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洛陽欒川鉬業集團股份有限公司

China Molybdenum Co., Ltd. *

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

(Stock Code: 03993)

**DISCLOSEABLE TRANSACTIONS
DEEMED DISPOSAL OF INTEREST AND DEBT RESTRUCTURING
RELATING TO YONGNING**

Reference is made to the announcement of the Company dated 14 May 2015 in relation to the proposed increase in registered capital and debt restructuring involving Yongning.

CAPITAL INCREASE

On 18 May 2015, the Capital Increase Agreement was entered into between Luomu Group, Yongning and Dinglong, pursuant to which Dinglong agreed to subscribe for equity interest in Yongning in the sum of RMB122 million and extend a loan in the sum of RMB20 million to Yongning. Following the completion of the Capital Increase, Yongning will cease to be a subsidiary of the Company.

DEBT RESTRUCTURING

As at the date of this announcement, the aggregate amount of debts owed by Yongning to the Company is approximately RMB684 million. On 18 May 2015, the Debt Restructuring Agreement was entered into between the Company and Yongning, pursuant to which Yongning agreed to apply the funds to be received from the Capital Increase Agreement (comprising subscription of equity interest in the sum of RMB122 million and a loan in the sum of RMB20 million), and funds to be received following disposals of certain of its assets, to repay the loans owed to the Company, and the Company agreed to waive the remaining portion of the loan outstanding in the sum of RMB495 million.

IMPLICATIONS UNDER LISTING RULES

As the Group's equity interest in Yongning will be diluted from 75.00% to 0.609% following completion of the Capital Increase, the Capital Increase will constitute a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Given that both the Capital Increase and the Debt Restructuring involve similar parties and relate to the Group's interest in Yongning, the Capital Increase and the Debt Restructuring will be aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios in respect of the Capital Increase and the Debt Restructuring, on an aggregate basis, exceeds 5% but less than 25%, the Capital Increase and the Debt Restructuring will constitute discloseable transactions of the Company, and are subject to reporting and announcement requirements under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 14 May 2015 in relation to the proposed increase in registered capital and proposed debt restructuring in relation to Yongning. On 18 May 2015, the Group entered into the Capital Increase Agreement and the Debt Restructuring Agreement.

CAPITAL INCREASE

As disclosed in the announcement of the Company dated 14 May 2015, shareholders of Yongning have agreed to the Capital Increase. Set out below are the principal terms of the Capital Increase Agreement:

Date 18 May 2015

Parties (i) Dinglong;

 (ii) Luomu Group; and

 (iii) Yongning.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Dinglong and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

Pursuant to the Capital Increase Agreement:

- (i) the registered capital of Yongning will be increased from RMB1 million to RMB123 million, with Dinglong injecting RMB122 million (in cash) into Yongning on or before 22 May 2015; and
- (ii) Dinglong agreed to extend a loan in the sum of RMB20 million to Yongning on the same day on which it makes the capital injection into Yongning.

Completion

It is expected that the Capital Increase will be completed in June 2015.

As at the date of this announcement, Yongning is held as to 75.0% by Luomu Group; as to 15.0% by Henan Faende Mining Co., Ltd.* (河南發恩德礦業有限公司); as to 9.8% by Luoning Huatai Mining Development Co., Ltd.* (洛寧華泰礦業開發有限公司); and as to 0.2% by Luoyang Haobo Mining Co., Ltd.* (洛陽浩博礦業有限公司). Following completion of the Capital Increase, Yongning will be held approximately as to 99.187% by Dinglong, as to 0.609% by Luomu Group; as to 0.122% by Henan Faende Mining Co., Ltd.* (河南發恩德礦業有限公司); as to 0.080% by Luoning Huatai Mining Development Co., Ltd.* (洛寧華泰礦業開發有限公司); and as to 0.002% by Luoyang Haobo Mining Co., Ltd.* (洛陽浩博礦業有限公司).

Application of proceeds

The capital injection of RMB122 million and the loan in the sum of RMB20 million to be made by Dinglong will be applied by Yongning to repay a portion of the loans due to the Company.

DEBT RESTRUCTURING

As at the date of this announcement, the aggregate amount of debts owed by Yongning to the Company is approximately RMB684 million. Set out below are the principal terms of the Debt Restructuring Agreement:

Date 18 May 2015

- Parties**
- (i) the Company; and
 - (iii) Yongning.

Subject matter

Pursuant to the Debt Restructuring Agreement:

- (i) Yongning agreed to apply the funds to be received from the capital injection in the sum of RMB122 million and the loan in the sum of RMB20 million pursuant to the Capital Increase Agreement to repay a portion of the loans due to the Company;
- (ii) Yongning agreed to dispose of some of its current assets (including but not limited to, bank deposits, bills of exchange, accounts receivable and prepayments) and the proceeds of which will be applied to repay the loans due to the Company; and
- (iii) the Company agreed to waive the remaining balance of the loan outstanding due from Yongning in the sum of RMB495 million.

