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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)

**(1) CONNECTED AND MAJOR TRANSACTION RELATING  
TO ACQUISITION OF INDIRECT INTEREST IN  
WORLD-CLASS COPPER AND COBALT MINE  
AND  
(2) APPOINTMENT OF SECRETARY TO THE BOARD**

**1. ACQUISITION OF INDIRECT INTEREST IN WORLD-CLASS COPPER  
AND COBALT MINE**

**Background**

Reference is made to the announcements dated 22 January 2017, 10 February 2017, 17 February 2017 and 24 February 2017 (the “**Announcements**”) of the Company in relation to, among others, the acquisition of an indirect interest in world-class copper and cobalt mine. Unless otherwise defined herein, capitalised terms in this announcement have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, under the Cooperation Arrangement, the Company will assist BHR to effect the completion of the Stock Purchase Agreement. In the event that the Company decides to exercise the Call Option, or is required by BHR and/or the Investors to purchase the 24% indirect interest in TFM, as the case may be, the Company will own an aggregate of 80% indirect interest in the Tenke Fungurume Mining Complex.

## **New Investors to BHR**

Under the Framework Cooperation Agreement, it was contemplated that new potential investors may invest in BHR prior to the completion of the Stock Purchase Agreement. To facilitate the investment process, the Company will enter into cooperation agreement(s) with such investors, if necessary, to facilitate the investment process. In addition, the Company may also enter into separate cooperation agreements with each of the Investors, depending on the needs of the respective Investors. The respective cooperation agreements will stipulate the conditions precedent (unless waived by the relevant Investors) to the payment of Subscription Money. Upon receiving a payment notice from the Company, the Investors will make payment in the form of Subscription Money under the respective cooperation agreements such that BHR will be able to pay the Lundin Consideration and acquire a 30% interest in TFHL, which in turn holds an 80% interest in TFM, which in turn holds the Tenke Fungurume Mining Complex.

In light of the Framework Cooperation Agreement, three new investors, namely Hantang Iron Ore Investment Limited (“**Hantang**”), Design Time Limited (“**Design Time**”) and CNBC (Hong Kong) Investment Limited (“**CNBC**”) have agreed to subscribe for shares in BHR on the terms and subject to the conditions of the respective cooperation agreements.

### *(i) Hantang Cooperation Agreement*

The Company, BHR and Hantang entered into a cooperation agreement (the “**Hantang Cooperation Agreement**”) to facilitate the implementation of the Framework Cooperation Agreement.

#### *Date*

3 March 2017

#### *Parties*

- (i) the Company;
- (ii) BHR; and
- (iii) Hantang.

The principal terms and conditions of the Hantang Cooperation Agreement mainly reflect the terms and conditions stipulated in the Framework Cooperation Agreement. Please refer to the section headed Framework Cooperation Agreement in the announcement of the Company dated 22 January 2017 for details. The following additional principal terms and conditions were stipulated in the Hantang Cooperation Agreement:

*(1) Amount of Subscription Money*

Hantang has agreed to subscribe for shares in BHR in the principal amount of USD250 million (subject to adjustments as stipulated in the Hantang Cooperation Agreement) in the form of cash.

*(2) Conditions precedent to the payment of the Subscription Money*

Payment of the Subscription Money by Hantang is conditional upon the fulfillment or waiver thereof by Hantang (as the case may be) of a number of conditions, including, among others, the following:

1. the Hantang Cooperation Agreement has been validly approved at a general meeting of the Company (or has been validly approved by the Board where the Board has been authorised at a general meeting of the Company to do so);
2. completion of the sale and purchase agreement dated 9 May 2016 entered into between the Company, CMOCL Limited and Phelps Dodge Katanga Corporation and Freeport-McMoRan Inc. in relation to the acquisition of a 70% indirect interest in TFHL;
3. all conditions precedent pursuant to the Stock Purchase Agreement having been fulfilled (except for conditions precedent that can only be fulfilled at completion of the Stock Purchase Agreement) or otherwise validly waived;
4. the agreement(s) in relation to the Syndicated Loans having been executed and the terms of which are not materially prejudicial to the interest of Hantang;
5. the drawdown conditions under the Syndicated Loans (except for payment of the Subscription Money) having been fulfilled or otherwise validly waived;
6. the Company having issued a written confirmation to Hantang stating expressly the date of completion of the Stock Purchase Agreement, and such date shall not exceed 90 days from the date of the request for payment of the Subscription Money;

