meeting for discussion.

In respect of the Board resolutions relating to matters specified in preceding paragraph, except for those in subparagraphs (6), (7), (11) and (13) which shall be passed by more than two-thirds of all Directors, the remaining resolutions may be passed by over half of all Directors unless otherwise required by the laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the internal rules of the Company.”

LETTER FROM THE BOARD

It is proposed to be amended to:

“The board of directors shall exercise the following functions and powers:

1. to be responsible for convening the shareholders’ general meeting and to report on its work thereto;
2. to implement the resolutions of shareholders’ general meeting;
3. to decide on the business plans and investment plans of the Company;
4. to formulate the proposed annual financial budgets and final accounts of the Company;
5. to formulate the plans for profit distribution and making up losses of the Company;
6. to formulate the plans for adjustment of the cash dividend policy of the Company;
7. to formulate plans for the increase or reduction in the registered capital of the Company, the issue of the Company bonds and other securities, and the listing of the Company;
8. to draft plans for the Company with respect to significant acquisitions, purchase of shares, mergers, divisions, winding up or changing the structure of the Company;
9. within the scope authorized by the shareholders’ general meeting, to decide the Company’s external investment, purchase and sale of assets, offering assets as securities, external guarantees, appointment to manage finance or to manage associated transactions;
10. to decide on the establishment of the Company’s internal management organization;
11. to recruit or dismiss the Company’s general managers and secretaries to the board of directors; in accordance with the general managers’ nominations, to recruit or dismiss senior executive officers such as assistance managers, financial controllers, and to decide on their remuneration, reward and disciplinary matters;
12. to nominate candidates for directors and supervisors to the shareholders’ general meeting;
13. to formulate the basic management system of the Company;

LETTER FROM THE BOARD

14. to formulate proposals for amendment of the Articles of Association of the Company;
15. to manage the disclosure of information by the Company;
16. to suggest to the shareholders at the general meeting on the hiring or replacement of the auditors of the Company;
17. to receive the working reports of the general manager and examine his work;
18. other duties authorized by the law, administrative regulations, departmental regulations, or the Articles of Association.

Matters beyond the scope of authorization of the shareholders' general meeting should be submitted to the shareholders' general meeting for consideration.

In respect of the Board resolutions relating to matters specified in preceding paragraph, except for those in subparagraphs (6), (7) and (13) which shall be passed by more than two-thirds of all Directors, the remaining resolutions may be passed by over half of all Directors unless otherwise required by the laws, administrative regulations, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the internal rules of the Company.”

(vi) *Proposed amendment to Article 215 of the Articles of Association*

Currently reads as follows:

“The Company’s profits distribution is aimed at rewarding its investors with a reasonable investment return while taking into account the sustainable growth of the Company. The Company’s profits distribution policy shall remain consistent and stable.

The Company adopts a proactive dividend distribution policy in the form of cash or shares, and implements such policy in accordance with the legal, regulatory and other requirements imposed by the regulatory authorities. The Company may distribute interim dividend.

The Board determines dividend distribution of the Company for each year on the basis of the Company’s debts repayment abilities, business development and operating results. In addition, the Board determines the percentage of cash dividend over the distributable profits available for distribution for the relevant year and whether the Company should distribute dividend in the form of shares. The Board shall consult with the supervisory board of the Company before seeking approval from the shareholders at the general meeting. In accordance with the legal, regulatory and other requirements imposed by the regulatory authorities, profit distribution in the form of cash for each year shall not be less than 30% of the distributable profits available for distribution in the relevant year.

LETTER FROM THE BOARD

In the event that the Board does not propose an annual profit distribution in the form of cash, the Company shall disclose the reasons in its annual reports. The independent directors shall also provide an independent opinion in this regard.

Amendments to the profit distribution policy on the basis of the Company's production and operation conditions, investment strategies or long-term development needs shall not contravene any laws, regulations or requirements imposed by the regulatory authorities. The Board shall prepare a proposal for the amendments to the Company's profits distribution policy and seek advice from the supervisory board. The independent directors shall give an independent opinion on such proposal. Shareholders shall approve any proposal regarding amendments to the profits distribution policy in a general meeting following the Board's approval."

It is proposed to be amended to:

"The Company's profits distribution is aimed at rewarding its investors with a reasonable investment return while taking into account the sustainable growth of the Company. The Company's profits distribution policy shall remain consistent and stable.

Details of the profits distribution policy

Forms of profits distribution: the Company adopts a proactive dividend distribution policy in the form of cash or shares, and implements such policy in accordance with the legal, regulatory and other requirements imposed by the regulatory authorities. Priority in profits distribution should be in cash rather than in shares. The Company shall distribute profits in the form of cash should such conditions are met. The Company may distribute interim dividend in cash under certain conditions.

Specific conditions for dividend distribution in the form of cash: the Company distributes dividend in cash if it records earnings with positive profits distributable for the year and the cash flow of the Company can meet the needs of its daily operation and sustainable development.

The Company may not distribute cash dividend under any one of the following circumstances:

No profit is recorded in the consolidated financial statements or the financial statements of the parent company for the year;

Operational net cash flow or net cash flow in the consolidated financial statements or the financial statements of the parent company for the year is negative;

LETTER FROM THE BOARD

The gearing ratio as at the end of the period in the consolidated financial statements or the financial statements of the parent company exceeds 70% (inclusive);

The balance of distributable profits as at the end of the period in the consolidated financial statements or the financial statements of the parent company is negative;

Non-standard unqualified opinion is issued by auditors on the financial report of the Company;

The Company has substantial capital expenditure arrangements for a certain period in the foreseeable future and dividend distribution in cash may result in failure of the cash flow of the Company in meeting its operational or investment needs.

Specific proportion for dividend distribution in the form of cash: the profits distributed by the Company in the form of cash each year shall not be less than 30% of distributable profits recorded in the year, subject to then prevailing laws, regulations and regulatory requirements.

The board of directors of the Company shall take various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and differentiate the following circumstances to propose a specific policy for distributing cash dividend:

Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits;

Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits;

Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution when distributing its profits.

The “substantial capital expenditure arrangement” mentioned herein refers to matters that the total assets of transactions, including asset acquisitions and external investments, entered into by the Company within a year account for 30% (inclusive) or more of the latest audited total assets of the Company.

LETTER FROM THE BOARD

Specific conditions for dividend distribution in the form of shares: where the Company records earnings with positive profit distributable for the year and the valuation on the shares of the Company is in a reasonable range, the Company may distribute dividend in the form of shares without prejudice to the scale of the share capital and the reasonable structure of shareholdings of the Company, while taking into consideration rewarding and sharing corporate value with investors.

Consideration procedures for profits distribution:

The board of directors determines profits distribution plan of the Company for each year on the basis of the Company's solvency, business development and operating results. In addition, the board of directors determines the percentage of cash dividend over the distributable profits for the relevant year and whether the Company should distribute dividend in the form of shares. The Board shall consult with the board of supervisors of the Company before seeking approval from the shareholders at the general meeting and independent directors shall provide explicit opinions upon such distribution.

Independent directors may collect advice from minority shareholders and prepare a distribution proposal which shall be directly proposed to the board of directors for its consideration.

When considering a specific proposal for cash dividend at general meeting, a variety of channels shall be adopted to actively communicate with shareholders, particularly the minority shareholders, including but not limited to online voting and inviting minority shareholders to attend meetings, to fully attend to the views of the minority shareholders and answer the questions they concern about in a timely manner.

