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洛陽樂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

CONNECTED AND DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF TOTAL EQUITY INTERESTS IN BHR NEWWOOD DRC HOLDINGS LTD.

The Board is pleased to announce that on 18 January 2019, CMOC Limited, a wholly-owned subsidiary of the Company, as the Buyer, and BHR Newwood, as the Seller, entered into the Share Transfer Agreement, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase the 100% of the issued and outstanding shares of the Target Company.

As at the date of this announcement, the Company and BHR Newwood each holds 70% and 30% equity interests in TFHL, respectively, as such, BHR Newwood is a connected person of the Company at the subsidiary level. Therefore, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole. None of the Directors has any material interest in the Proposed Acquisition and was required to abstain from voting at the meeting of the Board approving the Proposed Acquisition and the Share Transfer Agreement.

The Company has obtained the approval from the Board regarding the Proposed Acquisition and the Share Transfer Agreement and the independent non-executive Directors have confirmed that the terms of the Proposed Acquisition are fair and reasonable, such transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, the Proposed Acquisition and the Share Transfer Agreement are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

In addition, as the highest applicable ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition is higher than 5% but less than 25%, the Proposed Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As such, the Proposed Acquisition is subject to the reporting and announcement requirements under the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 18 January 2019, CMOC Limited, a wholly-owned subsidiary of the Company, as the Buyer, and BHR Newwood, as the Seller, entered into the Share Transfer Agreement, pursuant to which, the Seller has agreed to sell and the Buyer has agreed to purchase the 100% of the issued and outstanding shares of the Target Company.

PRINCIPAL TERMS OF THE SHARE TRANSFER AGREEMENT

- Date:** 18 January 2019
- Parties:** (1) CMOC Limited, as the Buyer; and
(2) BHR Newwood, as the Seller
- Subject Matter:** 100% of the issued and outstanding shares of the Target Company, which in turn holds 30% equity interests in TFHL, an indirect non-wholly-owned subsidiary of the Company, which in turn holds 80% equity interests in Tenke Mining, an indirect non-wholly-owned subsidiary of the Company owns the Tenke Fungurume Mining Complex.
- Consideration:** The Purchase Consideration is an amount equal to US\$1,135,993,578.71 (equivalent to approximately HK\$8,905.4 million).
- Such consideration was determined on an arm's length basis negotiation between the Buyer and the Seller with reference to, among others, the original purchase consideration of US\$1,135.7 million of the entire issued share capital of the Target Company paid by the Seller in April 2017.
- Payment Terms:** Subject to any amendments may be later agreed between both parties, the Buyer shall make an one-off cash payment in respect of the total Purchase Consideration to the designated account of the Seller on the Closing Date.
- The Buyer will satisfy the consideration mainly through the Buyer's existing cash reserves and if required, bank borrowings.
- Conditions Precedent:** Closing is subject to and conditional upon the following conditions:
- (1) apply for and obtain all necessary ODI approvals, i.e., approvals or filings by the National Development and Reform Commission, Ministry of Commerce or their respective local branches in relation to overseas direct investment, in connection with the Proposed Acquisition from competent governmental authorities in accordance with the applicable laws;

- (2) obtain the approval or complete the filing with respect to the foreign exchange quota in connection with the funds to be provided by direct or indirect shareholders of the Buyer regarding the payment of the consideration from foreign exchange authorities of the PRC or any designated foreign exchange banks, and be able to convert such funds into US\$ and make payments abroad;
- (3) obtain the approval in connection with the Proposed Acquisition from the monetary authority of Bermuda;
- (4) there being no court judgment or injunction in force, orders issued by government authorities or their designated entities or law requirements applicable prohibiting or restricting the Proposed Acquisition;
- (5) the Target Shares are free and clear of any share charge and all other forms of Encumbrances;
- (6) each warranty of the Buyer and the Seller made in the Share Transfer Agreement shall be true in all material respects at and as of immediately prior to the execution of the Share Transfer Agreement and on the Closing Date; and
- (7) each of the Seller and the Target Company shall have performed, in all material respects, all of the terms and conditions in the Share Transfer Agreement;

provided that any one or more of the conditions (5) to (7) may be waived by the Buyer in its sole discretion.