7. no material litigation or dispute having occurred under the Stock Purchase Agreement which may affect the Company, BHR or Hantang or their respective related parties; and
8. a share subscription and shareholders' agreement having been entered into between Hantang, BHR and all the relevant Investors (the "**Share Subscription and Shareholders' Agreement**").

(3) *Exclusive return rates for the Call Option and the Put Option*

As Hantang will be paying the Subscription Money denominated in USD, Hantang will be entitled to an exclusive return rate at 6% for each of the Call Option and the Put Option (as the case may be). Accordingly, the exercise price for the Call Option and Put Option would be adjusted as follow:

Call Option

Exercise price: The exercise price for the Call Option is calculated as follows:

$\text{Subscription Money} \times (1 + 6\% \times \text{Call Payment Period} \div 360) - \text{return received by Hantang} - \text{dividend or the like indirectly derived from TFM (excluding the return received by Hantang)}$ .

Put Option

Exercise price: The exercise price for the Put Option is calculated as follows:

$\text{Subscription Money} \times (1 + 6\% \times \text{Put Payment Period} \div 360) - \text{return received by Hantang} - \text{dividend or the like indirectly derived from TFM (excluding the return received by Hantang)}$ .

(4) *Annual rate of return prior to the exercise of Call Option or Put Option, whichever is earlier*

As Hantang will be paying the Subscription Money denominated in USD, Hantang will be entitled to a 6% of the amount of the Subscription Money paid per annum, being the annual rate of return prior to the exercise of the Call Option or the Put Option, whichever is earlier.

*(ii) Design Time Cooperation Agreement*

The Company, BHR and Design Time entered into a cooperation (the “**Design Time Cooperation Agreement**”) to facilitate the implementation of the Framework Cooperation Agreement.

*Date*

3 March 2017

*Parties*

- (i) the Company;
- (ii) BHR; and
- (iii) Design Time.

The principal terms and conditions of the Design Time Cooperation Agreement mainly reflect the terms and conditions stipulated in the Framework Cooperation Agreement. Please refer to the section headed Framework Cooperation Agreement in the announcement of the Company dated 22 January 2017 for details. The following additional principal terms and conditions were stipulated in the Design Time Cooperation Agreement:

*(1) Amount of Subscription Money*

Design Time has agreed to subscribe for shares in BHR in the principal amount of USD50 million (subject to adjustments as stipulated in the Design Time Cooperation Agreement) in the form of cash.

*(2) Conditions precedent to the payment of the Subscription Money*

Payment of the Subscription Money by Design Time is conditional upon the fulfillment or waiver thereof (as the case may be) of a number of conditions, including, among others, the following:

1. the Design Time Cooperation Agreement has been validly approved at a general meeting of the Company (or has been validly approved by the Board where the Board has been authorised at a general meeting of the Company to do so);
2. completion of the sale and purchase agreement dated 9 May 2016 entered into between the Company, CMOCL Limited and Phelps Dodge Katanga Corporation and Freeport-McMoRan Inc. in relation to the acquisition of a 70% indirect interest in TFHL;

3. all conditions precedent pursuant to the Stock Purchase Agreement having been fulfilled (except for conditions precedent that can only be fulfilled at completion of the Stock Purchase Agreement) or otherwise validly waived;
4. the agreement(s) in relation to the Syndicated Loans having been executed and the terms of which are not materially prejudicial to the interest of Design Time;
5. the drawdown conditions under the Syndicated Loans (except for payment of the Subscription Money) having been fulfilled or otherwise validly waived;
6. the Company having issued a written confirmation to Design Time stating expressly the date of completion of the Stock Purchase Agreement, and such date shall not exceed 90 days from the date of the request for payment of the Subscription Money;
7. no material litigation or dispute having occurred under the Stock Purchase Agreement which may affect the Company, BHR or Design Time or their respective related parties; and
8. the Share Subscription and Shareholders' Agreement having been entered into between Design Time, BHR and all the relevant Investors.