Amendments to the profits distribution policy on the basis of the Company's production and operation conditions, investment strategies or long-term development needs shall not contravene any laws, regulations or requirements imposed by the regulatory authorities. The Board shall prepare a proposal for the amendments to the Company's profits distribution policy and seek advice from the supervisory board. The independent directors shall give an independent opinion on such proposal. Shareholders shall approve any proposal regarding amendments to the profits distribution policy in a general meeting following the Board's approval. Among which, a proposal regarding amendments to the cash dividend policy shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting, and the amendments to the cash dividend policy shall not contravene the relevant requirements of China Securities Regulatory Commission and securities supervision and management authorities of the place(s) where shares of the Company are listed.

LETTER FROM THE BOARD

The Company shall disclose the formulation and implementation of cash dividend policy in detail in its annual report. The Board of the Company shall disclose the profits distribution plan and the arrangements or principles of the usage of retained undistributed profits in the annual report. The retained undistributed profits of the Company after the completion of the profits distribution for the then year shall be used to develop the operating business of the Company. If the Company generated profits in the then year while the Board did not make any cash dividend proposal, the reasons thereof and the application of funds retained by the Company not available for distribution, as well as the independent opinions from the independent directors, shall be explained in detail in the annual report.”

The proposed amendments to the Articles of Association are subject to Shareholders’ approval by way of special resolution at the AGM. The proposed amendments to the Articles of Association will come into effect upon obtaining the approval of the Shareholders and registration by the relevant government and regulatory authorities in the PRC.

The Articles of Association are written in Chinese. The English version of the above articles is an unofficial translation of its Chinese version. In case of any inconsistency between the two versions, the Chinese version shall prevail.

(b) PROPOSED AMENDMENTS TO RULES FOR SHAREHOLDERS’ GENERAL MEETINGS

In accordance with the requirements under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) issued by CSRC, the Board also proposed to amend Articles 61 and 62 of the Rules for Shareholders’ General Meetings.

(i) Proposed amendment to Article 61 of the Rules for Shareholders’ General Meetings

Currently reads as follows:

“The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the supervisory committee;
- (2) profit distribution plan and loss offset plan formulated by the Board;
- (3) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (4) the Company’s annual report;
- (5) matters other than those required by the laws and administrative regulations or Articles of Association to be adopted by special resolution.”

LETTER FROM THE BOARD

It is proposed to be amended to:

“The following matters shall be resolved by way of ordinary resolutions at a general meeting:

- (1) work reports of the Board and the supervisory committee;
- (2) profit distribution plan and loss offset plan formulated by the Board;
- (3) appointment or removal of members of the Board and the supervisory committee, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) the Company’s annual report;
- (6) matters other than those required by the laws, administrative regulations or Articles of Association to be adopted by special resolution.”

(ii) *Proposed amendment to Article 62 of the Rules for Shareholders’ General Meetings*

Currently reads as follows:

“The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) appointment or removal of members of the Board and the supervisory committee, their remuneration and manner of payment;
- (2) increase or reduction of the registered share capital and issue of shares of any class, stock warrants or other similar securities of the Company;
- (3) issuance of corporate bonds;
- (4) demerger, merger, dissolution and liquidation of the Company;
- (5) amendments to the Articles of Association of the Company;
- (6) any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
- (7) any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;

LETTER FROM THE BOARD

- (8) share incentive scheme;
- (9) any other matters as required by the laws, administrative regulations or the Articles of Association of the Company and matters which, if resolved by way of an ordinary resolution at general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.”

It is proposed to be amended to:

“The following matters shall be resolved by way of special resolutions at a general meeting:

- (1) increase or reduction of the registered share capital and issue of shares of any class, stock warrants or other similar securities of the Company;
- (2) repurchase of shares of the Company;
- (3) issuance of corporate bonds;
- (4) demerger, merger, dissolution and liquidation of the Company;
- (5) amendments to the Articles of Association of the Company;
- (6) any guarantee provided by the Company within one year, the amount of which exceeds 30% of the net assets as presented in the latest audited consolidated financial statements of the Company;
- (7) any purchase or disposal of substantial assets made by the Company within one year, the amount of which exceeds 30% of the total assets as presented in the latest audited consolidated financial statements of the Company;
- (8) to formulate the plans for adjustment of the cash dividend policy of the Company;
- (9) any other matters as required by the laws, administrative regulations or the Articles of Association of the Company and matters which, if resolved by way of an ordinary resolution at general meeting, will have a material impact on the Company and need be adopted by way of special resolutions.”

The proposed amendments to the Rules for Shareholders’ General Meetings are subject to Shareholders’ approval by way of special resolution at the AGM. The proposed amendments to the Rules for Shareholders’ General Meetings will come into effect upon approval of the Shareholders at the AGM.

The Rules for Shareholders’ General Meetings are written in Chinese. The English version of the above articles is an unofficial translation of its Chinese version. In case of any inconsistency between the two versions, the Chinese version shall prevail.

LETTER FROM THE BOARD

5. PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Considering the risks of domestic and overseas litigations or regulatory investigations that the Directors, Supervisors and senior management may be exposed to when carrying out their duties in executing the business decisions and information disclosure; to allow the Directors, Supervisors and senior management to work without such concerns; to stimulate them to perform their duties in a diligent and responsible manner; and to better protect the Shareholders' interests, the Board approved the renewal of liability insurance for the Company, the Directors, Supervisors and senior management. The insurance will cover management liabilities of the Directors, Supervisors and senior management, losses arising from securities claim and inappropriate employment practices claim. The amount of insurance coverage will not exceed USD15,000,000 per annum; at the total costs of approximately USD20,400 per annum; and with the term ending on 30 June 2015.

According to the requirements under the Company Law of the PRC, rules governing the listing of securities and the Articles of Association, an ordinary resolution to consider and approve the proposed renewal of liability insurance for Directors, Supervisors and senior management will be proposed at the AGM.

6. PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES

In order to increase the flexibility and efficiency in the Company's operation, and to give discretion to the Board in the event that it becomes desirable to issue any Shares, the Board will propose a special resolution to grant to the Board a general mandate (the "**General Mandate**") to issue, allot and deal with additional A shares not exceeding 20% of the A Shares in issue and additional H Shares not exceeding 20% of the H Shares in issue on the date of passing of the resolution as set out in Resolution No. 14 of the notice of AGM.

As at the Latest Practicable Date, the Company had in issue an aggregate of 5,076,170,525 Shares, comprising 1,311,156,000 H Shares and 3,765,014,525 A Shares. Subject to the passing of the proposed resolution for the approval of the General Mandate, the Company will be allowed to issue, allot and deal with up to a maximum of 1,015,234,105 Shares (comprising 262,231,200 H Shares and 753,002,905 A Shares), representing 20% of the Shares in issue on the date of the passing of the proposed resolution, on the basis that no further Shares will be issued by the Company prior to the AGM.

The Board will only exercise its authority under the General Mandate in accordance with the Company Law of the PRC, other applicable laws and regulations and the relevant provisions of the securities regulatory institutions at the place of listing of the Shares and only with the necessary approvals from the CSRC and other relevant PRC government departments. The Directors wish to state that as at the Latest Practicable Date, they have no intention to issue any new Shares pursuant to the General Mandate.