Closing:

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

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

Upon Closing, the Company will hold 100% equity interests in TFHL and indirectly collectively hold 80% equity interests in Tenke Mining and there will be no change in control of the Tenke Fungurume Mining Complex as a result of the Proposed Acquisition.

Assignment: The Share Transfer Agreement may not be assigned without the consent of the other party. However, before the Closing Date, the Buyer is entitled to assign all or any portion of its rights or obligations under the Share Transfer Agreement to a related party of the Buyer based on its actual needs before obtaining the consent of the other party. The Buyer shall notice the other party in writing in a timely manner under such circumstance.

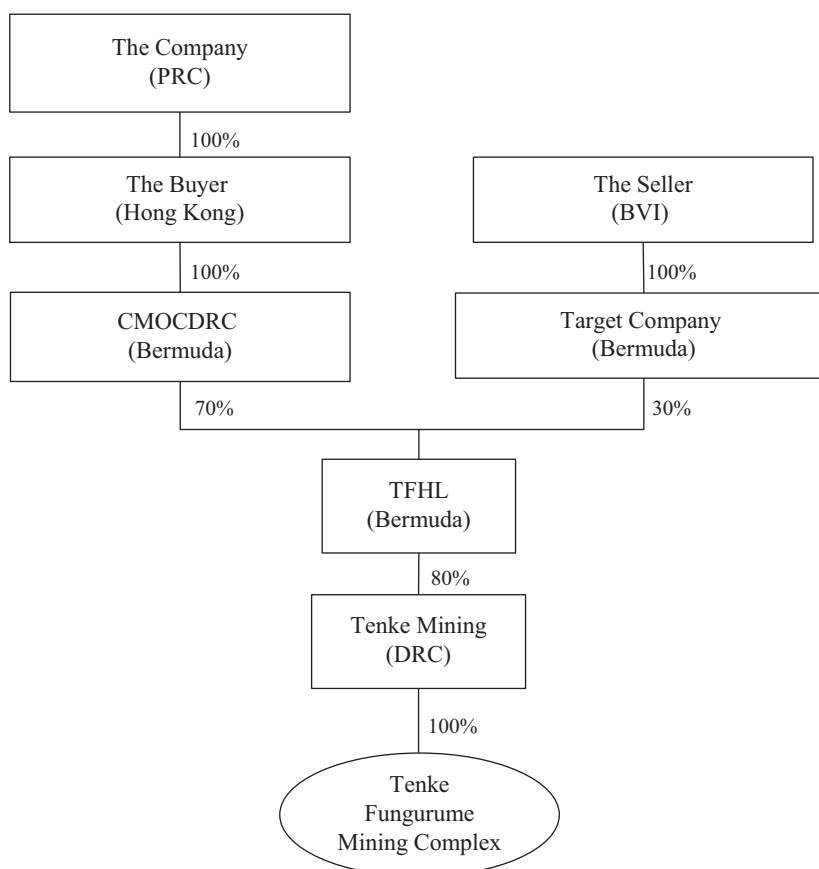
Governing Law: The Share Transfer Agreement shall be governed and construed by Hong Kong laws.

Any disputes in connection with the Share Transfer Agreement shall be submitted to the China International Economic and Trade Arbitration Commission (“CIETAC”) for arbitration in Beijing in accordance with the arbitration rules valid by the CIETAC at that time. The arbitration proceedings shall be conducted in Chinese. The arbitral tribunal consists of three (3) arbitrators. The applicant and the respondent each choose one arbitrator.

