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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.

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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)

**FINANCIAL REPORT AND BUDGET REPORT  
PROPOSED DISTRIBUTION OF FINAL DIVIDEND  
PROPOSED INCREASE IN PROVISION OF GUARANTEE FOR OPERATING  
LOANS TO WHOLLY-OWNED SUBSIDIARIES AND EXTENSION OF  
AUTHORIZATION PERIOD  
PROPOSED SUBSCRIPTIONS OF STRUCTURED DEPOSIT  
WITH INTERNAL IDLE FUNDS  
PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS  
WITH INTERNAL IDLE FUNDS  
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION  
PROPOSED MANDATE FOR ISSUE OF DEBT FINANCING INSTRUMENTS  
AND  
PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES**

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A letter from the Board is set out on pages 1 to 16 of this circular.

Notice convening the AGM to be held on Friday, 25 May 2018 together with the relevant form of proxy and reply slip were despatched to H Shareholders on Monday, 9 April 2018. Such documents were also published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinamoly.com>). For ease of reference, the notice convening the AGM is set out in Appendix IV to this circular.

Whether or not you are able to attend the AGM in person, you are requested to complete, sign and return the reply slip and form of proxy applicable to the AGM in accordance with the instructions printed thereon. For H Shareholders, the form of proxy applicable to the AGM 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, as soon as possible but in any event not later than 1:00 p.m. on Thursday, 24 May 2018 (or if the AGM is adjourned, not less than 24 hours before the time appointed for holding the relevant meeting). Completion and return of the form of proxy applicable to the AGM will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

H Shareholders who intend to attend the AGM in person or by proxy should return the reply slips 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, 20 days before the relevant meeting, i.e. before Friday, 4 May 2018 by hand, by post or by facsimile.

23 April 2018

\* For identification purposes only

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## DEFINITIONS

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*The following expressions have the meanings set out below 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 SSE and traded in RMB (stock code: 603993)
“A Shareholder(s)”	holder(s) of A Shares
“AGM”	the annual general meeting of the Company (and any adjournment thereof) to be held at 1:00 p.m. on Friday, 25 May 2018 at the International Conference Room of Mudu-Lee Royal International Hotel at No. 239, Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC
“Articles of Association”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“BHR”	BHR Newwood Investment Management Limited, a company incorporated in the British Virgin Islands
“Board”	the board of directors of the Company
“Budget Report”	the financial budget report of the Company for the year ending 31 December 2018 approved at the 13th meeting of the fourth session of the Board on 29 March 2018
“Company”	China Molybdenum Co., Ltd.* (洛陽欒川鉬業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE and the Hong Kong Stock Exchange, respectively
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Debt Mandate”	subject to the conditions set out in the proposed resolution approving the debt mandate to be proposed at the AGM, the general mandate to authorise the Board to exercise its authority to issue the debt financing instruments denominated in RMB and foreign currency

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## DEFINITIONS

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“Financial Report”	the 2017 financial report of the Company as set out in Appendix I to this circular, which was approved at the 13th meeting of the fourth session of the Board on 29 March 2018
“Final Dividend”	the proposed distribution of a final dividend of RMB0.076 per Share (tax inclusive) for the year ended 31 December 2017 as described in the final results announcement of the Company dated 29 March 2018
“Group”	the Company and its branches and 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 dollars, 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
“Latest Practicable Date”	Monday, 16 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“NPM”	Northparkes copper and gold mine in Australia, which the Company indirectly holds 80% equity interest of this mine
“PRC” or “Mainland”	the People’s Republic of China and for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“reporting period”	the year ended 31 December 2017
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“Share(s)”	A Share(s) and H Share(s)
“Share Mandate”	subject to the conditions set out in the proposed resolution approving the share mandate to be proposed at the AGM, the general mandate to authorise the Board to exercise its authority to issue additional A Shares not exceeding 20% of the number of the A Shares in issue and additional H Shares not exceeding 20% of the number of the H Shares in issue on the date of passing of the said resolution
“SSE”	the Shanghai Stock Exchange
“Shareholder(s)”	holder(s) of the Shares, including both A Shareholder(s) and H Shareholder(s)
“TFM”	Tenke Fungurume Mining in the Democratic Republic of Congo, which the Company holds 56% equity interest of this mine indirectly plus exclusive rights to purchase an additional 24% equity interest of the TFM
“USD”	United States dollars, the lawful currency of the United States of America
“Yulu Mining”	Luoyang Yulu Mining Co., Ltd.* (洛陽豫鷺礦業有限責任公司), a non-wholly owned subsidiary of the Company
“%”	per cent

\* *The Chinese name(s) of the PRC entities have been translated into English in this circular for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

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LETTER FROM THE BOARD

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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)

*Executive Directors:*

Li Chaochun (Chairman)  
Li Faben

*Non-executive Directors:*

Ma Hui (Vice Chairman)  
Yuan Honglin  
Cheng Yunlei

*Independent non-executive Directors:*

Bai Yanchun  
Xu Shan  
Cheng Gordon

*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

23 April 2018

*To the Shareholders*

Dear Sir/Madam,

**FINANCIAL REPORT AND BUDGET REPORT  
PROPOSED DISTRIBUTION OF FINAL DIVIDEND  
PROPOSED INCREASE IN PROVISION OF GUARANTEE FOR OPERATING  
LOANS TO WHOLLY-OWNED SUBSIDIARIES AND EXTENSION OF  
AUTHORIZATION PERIOD  
PROPOSED SUBSCRIPTIONS OF STRUCTURED DEPOSIT  
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PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS  
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AND  
PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide relevant details to you to make informed decisions on, 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 increase in provision of guarantee for operating loans to wholly-owned subsidiaries and extension of authorization period;
- (iv) Proposed subscriptions of structured deposit with internal idle funds;
- (v) Proposed purchase of wealth management products with internal idle funds;
- (vi) Proposed amendments to the Articles of Association;
- (vii) Proposed mandate for issue of debt financing instruments; and
- (viii) Proposed general mandate for issue of Shares.

### 2. FINANCIAL REPORT AND BUDGET REPORT

As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the Budget Report, details of which are as follows:

- 1. Domestic business: the estimated production volume of molybdenum concentrates would be between 13,500 tonnes and 14,900 tonnes with unit production cash costs (excluding resources taxes, depreciation and amortization, sales and general management expenses) ranging from RMB60,000 per tonne to RMB66,300 per tonne; the estimated production volume of tungsten concentrates would be between 11,000 tonnes and 12,000 tonnes (excluding Yulu Mining) with unit production cash costs (excluding resources taxes, depreciation and amortization, sales and general management expenses) ranging from RMB21,500 per tonne to RMB23,700 per tonne;

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## LETTER FROM THE BOARD

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2. Australian business (calculated based on 80% interests): the estimated production volume of saleable copper produced from Northparkes copper and gold mine operations of the Company would be between 30,000 tonnes and 32,000 tonnes with C1 cash costs (i.e., cash operating costs (including mining, processing, site administration expenses, logistics and smelting/refining costs) after deduction of the earnings generated from by-products) ranging from USD1.07 per pound to USD1.19 per pound; the estimated production volume of saleable gold would be between 26,400 ounces and 28,000 ounces;
3. Congo-Kinshasa business: the estimated production volume of copper produced from Tenke copper and cobalt mine operations of the Company would be between 190,000 tonnes and 205,000 tonnes with C1 cash costs (i.e., cash operating costs (including mining, processing, site administration expenses, logistics and smelting/refining costs) after deduction of the earnings generated from by-products) ranging from USD-0.44 per pound to USD-0.4 per pound; the estimated production volume of cobalt would be between 16,000 tonnes and 17,500 tonnes;
4. Brazilian business: the estimated production volume and cost of niobium and phosphate products would be stable.

The Board also approved the Financial Report on 29 March 2018, 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 the Financial Report will be proposed at the AGM.

### **3. PROPOSED DISTRIBUTION OF FINAL DIVIDEND**

As stated in the final results announcement of the Company dated 29 March 2018 in relation to, among other things, final cash dividend for the year ended 31 December 2017, the Board proposed to distribute the Final Dividend of RMB0.076 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.