LETTER FROM THE BOARD

The Board believes that it is in the best interests of the Company and the Shareholders to grant the General Mandate to the Board to issue new Shares. Whilst it is not possible to anticipate in advance any specific circumstances in which the Board might think appropriate to issue Shares, the ability to do so would give them the flexibility to capture the opportunity if it so arises.

7. PROPOSED EXTENSION OF VALIDITY PERIOD OF SHAREHOLDERS' APPROVAL TO ISSUE DEBT FINANCING NOTES

As stated in the announcements of the Company dated 29 July 2013, 7 June 2013 and 26 February 2014, and the supplemental circular of the Company dated 16 May 2013 in relation to, among others, debt financing notes and the proposed Extension. At the 2012 annual general meeting of the Company held on 7 June 2013, the Shareholders resolved, among others, to approve the issuance of the debt financing notes and granted the Board the authority to proceed with the issue of such notes through private placement commencing from the date of passing of the resolution until the conclusion of the annual general meeting of the Company to be held in 2014. On 26 July 2013, the Company received a notice of acceptance of registration dated 23 July 2013 (“**Registration Date**”) (Zhong Shi Xie Zhu [2013] PPN No. 189) from the National Association of Financial Market Institutional Investors, pursuant to which, among others, the registration of the debt financing notes through private placement in the principal amount of RMB5 billion would be valid for a period of two years from the Registration Date. As the market interest rate did not meet the Company’s expectation, the Company has not issued the debt financing notes as at the Latest Practicable Date. As the validity period of the Shareholders’ approval will expire on 9 May 2014, to allow the Board to have the flexibility in raising additional finance to fund the continued growth and development of the Company, the Board proposed to seek the approval of the Shareholders to extend the validity period of the Shareholders’ authorisations granted to the Board in connection with the debt financing notes until the conclusion of the annual general meeting of the Company to be held in 2016.

A special resolution to consider and approve the Extension will be proposed at the AGM.

8. PROPOSED AUTHORISATION TO DETERMINE REMUNERATION OF A NON-EXECUTIVE DIRECTOR

References are made to the announcements of the Company dated 25 November 2013 and 30 September 2013, and the circular of the Company dated 8 November 2013, in relation to, among others, the appointment of Mr. Yuan as a non-executive Director with a fixed annual remuneration of RMB90,000.

As stated in the announcement of the Company dated 26 February 2014, having regard to Mr. Yuan’s involvement in the oversight of the Company’s governance and operations, as well as the expansion of his role in serving in various Board-level committees, and in line with the authorisations given by the Shareholders to the Board to determine the remuneration of the other Directors, the Board proposed to seek authorisation from the Shareholders to determine the remuneration of Mr. Yuan in respect of his services as a non-executive Director. Mr. Yuan’s remuneration will be determined by the Board and the Remuneration Committee of the Company with reference to the Group’s results and performance and Mr. Yuan’s performance, roles and responsibilities. Mr. Yuan’s remuneration will be subject to the review by the Board and the Remuneration Committee of the Company from time to time.

LETTER FROM THE BOARD

In accordance with the Articles of Association, a special resolution to consider and approve the proposed grant of authorisation to the Board to determine Mr. Yuan's remuneration will be proposed at the AGM.

Save as disclosed above, there are no other matters relating to Mr. Yuan 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 Hong Kong Listing Rules.

9. ANNUAL GENERAL MEETING

The Board proposed to seek the Shareholders' approval at the AGM to approve, among others, the Financial Report and Budget Report, the proposed distribution of Final Dividend, the proposed amendments to the Articles of Association and the Rules for Shareholders' General Meetings, the proposed renewal of liability insurance for Directors, Supervisors and senior management, the proposed General Mandate for issue of Shares, the proposed Extension and the proposed authorisation to determine remuneration of a non-executive Director. Notice of the AGM to be held at International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC, on Friday, 9 May 2014 is set out on pages 39 to 43 of this circular.

Pursuant to the requirements under the Rules of Shareholders' Meeting of Listed Companies of the CSRC, independent Directors shall issue a Work Report at the AGM. Such report will be submitted to Shareholders for consideration but not for Shareholders' approval. The Work Report of Independent Directors is set out in Appendix II to this circular for Shareholders' information.

10. CLOSURES OF REGISTER OF MEMBERS

In order to determine the list of H Shareholders who will be entitled to attend and vote at the AGM, the H Share Register of Members will be closed from Wednesday, 9 April 2014 to Friday, 9 May 2014 (both days inclusive) during which period no transfer of H Shares will be effected. In order for the H Shareholders to qualify for attending and voting at the AGM, all transfers accompanied by the relevant H Share certificates and transfer documents must be lodged with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, 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 Tuesday, 8 April 2014.

In order to determine the list of H Shareholders who are entitled to receive the Final Dividend, the H Share Register of Members will be closed from Friday, 16 May 2014 to Wednesday, 21 May 2014 (both days inclusive), during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Share Register of Members as at the Reference Date (i.e. Wednesday, 21 May 2014) will be entitled to receive the Final Dividend. In order for the H Shareholders to qualify for the Final Dividend, H Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, 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 Thursday, 15 May 2014.

LETTER FROM THE BOARD

11. PROXY ARRANGEMENT

Form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinamol.com). Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon, for holders of H Shares, the proxy forms should be returned to Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for holding the meeting or any adjourned meetings thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

12. VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Hong Kong Listing Rules, any votes of the Shareholders at the AGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results announcement will be published by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

13. RECOMMENDATIONS

The Board considers that the Financial Report and Budget Report, the proposed distribution of Final Dividend, the proposed amendments to the Articles of Association and the Rules for Shareholders' General Meetings, the proposed renewal of liability insurance for Directors, Supervisors and senior management, the proposed General Mandate for the issue of Shares, the proposed Extension and the proposed authorisation to determine remuneration of a non-executive Director are in the best interests of the Company and the Shareholders. Accordingly, the Board recommends that the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of AGM.

By Order of the Board
China Molybdenum Co., Ltd. *
Li Chaochun
Chairman

24 March 2014

I. GENERAL

In 2013, the global economy was full of uncertainties and instabilities, which led to the continuous downturn of the national steel market. In 2013, guided by the correct leadership of its Board and pursuant to the overall requirements of its budget, the group company implemented the responsibility system of first person in charge in each unit. Efforts were made in strengthening budget management, cost management, financial analysis and enhancing the financial management function. All units had overcome the adverse factors in the market and adopted multiple response measures, and successfully completed the financial and operating targets set at the beginning of 2013 through elaborate production and organization and the joint efforts of all staff.

The overall financial conditions for the year were as follows:

As at 31 December 2013, the total consolidated assets of the Group amounted to RMB21,899,140,000, the total liabilities amounted to RMB9,006,490,000, and the total net assets amounted to RMB12,892,650,000, of which: the minority interests was RMB714,380,000 and the equity attributable to shareholders of the parent company was RMB12,178,280,000.

In 2013, the Group recorded a consolidated sales revenue of RMB5,536,470,000, representing a decrease of RMB174,420,000 or 3% as compared with that of last year; a net profit of RMB1,084,910,000, representing an increase of RMB68,530,000 or 7% as compared with that of last year. Among this, the net profit attributable to owners of the parent company amounted to RMB1,174,200,000, representing an increase of RMB123,900,000 or 12% as compared with that of last year.