Completion

It is anticipated that Yongning will transfer the sum of RMB142 million to the Company in May 2015.

REASONS FOR CAPITAL INCREASE AND DEBT RESTRUCTURING

The Capital Increase and the Debt Restructuring would enable the Group to (i) organise and optimise its balance sheet; (ii) dispose of non-core and inefficient assets; (iii) consolidate its financial resources; (iv) carry out mergers and acquisitions of, and invest in, projects with positive cash flow, and matured resources which are located in politically-stabled areas; and (v) improve return on capital, expand the scale of operations, enhance the ability to withstand risks whilst continue to provide better returns to the Company's shareholders. Based on the above, the Board is of the view that the Capital Increase and the Debt Restructuring are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

Following the completion of the Capital Increase, Yongning will cease to be subsidiary of the Company. It is expected that, upon completion of the Capital Increase, the Group will record an estimated loss of approximately RMB137 million after taxation, which is calculated with reference to the net assets of Yongning as at 31 December 2014. The actual gain/loss to be recorded by the Group is subject to audit. Following the completion of the Capital Increase and the Debt Restructuring, the amount of outstanding debt due from Yongning to the Group would be decreased to RMB47 million.

INFORMATION ON PARTIES

The Company

The Company is primarily engaged in the mining, processing, smelting, deep processing, trade, research and development of molybdenum, tungsten, copper and other precious and base metals. It possesses a complete industry chain which integrates upstream and downstream processes including the molybdenum mining, processing, roasting, molybdenum chemical products and molybdenum metal processing. As one of the largest molybdenum producers in the PRC with a leading position in the world, the Company has the highest production capacity in ferromolybdenum and molybdenum oxides in the PRC. The Company is also one of the largest tungsten concentrates producers in the PRC and the fourth largest copper producer in Australia.

Dinglong

Dinglong is a company incorporated in the PRC and principally engages in the purchase and sale of mineral products. Based on the information provided by Dinglong, as at 31 December 2014, its total assets and net assets (unaudited) were RMB38,020,675.83 and RMB37,427,588.77, respectively; and its operating income and net profits (unaudited) for the year ended 31 December 2014 were RMB146,510,978.56 and RMB17,616,053.88, respectively.

Luomu Group

Luomu Group is a wholly owned subsidiary of the Company and principally engages in processing and sale of mineral products.

Yongning

Yongning is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, Yongning is held as to 75% by Luomu Group (a wholly owned subsidiary of the Company). Yongning principally engages in lead smelting, processing and sales of mineral products. Yongning's key financial information (unaudited) are as follows:

	As at 31 March 2015	As at 31 December 2014	As at 31 December 2013
Total assets (<i>RMB</i>)	382,826,344.26	408,179,360.04	941,749,743.67
Net assets (<i>RMB</i>)	(289,427,585.12)	(268,111,025.69)	(39,873,738.22)
	For the period between 1 January 2015 and 31 March 2015	For the year ended 31 December 2014	For the year ended 31 December 2013
Revenue (<i>RMB</i>)	16,257,941.44	526,019,291.28	873,848,920.99
Net Profit/(Loss) (<i>RMB</i>)	(12,625,234.85)	(228,237,287.47)	(296,357,687.68)

IMPLICATIONS UNDER LISTING RULES

As the Group's equity interest in Yongning will be diluted from 75.00% to 0.609% following completion of the Capital Increase, the Capital Increase will constitute a deemed disposal of the Company under Rule 14.29 of the Listing Rules. Given that both the Capital Increase and the Debt Restructuring involve similar parties and relate to the Group's interest in Yongning, the Capital Increase and the Debt Restructuring will be aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios in respect of the Capital Increase and the Debt Restructuring, on an aggregate basis, exceeds 5% but less than 25%, the Capital Increase and the Debt Restructuring will constitute discloseable transactions of the Company, and are subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Increase”	the subscription of equity interest in Yongning and the extension of loan by Dinglong to Yongning pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement dated 18 May 2015 entered into between Luomu Group, Dinglong and Yongning
“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 Stock Exchange of Hong Kong Limited, respectively
“Debt Restructuring”	the repayment and waiver of loans due by Yongning to the Company pursuant to the Debt Restructuring Agreement
“Debt Restructuring Agreement”	the debt restructuring agreement dated 18 May 2015 entered into between the Company and Yongning
“Dinglong”	靈寶市鼎隆礦業有限責任公司 (Lingbao Dinglong Mining Company Limited*)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Luomu Group”	洛陽鉬業集團貴金屬有限公司 (Luomu Group Precious Metals Co., Ltd.*)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Yongning”	洛陽永寧金鉛冶煉有限公司 (Luoyang Yongning Gold & Lead Refining Co., Ltd.*)

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

Luoyang City, Henan Province, PRC, 18 May 2015

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

* *For identification purposes only*