The Company will make further announcement regarding the proposed distribution of the Final Dividend to A Shareholders.



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## LETTER FROM THE BOARD

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### Tax

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法》) and the “Rules for the Implementation of Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法實施條例》), both implemented on 1 January 2008 and the “Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares Register of Members on the Reference Date. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and group, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

In accordance with the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Furthermore, the competent tax authority of the Company confirmed that the relevant requirements under the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) is applicable to the Company, the Company will not be required to withhold and pay any individual income tax on behalf of individual Shareholders when the Company distributes the Final Dividend to individual Shareholders whose names appear on the H Shares register of members.

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## LETTER FROM THE BOARD

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Pursuant to the “Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market” (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated on 17 November 2014:

- For mainland individual investors who invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of the Final Dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax credit relating to the withholding tax already paid abroad. For mainland securities investment funds that invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of the Final Dividend pursuant to the foregoing provisions; and
- For mainland corporate investors that invest in the H Shares of the Company via the Shanghai-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of the Final Dividend and the mainland corporate investors shall file the tax returns on their own.

H Shareholders of the Company are recommended to consult their tax advisors regarding the relevant tax laws and regulations in the PRC, Hong Kong and other countries on the dividend payment by the Company and on the taxation implications of holding and dealing in the H Shares of the Company.

Ordinary resolution regarding the consideration and approval of the Final Dividend will be proposed at the AGM.

#### **4. PROPOSED INCREASE IN PROVISION OF GUARANTEE FOR OPERATING LOANS TO WHOLLY-OWNED SUBSIDIARIES AND EXTENSION OF AUTHORIZATION PERIOD**

At the 2016 annual general meeting of the Company held on 28 June 2017, it is authorised that the Board may provide a guarantee credit for operating loans up to a maximum amount of RMB5 billion (or equivalent amount in foreign currency) to its direct or indirect wholly-owned subsidiaries to support their development as well as to reduce their financing costs. Such credit facilities may be revolving in nature with effect from the date of approval at the date of the 2016 annual general meeting to the date of convening the 2018 annual general meeting.

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## LETTER FROM THE BOARD

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As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the provision of guarantee for operating loans to direct or indirect wholly-owned subsidiaries and extension of authorization period, details of which are as follows:

1. To authorise the Board to decide and deal with matters in relation to the provision of guarantee for operating loans to direct or indirect wholly-owned subsidiaries of the Company within a credit of RMB15 billion (or equivalent amount in foreign currency). Such credit facilities may be revolving in nature with effect from the date of approval at the AGM to the date of convening the 2019 annual general meeting;
2. To determine and implement the concrete plan in relation to the provision of guarantee for operating loans to direct or indirect wholly-owned subsidiaries by the Company in accordance with specific conditions, including, among others, the targets, the amounts, the terms and the methods of guarantee and other specific matters;
3. To perform the approval procedures (if any) in relation to the aforesaid guarantee and disclose information in a timely manner in accordance with the requirements of the SSE, the Hong Kong Stock Exchange and the relevant regulatory authorities;
4. To deal with all other matters in relation to the aforesaid guarantee.

Special resolution regarding the consideration and approval of the resolution in relation to the proposed provision of guarantee for operating loans to wholly-owned subsidiaries and extension of authorization period will be proposed at the AGM.

### **5. PROPOSED SUBSCRIPTIONS OF STRUCTURED DEPOSIT WITH INTERNAL IDLE FUNDS**

As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the subscriptions of structured deposit with internal idle funds, details of which are as follows:

1. The counterparties of the structured deposit products are banks and their branches, with whom the Company have no other relationships in the aspects of property rights, assets, creditor's rights, debts and personnel.

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## LETTER FROM THE BOARD

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2. The structured deposit products purchased by the Company are mainly short term products, and each separate product shall not exceed 12 months. The accumulated cap of the structured deposit products for a consecutive 12-month shall not exceed RMB35 billion (or equivalent amount in foreign currency). The validity term shall be effective from the date of the passing of this resolution at the AGM to the date of convening the 2018 annual general meeting, and the Board is authorized to exercise relevant right of decision-making within the abovementioned validity term and size of the structured deposit products.
3. The structured deposit products to be purchased are free from any guarantee.
4. Subject to the guarantee of sufficient working capital for operational income and expenses, the usage of short-term idle funds of the Company for investment in short-term structured deposit to receive additional investment income and lower the financial cost of the Company will not affect the needs of daily cash flow and ordinary operation of the Company's principal businesses.
5. The Company will select the banks and their branches with large scale and high credibility for the structured deposit business and will perform normative management, stringently control risks, and regularly pay attention to relevant conditions of the structured deposit products. The Company will adopt responsive measures in a timely manner to control investment risks once discovering risks may probably be incurred.

Ordinary resolution regarding the consideration and approval of the resolution in relation to the proposed subscriptions of structured deposit with internal idle funds will be proposed at the AGM.

### 6. PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUNDS

As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the purchase of wealth management products with internal idle funds, details of which are as follows:

1. **Size of Investment:** not more than RMB5 billion (or equivalent amount in foreign currency) calculated in consecutive 12 months in aggregate.

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## LETTER FROM THE BOARD

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2. **Investment Targets:** financial instruments with high credit rating and good liquidity, including but not limited to, national debt, central bank bill, financial debts, bank subordinate debts, repurchase of bonds and enterprise bonds, corporate bonds, short-term financing notes and medium-term notes with investment level or above; interbank deposits of banks, placements in monetary market, various financial products secured by banks and non-bank financial institutions and other legal financial assets trust plan as well as wealth management or entrusted management products (excluding structured deposit products).
3. **Validity Term:** from the date of the passing of this resolution at the AGM to the date of convening the 2018 annual general meeting.

Ordinary resolution regarding the consideration and approval of the resolution in relation to the proposed purchase of wealth management products with internal idle funds will be proposed at the AGM.

### 7. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 26 August 2017 in relation to the proposed amendments to the Articles of Association.

Special resolution regarding the consideration and approval of the resolution in relation to the proposed amendments to the Articles of Associations will be proposed at the AGM.

Details of the amendments to the Articles of Association are set out in Appendix III to this circular.

### 8. PROPOSED MANDATE FOR ISSUE OF DEBT FINANCING INSTRUMENTS

As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the proposed mandate to issue of debt financing instruments, details of which are as follows:

#### (i) Principal Terms of the Debt Mandate

1. **Categories of Issue:** the relevant debt financing instrument includes but not limited to, short-term debentures, super-short term debentures, medium term notes, private placement note, corporate bonds, A share or H share convertible bonds, offshore RMB bonds and foreign currency bonds, perpetual bonds and other domestic and offshore debt financing instruments denominated in RMB or foreign currency permitted by competent regulatory authority.

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## LETTER FROM THE BOARD

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2. **Size of Issue:** The issuance of domestic and offshore debt financing instruments of principal amount not more than RMB30 billion (or equivalent amount in foreign currency) in domestic and overseas bond markets, can be issued either one-off or in tranches within the definite validity period.
3. **Currency of Issuance:** The currency of issuance shall be determined based on the review and approval results of bond issuance and the domestic and overseas bond market conditions at the time of the bond issuance, which may be RMB bonds or foreign currency bonds.
4. **Term and interest rate:** The maximum term of the debt financing instruments shall be no more than 30 years, can be issued either one-off or in tranches within the definite validity period. The specific composition, categories, size of issue and interest of the debt financing instruments shall be determined based on the then domestic and overseas bond market conditions at the time of the issuance of debt financing instruments.
5. **Issuer:** The issuer of the overseas debt financing instruments shall be the Company or a wholly-owned or controlled subsidiary of the Company, and in the case of a wholly-owned or controlled subsidiary of the Company, the Company and/or a third party shall provide guarantees and issue a letter of support, a keep-well agreement and/or other credit enhancement conventional methods available on the market based on the structure of each issuance.
6. **Use of Proceeds:** The proceeds to be raised from the proposed issuance of the debt financing instruments are intended to be used towards meeting the demand of the Company's daily operations, financing domestic and overseas infrastructure projects, repaying loans, replenishing its working capital and/or other investment acquisition purposes, and the specific use of proceeds shall be determined by the Board or the Chairman of the Board and his authorised persons according to the capital needs of the Company from time to time.
7. **Method of Issue:** The method of issuance shall be determined based on the review and results of bond issuance approval and the domestic and overseas bond market conditions at the time of the bond issuance.
8. If A Share or H Share convertible bonds are to be issued, the size of each single issuance shall not exceed RMB10 billion (or equivalent amount in foreign currency) in principal amount, and upon the request of share conversion applied by holders of convertible bonds, the converted new A or H shares may be issued under the relevant general mandate considered and approved at the AGM.