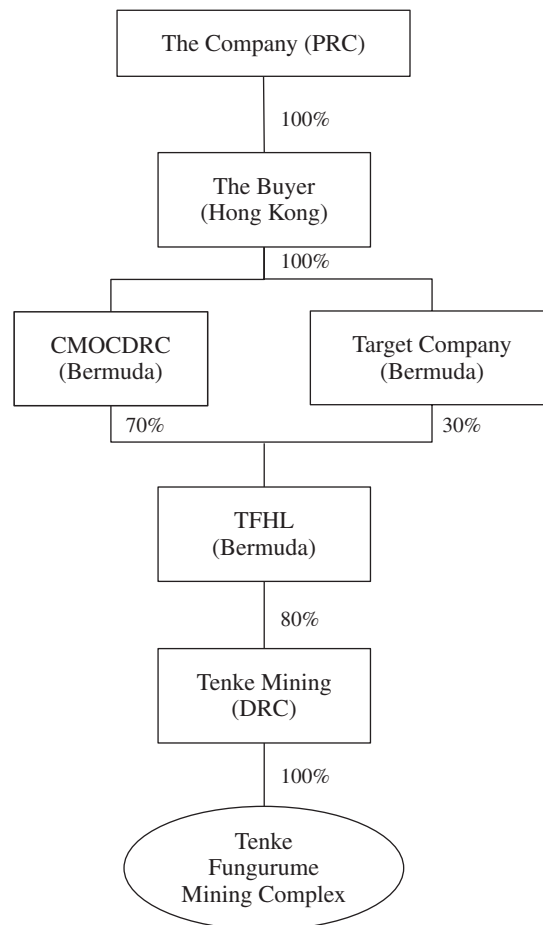
The arbitral award is final and binding on all parties involved.

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:



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



REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As disclosed in the announcements of the Company dated 22 January, 6 March, 22 March 2017 and the circular dated 29 March 2017 in relation to, among others, (i) cooperation framework arrangements in connection with the acquisition of the 30% equity interests in TFHL between the Company and the BHR Newwood (the “**Cooperation Arrangement**”); and (ii) (a) specific cooperation agreements with an aggregate investment amount of US\$470 million entered into with KAIFEI Investment (Hong Kong) Limited, Hantang Iron Ore Investment Limited, Design Time Limited and CNBC (Hong Kong) Investment Limited (together, the “**BHR Investors**”) for their investments in BHR Newwood, and (b) guarantee provided by the Company for syndicated loans up to US\$700 million borrowed by BHR Newwood to facilitate the Cooperation Arrangement. On 20 April 2017, BHR Newwood completed its acquisition of the 100% equity interests in the Target Company which in turn holding 30% equity interests in TFHL. As the BHR Investors have obtained agreed investment return through profit distribution by BHR, the Company proposes to acquire the Target Company through the Proposed Acquisition.

The Proposed Acquisition offers an opportunity for the Group to maintain the stability of the ownership of TFHL and to increase the size of its interest in Tenke Fungurume Mining Complex. Upon completion of the Proposed Acquisition, the Group will indirectly own 100% equity interest in TFHL, which owns 80% equity interest in Tenke Mining, therefore, the Proposed Acquisition would enhance the Group's control and supervision over daily management and the mining operation of the Tenke Fungurume Mining Complex as well as boost the profitability and risk-resisting capability of the Group.

As such, the Directors (including independent non-executive Directors) consider that the Share Transfer Agreement and the Proposed Acquisition thereunder are entered into on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company is incorporated in Bermuda with limited liability and is a wholly-owned subsidiary of the Seller. As at the date of this announcement, the Target Company holds 30% equity interests in TFHL, which in turn holds 80% equity interests in Tenke Mining, the principal asset of the Target Company.

Based on the management accounts of the Target Company for the two year ended 31 December 2017 and 2018 prepared in accordance with the IFRS, certain key financial data of the Target Company for the two years ended 31 December 2017 and 2018 are set out below:

	31 December 2017		31 December 2018	
	<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>US\$</i>	<i>HK\$</i>	<i>US\$</i>	<i>HK\$</i>
Total assets	1,124,811,379.19	8,817,733,844.88	1,077,981,200.27	8,450,618,023.28
Total liabilities	0	0	0	0
Net assets	1,124,811,379.19	8,817,733,844.88	1,077,981,200.27	8,450,618,023.28
Revenue	0	0	0	0
Consolidated net profit after taxation	113,694,075.11	891,281,963.01	120,269,821.08	942,831,208.39
Consolidated net profit before taxation	113,694,075.11	891,281,963.01	120,269,821.08	942,831,208.39

INFORMATION OF TFHL AND TENKE MINING

TFHL is incorporated in the Bermuda as an exempted company and mainly engages in investment holding activities.

Tenke Mining is incorporated in the Democratic Republic of the Congo with limited liability and mainly engages in investment holding activities.