II. COMPLETION OF PROFIT BUDGET

As at 31 December 2013, the Group recorded a net profit of RMB1,084,910,000, representing an increase of RMB68,530,000 or 7% from RMB1,016,380,000 of 2012, which was mainly due to the following reasons:

1. Gross profits on sales

- a. The sales revenue on molybdenum additive materials was RMB2,488,530,000 for the year, representing a decrease of RMB144,160,000 from the previous year. The cost of sales decreased by RMB153,910,000, whilst the gross profits on sales increased by RMB9,750,000 as compared with the previous year.
- b. The sales revenue on tungsten-related products was RMB1,111,890,000, representing an increase of RMB182,840,000 from the previous year. The cost of sales decreased by RMB67,810,000, whilst the gross profits on sales increased RMB250,650,000 as compared with the previous year.

- c. The sales revenue on deep-processed molybdenum products was RMB76,830,000, representing a decrease of RMB58,670,000 from the previous year. The cost of sales decreased by RMB64,870,000, whilst the gross profits on sales increased by RMB6,200,000 as compared with the previous year.
- d. The sales revenue on gold and silver and relevant products was RMB716,510,000, representing a decrease of RMB248,950,000 from the previous year. The cost of sales and gross profits on sales decreased by RMB93,110,000 and RMB155,840,000 respectively as compared with the previous year.
- e. The sales revenue on electrolytic lead was RMB504,160,000, representing a decrease of RMB74,640,000 from the previous year. The cost of sales increased by RMB1,230,000, whilst the gross profits on sales decreased by RMB75,870,000 as compared with the previous year.
- f. The sales revenue on others was RMB466,360,000, representing a decrease of RMB3,030,000 from the previous year. The cost of sales increased by RMB37,080,000, whilst the gross profits on sales decreased RMB40,110,000 as compared with the previous year.
- g. Due to the acquisition of the copper and gold mining business of Northparkes in Australia, the gross profit of copper concentrate increased by RMB106,560,000.

2. Business taxes and levies

For the year ended 31 December 2013, the Group recorded business taxes and levies of RMB270,680,000, representing an increase of RMB1,790,000 from RMB268,890,000 in 2012 which was mainly affected by the increase of the mine use tax of the entity in Australia.

3. Selling expenses

For the year ended 31 December 2013, the selling expenses of the Group amounted to RMB26,910,000, representing an increase of RMB1,580,000 or 6% from RMB25,330,000 for the same period of 2012, which was mainly attributable to the increase in impact from the subsidiary in Australia for the year.

4. Administrative expenses

As at 31 December 2013, the administrative expenses of the Group was RMB686,200,000, representing an increase of RMB252,870,000 from RMB433,330,000 of 2012, which was mainly attributable to the stamp tax and agency fee in the acquisition of the business in Australia during the period.

5. Financial expenses

As at 31 December 2013, the finance expenses of the Group amounted to RMB103,230,000 for the year, representing an increase of RMB53,630,000 from RMB49,600,000 in 2012, which was mainly attributable to an increase in financial charges of the overseas acquisition project and the increase in interest expenses resulted from medium term notes by the Company for the year.

6. Impairment loss of assets

The impairment loss of assets for the year was RMB87,700,000, representing an increase of RMB59,850,000 from RMB27,850,000 in 2012, which was mainly attributable to the decrease in the market prices for the period, so the provision for the impairment loss of inventories increased RMB50,240,000 as compared with that of the previous year, whilst the provision for bad debts increased RMB6,650,000 for the period.

7. Investment income

The investment income of the Group was RMB373,420,000 for the year, representing an increase of RMB222,380,000 from RMB151,040,000 in 2012, which was mainly attributable to the income increase from the investment in treasury products and improvement in the results of Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司), an associated company, as compared with the same period of the previous year.

8. Non-operating income

The non-operating income amounted to RMB246,600,000 for the year, representing an increase of RMB192,410,000 as compared with that of 2012, which was mainly due to the impact of negative goodwill generated from the acquisition of copper and gold mining business of Northparkes in Australia for the year.

9. Non-operating expenses

The non-operating expenses of the Group amounted to RMB20,380,000 for the year, representing an increase of RMB16,170,000 from RMB4,210,000 in 2012, which was mainly due to a donation of RMB15,000,000 to the People's Government of Luanchuan County in the period.

10. Income tax expenses

Impacts of income tax expenses: the income tax expenses of the Group amounted to RMB151,270,000, representing an increase of RMB70,690,000 from RMB80,580,000 in 2012, primarily attributable to the fact that: (1) the income for the year increased as compared with that of last year, resulting in the increase in income tax expenses; (2) After the 2011 New High-Tech Enterprises Recognition was received in 2012, the income tax recovery offset the income tax in the period, resulting in the decrease of that in the same period last year.

III. CHANGES IN THE BALANCE SHEET**(i) Changes in total assets**

As at 31 December 2013, the total assets of the Company amounted to RMB21,899,140,000, representing an increase of RMB6,149,820,000 or 39% as compared with that at the beginning of the year. Of which, current assets were RMB7,172,620,000 and non-current assets were RMB14,726,520,000, representing a decrease of RMB440,790,000 or 5.8% and an increase of RMB6,590,610,000 or 81% as compared with the beginning of the year, respectively.

Among them, the decrease in the current assets was mainly attributable to the decrease in the bank balances and cash due to the deposits placed by the Group for the long term borrowings of the entity in Australia and CMOC Limited and the decrease in the raw materials inventories as a result of the strengthened management on the inventory liquidity of the lead smelters. The increase of non-current assets was mainly attributable to the increase of RMB4,868,000,000 in fixed assets and intangible assets generated from the acquisition of the Australian business by the Group, as well as the increase of other non-current assets generated from the payment of deposits placed by the Group for the long term borrowings of the entity in Australia and CMOC Limited in this period.

(ii) Changes in total liabilities

As at 31 December 2013, the total liabilities of the Company amounted to RMB9,006,490,000, representing an increase of RMB5,628,570,000 or 167% as compared with the beginning of the year, of which: the current liabilities were RMB2,044,020,000 and the non-current liabilities were RMB6,962,470,000, representing an increase of RMB738,380,000 or 56.6% and RMB4,890,180,000 or 236% as compared with the beginning of the year, respectively. The increase in current liabilities was mainly attributable to the additional current liabilities of RMB579,000,000 generated from the acquisition of the business in Australia and the increase in held-for-trading financial liabilities of RMB357,000,000 as a result of the gold lease agreement entered into with the bank for the period; the increase in non-current liabilities was mainly due to the long-term borrowings of RMB466,000,000 generated from the acquisition of the business in Australia.

(iii) Changes in minority interests

As at 31 December 2013, the total minority interests amounted to RMB714,380,000, representing a decrease of RMB115,480,000 or 14% as compared with the RMB829,860,000 at the beginning of the year, mainly because the losses of the holding subsidiaries increased as compared with last year, thus reducing the minority interests.

(iv) Changes in equity attributable to shareholders of the parent company

As at 31 December 2013, the total equity attributable to shareholders of the parent company amounted to RMB12,178,280,000, representing an increase of RMB636,750,000 or 6% as compared with the RMB11,541,530,000 at the beginning of the year, mainly attributable to the fact that the earnings for the year were more than the profit distribution for the same year.

IV. COMPLETION OF KEY FINANCIAL INDICATORS**(i) Solvency indicators***1. Assets-liabilities ratio*

In 2013, the assets-liabilities ratio was 41%, representing an increase of 20 percentage points as compared to 21% in the corresponding period last year, mainly attributable to the increase of the long term borrowings of the Group.