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## LETTER FROM THE BOARD

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9. The debt financing instruments to be issued are proposed to be listed on the Inter-bank Bond Market, the SSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges.

**(ii) Authorisation of the Debt Mandate**

1. The Board proposed to the Shareholders at the AGM a general and unconditional mandate granted to itself and then delegate to the Chairman of the Board and his authorized person(s) in accordance with the then market conditions as well as the demands of the Company from the time to time, to determine in their absolute discretion and deal with all matters in respect of the issue of debt financing instruments, including but not limited to:
  - a) determining and implementing the specific proposal of the issue of debt financing instruments, including but not limited to the establishment and determination of the appropriate issuer, the type of the debt financing instruments to be issued, the method of issue, currency, the nominal value of the debt financing instruments, price, the size of issue, interest rate or its determination mechanism, the markets for issue, the timing of issue, the term of issue, issue in instalment and number of tranches (if applicable), sale back clause and redemption clause (if applicable), rating, guarantees (if applicable), repayment period, conversion price, use of proceeds, placing, underwriting and all matters in respect of the domestic and overseas bond issuance proposal.
  - b) carrying out all necessary and ancillary actions and procedures in relation to the issue of debt financing instruments, including but not limited to, select and engage intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the issuance on behalf of the Company, execute all necessary documents for the issuance, select trustee(s) for the issue of debt financing instruments, formulate rules for meetings of the holders of the debt financing instruments, deal with any related disclosure in accordance with the applicable laws and regulations and requirements from regulatory authorities, and deal with any other matters in connection with the issuance and trading.
  - c) subject to the authorization at the AGM, revising the details of the proposal for the issue of debt financing instruments in accordance with the view of regulatory authorities or in the event that there are changes in the then market conditions, except for matters that require re-approval at the general meeting of the Company pursuant to the relevant laws, regulations and the Articles of Association.

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## LETTER FROM THE BOARD

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- d) deciding and dealing with all relevant matters in connection with the proposed listing of issue of debt financing instruments to be issued on the Inter-bank Bond Market, the SSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges.
2. To further delegate the authorization granted by the Shareholders at the AGM to the Board and then to delegate to the Chairman of the Board and his authorized person(s) to execute all matters in connection with the issue of debt financing instruments based on the Company's needs and other market conditions.
3. To authorize the Chairman of the Board and his authorized person(s) to approve, execute and dispatch relevant documents, announcements and circulars and make information disclosure in accordance with the applicable rules and regulations of the relevant jurisdictions where the securities of the Company are listed.

**(iii) Term of the Debt Mandate**

The term of the validity of the Debt Mandate shall be effective from the date of the passing of this resolution at the AGM to the date of convening the 2019 annual general meeting.

If the Board or the Chairman of the Board and his authorised person(s) have resolved to issue the debt financing instruments within the validity term of the Debt Mandate and the Company has also obtained the approval, permission or registration (if applicable) for the issuance from the competent regulatory authorities within the validity term of the Debt Mandate, the Board or the Chairman of the Board and his authorised person(s) may complete the issue of such debt financing instruments within the validity term of such approval, permission or registration.

Special resolution regarding the consideration and approval of the resolution in relation to the general mandate for issue of debt financing instruments will be proposed at the AGM.



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## LETTER FROM THE BOARD

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### 9. PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES

As stated in the overseas regulatory announcement of the Company dated 29 March 2018, the Company convened the 13th meeting of the fourth session of the Board on 29 March 2018, and considered and approved the resolution in relation to the proposed general mandate for issue of Shares, details of which are as follows:

1. To grant a general and unconditional mandate to the Board and then to delegate to the Chairman of the Board and his authorized person(s) by the Board to determine separately or jointly allot, issue and deal with A Shares and/or H Shares (not exceeding 20% of the outstanding Shares in issue for each class of such Shares) or securities convertible into such shares, options, warrants or any A Shares and/or H Shares (the “**Similar Rights**”) (the issue of A Shares shall still be subject to the approval of Shareholders at the general meeting of the Company in accordance with the relevant regulations of the PRC) and the terms and conditions for the allotment, issuance and dealing of new Shares or the Similar Rights, including but not limited to:
  - a) class and number of new shares to be issued;
  - b) price determination method of new shares and/or issue price (including price range);
  - c) the starting and closing dates for the issue;
  - d) class and number of the new shares to be issued to existing shareholders; and/or
  - e) the making or granting of offers, agreements, options, convertible rights or Similar Rights which might require the exercise of such powers.
2. The numbers of A Shares or H Shares (excluding shares issued in form of capital conversion form capital reserve) to be separately or jointly allotted, issued and dealt with (whether pursuant to an option or otherwise) pursuant to the Share Mandate, shall not exceed 20% of the A Shares or H Shares in issue at the time when this resolution is passed at the AGM, respectively, by the Board or the Chairman of the Board and his authorized person(s).
3. If the Board or the Chairman of the Board and his authorised person(s) have resolved to separately or jointly to allot, issue and deal with A Shares or/and H Shares or the Similar Rights within the Relevant Period as defined below, and the Company has also obtained the relevant approval, permission or registration (if applicable) from the competent regulatory authorities within the validity term of the Share Mandate, the Board or the Chairman of the Board and his authorised person(s) may complete the relevant allotment, issuance and dealing works within the validity term of such approval, permission or registration.

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## LETTER FROM THE BOARD

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4. To grant the Board or the Chairman of the Board and his authorised person(s) to obtain approvals from the relevant government authorities and/or regulatory authorities (if applicable) in accordance with applicable laws (include but not limited to the Company Law, the Hong Kong Listing Rules and the Listing Rules of the SSE) for the exercising of the Share Mandate.
5. The Share Mandate will become effective from the date of passing of this resolution at the AGM until the earlier of (the “**Relevant Period**”):
  - a) the expiration of 12 months from the date of passing of this resolution at the AGM;
  - b) the conclusion of 2018 annual general meeting; and
  - c) the revocation or amendment of the Share Mandate granted under this resolution by the approval of special resolution at a general meeting by Shareholders.
6. To grant the Board or the Chairman of the Board and his authorised person(s) to approve, execute and make or procure to execute and make any documents, deeds and matters, complete necessary formalities, adopt other necessary actions in connection with the allotment, issuance and dealing of any new Shares in accordance with the Share Mandate as considered fit.
7. To grant the Board or the Chairman of the Board and his authorised person(s) to increase the registered capital of the Company and to make appropriate and necessary amendments to the Articles of Association after completion of the allotment and issuance of new Shares according to the method, type and number of the allotment and issuance of new Shares by the Company, and the then shareholding structure of the Company.

As at the Latest Practicable Date, the Company had an aggregate of 21,599,240,583 Shares in issue, comprising 3,933,468,000 H Shares and 17,665,772,583 A Shares. Subject to the passing of the proposed resolution in relation to the general mandate for issue of Shares, the Company will be allowed to issue, allot and deal with up to a maximum of 4,319,848,116 Shares (comprising 786,693,600 H Shares and 3,533,154,516 A Shares), representing 20% of the Shares in issue on the date of the passing of such resolution, on the basis that no further Shares will be issued by the Company prior to the AGM.

Special resolution regarding the consideration and approval of the resolution in relation to the general mandate for issue of Shares will be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 10. AGM

The Board proposed to seek the Shareholders' approval at the AGM to approve, among others: (i) Financial Report and Budget Report; (ii) proposed distribution of Final Dividend; (iii) proposed increase in provision of guarantee for operating loans to wholly-owned subsidiaries and extension of authorization period; (iv) proposed subscriptions of structured deposit with internal idle funds; (v) proposed purchase of wealth management products with internal idle funds; (vi) proposed amendments to the Articles of Association; (vii) proposed mandate for issue of debt financing instruments; and (viii) proposed general mandate for issue of Shares. Notice of the AGM was despatched to the Shareholders on 9 April 2018 (Monday). A copy of notice of the AGM is set out in Appendix IV to this circular for ease of reference.