(3) *Exclusive return rates for the Call Option and the Put Option*

As Design Time will be paying the Subscription Money denominated in USD, Design Time will be entitled to an exclusive return rate at 6% for each of the Call Option and the Put Option (as the case may be). Accordingly, the exercise price for the Call Option and Put Option would be adjusted as follow:

Call Option

Exercise price: The exercise price for the Call Option is calculated as follows:

$$\text{Subscription Money} \times (1 + 6\% \times \text{Call Payment Period} \div 360) - \text{return received by Design Time} - \text{dividend or the like indirectly derived from TFM (excluding the return received by Design Time)}.$$

## Put Option

Exercise price: The exercise price for the Put Option is calculated as follows:

$\text{Subscription Money} \times (1 + 6\% \times \text{Put Payment Period} \div 360) - \text{return received by Design Time} - \text{dividend or the like indirectly derived from TFM (excluding the return received by Design Time)}$ .

(4) *Annual rate of return prior to the exercise of Call Option or Put Option, whichever is earlier*

As Design Time will be paying the Subscription Money denominated in USD, Design Time will be entitled to a 6% of the amount of the Subscription Money paid per annum, being the annual rate of return prior to the exercise of the Call Option or the Put Option, whichever is earlier.

### *(iii) CNBC Cooperation Agreement*

The Company, BHR and CNBC entered into a cooperation agreement (the “**CNBC Cooperation Agreement**”) to facilitate the implementation of the Framework Cooperation Agreement.

#### *Date*

3 March 2017

#### *Parties*

- (i) the Company;
- (ii) BHR; and
- (iii) CNBC.

The principal terms and conditions of the CNBC Cooperation Agreement mainly reflect the terms and conditions stipulated in the Framework Cooperation Agreement. Please refer to the section headed Framework Cooperation Agreement in the announcement of the Company dated 22 January 2017 for details. The following additional principal terms and conditions were stipulated in the CNBC Cooperation Agreement:

*(1) Amount of Subscription Money*

CNBC has agreed to subscribe for shares in BHR in the principal amount of not more than USD300 million (subject to adjustments as stipulated in the CNBC Cooperation Agreement) in the form of cash.

*(2) Conditions precedent to the payment of the Subscription Money*

Payment of the Subscription Money by CNBC is conditional upon the fulfillment or waiver thereof (as the case may be) of a number of conditions, including, among others, the following:

1. the CNBC Cooperation Agreement has been validly approved at a general meeting of the Company (or has been validly approved by the Board where the Board has been authorised at a general meeting of the Company to do so);
2. completion of the sale and purchase agreement dated 9 May 2016 entered into between the Company, CMOC Limited and Phelps Dodge Katanga Corporation and Freeport-McMoRan Inc. in relation to the acquisition of a 70% indirect interest in TFHL;
3. all conditions precedent pursuant to the Stock Purchase Agreement having been fulfilled (except for conditions precedent that can only be fulfilled at completion of the Stock Purchase Agreement) or otherwise validly waived;
4. the agreement(s) in relation to the Syndicated Loans having been executed and the terms of which are not materially prejudicial to the interest of CNBC;
5. the drawdown conditions under the Syndicated Loans (except for payment of the Subscription Money) having been fulfilled or otherwise validly waived;
6. the Company having issued a written confirmation to CNBC stating expressly the date of completion of the Stock Purchase Agreement, and such date shall not exceed 90 days from the date of the request for payment of the Subscription Money;



7. no material litigation or dispute having occurred under the Stock Purchase Agreement which may affect the Company, BHR or CNBC or their respective related parties; and
8. the Share Subscription and Shareholders' Agreement having been entered into between CNBC, BHR and all the relevant Investors.