2. Current ratio and quick ratio

The current ratio for the year was 351%, representing a decrease of 232 percentage points as compared with the 583% of last year, while the quick ratio was 311%, representing a decrease of 172 percentage points as compared with 483% for the previous year. The decrease was mainly attributable to the financing of RMB357,000,000 for the gold lease of the Company as well as the increase of RMB214,000,000 in short-term loan for the year, thus increasing the current liabilities.

(ii) Financial indicators for asset-liability management capability

As compared with the previous year, among financial indicators for asset-liability management capability, except the inventory turnover which increased as compared with that of last year, the total assets turnover, the current assets turnover and the accounts receivable turnover declined as compared with those of last year. The main reason for the increase in inventory turnover was that the closing inventory balance was less than the opening inventory balance, and the main reason for the decline in other ratios was that the sales revenue for the period was less than that of last year.

(iii) Financial indicators for profitability

All the profitability indicators for the year, except the return on total assets, increased as compared with that of last year. The main reason was the increase in total assets for the period as compared with that of last year due to the acquisition of the copper and gold mining business of Northparkes in Australia, by the Company in 2013.

V. CHANGES IN CASH FLOWS

Net inflows of cash and cash equivalents for the year were RMB340,950,000, representing an increase of RMB1,656,510,000 as compared with the RMB-1,315,560,000 last year, of which, the operating net cash flows decreased by RMB234,460,000 as compared with that of last year, the net cash flows from investing activities decreased by RMB1,643,490,000 as compared with that of last year, the net cash flows from financing activities increased by RMB3,539,750,000 as compared with that of last year, and the influence of exchange rate movement on cash and cash equivalents decreased by RMB5,290,000 as compared with that of last year.

The net cash flows from operating activities of the year amounted to RMB1,371,710,000, representing a decrease of RMB234,460,000 or 14.6% as compared with the RMB1,606,170,000 last year. The main reason for the decline was the decrease in the prices of gold and silver, resulting in a drop in gross profit of gold and silver products and the decrease in cash flow from operations. Meanwhile, the decrease in operating net cash flow was also due to the increase in bill receivable of the Company.

Being the independent directors of China Molybdenum Co., Ltd.* (hereinafter referred to as the “**Company**”), we have honestly, diligently and independently performed the duties of independent directors in accordance with the Company Law, the Guidelines on the Establishment of Independent Directorship of Listed Companies, the Articles of Association of China Molybdenum Co., Ltd.*, the Working Rules for Independent Directors, the Regular Report of Listed Companies Working Memorandum No. 5 and relevant regulations and requirements. We have actively attended the relevant meetings, issued our independent opinions on significant matters of the Company, and earnestly safeguarded the legal interests of the Company and shareholders, especially of the minority shareholders, thereby playing an important role as the independent directors.

The performance description for the year 2013 is set out as follows:

I. BIOGRAPHIES OF THE INDEPENDENT DIRECTORS

(i) Personal working experiences, professional background and part-time situation

1. Bai Yanchun: He was appointed as an independent non-executive director of the Company, chairman of both of the nomination committee and remuneration committee and a member of the strategic committee in August 2012. He is currently a member of All China Lawyers Association holding a practising solicitor certificate in the PRC. Mr. Bai graduated from China University of Political Science and Law with a bachelor’s degree of laws in 1988. He studied the postgraduate courses at the Center for Chinese and American Studies of Johns Hopkins University in the United States in 1992 and obtained a master’s degree from the School of Law of Stanford University in the United States in 2003. From 1988 to 1992, he worked at the China Council for the Promotion of International Trade. In 1993, he participated in the founding of King & Wood Mallesons and has been engaging in professional legal services such as securities, mergers and acquisitions. Mr. Bai currently serves as an arbitrator of China International Economic and Trade Arbitration Commission. Mr. Bai was appointed as a member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission in 2008. Mr. Bai currently engages in legal services for Commerce & Finance Law Offices in Beijing.

2. Xu Shan: He has been the independent non-executive director of the Company since August 2012. He is also the chairman of the audit committee and a member of the nomination committee of the Company. He is a PRC certified public accountant and a PRC registered tax agent. Mr. Xu graduated from the Department of Computing and Systematic Science of Xiamen University in 1991 and obtained a doctor's degree in management (accounting) from Xiamen University in 2001. At present, he concurrently acts as the chairman of Xiamen Tianjian Consulting Firm* (廈門天健諮詢公司) and an independent director of Sunshine Insurance Group Corporation Limited* (陽光保險集團股份有限公司), Beijing Kalends Science & Technology Company Limited* (北京昆侖萬維科技股份有限公司) and Xin Hee Co., Ltd. (欣賀股份有限公司), a part-time professor of the MPAcc Program of Xiamen University and a consultant of the Private Banking Center of Xiamen Branch of China Construction Bank. Mr. Xu served as the manager of Xiamen Nongxin Accounting Firm* (廈門農信會計師事務所) from June 1994 to August 1996, the manager of the Accounting Firm of Xiamen University* (廈門大學會計師事務所) from September 1996 to December 1998 as well as a director and partner of Tianjian Zhengxin Accounting Firm* (天健正信會計師事務所) from December 1998 to December 2011. He concurrently served as a special member of the ninth session of Issuance Examination Committee of China Securities Regulatory Commission from 2007 to 2008.
3. Cheng Gordon: He has been the independent non-executive director of the Company and a member of the audit committee and nomination committee of the Company since August 2012. Mr. Cheng graduated from the University of Sydney (Australia) with bachelor degree in commerce (1996) and bachelor degree in law (1998). He is the President and Managing Partner of GD China Clean Energy Capital Partners. He also serves as the senior advisor of Deutsche Bank Global Climate Change Advisors and United Nations Industrial Development Organization (UNIDO) in China. From 2010 to 2011, Mr. Cheng had been the China Chief Representative of LaSalle Fund. Prior to 2010, he served as the Chief Financial Officer and Chief Investment Officer of Sunshine 100 Real Estate Development Group (“**Sunshine 100**”). Before joining Sunshine 100, he served as the Executive Vice President of Vimicro International Corporation (“**Vimicro**”), which was listed on NASDAQ in America in 2005. Before joining Vimicro, he has worked for reputable global investment banks, including J.P. Morgan and Credit Suisse. Mr. Cheng has extensive experience in financing, investing as well as merger and acquisitions, both globally and in China.

4. Xu Xu: He has been the independent non-executive director of the Company and a member of the nomination committee, remuneration committee and strategic committee since August 2012. Mr. Xu graduated from the English department of the Advance Learning Institute for Civil Servants of State Economic and Trade Commission (國家經貿部幹部進修學院) in 1984. Mr. Xu acquired his MBA degree from the School of Management, University at Buffalo, the State University of New York in 2001 and doctoral degree in industrial economics from the School of Business in Renmin University of China in 2005. In April 1975, Mr. Xu joined the Ministry of Foreign Trade (國家對外貿易部) (subsequently renamed as the Ministry of Foreign Trade and Economic Cooperation (經貿部), the Ministry of Foreign Trade and Economic (外經貿部), the Ministry of Commerce (商務部)) and served in various positions including third-class secretary, director, deputy director and special commissioner at Chinese embassies. From November 2008 to May 2012, Mr. Xu served as the president of China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters. From 2004 to 2008, Mr. Xu served as a member of the Certification and Accreditation Administration of the People's Republic of China. (Mr. Xu has tendered his resignation as an independent non-executive director but will continue to perform his duties as an independent non-executive director, member of the nomination committee, remuneration committee and strategic committee of the Company until the formal appointment of his replacement. For details, please refer to the Company's announcement dated 7 February 2014.)