According to the requirements under the "Rules of Shareholders' Meeting of Listed Companies" of the CSRC, independent Directors shall issue a work report at the annual general meeting. Such report will be submitted to the shareholders' general meeting for consideration but not for shareholders' approval. The 2017 Work Report of Independent Directors of the Company is set out in Appendix II to this circular for Shareholders' information.

### 11. CLOSURE 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 Company's H Shares register of members will be closed from Wednesday, 25 April 2018 to Friday, 25 May 2018 (both days inclusive), during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Shares register of members of the Company at 4:30 p.m. on Tuesday, 24 April 2018 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 Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 24 April 2018.

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## LETTER FROM THE BOARD

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### 12. PROXY ARRANGEMENT

Form of proxy applicable to the AGM was despatched to the Shareholders on 9 April 2018 (Monday) and such form of proxy was also published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinamoly.com](http://www.chinamoly.com)).

For H Shareholders, whether or not you are able to attend the AGM in person, you are requested to complete the form of proxy applicable to the AGM in accordance with the instructions printed thereon, and return the same 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, as soon as possible but in any event not later than 1:00 p.m. on Thursday, 24 May 2018 (or if the AGM is adjourned, not less than 24 hours before the time appointed for holding the relevant meeting). Completion and return of the form of proxy as applicable to the AGM will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

### 13. 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 announced by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

As at the Latest Practicable Date, no Shareholder is required to abstain from voting on any resolution.

In addition, the Company will offer a platform to A Shareholders including investors of Shanghai-Hong Kong Stock Connect to vote online through the general meeting online voting system of the SSE. Please refer to the relevant announcement published by the Company on the SSE for details.

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## LETTER FROM THE BOARD

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### 14. RECOMMENDATIONS

The Board considers that, (i) Financial Report and Budget Report; (ii) proposed distribution of Final Dividend; (iii) proposed increase in provision of guarantee for operating loans to wholly-owned subsidiaries and extension of authorization period; (iv) proposed subscriptions of structured deposit with internal idle funds; (v) proposed purchase of wealth management products with internal idle funds; (vi) proposed amendments to the Articles of Association; (vii) proposed mandate for issue of debt financing instruments; and (viii) proposed general mandate for issue of Shares are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends 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*

**I. OVERVIEW**

Year 2017 was an extraordinary year in the course of the Company's development and a year fueled with continuous reform, innovation and enhancement, during which the international presence, comprehensive strength, sustainable development capability, management and governance capability and corporate quality saw an improvement in all front.

The general financial condition for the year was as follow:

As of 31 December 2017, the Group's total consolidated assets amounted to RMB97,837.25 million, total liabilities amounted to RMB51,928.11 million and total net assets amounted to RMB45,909.13 million, among which, equity attributable to shareholders of the parent company amounted to RMB38,157.18 million and non-controlling interests amounted to RMB7,751.95 million.

The Group's consolidated sales revenue in 2017 amounted to RMB24,147.56 million, representing an increase of RMB17,197.99 million or 248% as compared with the same period of last year. The net profit amounted to RMB3,595.62 million, representing an increase of RMB2,576.38 million or 253% as compared with the same period of last year. The net profit attributable to owners of the parent company amounted to RMB2,727.80 million, representing an increase of RMB1,729.76 million or 173% as compared with the same period of last year.

**II. PRODUCTION VOLUME AND PRODUCTION COST IN UNIT CASH**

In 2017, the Group realised production volume of molybdenum concentrates (with metal equivalents of 100% MO metal) of 16,717 tonnes and the production cost in unit cash of RMB54,638/tonne.

In 2017, the Group realised production volume of tungsten concentrates (with metal equivalents of 100% WO<sub>3</sub>) of 11,744 tonnes (excluding Yulu Mining) and the production cost in unit cash of RMB17,896/tonne.

In 2017, NPM of the Group realised production volume of available-for-sale copper metal of 34,913 tonnes, and it realised production volume of 28,198 ounces for gold available for sale; and copper C1 cash cost of US\$0.92 per pound.

In 2017, TFM of the Group realised production volume of 213,843 tonnes of copper metal and it realised the production volume of 16,419 tonnes of cobalt; and copper C1 cash cost of US\$0.14 per pound.

In 2017, the Group realised production volume of phosphate fertilizer (high analysis fertilizer and low analysis fertilizer) of 1,152,554 tonnes and production volume of niobium metal of 8,674 tonnes.

### III. PROFITS PERFORMANCE

In 2017, the Group achieved a net profit of RMB3,595.62 million, representing an increase of RMB2,576.38 million or 253% as compared with RMB1,019.24 million in the same period of last year, which was mainly due to the following factors:

#### 1. Gross profits on sales

- (1) The gross profits for the year increased by RMB157.97 million as affected by the changes of sales volume of products related to molybdenum and tungsten.
- (2) The sales price of products related to molybdenum and tungsten for the year was higher than that in the same period of last year, affecting that gross profits for the year increased by RMB844.92 million.
- (3) The selling costs were higher than that in the same period of last year due to the increase in sales volume of molybdenum and tungsten products, affecting that gross profits for the year decreased by RMB335.50 million.
- (4) The gross profits for the year increased by RMB137.40 million as affected by the business in Australia for the year resulting from the increase in sales price.
- (5) The gross profits generated from niobium and phosphate business for the year amounted to RMB124.31 million, representing an increase of RMB93.72 million when compared to the same period of last year (including the data during 30 September 2016 to 31 December 2016 only).
- (6) The gross profits generated from copper and cobalt business for the year amounted to RMB2,618.07 million, representing an increase of RMB2,058.33 million when compared to the same period of last year (including the data during 17 November 2016 to 31 December 2016 only).

#### 2. Taxes and levies

The taxes and levies of the Group for the year amounted to RMB344.33 million, representing an increase of RMB114.02 million or 49% as compared with RMB230.31 million in the same period of last year, which was mainly due to the year-on-year increase in price of molybdenum and tungsten products when compared to last year, resulting in an increase in resource tax paid by the Group.

**3. Selling expenses**

The selling expenses of the Group for the year amounted to RMB214.84 million, representing an increase of RMB124.22 million or 137% as compared with RMB90.62 million in the same period of last year, which was mainly due to an increase of selling expenses as a result of expansion of sales scale arising from the increase in additional business of the Company.

**4. Administrative expenses**

The administrative expenses of the Group for the year amounted to RMB1,159.09 million, representing an increase of RMB444.36 million or 62% as compared with RMB714.73 million in the same period of last year, which was mainly due to the expansion of overseas business scale of the Company.

**5. Financial expenses**

The financial expenses of the Group for the year amounted to RMB1,416.97 million, representing an increase of RMB1,009.31 million or 248% as compared to RMB407.67 million in the same period of last year, which was mainly due to an increase in the interest expenses and exchange gains and losses of the Company in the current period.

**6. Impairment losses of assets**

The impairment losses of assets of the Group for the year amounted to RMB56.60 million, representing a decrease of RMB295.25 million or 84% as compared with RMB351.86 million in the same period of last year, which was mainly due to the cessation of provision for the impairment loss as a result of the rebound of fair value of the available-for-sale financial assets in the current period.

**7. Profit or loss from changes in fair value**

Profit or loss from changes in fair value of the Group for the year (loss presented in negative number) amounted to RMB-471.77 million, representing a decrease of RMB518.19 million or 1,116% as compared to RMB46.20 million in the same period of last year, which was mainly due to the losses recorded from changes in fair value of contingent consideration of TFM merger and acquisition transactions in 2016.

**8. Return on investment**

The return on investment of the Group for the year amounted to RMB108.70 million, representing a decrease of RMB65.48 million or 38% as compared with RMB174.18 million in the same period of last year, which was mainly due to a decrease in the return on wealth management.



