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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)

**ANNOUNCEMENT
VERY SUBSTANTIAL ACQUISITION OF
THE TARGET COMPANY WHICH HOLDS IXM**

We refer to the announcement of the Company dated 29 October 2018 in relation to a letter of intent entered into between the Company and the Fund for the Proposed Acquisition of 100% equity interests in IXM, an indirect wholly-owned subsidiary of the Fund.

THE PROPOSED ACQUISITION

The Board is pleased to announce that on 4 December 2018, CMOC Limited, a wholly-owned subsidiary of the Company, as the Buyer, and NSR, a wholly-owned subsidiary of the Fund, as the Seller, entered into the Share Purchase Agreement, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase the Target Shares.

The Purchase Price is an amount equal to US\$495 million (equivalent to approximately HK\$3,873 million) plus the Final Net Profits.

Such consideration was determined on an arm's length basis negotiation following due diligence and financial analysis by the Buyer and its professional advisors while taking into consideration a two-fold valuation analysis (which for the avoidance of doubt is not a valuation report). Such valuation analysis makes reference to, among others: (i) the price to book value analysis of several listed comparable companies in the commodities trading industry, and (ii) the price to book value analysis of several comparable acquisition transactions which involved targets in the energy, mineral and agricultural commodities industries.

As requested by the Shanghai Stock Exchange, a valuation report of the Target Company is expected to be despatched to the Shareholders for reference at the relevant general meeting of the Company. Such valuation report is still under preparation and the summary of which would be included in the circular in relation to the Proposed Acquisition and be despatched to the Shareholders. The results of such valuation report is not part of the basis for determining the Purchase Price of the Proposed Acquisition, rather it serves as an independent reference for the Shareholders to consider the Proposed Acquisition.

Such valuation report may be prepared by an independent valuer based on income approach and such valuation will be regarded as a profit forecast of the Target Company under Rule 14.61 of the Listing Rules. Therefore, if the final valuation report is prepared based on income approach, the Company will make further disclosures in respect of the profit forecast and comply with the requirements under Rules 14.60A and 14.62 of the Listing Rules as soon as practicable when the final valuation report of the Target Company is issued.

The Buyer shall make the Initial Payment of US\$297 million (equivalent to approximately HK\$2,323 million) to the Seller on or prior to 20 December 2018, or such later date as may be agreed by the Buyer and the Seller, and the Closing Payment shall be paid at the Closing.

The Buyer will satisfy the consideration of the Proposed Acquisition mainly through the Buyer's existing cash reserves and if required, bank borrowings.

LISTING RULES IMPLICATION

Considering that: (i) the Pre-Closing Reorganization has not been completed; and (ii) the Target Company's financial information is still under preparation, based on the financial information available of IXM, the highest applicable ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition is expected to exceed 100%, the Proposed Acquisition therefore is expected to constitute a very substantial acquisition of the Company for purposes of the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Proposed Acquisition and the financial information of Target Company will be despatched to the Shareholders in due course. As additional time is required to prepare the financial and other information to be included in the circular in relation to the Proposed Acquisition, the circular is expected to be despatched to the Shareholders on or before 14 May 2019.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including Shareholders' approval and approvals from relevant regulatory bodies, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the shares or other securities (if any) of the Company.

BACKGROUND

We refer to the announcement of the Company dated 29 October 2018 in relation to a letter of intent entered into between the Company and the Fund for the Proposed Acquisition of 100% equity interests in IXM, an indirect wholly-owned subsidiary of the Fund.

The Board is pleased to announce that on 4 December 2018, CMOC Limited, a wholly-owned subsidiary of the Company, as the Buyer, and NSR, a wholly-owned subsidiary of the Fund, as the Seller, entered into the Share Purchase Agreement, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase the Target Shares.

PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

Date: 4 December 2018

Parties: (1) CMOC Limited, as the Buyer; and
(2) NSR, as the Seller

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Seller and the ultimate beneficial owner of the Seller are third parties independent of the Company and connected persons of the Company.

Subject Matter: 100% of the issued and outstanding shares of the Target Company, which in turn will hold 100% of the equity interests of IXM upon completion of the Pre-Closing Reorganization.

Consideration: The Purchase Price is an amount equal to US\$495 million (equivalent to approximately HK\$3,873 million) plus the Final Net Profits, which will be satisfied as described below.