(ii) Statement on whether the independence is affected

We are qualified as the independent directors. As the independent directors of the Company, none of us holds any duties in the Company other than that of the independent directors, or holds any duties in major shareholders of the Company. There are no relationship between us and the Company and its major shareholders that may have impact on our independent and objective judgments.

II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS FOR THE YEAR

Since we were appointed as independent directors of the Company, we have persisted in the due diligence spirit to actively attend the Board meetings and general meetings convened by the Company, carefully reviewed meeting materials, participated in the discussion of various proposals, and gave our clear opinions on the meeting agendas, thus contributing to correct decision-making of the Board. The attendance at the Board meetings, general meetings and the meetings of special committees in 2013 is set out as follows:

(i) Attendance at the Board meetings of the Company

Names	Required attendance	Attendance in person	Attendance by proxy	Absence	Whether not attend in person for two consecutive times
Bai Yanchun	13	13	0	0	No
Xu Shan	13	12	1	0	No
Cheng Gordon	13	13	0	0	No
Xu Xu	13	13	0	0	No

(ii) Attendance at general meetings

Names of independent directors	Required attendance	Attendance in person	Attendance by proxy	Absence
Bai Yanchun	6	3	0	3
Xu Shan	6	3	0	3
Cheng Gordon	6	6	0	0
Xu Xu	6	6	0	0

(iii) Attendance at the meetings of special committees of the Board

Names of independent directors	Meetings of the Audit Committee	Attendance by proxy	Meetings of the Remuneration Committee	Meetings of the Strategic Committee	Meetings of the Nomination Committee	Attendance by proxy
Bai Yanchun	N/A	—	2/2	3/3	2/2	0
Xu Shan	6/7	1	N/A	N/A	1/2	1
Cheng Gordon	7/7	0	N/A	N/A	1/2	1
Xu Xu	N/A	—	2/2	3/3	2/2	0

(iv) Voting at the meetings

Since we were appointed as the independent directors of the Company, the Board meetings and general meetings of the Company have been convened in compliance with statutory requirements, and all significant matters have passed approval procedures. We have carefully reviewed each proposal presented at the Board meetings, and considered that these proposals do not impair the interests of shareholders, especially of the minority shareholders. All of us voted in favor for, no against and abstentions in respect of relevant proposals.

(v) Issuance of independent opinions

Since we were appointed as the independent directors of the Company, we have earnestly reviewed the proposals submitted to the Board and each special committee prior to the meeting, and honestly, diligently and independently performed the duties as independent directors, in accordance with the provisions and requirements under the Articles of Association and the Rules of Procedure for the Board of Directors. We have actively attended relevant meetings and issued independent opinions on significant matters of the Company, thereby safeguarding the legal interests of the Company and shareholders, especially of the minority shareholders. The details of our independent opinions are set out as follows:

Date of issuance	Contents of independent opinions
3 January 2013	Independent opinions on the Company acquiring financial management products from a bank with its idle fund
14 March 2013	Independent opinions on relevant matters discussed at the fourth meeting of the third session of the Board

14 March 2013	Special statement and independent opinions on the external guarantee provided by the Company
22 August 2013	Independent opinions on relevant matters discussed at the seventh meeting of the third session of the Board
22 August 2013	Statement of prior approval on the relevant matters discussed at the seventh meeting of the third session of the Board
29 September 2013	Independent opinions on relevant matters discussed at the eighth meeting of the third session of the Board

(vi) Site inspection and listed companies' cooperation in the work of independent directors

Since we were appointed as the independent directors of the Company, the Company has provided us with the necessary conditions to perform the duties of independent directors according to the regulatory requirements where the Company is listed. Every time we visited the Company and attended the meetings, the Company can provide relevant materials and information in a timely manner and report its operating performance, thus protecting our informed rights. Prior to giving our independent opinions, the Company was able to provide the intermediaries' opinions on related matters as well as special instructions and other materials issued by the responsible department of the Company, thus providing the supporting basis to give our independent opinions. Meanwhile, we paid special attention to the publicity and coverage of relevant companies on public media such as newspaper and network, to deepen the knowledge and understanding of the Company, and also communicated with the Board Secretary about the relevant coverage contents in a timely manner. The Working Rules for Independent Directors formulated by the Company gives us system protection in working conditions and informed rights as well as reducing the risk of decision-making and maintaining independence.

III. KEY CONCERNS ON THE PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS FOR THE YEAR

(i) Connected transactions

To facilitate the resolution of the historical issue in Shangfanggou mine* (上房溝礦), LMG, a controlling shareholder of the Company, extended a loan of RMB250 million to Fuchuan Mining (a joint venture of the Company, and was owned as to 10% by Luanchuan Huqi Mining Company Limited* (欒川縣滬七礦業有限公司), a wholly owned subsidiary of the Company and as to 90% by Xuzhou Huanyu Molybdenum Co., Ltd.* (徐州環宇鉬業有限公司), a joint venture of the Company which was owned as to 50% by the Company and as to 50% by Luoyang Guoyuan Investment Management Consultancy Co., Ltd.* (洛陽國元投資管理諮詢有限公司), an independent third party of the Company and its connected person) in February 2013. The loan was due to mature on 27 August 2013 but as a result of an extended period of suspension of production activity, Luoyang Fuchuan did not have sufficient liquid assets to repay the amount outstanding. As Luoyang Fuchuan is an integral and indispensable part of the Group, owner of the mining permit for Shangfanggou mine, operator of Shangfanggou mine and would resume its production activities, its inability to repay its debt when they fall due would adversely affect the operations and reputation of the Group. On 26 August 2013, the Company entered into an entrusted loan agreement with Luoyang Fuchuan (as borrower) and Luoyang Luanchuan branch of Bank of China Limited* (中國銀行股份有限公司欒川支行) (as entrusted lender) for a principal amount of RMB150 million for a term of one year with an interest rate of 0.55% per month. To secure its obligations (including the repayment of the principal amount, interested accrued thereon, penalty and any legal or other costs and expenses) under the entrusted loan, Fuchuan Mining pledged a number of its fixed assets and land in the value of RMB300 million in favour of the Company. Since the Company provided a financial aid greater than the proportion of its equity interests in Fuchuan Mining, and Xuzhou Huanyu did not provide financial aids 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 with reference to the procedures of connected transactions.

Other than the above disclosure, the Company did not enter not into any connected transactions as defined in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange in 2013.