**9. Non-operating income**

The non-operating income of the Group for the year amounted to RMB39.05 million, representing a decrease of RMB421.37 million or 92% as compared with RMB467.02 million in the same period of last year, which was mainly due to the absence of negative goodwill in considerable amount arising from overseas mergers and acquisitions in the current period as compared to the previous period.

**10. Non-operating expenses**

The non-operating expenses of the Group for the year amounted to RMB34.31 million, representing an increase of RMB7.08 million or 26% as compared with RMB27.23 million in the same period of last year, which was mainly due to an increase in expenses of public donations.

**11. Income tax expenses**

The income tax expenses of the Group for the year amounted to RMB1,786.20 million, representing an increase of RMB1,615.30 million or 945% as compared with RMB170.90 million in the same period of last year, which was mainly due to an increase in total profit in the current period.

**IV. CHANGES IN BALANCE SHEET****(I) Explanation on changes in total assets**

As at 31 December 2017, total assets of the Company amounted to RMB97,837.25 million, representing an increase of RMB9,912.89 million or 11% as compared with the beginning of the year, including RMB39,048.80 million of current assets, RMB58,788.45 million of non-current assets, representing an increase of RMB19,245.84 million or 97% and a decrease of RMB9,332.96 million or 14%, respectively, as compared with the beginning of the year. The increase in assets was mainly due to an increase in cash and cash equivalents as a result of completion of private placement in the current period.

**(II) Explanation on changes in total liabilities**

As at 31 December 2017, total liabilities of the Company amounted to RMB51,928.11 million, representing a decrease of RMB1,659.32 million or 3% as compared with the beginning of the year. The current liabilities amounted to RMB13,503.11 million, representing a decrease of RMB2,478.57 million or 16% as compared with the beginning of the period. The non-current liabilities amounted to RMB38,425.00 million, representing an increase of RMB819.24 million or 2% as compared with the beginning of the period. The decrease in liabilities was mainly due to repayment of partial short-term borrowings and repayment of super short-term financing bonds in due in the current period.

**(III) Explanation on changes in minority interests**

As at 31 December 2017, minority interests of the Group amounted to RMB7,751.95 million, representing a decrease of RMB7,846.92 million or 50% as compared with the beginning of the year, which was mainly due to the conversion of 24% interest of TFM indirectly held by BHR from non-controlling interest to equity attributable to shareholders of the parent company.

**(IV) Explanation on changes in equity attributable to shareholders of the parent company**

As at 31 December 2017, the total equity attributable to the shareholders of parent company was RMB38,157.18 million, representing an increase of RMB19,419.12 million or 104% as compared with the beginning of the year, which was mainly due to the increase in shareholders' equity after the completion of private placement in the current period.

**V. COMPLETION OF MAIN FINANCIAL INDICATORS****(I) Indicators for solvency****1. *Assets liabilities ratio***

Assets liabilities ratio in 2017 was 53%, representing a decrease of 8 percentage points from 61% last year, which was mainly due to the increase in cash and cash equivalents after the completion of private placement in the current period.

## 2. *Current ratio and quick ratio*

Current ratio in the year was 2.89, representing an increase of 1.65 from 1.24 last year; quick ratio was 2.47, representing an increase of 1.55 from 0.92 last year, which was mainly due to the increase in cash and cash equivalents after the completion of private placement in the current period.

## (II) **Various financial indicators reflecting capability of asset and liability management**

The total asset turnover ratio and current asset turnover ratio for the current period were 0.26 times and 0.82 times, representing an increase of 0.14 times and 0.65 times as compared with the same period of last year, respectively. The accounts receivable turnover ratio was 13.39 times, representing an increase of 7.09 times as compared with the same period of last year; and the inventory turnover ratio was 4.48 times, representing an increase of 2.03 times as compared with the same period of last year, which was mainly due to an increase of the revenue scale as a result of the merger of overseas assets in the current period.

## VI. **CHANGES IN CASH FLOW**

Net increase in cash and cash equivalents for the year amounted to RMB11,361.21 million, representing an increase of RMB11,923.16 million from the net decrease of RMB-561.95 million in the same period of last year, including an increase of RMB5,513.99 million in net cash flow from operating activities as compared with last year, an increase of RMB23,538.76 million in net cash flow from investing activities as compared with last year, a decrease of RMB16,618.65 million in net cash flow from financing activities as compared with last year, a decrease of RMB510.93 million in effect of foreign exchange rate changes on cash and cash equivalents as compared with last year.

In this year, net cash flow from operating activities amounted to RMB8,428.81 million, net cash flow from investing activities amounted to RMB-4,109.23 million, net cash flow from financing activities amounted to RMB7,372.04 million, and effect of foreign exchange rate changes on cash and cash equivalents amounted to RMB-330.41 million.

**China Molybdenum Co., Ltd.**  
**2017 Work Report of Independent Directors**

As the independent Directors of China Molybdenum Co., Ltd.\* (hereinafter referred to as the “**Company**”), we have honestly, diligently, responsibly and independently performed the duties of independent Directors in strict compliance with the Company Law, the Provisions on Strengthening the Protection of Rights and Interests of Public Shareholders, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines on the Establishment of Independent Directorship of Listed Companies and other relevant laws, regulations, regulatory documents, and the stipulations and requirements of the Articles of Association of China Molybdenum Co., Ltd.\*, the Working Rules for Independent Directors and relevant rules. We have actively attended the relevant meetings, issued our independent opinions in an objective and fair manner on significant matters of the Company, played an important role as the independent Directors and safeguarded the legal interest of the Company and Shareholders and, in particular, the minority Shareholders. The performance description for the year 2017 is set out as follows:

**I. BASIC INFORMATION OF THE INDEPENDENT DIRECTORS**

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

1. **Bai Yanchun:** has been 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 since 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.

2. **Xu Shan:** Mr. Xu has been an 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 doctorate 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) 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. Mr. Xu served as an independent director of Beijing Kalends Science & Technology Company Limited\* (北京昆侖萬維科技股份有限公司) from July 2011 to July 2016.
3. **Cheng Gordon:** Mr. Cheng has been an independent non-executive Director of the Company since August 2012. He is also a member of the audit committee, nomination committee and remuneration committee. Mr. Cheng graduated from the University of Sydney (Australia) with a bachelor's degree in commerce in 1996 and a bachelor's degree in law in 1998. He is the founder and partner of GD China Clean Energy Capital Partners. He also served 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 successfully listed on NASDAQ in the United States in 2005 under his leadership. Before joining Vimicro, he has worked at the investment banking department of globally renowned J.P. Morgan and Credit Suisse. Mr. Cheng has extensive experience in financing, investing as well as mergers and acquisitions, both globally and in China.

(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 other than that of the independent Directors, or holds any duties in major Shareholders' units of the Company. There is 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 THE INDEPENDENT DIRECTORS FOR THE YEAR

Since we were appointed as independent Directors of the Company, we performed our duties as independent Directors and safeguarded the interests of the Company and Shareholders, especially minority Shareholders, with the principle of being independent and objective and with diligent and responsible attitude. The Company held 14 Board meetings during the year, involving the operation condition of the Company, financial management, internal control, the implementation of the resolutions of the Board, non-public issuance of shares, foreign investment and other matters. We participated in the discussion of various proposals, and gave our clear opinions on the meeting agendas, thus contributing to sound decision-making of the Board through actively attending the Board meetings and meetings of specialized committees convened by the Company and carefully reviewing meeting materials.

(i) **Attendance at meetings for the year of 2017**

	Attendance in Person/Required Attendance					
	Meeting of the Remuneration Board Meeting	Meeting of the Audit Committee	Meeting of the Nomination Committee	Meeting of the Strategic Committee	Meeting with Auditors	
Mr. Bai Yanchun	14/14	1/1	N/A	1/1	1/1	2/2
Mr. Xu Shan	14/14	N/A	5/5	1/1	N/A	2/2
Mr. Cheng Gordon	14/14	1/1	5/5	1/1	N/A	2/2

**(ii) 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 relevant approval procedures. We have carefully reviewed various proposals at the Board meetings, and considered that these proposals do not impair the interest of Shareholders and, in particular, the minority Shareholders. All of us voted in favor of the relevant proposals, without against and abstentions.