Such consideration was determined on an arm's length basis negotiation following due diligence and financial analysis by the Buyer and its professional advisors while taking into consideration a two-fold valuation analysis (which for the avoidance of doubt is not a valuation report). Such valuation analysis makes reference to, among others: (i) the price to book value analysis of several listed comparable companies in the commodities trading industry, and (ii) the price to book value analysis of several comparable acquisition transactions which involved targets in the energy, mineral and agricultural commodities industries.

As requested by the Shanghai Stock Exchange, a valuation report of the Target Company is expected to be despatched to the Shareholders for reference at the relevant general meeting of the Company. Such valuation report is still under preparation and the summary of which would be included in the circular in relation to the Proposed Acquisition and be despatched to the Shareholders. The results of such valuation report is not part of the basis for determining the Purchase Price of the Proposed Acquisition, rather it serves as an independent reference for the Shareholders to consider the Proposed Acquisition.

Such valuation report may be prepared based on income approach and such valuation will be regarded as a profit forecast of the Target Company under Rule 14.61 of the Listing Rules. Therefore, if the final valuation report is prepared based on income approach, the Company will make further disclosures in respect of the profit forecast and comply with the requirements under Rules 14.60A and 14.62 of the Listing Rules as soon as practicable when the final valuation report of the Target Company is issued.

Payment Terms: the Buyer shall make the Initial Payment of US\$297 million (equivalent to approximately HK\$2,323 million) to the Seller on or prior to 20 December 2018, or such later date as may be agreed by the Buyer and the Seller, and the Closing Payment shall be paid at the Closing.

The Buyer will satisfy the consideration of the Proposed Acquisition mainly through the Buyer's existing cash reserves and if required, bank borrowings.

Final Net Profits: The Final Net Profits shall be determined as follows:

- (1) No later than 30 days prior to the anticipated Closing Date, the Seller shall deliver to the Buyer a report setting forth in details of the Estimated Net Profits.

- (2) No later than 60 days, after the Closing Date, the Buyer will cause a report to be prepared and delivered to the Seller setting forth the Buyer's calculation of the Final Net Profits.
- (3) No later than 30 days, after the delivery of the Buyer's calculation of the Final Net Profits, if a notice of disagreement from the Seller that disagrees with any of the Buyer's calculation is delivered, the Seller and the Buyer shall use their good faith efforts to reach agreement on the disputed items or amounts in order to determine the amount of the Final Net Profits. If the Buyer and the Seller are unable to reach such agreement during such period, either party may promptly thereafter cause an independent accountant of internationally recognized standing reasonably satisfactory to the Buyer and the Seller promptly to review the agreement and disputed items or amounts. The accountant shall deliver to the Buyer and Seller a report setting forth such calculations and it shall be final and binding upon the Buyer and the Seller.

Once the amount of the Final Net Profits has been finally determined, the Buyer or the Seller, as applicable, shall make an appropriate adjustment payment to the other.

**Conditions
Precedent:**

Closing is conditional upon the satisfaction, or to the extent permissible, waiver by the party entitled to the benefit of the conditions set forth in the Share Purchase Agreement. A list of the conditions of the Proposed Acquisition is set out below:

- (1) PRC Regulatory Approvals: the receipt of regulatory approvals from the following:
 - (i) the National Development and Reform Commission of the PRC;
 - (ii) the applicable commerce department in the PRC; and
 - (iii) if determined to be required by the Buyer, acting reasonably, the applicable department of foreign exchange in the PRC.
- (2) Shareholder approval: the approval from the Shareholders at the general meeting of the Company called for the purpose of, among other things, considering the Proposed Acquisition;

- (3) Anti-trust approval: (i) the customary approvals under relevant competition laws, and (ii) the other approvals, consents, authorizations, or expiry termination or waiver of waiting periods that the Buyer determines, acting reasonably, are required under competition laws in order to consummate the Proposed Acquisition;
- (4) The approvals, consents or authorizations from any governmental entity or other third party, other than the anti-trust approvals noted above, that the Buyer determines, acting reasonably, are required in order to consummate the Proposed Acquisition;
- (5) Each warranty of the Buyer and the Seller set out in the Share Purchase Agreement shall be true in all material respects at and as of immediately prior to Closing on the Closing Date;
- (6) Each of the Buyer and the Seller shall have performed, in all material respects, all of its pre-closing undertakings and obligations, including:
 - (a) the Seller shall take all actions necessary to cause the Target Group carry on the business in the ordinary course;
 - (b) the Seller shall and shall procure each member of the Target Group to: (i) grant access to relevant employees, the assets, facilities, books and records of the Target Group to the Buyer, (ii) cooperate with the due diligence and investigation of the Buyer, and (iii) furnish any financial and operation data reasonably requested by the Buyer;
 - (c) the Seller shall procure that no member of the Target Group shall make any material decision concerning its business, assets or affairs nor do or agree to, among others, (i) pass any resolution which requires shareholders' approval, (ii) make any change to share capital, (iii) declare any distribution, (iv) enter into any contract, indebtedness, transaction, property arrangement which is beyond the agreed scope, (v) alter any material terms and conditions of employment or engagement of any key employees of the Target Group;