(ii) External guarantee and funds occupation

Guarantee provided by the Company:

The amounts in the following table are presented in US\$ Million unless otherwise stated

External guarantee of the Company								
(excluding the guarantee in favor of its controlling subsidiaries)								
Total guarantee incurred during the reporting period (excluding the guarantee in favor of the subsidiaries)								0
Total guarantee balance as at the end of the reporting period(A) (excluding the guarantee in favor of the subsidiaries)								0
Guarantee of the Company in favor of its subsidiaries								
Guarantor	Guarantee	Guaranteed amount	Commencement date of guarantee (Agreement execution date)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Decision-making procedures of the guarantee	Guarantee fully fulfilled or not
Company headquarters	CMOC Mining Pty Limited	4,500	29 September 2013	29 September 2013	21 October 2014	Pledge the deposit as the guarantee and joint-liability guarantee	Considered and approved at the eighth meeting of the third session of the Board	No
Company headquarters	CMOC Limited	30,600	19 November 2013	25 November 2013	25 November 2018	Pledge the deposit as the guarantee and joint-liability guarantee	Considered and approved at 2013 first extraordinary general meeting	No
Company headquarters	CMOC Mining Pty Limited	25,950	20 November 2013	29 November 2013	29 November 2020	Pledge the deposit as the guarantee and joint-liability guarantee	Considered and approved at 2013 first extraordinary general meeting	No
Company headquarters	CMOC Mining Pty Limited	25,950	25 November 2013	27 November 2013	27 November 2020	Joint-liability guarantee	Considered and approved at 2013 first extraordinary general meeting	No
Company headquarters	CMOC Mining Pty Limited	AUD32,000,000 (equivalent to USD28,500,300)	16 December 2013	18 December 2013	18 December 2019	Joint-liability guarantee	Considered and approved at 2013 first extraordinary general meeting	No
Total guarantee in favor of the subsidiaries during the reporting period								89,850.03
Total guarantee balance in favor of the subsidiaries as at the end of the reporting period(B)								89,850.03
Total guarantee of the Company								
(including the guarantee in favor of its subsidiaries)								
Total guarantee (A+B)								89,850.03
Total guarantee as a percentage of the Company's net assets (%)								42.49%

The Company did not have any funds occupation in 2013.

(iii) Use of funds raised

In September 2012, the Company issued 200 million shares in its initial public offering of A shares at the issue price of RMB3 per share. After deducting the issuance expenses of RMB41.85 million, the actual proceeds raised were RMB558.15 million. On 25 November 2013, the 2013 First Extraordinary General Meeting of the Company considered and approved the proposal in respect of the change in use of proceeds, and agreed to use the whole net proceeds of A share and their yields for the acquisition of 80% interest in Northparkes Joint Venture and certain associated rights and assets held by North Mining Limited by CMOG Mining Pty Limited, a wholly-owned subsidiary of the Company. After comparing the urgency and priority of the previous projects funded by the proceeds and the acquisition project, we agreed with the change in use of proceeds.

(iv) Nomination and remuneration of senior management*1. Nomination of senior management*

During the reporting period, the Company elected Ms. Gu Meifeng as the executive director of the Company and Mr. Yuan Honglin as the non-executive director of the Company. Following examining the information provided by the Nomination Committee of the Board, we consider that the qualifications of the proposed candidates for directors are legitimate and in compliance with the provisions of the Company Law and the Articles of Association; the nomination eligibility of the nominators complies with the provisions of the Company Law and the Articles of Association; the nomination and consideration procedures are also in compliance with the provisions of the Company Law and the Articles of Association.

2. Remuneration of senior management

During the reporting period, the Remuneration Committee of the Board considered and approved the Achievement of Indicators in 2012 by Senior Management of China Molybdenum Co., Ltd.* (《洛陽欒川鉬業集團股份有限公司高管層2012年度指標完成情況的審核報告》). We considered that the remuneration packages of directors and senior management disclosed in 2012 Annual Report of the Company were in compliance with the administration provisions on the performance evaluation and remuneration system of the Company and would be paid in strict accordance with the evaluation results. The adjustments to the basic salary of certain directors were in compliance with the remuneration policy of the Company.

(v) Preliminary results announcement and results updates

During the reporting period, the Company did not issue any preliminary results announcement and results updates.

(vi) Appointment and change of auditors

During the reporting period, the Company continued to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership) as its external auditor, with the terms of office until the conclusion of the forthcoming annual general meeting (“AGM”) of the Company. The Company did not change the auditor.

(vii) Cash dividends and other returns to investors

On 7 June 2013, the 2012 AGM of the Company considered and approved the profit distribution plan for 2012, and the particulars of the profit distribution are as follows: the Company distributed a total cash dividend to the shareholders of the Company of RMB609,140,463 (tax inclusive) (RMB0.12 per share (tax inclusive)) based on the total issued share capital of 5,076,170,525 shares. The Company did not implement capitalisation of the capital reserve to share capital during the period. The above profit distribution plan had been completed. We considered that the above mentioned profit distribution of the Company complied with the provisions of the Company Law, the Articles of Association and the relevant laws and regulations.

(viii) Performance of undertakings of the Company and its shareholders

During the reporting period, the Company, the controlling shareholder of the Company and the related parties strictly performed their undertakings made during the reporting period and prior periods.

(ix) Information disclosures

During the reporting period, in order to comprehensively, accurately and fairly handle information disclosures of the Company in a timely manner, the Company formulated the Registration and Filing System of Insiders of Inside Information to strengthen the management of the insiders of inside information and promote the Company and related parties to fulfill the information disclosure obligation according to the relevant laws. The examination indicated that during the reporting period, the Company published 140 announcements on Shanghai Stock Exchange and 186 announcements on Hong Kong Stock Exchange. It also published 25 announcements in the interbank market. The contents of information disclosures included periodic reports and other temporary announcements, basically covering all significant matters of the Company, thereby to enable investors to be aware of the recent development of the Company more rapidly and protect the interests of substantial investors.

(x) **Execution of internal control**

During the reporting period, the Company amended the Collection of Internal Control Systems (《內控管理制度彙編》) and Handbook of Internal Control (《內部控制手冊》), and the two amended documents were considered and approved by the Board. We have carefully checked the internal control system of the Company, and reviewed the 2013 Evaluation Report on Internal Control issued by the Company. We considered that the Company had basically established an improved internal control system, which could be effectively executed. The 2013 Evaluation Report on Internal Control objectively and truly reflects the establishment of the internal control system of the Company and its working conditions.

(xi) **Operations of the Board and its special committees**

During the reporting period, the Board of the Company functioned in an orderly manner in accordance with relevant provisions and requirements of the Articles of Association and the Board Meeting System. The special committees of the Board faithfully performed their duties in an earnest, responsible, diligent and honest manner and functioned in an orderly manner in accordance with the respective Terms of Reference and Working Rules.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

In 2013, in the spirit of integrity and diligence and in strict accordance with relevant provisions of the Company Law, the Securities Law, the Guidelines on the Establishment of Independent Directorship of Listed Companies and other laws and regulations as well as the Articles of Association, the Working Rules for Independent Directors and other rules, we actively performed the duties of independent directors, paid special attention to the influence of relevant matters and resolutions on the interests of the Company and all shareholders, gave our independent, objective and reasonable opinions and suggestions on the production, operation and relevant matters of the Company, and earnestly safeguarded the legal interests of all shareholders especially of the minority shareholders. Our independent performance of duties was not influenced by the major shareholders, the actual controller and other companies or individuals that are interested parties of the Company.

In 2014, we will further strengthen communication with the Board, the Supervisory Committee and the management, closely monitor the corporate governance, production and operation of the Company, diligently and faithfully perform the duties of independent directors, to ensure the objective, impartial and independent operation of the Board of the Company, enhance the decision-making ability and leadership of the Board and make recommendation for decision-making of the Board, thereby promoting the stable operation and the orderly function of the Company, and improving the decision-making ability and operating performance, so as to keep the Company developing in a continuous, stable and sound way, give satisfactory return to substantial investors and safeguard the legal interests of all shareholders especially of minority shareholders.