**(iii) 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 specialized committee prior to the meetings, 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 interest of the Company and Shareholders and, in particular, the minority Shareholders. The detailed independent opinions are set out as follows:

<b>No.</b>	<b>Date</b>	<b>Issues involved in independent opinions</b>
1	20 January 2017	Matters in relation to the cooperation with respect to investment in Tenke Fungurume Mine Areas by the Company and BHR, together with its shareholders or upper-tier investors
2	3 March 2017	Resolutions in relation to introducing new shareholders to BHR Newwood Investment Management Limited in connection with cooperative investment project in Tenke Fungurume Mine Areas by the Company; resolution in relation to appointment of the secretary to the Board of the Company

No.	Date	Issues involved in independent opinions
3	30 March 2017	Matters in relation to re-appointment of the external auditors for 2017 and the remuneration arrangement thereof; matters in relation to the self-evaluation report on internal control for 2016; matters in relation to the annual bonus of certain Directors and senior management of the Company; matters in relation to determination of the annual remuneration of the secretary to the Board of the Company; matters in relation to provision of guarantee on the operating loans to the direct or indirect wholly-owned subsidiaries; matters in relation to increase in size of issuance of overseas bonds and extension of authorization term; independent opinions in relation to the specific explanation on external guarantees provided by the Company
4	25 July 2017	Matters in relation to utilization of proceeds for substitution of self-owned funds contributed to the investment projects
5	26 August 2017	Matters in relation to amendments to the Articles of Association

**(iv) On-site inspection and listed company's cooperation in the work with independent Directors**

During the reporting period, the Company has provided us with the necessary conditions to perform the duties of independent Directors according to the regulatory requirements of mainland China and Hong Kong where the Company is listed. Firstly, the office of the Board regularly provided us with summary reports on the Company's production and operation and information on changes in laws and regulations. Secondly, when we visited the Company and attended the meetings, the Company could provide relevant materials and information in a timely manner and reported its operating performance, thus protecting rights of independent directors to know. Prior to giving our independent opinions, the Company was able to provide the intermediaries with professional 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 for our independent opinions. Thirdly, the Company delivered to us the resolutions and records of general meetings, Board meetings and meetings of specialized committees and the status of implementation thereof for our review and inspection in a timely manner. In addition, the Company promptly notified us on significant events and material information via telephone, emails, WeChat and other various manners, which helped us to keep abreast of the Company's condition and provided us with important reference for decision-making.



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

**(i) Connected transactions**

We are of the view that the connected transactions in which the Company was involved fall within the scope of normal business and were necessary for future production and operation, which will subsist. The transactions are fair and legitimate without prejudice to the interests of the Company and shareholders. The Company is independent from the connected parties in terms of business, personnel, finance, assets, organisations, etc. and the normal connected transactions would have no impact on the independence of the Company.

**(ii) External guarantee and funds occupation**

**1. External Guarantee of the Company**

*Unit: RMB0'000*

**External Guarantee of the Company (excluding those provided to subsidiaries)**

Guarantor	Relationship of the guarantor with the Company	Guaranteed party	Guaranteed amount	Date of guarantee (Date of signing agreement)	Commencement		Type of guarantee	Whether or not the guarantee is fully performed	Whether or not the guarantee is overdue	Overdue amount of guarantee	With counter-guarantee or not	Whether or not the guarantee is provided to the Related parties	Connected relationship
					date of guarantee	Expiry date of guarantee							
The Company	Headquarter of the Company	BHR Newwood Investment Management Limited	457,394.00	5 April 2017	5 April 2017	5 April 2024	Joint liability guarantee	No	No	0	No	No	Others

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	457,394.00
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	457,394.00

**Guarantees given by the Company for its subsidiaries**

Total guaranteed amount for subsidiaries during the reporting period	0.00
Total balance of the guaranteed amount for subsidiaries at the end of the reporting period (B)	2,202,599.74

**Total guarantee given by the Company (including the guarantees for subsidiaries)**

Total guaranteed amount (A+B)	2,659,993.74
Percentage of the total guaranteed amount to absolute net assets of the Company (%)	57.94

Among which:

Guaranteed amount provided to the shareholders, the de facto controller and its connected parties (C)	0.00
Guaranteed amount directly or indirectly provided on liabilities to guaranteed targets with gear ratio of over 70% (D)	0.00
Excess amount of guarantee with total amount exceeding 50% of total net assets (E)	364,537.03
Total of the above three guaranteed amounts (C+D+E)	364,537.03
Description on the contingent joint and several liability in connection with unexpired guarantee	N/A

Description on guarantee    The Company entered into the exclusive option agreement with BHR in relation to holding 24% equity interest of TFM by the Company and therefore the Company has control over BHR and the financial statements were consolidated

*Note:*    The Company entered into the exclusive option agreement with BHR in relation to holding 24% equity interest of TFM by the Company and therefore the Company has control over BHR and the financial statements were consolidated.

## **2. Fund Occupancy of the Company**

There was no occupation of fund of the Company in 2017.

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

During the reporting period, the Company appointed Mr. Yue Yuanbin as the secretary to the Board of the Company. After examining the information provided by the nomination committee, we consider that the qualifications of the candidates 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 Articles of Association and the Company Law.

**2. *Remuneration of senior management***

During the reporting period, the remuneration committee of the fourth session of the Board considered and passed Resolution in relation to the Bonus Distribution to Senior Management of the Company for 2016 and Resolution on Determination of the Annual Remuneration of the Secretary to the Fourth Session of the Board, which determined the annual bonus for certain Directors and senior management and basic remuneration of the secretary to the Board. We considered that: the remuneration packages of the Directors and senior management disclosed in 2017 Annual Report of the Company were in compliance with the administrative provisions on the performance evaluation and remuneration system of the Company and the actual payment was in accordance with the disclosure in 2017 Annual Report of the Company. The annual bonus and basic remuneration of some Directors and senior management are in compliance with the requirements on management of the Company's remuneration system, which did not impair the interests of the Company and Shareholders.

**(iv) Preliminary results announcement and results updates**

During the reporting period, the Company did not publish preliminary results announcement or results updates.

**(v) Appointment or 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 of the Company; the Company did not change its accounting firm.

**(vi) Cash dividends and other returns to investors**

On 14 April 2017, the 2016 profit distribution plan was considered and approved at the 2017 first extraordinary general meeting of the Company. The particulars of the profit distribution were as follows: the Company distributed a total cash dividend to all Shareholders of the Company of RMB591,051,954.47 (RMB0.035 per Share (tax inclusive)). The said profit distribution plan had been completely implemented.

We are of the view 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.

**(vii) Performance of undertakings of the Company and its Shareholders**

During the reporting period, the Company, the Controlling Shareholder, substantial Shareholders and the related parties of the Company strictly performed their undertakings made during the reporting period and the previous periods.

**(viii) Execution of information disclosures**

During the reporting period, we continued to pay attention to information disclosure of the Company, strictly supervised the Company to fulfill the obligation of information disclosure in accordance with relevant laws and regulations and the system of the Company. Relevant information disclosure personnel of the Company were able to perform information disclosure work according to the requirements of laws and regulations, thereby to enable investors to be aware of the recent development of the Company more rapidly through these announcements and protect the interests of investors.

**(ix) Execution of internal control**

The Board of the Company attaches great importance to the construction and implementation of the internal control and regulatory system, appoints external professional organisations to assist in the comprehensive commencement of the construction of the internal control of the Company, authorises the general manager, in accordance with laws and regulations and provisions of the Articles of Association of the Company, to optimize and revise the internal control document of the Company based on the evaluation results and the actual operation. During the reporting period, we have carefully verified the internal control system of the Company, and reviewed the 2017 Self-Evaluation Report on Internal Control issued by the Company. We considered that: the Company had basically established a relatively comprehensive internal control system, which could be effectively executed. The 2017 Self-Evaluation Report on Internal Control objectively and truly reflected the establishment and operation of the internal control system of the Company.