- (d) the Seller shall deliver monthly accounts, weekly contract report and activity report based on agreed schedule;
 - (e) both the Buyer and Seller will use their reasonable best efforts to fulfill the requirements under applicable law to consummate the Proposed Acquisition;
 - (f) the Seller and the Buyer shall cooperate with one another in determining or making any applicable filing to obtain any such actions, consents, approvals or waivers in respect of the Proposed Acquisition; and
 - (g) the Seller shall deliver to the Buyer the audited consolidated financial statements of the Target Group for the 12-month period ending on 31 December 2018 as soon as reasonably practicable and in any event by 31 March 2019;
- (7) The receipt of a certificate signed by an authorized officer of each of the Buyer and the Seller to the effect of the foregoing clauses (5) and (6); and
- (8) The Pre-Closing Reorganization shall have been completed to the satisfaction of the Buyer prior to the Closing.

Closing: The sale and purchase of the Target Shares will be completed on the Closing Date.

Upon Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Enlarged Group.

Termination: The Share Purchase Agreement may be terminated at any time prior to Closing: (a) by mutual written agreement of the Seller and the Buyer; or (b) by either the Seller or the Buyer if the Closing shall not have been consummated on or before the Long Stop Date.

If the Share Purchase Agreement is terminated, the Seller shall return the Initial Payment to the Buyer within five Business Days, net of any reasonable costs and expenses (including legal fees) incurred in connection with such return and approved in advance by the Buyer, acting reasonably.

Claims against the Seller:

The Seller shall be liable for the whole amount and not only the excess of all Relevant Claim(s) (excluding any Tax Claim) whose amount exceeds US\$100,000 individually and US\$1,000,000 in the aggregate.

The Seller shall also be liable for only the excess of a Tax Claim whose amount exceeds US\$100,000 or be liable for the whole amount and not only the excess in all Tax Claims whose amount exceeds US\$500,000 in the aggregate.

The maximum liability of the Seller under the Share Purchase Agreement shall not exceed the Purchase Price.

Tax Matters:

The Seller shall pay the Buyer for any tax liability rising from (i) any income, profits or gains earned on or before the Closing, (ii) any Events which occurs or occurred on or before the Closing, (iii) the Pre-Closing Reorganization and (iv) the Closing.

Assignment:

The Share Purchase Agreement may not be assigned without the consent of the other party, provided that the Buyer may assign all or any portion of its rights or obligations under the Share Purchase Agreement to any member of the Group.