Signatures of independent directors:



Bai Yanchun



Xu Shan



Cheng Gordon



Xu Xu

NOTICE OF AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of China Molybdenum Co., Ltd.* (the “**Company**”) will be held at 9:00 a.m. on Friday, 9 May 2014 at the International Conference Room of Mudu-Lee Royal International Hotel at No.239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the People's Republic of China (the “**PRC**”) for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions. Unless otherwise indicated, capitalized terms used herein have the same meanings as those defined in the circular of the Company dated 24 March 2014 (the “**Circular**”).

ORDINARY RESOLUTIONS

1. “To receive and consider the financial report of the Company for the year 2013.”
2. “To receive and consider the financial statements of the Company for the year 2013.”
3. “To consider and approve the budget report of the Company for the year 2014.”
4. “To consider and approve the profit distribution plan of the Company for the year 2013.”
5. “To receive and consider the report of the Board for the year 2013.”
6. “To receive and consider the report of the supervisory committee of the Company for the year 2013.”
7. “To receive and consider the annual report of the Company for the year 2013 and its summary.”
8. “To consider and approve the re-appointment of the external auditors of the Company for the year 2014 and to authorise the Board to determine its remuneration.”

* *For identification purposes only*

NOTICE OF AGM

9. “To consider and approve the proposed renewal of liability insurance for the Directors, Supervisors and senior management of the Company.”
10. “To consider and approve the authorisation to the Board to deal with all matters in relation to the Company’s distribution of interim dividend and quarterly dividend for the year 2014 in its absolute discretion.”

SPECIAL RESOLUTIONS

11. “To consider and approve the proposed amendments to the Articles of Association.”
12. “To consider and approve the proposed amendments to the Rules for Shareholders’ General Meetings.”
13. “To consider and approve the authorisation to the Board to determine the remuneration of Yuan Honglin, a Director.”
14. For the purpose of increasing the flexibility and efficiency in operation of the Company, to give a general mandate to the Board to issue, allot and deal with additional A Shares not exceeding 20% of the A Shares in issue on the date of passing of this special resolution and additional H Shares not exceeding 20% of the H Shares in issue on the date of passing of this special resolution and authorise the Board to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new share capital structure upon the allotment or issuance of Shares:

“THAT

- (a) To authorize the Board a general mandate to allot, issue and deal with, or agree conditionally or unconditionally to allot, issue and deal with additional H Shares and A Shares with the total nominal amounts not exceeding 20% of the total nominal amounts of the same class of shares in issue on the date of passing of this special resolution, and subject to paragraph (b) below to determine the number of Shares to be allotted and issued;
- (b) To authorize the Board to exercise the general mandate in accordance with the applicable laws (including but not limited to the Company Law of the PRC, the Hong Kong Listing Rules and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange) and obtain approvals from all governmental and/or supervisory institutions (if any);
- (c) The general mandate shall remain effective from the passing of this resolution until the earlier of the following:
 - (i) the conclusion of the 2014 annual general meeting of the Company; or
 - (ii) the date on which the general mandate under this resolution is revoked by an ordinary resolution approved by shareholders of the Company at a general meeting;

NOTICE OF AGM

- (d) To authorize the Board to approve, execute and act, or to procure the execution and acts, all such documents, deeds and things as it may consider necessary in connection with the allotment and issue of any new Shares pursuant to the exercise of the general mandate referred to in the above paragraphs; and
 - (e) To authorize the Board to make appropriate amendments to the Articles of Association after completion of the allotment and issuance of new Shares in accordance with the method, type and number of new Shares to be allotted and issued by the Company and the actual share capital structure of the Company upon completion of the allotment and issuance of new Shares.”
15. “To consider and approve the proposed extension of the validity period of the Shareholders’ authorisation to the Board to issue debt financing notes.”

By Order of the Board
China Molybdenum Co., Ltd.*
Li Chaochun
Chairman

Luoyang City, Henan Province, the PRC, 24 March 2014

Notes:

- (1) Pursuant to the requirements under the Rules of Shareholders’ Meeting of Listed Companies of the China Securities Regulatory Commission, independent directors shall issue a work report at the annual general meeting. Such report will be submitted to shareholders for consideration but not for shareholders’ approval. The Work Report of Independent Directors of the Company is set out in Appendix II to the Circular of 2013 AGM of the Company for shareholders’ information.
- (2) All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands pursuant to the Hong Kong Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Hong Kong Listing Rules.
- (3) H Shareholders who intend to attend the annual general meeting in person or by proxy should return the reply slip to the office of the Board at the Company’s principal place of business in the PRC 20 days before the meeting, i.e. before Friday, 18 April 2014 by hand, by post or by fax. The contact details of the office of the Board at the Company’s principal place of business in the PRC are set out in note (10) below.
- (4) Each H Shareholder who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the AGM. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. In case that an appointer is a body corporate, the instrument must be either under the common seal of the body corporate or under the hand of its director or other person, duly authorised. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be certified by a notary public. For H Shareholders, the form of proxy and the notarially certified power of attorney or other documents of authorisation must be delivered to the Company’s H Share registrar at the address stated in note (9) below by post or facsimile, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the AGM or any adjournment should he/she so wish.

NOTICE OF AGM

- (5) In order to determine the list of H Shareholders who will be entitled to attend and vote at the AGM, the H Share register of members of the Company will be closed from Wednesday, 9 April 2014 to Friday, 9 May 2014 (both days inclusive) during which period no transfer of shares will be effected. H Shareholders whose names appear on the register of members of H Shares of the Company at 4:30 p.m. on Tuesday, 8 April 2014 shall be entitled to attend and vote at the AGM. In order for the H Shareholders to qualify for attending and voting at the AGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 8 April 2014.
- (6) In order to determine the list of H Shareholders who are entitled to receive the Final Dividend, the H Shares Register of Members will be closed from Friday, 16 May 2014 to Wednesday, 21 May 2014 (both days inclusive) during which period no transfer of shares will be effected. H Shareholders whose names appear on the register of members of H Shares of the Company on Thursday, 15 May 2014 shall be entitled to receive the Final Dividend. In order for the H Shareholders to qualify for receiving the Final Dividend, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, 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 Thursday, 15 May 2014.
- (7) Shareholders or their proxies must present proof of their identities upon attending the AGM. Should a proxy be appointed, the proxy must also present copies of his/her proxy form, or copies of appointing instrument and power of attorney, if applicable.
- (8) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the AGM.
- (9) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990 / (+852) 2529 6087

NOTICE OF AGM

- (10) The address and contact details of the Company's principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
People's Republic of China
Telephone No.: (+86) 379 6865 8017
Facsimile No.: (+86) 379 6865 8030

- (11) The AGM is expected to last not more than one day. Shareholders or proxies attending the AGM are responsible for their own transportation and accommodation expenses.

The Circular ("Circular") in Chinese and English version has been published on the Company's website (www.chinamoly.com). Shareholders that choose to receive the corporate communications of the Company (including but not limited to annual reports, summary financial reports (if applicable), interim reports, interim summary reports (if applicable), notice of meeting, listing documents, circulars and proxy forms) and have difficulties in receiving corporate communications published on the Company's website for any reason can request for the free printed circular sent by post. Shareholders can change the way of receiving the corporate communications of the Company and the selection of language version at any time.

Shareholders can request for the printed circular or to change the way of receiving the corporate communications of the Company and the selection of language version by giving notice to the Company within a reasonable period of time. Such a written notice should be given to the share registrar for H shares of the Company, i.e. the Computershare Hong Kong Investor Services Limited ("CHIS") (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), or e-mail to chinamoly@computershare.com.hk.