(x) **Matters regarding the review of Company's compliance with the corporate governance responsibilities**

After reviewing, we are of the view that all Directors have actively attended relevant meetings and participated in the Company's affairs, and have allocated sufficient time to perform their duties; all Directors received and read the relevant materials including updates of laws and regulations provided by the office of the Board of the Company. During the year 2017, the Directors, Supervisors and senior management attended various trainings organised by the Shanghai Stock Exchange, China Securities Regulatory Committee, Henan Branch, Association of Listed Companies in Henan and the Company. The Company encouraged all Directors and senior management to participate in continuous professional development in order to develop and update their knowledge and skills, so as to ensure their continuous contributions to the Board with comprehensive and required information; the corporate governance policies and practice of the Company are relatively completed, and the detailed policies and practice are set out in the Corporate Governance Report. During the year 2017, the Directors and employees of the Company have all complied with the requirements in the Corporate Governance Code and internal system. The Company has complied with the Corporate Governance Code, the Listing Rules and all of the laws and regulations applicable to the Company, and the Company did not receive any report on the deviation of the above codes, the Corporate Governance Code, the Listing Rules and all of the applicable laws and regulatory requirements. Relevant information on the compliance with the Corporate Governance Code has been fully disclosed in the Corporate Governance Report; the Company has strictly executed Shareholders Communication Policy, encouraging Shareholders to actively develop a close relationship with the Company, thereby improving effective communications with Shareholders and other stakeholders and facilitating Shareholders to effectively exercise their rights as Shareholders. During the reporting period, the Company has reviewed the effectiveness of internal control system, including the sufficiency of resources, qualifications and experience of employees from accounting and financial reporting department and their training courses and budgets. During the review period, we did not discover any material problems, and we are satisfied with the results of the review of all of the above matters.

(xi) **Operation of the Board and its specialized committee**

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 Rules for Board Meeting. The specialised 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 Operation Rules.

**IV. OVERALL EVALUATION AND RECOMMENDATIONS**

During the term of office in 2017, in the spirit of integrity and diligence, we performed the duties of independent Directors in an objective, fair and independent manner, adhered to prior understanding and handling of the relevant information, made use of our professional knowledge and experience to provide independent, objective and reasonable opinions and recommendations on the production, operation and relevant matters of the Company, and earnestly safeguarded the legal interest of all Shareholders especially of the minority Shareholders. Our independent performance of duties was not influenced by the substantial Shareholders, the de facto controller and other companies or individuals that are interested parties of the Company. We would hereby express our heartfelt gratitude to the full cooperation and substantial support extended by all Shareholders, the Board, the Supervisory Committee and the management when the independent Directors were performing their duties.

In 2018, we will further enhance the learning of laws, regulations and relevant systems. By integrating with our professional advantages, we will continue to be committed to our duties, and faithfully and diligently perform the duties as independent Directors to boost the function of the Company in an orderly manner. We will also further strengthen communication with the Board, the Supervisory Committee and the management, closely monitor the corporate governance, production and operation of the Company, utilise the role as independent Directors, enhance the decision-making ability and leadership of the Board, make use of our professional knowledge and experience to provide more positive and effective opinions and recommendations on the development of the Company, safeguard the legal interests of all Shareholders and, in particular, the minority Shareholders.

**Independent Directors of the fourth session of the Board of CMOC:  
Bai Yanchun, Xu Shan, Cheng Gordon**

29 March 2018

Details of the amendments to the Articles of Association are set out below:

**(1) Article 2**

Currently reads as follows:

*“The Company is a joint stock limited company established in accordance with the Company Law, the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Joint Stock Limited Companies (hereinafter referred to as “the Special Provisions”) and other relevant state laws and administrative regulations.*

*The Company was established as a joint stock limited company by means of sponsorship on August 25, 2006, was registered at Luoyang Administration for Industry and Commerce, and obtained a company’s business license. The number of the Company’s business license is 4103001000907.*

*The sponsors of the Company are Luoyang Mining Group Co., Ltd. and Cathay Fortune Corp Group Co., Ltd.”*

It is proposed to be amended to:

*“The Company is a joint stock limited company established in accordance with the Company Law, the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Joint Stock Limited Companies (hereinafter referred to as “the Special Provisions”) and other relevant state laws and administrative regulations.*

*The Company was established as a joint stock limited company by means of sponsorship on 25 August 2006, was registered at Luoyang Administration for Industry and Commerce, and obtained a company’s business license. The number of the Company’s business license is 91410000171080594J.*

*The sponsors of the Company are Luoyang Mining Group Co., Ltd. and Cathay Fortune Corp Group Co., Ltd.”*

**(2) Article 3**

Currently reads as follows:

*“On 8 March 2007, upon approval by China Securities Regulatory Commission (the “CSRC”), the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 26 April 2007. On 13 July 2012, upon approval by the CSRC, the Company initially issued 200,000,000 RMB-denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on 9 October 2012.*

*On 2 December 2014, upon approval by CSRC, the Company publicly issued 4,900,000 lots of A Share Convertible Corporate Bonds at RMB100 each, amounting to RMB4.9 billion in aggregate, in which RMB4,854,442,000 of the Convertible Corporate Bonds were converted into shares of the Company from 2 June 2015 to 9 July 2015, a total of 552,895,708 shares were converted.*

*Upon approval of the issue of bonus shares by way of capitalisation of the capital reserve for the 2015 interim period at the 2015 first extraordinary shareholders’ general meeting of the Company held on 30 October 2015, based on its total share capital of 5,629,066,233 shares as at 31 July 2015, the Company issued a total of 11,258,132,466 bonus shares to its Shareholders by way of capitalisation of the capital reserve of the Company on the basis of twenty (20) bonus shares for every ten (10) existing shares. Upon completion of the capitalisation of capital reserve, the total share capital is 16,887,198,699 shares.”*

It is proposed to be amended to:

*“On 8 March 2007, upon approval by China Securities Regulatory Commission (the “CSRC”), the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 26 April 2007. On 13 July 2012, upon approval by the CSRC, the Company initially issued 200,000,000 RMB-denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on 9 October 2012.*

*On 2 December 2014, upon approval by CSRC, the Company publicly issued 4,900,000 lots of A Share Convertible Corporate Bonds at RMB100 each, amounting to RMB4.9 billion in aggregate, in which RMB4,854,442,000 of the Convertible Corporate Bonds were converted into shares of the Company from 2 June 2015 to 9 July 2015, a total of 552,895,708 shares were converted.*



*Upon approval of the issue of bonus shares by way of capitalisation of the capital reserve for the 2015 interim period at the 2015 first extraordinary shareholders' general meeting of the Company held on 30 October 2015, based on its total share capital of 5,629,066,233 shares as at 31 July 2015, the Company issued a total of 11,258,132,466 bonus shares to its Shareholders by way of capitalisation of the capital reserve of the Company on the basis of twenty (20) bonus shares for every ten (10) existing shares. Upon completion of the capitalisation of capital reserve, the total share capital is 16,887,198,699 shares.*

*On 15 June 2017, upon approval by CSRC, the Company non-publicly issued 4,712,041,884 A shares. Upon completion of additional shares registration on 24 July, the total share capital amounted to 21,599,240,583 shares.”*

**(3) Article 6**

Currently reads as follows:

*“Upon the completion of the issue of bonus shares by way of capitalisation of the capital reserve for the 2015 interim period, the registered capital of the Company amounts to RMB3,377,439,739.80.”*

It is proposed to be amended to:

*“Upon the completion of the non-public issuance of A shares for 2017, the registered capital of the Company amounts to RMB4,319,848,116.60.”*

**(4) Article 14**

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; production, scientific research and sales (including 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).”*

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, and deep-processing of Molybdenum and Tungsten products; export of Molybdenum and Tungsten 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 (restricted to qualified branch institutions for operation).”*

**(5) Article 22**

Currently reads as follows:

*“As considered and approved by the Shareholders’ general meeting and approved by the securities regulatory authorities of the State Council, the Company has split one RMB-denominated shares with a par value of RMB1 per share into five shares with a par value of RMB0.2 per share. On 28 March 2007, upon approval of the securities regulatory authorities of the State Council, the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares) with a par value of RMB0.2 per share, which were listed on the main board of The Stock Exchange of Hong Kong Limited on 26 April 2007.*

*Upon its initial offering of H shares, the Company’s structure of share capital is as follows: 4,876,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 26.89% of the total ordinary shares of the Company.*