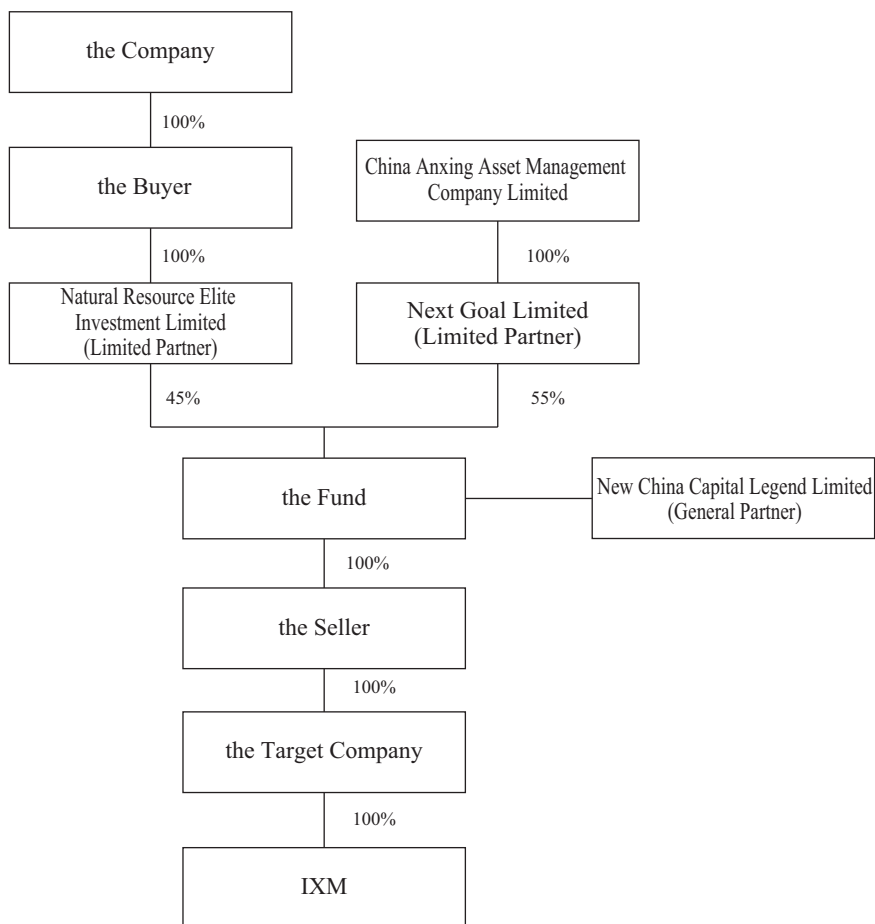
Governing Law:

The Share Purchase Agreement and any non-contractual obligations connected with it shall be governed by English law. The courts of England and Wales are to have exclusive jurisdiction to:

- (1) determine any claim, dispute or difference arising under or in connection with the Share Purchase Agreement, any non-contractual obligations connected with it, or in connection with the negotiation, existence, legal validity, enforceability or termination of the Share Purchase Agreement; and
- (2) grant interim remedies, or other provisional or protective relief.

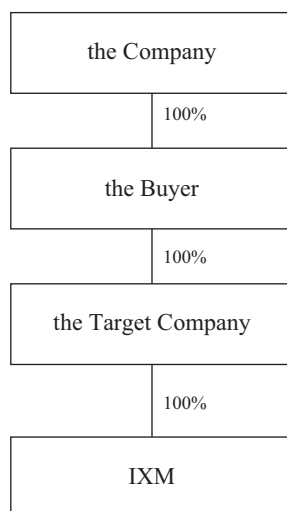
THE SIMPLIFIED CORPORATE STRUCTURE CHARTS IMMEDIATELY BEFORE AND AFTER THE PROPOSED ACQUISITION

The simplified corporate structure chart of the Company and the Target Company immediately before the Proposed Acquisition and after the completion of the Pre-Closing Reorganization:



To the best knowledge, information and belief of the Company and after making all reasonable enquiries, the Company confirms that each of (i) Next Goal Limited; (ii) China Anxing Asset Management Company Limited; and (iii) New China Capital Legend Limited (the general partner of the Fund) is an independent third party of the Company.

The simplified corporate structure chart of the Company and the Target Company immediately after the Proposed Acquisition:



BASIS OF THE PURCHASE PRICE

Based on an arm's length basis negotiation following due diligence and financial analysis by the Buyer and its professional advisors while taking into consideration a two-fold valuation analysis (which for the avoidance of doubt is not a valuation report) with reference to, among others, (i) the price to book value analysis of several listed comparable companies in the commodities trading industry, and (ii) the price to book value analysis of several comparable acquisition transactions which involved targets in the energy, mineral and agricultural commodities industries, the Purchase Price is determined and equals to an amount of US\$495 million (equivalent to approximately HK\$3,873 million) plus the Final Net Profits. In particular,

- (i) US\$495 million was determined with reference to, among others, the book value of IXM as at 30 September 2018, i.e., \$449,755,000, and the P/B ratio of 1.1x. Such P/B ratio reflects a moderate discount from the average and median P/B ratios resulting from the valuation analysis adopted by the Company;
- (ii) the Final Net Profits is included as a part of the Purchase Price and allocated to the Seller for the following reasons:
 - i. such arrangement is a commercial arrangement, as a matter of autonomy of the will of the parties involved, and represents a fair treatment from the perspective of valuation and risk sharing between the Buyer and the Seller;
 - ii. such arrangement reflects the results of the negotiation between the Buyer and the Seller, taking into consideration of the discounted P/B ratio for the determination of the Purchase Price;

- iii. from a valuation point of view, after deducting the Final Net Profits, there will be no material difference in respect of the value of net assets of the Target Group as at the reference date in accordance with the Share Purchase Agreement and the closing date of the Proposed Acquisition, respectively; and
- iv. such arrangement is one of the price determination mechanism adopted in the market.