(3) *Exclusive return rates for the Call Option and the Put Option*

As CNBC will be paying the Subscription Money denominated in USD, CNBC will be entitled to an exclusive return rate at 6% for each of the Call Option and the Put Option (as the case may be). Accordingly, the exercise price for the Call Option and Put Option would be adjusted as follow:

Call Option:

Exercise price: The exercise price for the Call Option is calculated as follows:

$$\text{Subscription Money} \times (1 + 6\% \times \text{Call Payment Period} \div 360) - \text{return received by CNBC} - \text{dividend or the like indirectly derived from TFM (excluding the return received by CNBC)}.$$

Put Option:

Exercise price: The exercise price for the Put Option is calculated as follows:

$$\text{Subscription Money} \times (1 + 6\% \times \text{Put Payment Period} \div 360) - \text{return received by CNBC} - \text{dividend or the like indirectly derived from TFM (excluding the return received by CNBC)}.$$

(4) *Annual rate of return prior to the exercise of Call Option or Put Option, whichever is earlier*

As CNBC will be paying the Subscription Money denominated in USD, CNBC will be entitled to a 6% of the amount of the Subscription Money paid per annum, being the annual rate of return prior to the exercise of the Call Option or the Put Option, whichever is earlier.

## **Reasons for Entering into the Agreements**

Taking into account the underlying reasons and benefits in the Cooperation Arrangement as disclosed in the Announcements, the Board is of the view that the terms of the transactions contemplated under the Hantang Cooperation Agreement, the Design Time Cooperation Agreement and the CNBC Cooperation Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

The Company intends to satisfy the consideration payable for exercising the Call Option or the Put Option (as the case may be) through a combination of the Group's existing cash reserves and undrawn credit facilities.

The terms and conditions of the Hantang Cooperation Agreement, Design Time Cooperation Agreement and CNBC Cooperation Agreement were determined on an arm's length basis which are also consistent with the terms and conditions under the Framework Cooperation Agreement.

## **Information on the Counterparties**

### ***Hantang***

Hantang is a company with limited liability incorporated in the British Virgin Islands, whose principal business activity is foreign investment.

### ***Design Time***

Design Time is an investment holding company with limited liability incorporated in the British Virgin Islands.

### ***CNBC***

CNBC is a company with limited liability incorporated in Hong Kong whose principal business activities are investment and money lending.

The Directors confirm that to the best of their knowledge, information and belief after having made all reasonable enquiries, there is no prior transaction with each of Hantang, Design Time, CNBC and their respective ultimate beneficial owners which is required to be aggregated with the participation of the Cooperation Arrangement, including the Hantang Cooperation Agreement, the Design Time Cooperation Agreement and the CNBC Cooperation Agreement, and the transactions contemplated thereunder pursuant to Rule 14.22 of the Listing Rules.

## **Listing Rules Implications**

### ***Connected transactions***

As disclosed, BHR has entered into the Stock Purchase Agreement to acquire all the issued share capital in Lundin DRC, which holds 30% interest in TFHL (an indirect non-wholly owned subsidiary of the Company). Although as at the date of this announcement, BHR has yet to own any shares in TFHL, BHR would become a connected person (as defined in the Listing Rules) of the Company following completion of the Stock Purchase Agreement. Therefore, the grant of the Put Option by the Company to (i) Hantang, (ii) Design Time and (iii) CNBC, and the acceptance of the Call Option by the Company from (i) Hantang, (ii) Design Time and (iii) CNBC would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board regarding the grant of the Put Option and the acceptance of the Call Option and the independent non-executive Directors have confirmed that the terms of the transaction in relation to the grant of the Put Option and acceptance of the Call Option are fair and reasonable, such transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, the grant of the Put Option and acceptance of the Call Option are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

### ***Notifiable transactions***

Pursuant to Rule 14.74(1) of the Listing Rules, the grant of the Put Option (the exercise of which is not at the Company's discretion) will be classified as if the Put Option had been exercised. The applicable percentage ratios (as defined under the Listing Rules) when aggregated under Rule 14.22 of the Listing Rules in respect of the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) following the introducing Hantang, Design Time and CNBC as new investors to BHR would not result in a higher classification than the major transaction.