*Upon completion of the issue of domestically-listed RMB-denominated ordinary shares, the Company’s structure of share capital is as follows: 5,076,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 25.83% of the total ordinary shares of the Company.*

*Upon the completion of the conversion of A Share Convertible Corporate Bonds, the Company’s structure of share capital is as follows: 5,629,066,233 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 23.29% of the total ordinary shares of the Company.*

*Upon the completion of the issue of bonus shares by way of capitalisation of capital reserve for the 2015 interim period, the Company's share capital structure is as follows: 16,887,198,699 ordinary shares, of which 3,933,468,000 shares are held by holders of overseas listed foreign shares (H shares), representing 23.29% of the total ordinary shares of the Company.*

*Holders of domestic shares and holders of overseas-listed foreign shares shall be deemed as shareholders of different classes. Subject to approval by the State Council or the administrative authorities authorized by the State Council and in accordance with the relevant overseas regulations on dealing in securities, the Company's domestic shares may be converted to H shares. Any listing of or dealing in the converted shares on overseas stock exchanges is subject to the regulatory procedures, rules and ordinances of relevant overseas stock exchanges."*

It is proposed to be amended to:

*"As considered and approved by the Shareholders' general meeting and approved by the securities regulatory authorities of the State Council, the Company has split one RMB-denominated shares with a par value of RMB1 per share into five shares with a par value of RMB0.2 per share. On 28 March 2007, upon approval of the securities regulatory authorities of the State Council, the Company initially issued to the public 1,191,960,000 overseas listed foreign shares (including the over-allotted shares) with a par value of RMB0.2 per share, which were listed on the main board of The Stock Exchange of Hong Kong Limited on 26 April 2007.*

*Upon its initial offering of H shares, the Company's structure of share capital is as follows: 4,876,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 26.89% of the total ordinary shares of the Company.*

*Upon completion of the issue of domestically-listed RMB-denominated ordinary shares, the Company's structure of share capital is as follows: 5,076,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 25.83% of the total ordinary shares of the Company.*

*Upon the completion of the conversion of A Share Convertible Corporate Bonds, the Company's structure of share capital is as follows: 5,629,066,233 ordinary shares, in which 1,311,156,000 shares are held by holders of overseas listed foreign shares (H shares), representing 23.29% of the total ordinary shares of the Company.*

*Upon the completion of the issue of bonus shares by way of capitalisation of capital reserve for the 2015 interim period, the Company's share capital structure is as follows: 16,887,198,699 ordinary shares, of which 3,933,468,000 shares are held by holders of overseas listed foreign shares (H shares), representing 23.29% of the total ordinary shares of the Company.*

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**APPENDIX III      DETAILS OF AMENDMENTS TO ARTICLES OF ASSOCIATION**

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*On 15 June 2017, upon approval by CSRC, the Company non-publicly issued 4,712,041,884 A shares. Upon completion of additional shares registration on 24 July, the total share capital amounted to 21,599,240,583 shares.*

*The current structure of the Company's share capital is as follows: 21,599,240,583 issued ordinary shares of the Company, with a par value of RMB0.2 per share, of which 17,665,772,583 shares are domestic shares, representing 81.79% of the total issued ordinary shares of the Company, and 3,933,468,000 shares are overseas listed foreign shares, representing 18.21% of the total issued ordinary shares of the Company.*

*Holders of domestic shares and holders of overseas listed foreign shares shall be deemed as shareholders of different classes. Subject to approval by the State Council or the administrative authorities authorized by the State Council and in accordance with the relevant overseas regulations on dealing in securities, the Company's domestic shares may be converted to H shares. Any listing of or dealing in the converted shares on overseas stock exchanges is subject to the regulatory procedures, rules and ordinances of relevant overseas stock exchanges.”*

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.



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 of China Molybdenum Co., Ltd.\* (the “**Company**”) for the year 2017 (the “**AGM**”) will be held at 1:00 p.m. on Friday, 25 May 2018 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 the following resolutions. A circular containing details of the following resolutions will be expected to be dispatched to the H Shareholders on or about 20 April 2018.

**ORDINARY RESOLUTIONS**

- 1 “To receive and consider the proposal in respect of the financial report of China Molybdenum Co., Ltd.\* for the year 2017.”
- 2 “To receive and consider the proposal in respect of the financial statements of China Molybdenum Co., Ltd.\* for the year 2017.”
- 3 “To consider and approve the proposal in respect of the budget report of China Molybdenum Co., Ltd.\* for the year 2018.”
- 4 “To consider and approve the profit distribution plan of China Molybdenum Co., Ltd.\* for the year 2017.”
- 5 “To receive and consider the proposal in respect of the report of the board of directors of China Molybdenum Co., Ltd.\* for the year 2017.”

- 6 “To receive and consider the proposal in respect of the report of the supervisory committee of China Molybdenum Co., Ltd.\* for the year 2017.”
- 7 “To receive and consider the proposal in respect of the annual report of China Molybdenum Co., Ltd.\* for the year 2017.”
- 8 “To consider and approve the proposal in respect of the re-appointment of the external auditors for the year 2018.”
- 9 “To consider and approve the forfeiture of unclaimed final dividends for the year ended 31 December 2010.”
- 10 “To consider and approve the proposal in respect of the authorisation to the board of directors to deal with the distribution of interim dividend and quarterly dividend for the year 2018.”
- 11 “To consider and approve the amendments to the Rules for External Investment Management of China Molybdenum Co., Ltd\*. of the Company.”
- 12 “To consider and approve the proposal in respect of the subscriptions of structured deposit with internal idle fund.”
- 13 “To consider and approve the proposal in respect of the purchase of wealth management or entrusted wealth management products with internal idle fund.”

#### **SPECIAL RESOLUTIONS**

- 14 “To consider and approve the proposal in respect of the amendment to the Articles of Association of the Company.”
- 15 “To consider and approve the proposal in respect of seeking authorization from the shareholders’ meeting of the Company to the board of directors of the Company for issue of debt financing instruments.”
- 16 “To consider and approve the proposal in respect of the provision of guarantee for operating loans to direct or indirect wholly-owned subsidiaries and extension of term of authorization.”

- 17 “To consider and approve the proposal in respect of seeking authorization from shareholders’ meeting of the Company of the granting of a general mandate to the board of directors of the Company for issue of A shares and/or H shares of the Company.”

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

Luoyang City, Henan Province, the PRC, 9 April 2018

*As at the date of this notice, 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.*

*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 the general meeting for consideration but not for shareholders’ approval. The 2017 Work Report of Independent Directors of the Company will be set out in the circular for Shareholders’ information.
- (2) All resolutions at the meeting will be voted 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 pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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) Holders of H Shares (“**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, 4 May 2018 by hand, by post or by facsimile. The contact details of the Company’s office of the Board are set out in note (9) 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/her behalf at the AGM. The instrument appointing a proxy must be in writing under the hand of the appointor or his/her attorney duly authorised in writing. In case that an appointor 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 in Hong Kong at the address stated in note (8) below by post or facsimile (for H Shareholders only), not later than 1:00 p.m. on Thursday, 24 May 2018 (or if the AGM is adjourned, not less than 24 hours before the time appointed for holding of the adjourned AGM). 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.

- (5) In order to determine the list of H Shareholders who will be entitled to attend and vote at the AGM, the Company's register of members of H Shares will be closed from Wednesday, 25 April 2018 to Friday, 25 May 2018 (both days inclusive), during which period no transfer of H 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, 24 April 2018 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 Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Tuesday, 24 April 2018.
- (6) 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.
- (7) 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 appointor, 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.
- (8) 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

- (9) The address and contact details of the Company's office of the Board at its 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  
Postal code: 471500  
Telephone No.: (+86) 379 6865 8017  
Facsimile No.: (+86) 379 6865 8030

**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.**

\* *For identification purposes only*



The Circular (“**Circular**”) in Chinese and English version has been published on the Company’s website (<http://www.chinamoly.com>). Shareholders who 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 a written notice to the Company within a reasonable period of time. Such written notice should be given to the share registrar for H shares of the Company, i.e. Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), or e-mail to [chinamoly@computershare.com.hk](mailto:chinamoly@computershare.com.hk).