Although the Purchase Price is different and represents an increase as compared with the consideration of US\$466 million payable under the Fund Acquisition, which was an investment opportunity identified, evaluated and determined in accordance with the independent commercial process of the Fund, and the Company, having evaluated the benefits of the Proposed Acquisition, considers that the Purchase Price, being determined after independent due diligence and financial analysis by the Buyers and its professional advisors, is fair and reasonable and in the interest of the Company and its Shareholders as a whole for the following reasons:

- (i) the difference is determined based on negotiation and evaluation from a commercial perspective of the Buyer and the Seller;
- (ii) the net assets of IXM increased from US\$378,397,000 as at 30 September 2017, the reference date of the Fund Acquisition, to \$449,755,000 as at 30 September 2018, the reference date of the Proposed Acquisition;
- (iii) the P/B ratio of 1.1x adopted for the reference of the Purchase Price represents a moderate discount from the P/B ratio adopted in the Fund Acquisition;
- (iv) the inclusion of the Final Net Profits and its allocation to the Seller is proper and reasonable from commercial perspective based on the reasons as illustrated above;
- (v) the reduced risks and uncertainties in connection with the inclusion of the Target Group into the Group considering, among others, the stableness of the core management team of the Target Group; and
- (vi) the potential synergy between the businesses of the Target Group and the existing businesses of the Group based on further understanding by the Company of the business and financial performance of the Target Group.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Board acknowledges that the terms of the transaction and the Proposed Acquisition are fair and reasonable and in the interests of the Shareholders as a whole. The reasons and benefits of the Proposed Acquisition are as follows:

(1) The Proposed Acquisition represents an appropriate opportunity to expand the business of the Group in the resources industry

Based on the due diligence on IXM and after several months' observation after the acquisition of IXM by the Fund from LDC in May 2018, the Company has gained an overall knowledge of the business operation of IXM and risks associated with it, which would enable the Company to make an informed decision as well as smooth the integration of IXM's metal trading business into the Group and identify additional growth drivers for the benefit of the Company and the Shareholders.

(2) The Proposed Acquisition will strengthen the Company's ability to counter the business cycle of the conventional resources industry and provide more flexibility for the operation of the Company

By providing access to the procurement and sales channels of IXM and the capability to better hedge the negative effects of the business cycle of the conventional resources business through the expansion of its existing business, the Proposed Acquisition is expected to enable the Company to better manage changes in supply and demand in the resources industry and make timely adjustments to its operations more efficiently and strengthen the stability of the financial condition of the Company.

(3) The Proposed Acquisition will generate synergy among the business segments of the Company and facilitate intra-group business integration

By optimising strategy management and control, the Company will be able to provide a full range of businesses ranging from metal mining services to metal end-sales trading services, which is expected to generate synergy among the business segments and improve overall operating efficiency of the Company through comprehensive services, a broader array of service offerings and increased value to customers.

(4) The Proposed Acquisition will enhance the Company’s reputation and competitiveness in the global resources industry

The vision of the Company is to enhance its reputation as a respected international resources enterprise. By combining its existing operations with the robust and established business operations of IXM, the Proposed Acquisition is expected to transform the Company into a more recognized and competitive player and enhance the Company’s reputation and competitiveness in the global resources industry.

As such, the Directors consider that the Share Purchase Agreement is entered into on normal commercial terms, which is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

REASONS FOR THE IMPLEMENTATION OF THE PROPOSED ACQUISITION BY THE FUND AFTER THE FUND ACQUISITION

After consultation with the relevant parties in the Fund Acquisition, the Company sets out below certain information with respect to the background and reasons for the implementation of the Proposed Acquisition by the Fund after the Fund Acquisition for the information of Shareholders and the investors the Company.