In respect of the Call Option granted to the Company, since the exercise of which is at the discretion of the Company and for which no premium is required to be paid by the Company, the acceptance of the Call Option granted to the Company does not constitute a notifiable transaction of the Company under the Listing Rules. However, as the Directors consider that it would be prudent for the Company to have received all necessary approvals to exercise the Call Option, the Company proposed to comply with the relevant requirements under the Listing Rules at the time of accepting the Call Option, as if the Call Option had been exercised. Consequently, given the maximum exercise price payable by the Company, the value of the underlying assets, and the profits and revenue attributable to such assets as at the date of this announcement, the exercise of the Call Option, when aggregated under Rule 14.22 of the Listing Rules with the provision of assistance in securing the Syndicated Loans (including a guarantee), will also constitute a major transaction for the Company under the Listing Rules. If in the future, the Company does in fact decide to exercise the Call Option, and such aggregation results in a higher classification than major transaction, the Company will comply with all other relevant requirements of the Listing Rules.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting in the general meeting of the Company for approving the entering into the Cooperation Arrangement (including the entering into of the Framework Agreement, BHR Shareholders Cooperation Agreement, Shareholders of BHR Shareholders Cooperation Agreement, Hantang Cooperation Agreement, Design Time Cooperation Agreement and CNBC Cooperation Agreement), as the connected person in the transaction concerned, namely BHR, BHR Shareholders and Shareholders of BHR Shareholders, are connected persons solely by virtue of BHR's interest in TFHL, an indirect non-wholly owned subsidiary of the Company, and not in the Company itself.

### *General*

The Circular, relating to, among others, further details on the Cooperation Arrangement, including the Hantang Cooperation Agreement, the Design Time Cooperation Agreement and the CNBC Cooperation Agreement would be despatched on or before 29 March 2017.

## **2. APPOINTMENT OF SECRETARY TO THE BOARD**

At the nineteenth meeting of the forth session of the Board held on 3 March 2017, it was resolved that Mr. Yue Yuanbin (“**Mr. Yue**”) be appointed as the secretary to the Board with effect from 3 March 2017 until the end of the term of appointment of the current Board.

Mr. Yue, aged 43, graduated with a bachelor's degree in engineering at the department of materials engineering of the Shenyang Ligong University (formerly known as Shenyang Industrial College\*) in July 1995. Mr. Yue then obtained a master of technology economics from the School of Economics and Management of Tongji University in March 1998. Prior to joining the Company, Mr. Yue served as a managing director of the corporate finance department of Guotai Junan Securities Co. Ltd., a vice president in the investment banking division of China Fortune Securities Co. Ltd. and a vice president of NewMargin Ventures. Mr. Yue currently serves as the managing director of Shanghai Ruichao Investment Co., Ltd.\*, a wholly owned subsidiary of the Company.

Mr. Yue has obtained the certificate for the training for secretary to the Board issued by Shanghai Stock Exchange. His qualifications for appointment to serve as the secretary to the Board are in compliance with the qualifications for appointment required under the applicable laws including the Company Law of the PRC and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

The Board would like to express its warm welcome to Mr. Yue for his appointment as the secretary to the Board.

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

Luoyang City, Henan Province, PRC, 6 March 2017

*As at the date of this announcement, the Company's executive directors are Messrs. Li Chaochun and Li Faben; the Company's non-executive directors are Messrs. Ma Hui, Yuan Honglin and Cheng Yunlei; and the Company's independent non-executive directors are Messrs. Bai Yanchun, Xu Shan and Cheng Gordon.*

\* *for identification purposes only*