As at the date of this announcement, 80% equity interests of Tenke Mining is held by TFHL and the Company holds 70% equity interests in TFHL via its wholly-owned subsidiary CMOCDRC. Upon Closing, the Company will hold 100% equity interests in TFHL and will effectively control an aggregate of 80% equity interests in Tenke Mining, which in turn owns the Tenke Fungurume Mining Complex.

INFORMATION OF TENKE FUNGURUME MINING COMPLEX

Tenke Fungurume Mining Complex hosts one of the largest, highest-grade producing copper cobalt mines in the world and is able to maintain a relatively high level of profitability with great potential for future development.

INFORMATION OF THE SELLER

BHR Newwood, as the Seller, is a company incorporated in British Virgin Islands with limited liability and mainly engages in investment holding activities.

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 globally 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; as well as the second largest phosphate fertilizer manufacturer in Brazil.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Company and BHR Newwood each holds 70% and 30% equity interests in TFHL, respectively, as such, BHR Newwood is a connected person of the Company at the subsidiary level. Therefore, the Proposed Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole. None of the Directors has any material interest in the Proposed Acquisition and was required to abstain from voting at the meeting of the Board approving the Proposed Acquisition and the Share Transfer Agreement.

The Company has obtained the approval from the Board regarding the Proposed Acquisition and the Share Transfer Agreement and the independent non-executive Directors have confirmed that the terms of the Proposed Acquisition are fair and reasonable, such transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As such, the Proposed Acquisition and the Share Transfer Agreement are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

In addition, as the highest applicable ratio calculated under Rule 14.07 of the Listing Rules with respect to the Proposed Acquisition is higher than 5% but less than 25%, the Proposed Acquisition also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As such, the Proposed Acquisition is subject to the reporting and announcement requirements under the Listing Rules.

The Proposed Acquisition is subject to necessary external approval or filing procedures and there are uncertainties in relevant matters. The Company will perform its disclosure obligation in a timely manner based on the progress on relevant matters. Investors are advised to pay attention to investment risks.

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 five business days after satisfaction, or to the extent permissible, waived by the Buyer based on the conditions set forth in the Share Transfer Agreement
“CMOCDRC”	CMOC International DRC Holdings Ltd., an indirect wholly-owned subsidiary of the Company and incorporated in Bermuda as an exempted company
“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
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.20 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and are traded in Hong Kong dollars
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“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)
“Proposed Acquisition”	the acquisition of the Target Shares by the Buyer from the Seller pursuant to the Share Transfer Agreement
“Purchase Consideration”	the aggregate purchase consideration of US\$1,135,993,578.71 (equivalent to approximately HK\$8,905.4 million) to be paid by the Buyer to the Seller for the Target Shares
“RMB”	Renminbi, the lawful currency in the PRC
“Seller” or “BHR Newwood”	BHR Newwood Investment Management Limited, a company incorporated in British Virgin Islands with limited liability

“Share Transfer Agreement”	the share transfer agreement dated 18 January 2019 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 Consideration, subject to the terms and conditions set forth therein
“Shareholder(s)”	shareholder(s) of the Company
“Target Company”	BHR Newwood DRC Holdings Ltd. (formerly known as Lundin DRC Holdings Ltd.), a company incorporated in Bermuda with limited liability and a direct wholly-owned subsidiary of the Seller. As at the date of this announcement, the Target Company holds 30% equity interests in TFHL, which in turn holds 80% equity interests in Tenke Mining, which in turn owns the Tenke Fungurume Mining Area
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	100% of the issued and outstanding shares of the Target Company
“Tenke” or “Tenke Fungurume Mining Complex”	Tenke Fungurume copper-cobalt mine, a resource mining complex located in the southeast region of the DRC
“Tenke Mining”	Tenke Fungurume Mining S.A., a public limited liability company under the laws of the DRC and the owner of Tenke Fungurume copper-cobalt mine, a resource mining complex located in the southeast region of the DRC
“TFHL”	TF Holdings Limited, a non-wholly owned subsidiary of the Company incorporated in Bermuda and currently directly and indirectly holding 80% equity interests in Tenke Mining
“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\$7.8393 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 11 January 2019.

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

Luoyang City, Henan Province, the PRC, 18 January 2019

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

* *For identification purposes only.*