As a limited partner of the Fund, it is the Company’s understanding that to realize a reasonable return from an investment, the Fund is open to suitable exit solutions in accordance with the market practice. It is also the Company’s understanding that, as long as the exit is considered “suitable” by the Fund, the Fund would consider such opportunity and the investment/exit cycle (including the time in between) is only one of the factors to evaluate such opportunities. In other words, a suitable exit opportunity may arise in a short period of time after the Fund Acquisition, or if no suitable opportunities immediately, take a while to materialize.

As a financial investor, it is necessary for the Fund to improve the business and to enhance the value of IXM on the one hand and look for suitable exit solutions on the other hand. To the understanding of the Company, it is a constant balancing exercise for the Fund. Upon completion of the Fund Acquisition, the Fund is facing increasing challenges in providing timely and sufficient financing supports under the global macro-economic and PRC regulatory environment in the second half of 2018, in particular, (i) the rising expectation of increase in US\$ interest rates and the devaluation of RMB tightened the trend of outflow in the capital account of the PRC which may adversely affect the financing capability of the Fund as a RMB fund incorporated in China; and (ii) the PRC regulatory authorities implemented certain new policies to regulate the financing activities of investment funds and imposed more limits on investing and holding overseas industrial assets, which may have adverse impacts on the further investment and financing capability of the Fund. While such challenges were, to certain extent, anticipated by the Fund before making the Fund Acquisition, the subsequent development has certainly affected the Fund’s balancing exercise between enhancing the value of IXM Group and finding suitable exit opportunities.

As such, the Fund determined to implement the disposal of the 100% equity interest in IXM under the Proposed Acquisition after the completion of the Fund Acquisition.

INFORMATION OF THE TARGET COMPANY

The Target Company is incorporated in Switzerland with limited liability on 18 May 2018 and is a wholly-owned subsidiary of the Seller. The Target Company mainly serves as an investment holding vehicle of the Seller. Upon completion of the Pre-Closing Reorganization, IXM will be a wholly-owned subsidiary of the Target Company and its principal asset.

Based on the management account as at 30 September 2018 of the Target Company prepared in accordance with IFRS, the net assets of the Target Company as at 30 September 2018 was US\$93,909 (equivalent to approximately HK\$734,782), and the net loss (before and after tax) of the Target Company for the nine months ended 30 September 2018 was US\$8,525 (equivalent to approximately HK\$66,703) and US\$8,525 (equivalent to approximately HK\$66,703), respectively.

INFORMATION OF IXM

IXM is a global merchant that is dedicated in the business of base and precious metals trading. Headquartered in Geneva with expert teams on the major continents, IXM sources, blends, exports, transports and merchandizes copper, zinc, lead concentrates, copper blister and refined base metals and the majority of its sales are to Asia and Europe. As one of the top merchandizers in the industry, IXM has more than 250 employees located in 15 countries and regions and maintains an international logistical presence, notably in Peru, Mexico, Taiwan (China) and Mainland China. Currently, IXM operates warehouses in Peru, Mexico and Taiwan (China) and has a minority interest in a logistics business in Namibia.

Based on the consolidated financial statements of IXM Group for two years ended 31 December 2016 and 2017 and the management account of IXM Group as at 30 September 2018 prepared in accordance with the IFRS, certain key financial data of IXM Group for the nine months ended 30 September 2018 and two years ended 31 December 2016 and 2017 are set out below:

	<i>Unit: thousand</i>					
	30 September 2018		31 December 2017		31 December 2016	
	<i>(unaudited)</i>		<i>(audited)</i>		<i>(audited)</i>	
	US\$	HK\$	US\$	HK\$	US\$	HK\$
Total assets	3,078,808	24,089,825	3,085,570	24,142,734	2,548,239	19,938,441
Total liabilities	2,629,050	20,570,738	2,678,559	20,958,117	2,231,013	17,456,338
Net assets	449,758	3,519,086	407,011	3,184,617	317,226	2,482,103
Revenue	9,881,775	77,318,960	12,523,553	97,989,288	9,269,355	72,527,141
Consolidated net profit after taxation	30,950	242,165	92,267	721,934	39,814	311,521
Consolidated net profit before taxation	42,386	331,645	101,546	794,537	57,233	447,814

INFORMATION OF THE SELLER

NSR, as the Seller, is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Fund. NSR mainly serves as an investment vehicle and platform for the Fund.

INFORMATION OF THE BUYER

CMOC Limited, as the Buyer, is a wholly-owned subsidiary of the Company and was established under the laws of Hong Kong with limited liability. It mainly engages in investment holding activities.

INFORMATION OF THE COMPANY

China Molybdenum Co., Ltd. is a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main boards of the Hong Kong Stock Exchange (stock code: 03993) and the Shanghai Stock Exchange (stock code:603993), respectively.

The Group engages in non-ferrous metal mining, mainly the beneficiation, smelting, and deep processing of copper, molybdenum, tungsten, cobalt, niobium and phosphate. With a relatively integrated industrial value chain, the Company is one of the top five molybdenum manufacturers, one of the largest tungsten manufacturer, the second largest cobalt and niobium manufacturer, and a leading copper manufacturer in the world; as well as the second largest phosphate fertilizer manufacturer in Brazil.

IMPLICATIONS UNDER THE LISTING RULES

Considering that: (i) the Pre-Closing Reorganization has not been completed; and (ii) the Target Company's financial information is still under preparation, based on the financial information available of IXM, the highest applicable ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition is expected to exceed 100%, the Proposed Acquisition therefore is expected to constitute a very substantial acquisition of the Company for purposes of the Listing Rules, and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the Proposed Acquisition and the financial information of Target Company will be despatched to the Shareholders in due course. As additional time is required to prepare the financial and other information to be included in the circular in relation to the Proposed Acquisition, the circular is expected to be despatched to the Shareholders on or before 14 May 2019.

Waiver from strict compliance with Rule 4.03 of the Listing Rules

In accordance with Rule 4.03 of the Listing Rules, an accountant's report on the Target Company which is to be included in the circular must be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong). Rule 4.03 of the Listing Rules also provides that, in the case of a circular issued by a listed issuer in connection with acquisition of an overseas company, the Hong Kong Stock Exchange may permit the accountants' report to be prepared by a firm of practicing accountants which is not so qualified but which is acceptable to the Hong Kong Stock Exchange. Such firm must normally have an international name and reputation and be a member of a recognised body of accountants.

The Company has therefore applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 4.03 of the Listing Rules to allow Deloitte SA in Geneva to prepare the accountants' report of the Target Company for the inclusion in the circular. Details and reasons for the waiver will also be disclosed in the circular in relation to the Proposed Acquisition to be despatched to the Shareholders.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including Shareholders' approval and approvals from relevant regulatory bodies, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the shares or other securities (if any) of the Company.

DEFINITIONS

“A Share(s)”	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (stock code: 603993)
“Board”	the board of Directors
“Buyer” or “CMOC Limited”	CMOC Limited, a direct wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability

“Closing”	the closing of the purchase and sale of the Target Shares
“Closing Date”	a date in no event later than 10 business days after satisfaction, or to the extent permissible, waiver by the party or parties entitled to the benefit of the conditions set forth in the Share Purchase Agreement (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Closing), or such other time or place as the Buyer and the Seller may agree
“Closing Payment”	US\$198 million (equivalent to approximately HK\$1,549 million) plus the Estimated Net Profits
“Company”	China Molybdenum Co., Ltd., a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively, and the parent company of the Buyer
“Director(s)”	the director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, right, interest or preference granted to any third party, or any other encumbrance or security interest of any kind (or an agreement or commitment to create any of the same)
“Enlarged Group”	the Company and its subsidiaries upon Closing, which would include the Target Group
“Estimated Net Profits”	a reasonable estimate of the Final Net Profits made by the Seller in good faith no later than 30 days prior to the anticipated Closing Date
“Event”	includes the death or the winding up or dissolution of any person, and any act, transaction or omission whatsoever, and any reference to an Event occurring on or before a particular date shall include Events which for Tax purposes are deemed to have, or are treated or regarded as having, occurred on or before that date

“Final Net Profits”	the consolidated net income of the Target Group for the period commencing on 1 October 2018 and ending on the close of business on the Closing Date, calculated in accordance with the accounting standards agreed between the Buyer and the Seller, minus the aggregate amount of all dividends or other distributions (including the fair market value, as determined by the Buyer, of any non-cash dividend or other distribution) paid or otherwise made in such period other than to a member of the Target Group
“Fund”	NCCL Natural Resources Investment Fund LP, a Cayman Islands exempted limited partnership. As at the date of this announcement, (i) the Company indirectly held an approximately 45% interest in the Fund as a limited partner through Natural Resource Elite Investment Limited, a wholly-owned subsidiary of CMOC Limited and (ii) Next Goal Limited, a wholly-owned subsidiary of China Anxing Asset Management Company Limited (中國安星資產管理有限公司), held an approximately 55% interest in the Fund as the other limited partner. The general partner of the Fund is New China Capital Legend Limited, a wholly-owned subsidiary of New China Capital International Management Limited
“Fund Acquisition”	the acquisition of the entire share capital of Louis Dreyfus Company Metals B.V. (now known as IXM) by the Fund from LDC on 22 December 2017, which was completed in May 2018. For detailed information, please refer to announcements of the Company dated 26 December 2017, 1 January 2018 and 11 May 2018
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“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
“IFRS”	International Financial Reporting Standards
“Initial Payment”	an initial payment of US\$297 million (equivalent to approximately HK\$2,323 million) delivered by the Buyer to the Seller on 20 December 2018, or such later date as may be agreed by the Buyer and the Seller, which is fully refundable, and shall be returned to the Buyer within five business days of termination of the Share Purchase Agreement, net of any reasonable costs and expenses (including legal fees) incurred in connection with such return and approved in advance by the Buyer, acting reasonably
“IXM”	IXM B.V. (formerly known as Louis Dreyfus Company Metals B.V.), a company incorporated in Netherlands with limited liability and an indirect wholly-owned subsidiary of the Fund
“IXM Group”	IXM and its subsidiaries
“LDC”	Louis Dreyfus Company B.V., a company incorporated in Netherlands with limited liability, the previous controlling shareholder of IXM and the seller in relation to acquisition of the 100% equity interests in IXM by the Fund
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Long Stop Date”	30 September 2019, or such other date as agreed by the Buyer and the Seller in writing
“PRC” or “China”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)

“Pre-Closing Reorganization”	a transaction to be conducted by the Seller and completed before the Closing in which the Seller will contribute all of the shares of IXM to the Target Company. Upon such restructuring, the Seller will indirectly hold all of the equity interests in IXM through the Target Company
“Proposed Acquisition”	the acquisition of the Target Shares by the Buyer from the Seller pursuant to the Share Purchase Agreement
“Purchase Price”	the aggregate consideration of US\$495 million (equivalent to approximately HK\$3,873 million) plus the Final Net Profits to be paid by the Buyer to the Seller for the Target Shares
“Relevant Claim(s)”	any claim, demand, action, proceeding or suit by the Buyer under or in connection with or arising out of the Seller’s warranties under the Share Purchase Agreement or any Tax Claims
“RMB”	Renminbi, the lawful currency in the PRC
“Seller” or “NSR”	New Silk Road Commodities Limited, a wholly-owned subsidiary of the Fund incorporated in Hong Kong with limited liability
“Shareholder(s)”	shareholder(s) of the Company
“Share Purchase Agreement”	the share purchase agreement dated 4 December 2018 entered into between the Buyer and the Seller, pursuant to which the Buyer agrees to purchase and the Seller agree to sell the Target Shares for the Purchase Price, subject to the terms and conditions set forth therein
“Target Company”	New Silk Road Commodities SA, a company incorporated in Switzerland with limited liability and a direct wholly-owned subsidiary of the Seller. It will hold 100% of the equity interests of IXM upon the completion of the Pre-Closing Reorganization
“Target Group”	(i) IXM, the Target Company and their respective subsidiaries prior to the completion of the Pre-Closing Reorganization; or (ii) the Target Company and its subsidiaries upon the completion of the Pre-Closing Reorganization

“Target Shares”	100% of the issued and outstanding shares of the Target Company free and clear of all Encumbrances
“Tax Claim(s)”	a claim by the Buyer in connection with a Tax Matter
“Tax Matter(s)”	any matter described above under the heading “Tax Matter” in the section entitled “Principal Terms of the Share Purchase Agreement” of this announcement
“Taxation” or “Tax”	all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of Switzerland or elsewhere, payable to or imposed by any taxation authority
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless otherwise indicated, the translation between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.8244 to US\$1.00, being the exchange rate as set forth in the H.10 statistical release of the United States Federal Reserve Board on 30 November 2018.

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

Luoyang City, Henan Province, the PRC, 4 December 2018

As at the date of this announcement, the executive Directors are Mr. Li Chaochun and Mr. Li Faben; the non-executive Directors are Mr. Ma Hui, Mr. Yuan Honglin and Mr. Cheng Yunlei; and the independent non-executive Directors are Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.

* For identification purposes only.