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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)

VOLUNTARY ANNOUNCEMENT
A SERIES OF INVESTMENTS OF THE COMPANY
IN HUAYUE NICKEL COBALT

This announcement is made by the Company voluntarily.

INVESTMENTS IN HUAYUE NICKEL COBALT

The Board is pleased to announce that, on 8 November 2019, it was resolved to acquire the 21% equity interests in Huayue Nickel Cobalt by way of the W-Source Acquisition and the Huayue Acquisition. In addition, after completion of the W-Source Acquisition and the Huayue Acquisition, W-Source will also enter into the Huayue Shareholders' Agreement with the other shareholders of Huayue Nickel Cobalt in relation to certain investments in Huayue Nickel Cobalt.

Upon completion of the W-Source Acquisition, the Huayue Acquisition and the capital injection under the Huayue Shareholders' Agreement, the Company will indirectly hold 30% equity interests in Huayue Nickel Cobalt through W-Source, and Huayue Nickel Cobalt will become a joint-stock company of the Company.

Details of the W-Source Acquisition, the Huayue Acquisition and the Huayue Shareholders' Agreement are set out as below.

1. W-Source Acquisition

Parties: CMOC Limited, as the buyer; and
Newstride Limited, as the seller

Subject Matters: CMOC Limited has agreed to acquire, and Newstride Limited has agreed to dispose of, the 100% equity interests in W-Source at a consideration of US\$1,125.87 or equivalent amount in other currencies.

CMOC Limited has further agreed to provide a loan of US\$10.50 million to W-Source for the purposes of (i) repaying its debt owe to a shareholder of Huayue Nickel Cobalt; and (ii) paying the consideration under the Huayue Acquisition.

Financial information of W-Source:	Items	As at 31 December 2018 <i>(RMB '0,000)</i>	As at 30 June 2019 <i>(RMB '0,000)</i>
	Total assets	0	3777.21
	Total liabilities	0	3776.44
	Including: total bank loans	0	0
	Total current liabilities	0	3776.44
	Net assets	0	0.78
		For the year ended 31 December 2018 <i>(RMB '0,000)</i>	For the six months ended 30 June 2019 <i>(RMB '0,000)</i>
	Operating income	0	0
	Net profit	0	0.78

2. Huayue Acquisition

Parties: W-Source, as the buyer; and
IMIP, as the seller

Subject Matters: W-Source has agreed to acquire, and IMIP has agreed to dispose of, the 10% equity interests in Huayue Nickel Cobalt at a consideration of US\$5 million.

Financial information of Huayue Nickel Cobalt:	Items	As at 31 December 2018 (RMB '0,000)	As at 30 June 2019 (RMB '0,000)
	Total assets	40.99	34,862.28
	Total liabilities	253.24	1,432.67
	Including: total bank loans	0	0
	Total current liabilities	253.24	1,432.67
	Net assets	-212.25	33,429.61
	Items	For the year ended 31 December 2018 (RMB '0,000)	For the six months ended 30 June 2019 (RMB '0,000)
	Operating income	0	0
	Net profit	-231.62	-731.64

The W-Source Acquisition and the Huayue Acquisition will be conducted simultaneously. However, if for any reason resulting any of the W-Source Acquisition or the Huayue Acquisition (as the case may be) could not proceed, parties to the W-Source Acquisition and the Huayue Acquisition have agreed to sign all necessary documents and take all necessary actions to terminate the W-Source Acquisition or the Huayue Acquisition (as the case may be) and to procure the 100% equity interests in W-Source to be returned to Newstride Limited or the 10% equity interests in Huayue Nickel Cobalt to be returned to IMIP (as the case may be).

After completion of the W-Source Acquisition and the Huayue Acquisition, the Company will indirectly hold the 21% equity interests in Huayue Nickel Cobalt and the financial statements of Huayue Nickel Cobalt will not be consolidated into the consolidated financial statements of the Company.

3. Huayue Shareholders' Agreement

Parties: W-Source;
Huaqing;
Tsing Creation;
Long Sincere; and
Huaqing Hualong

(each and collectively, “**Huayue Shareholder(s)**”)

Subject Matters: According to the Huayue Shareholders' Agreement, Huayue Shareholders agree to, among other things, finance the total investment amount of US\$1.28 billion of the laterite nickel ore wet smelting project with an annual output of 60,000 tons of nickel metal mixed nickel hydroxide cobalt (the “**Project**”) of Huayue Nickel Cobalt through below methods:

(a) Capital injection

Huayue Shareholders agree to make a total capital injection of US\$210 million into Huayue Nickel Cobalt to increase the registered capital of Huayue Nickel Cobalt from US\$50,000,000 to US\$260,000,000, among which, W-Source agrees to make the capital contribution with a maximum amount of US\$69.1 million.

After completion of the capital injection as described above, W-Source's equity interests in Huayue Nickel Cobalt will be increased to 30% and Huayue Nickel Cobalt will become a joint-stock company of the Company and its financial statements will not be consolidated into the consolidated financial statements of the Company. Huaqing, Tsing Creation, Huaqing Hualong and Long Sincere will hold 57%, 10%, 2% and 1% of the equity interests in Huayue Nickel Cobalt, respectively.

(b) Shareholder loans

Huayue Shareholders agree to provide shareholder loans with a total amount of US\$188 million to Huayue Nickel Cobalt, among which, the Company agrees (or through W-Source) to provide a shareholder loan to Huayue Nickel Cobalt with a maximum amount of US\$59.81 million, which was determined primarily with reference to the percentage of equity interests held by W-Source in Huayue Nickel Cobalt.

The aggregate of the increased registered capital of Huayue Nickel Cobalt and the shareholder loans mentioned above will account for 35% (approximately US\$448 million) of the total investment amount of the Project.

(c) Financing guarantee

Huayue Shareholders further agree to contribute the remaining 65% of the total investment amount of the Project (approximately US\$832 million) as well as the working capital required for the Project (approximately US\$100 million) through external financing obtained by Huayue Nickel Cobalt as the borrower, among which, the Company agrees (or through W-Source) to provide a financing guarantee for Huayue Nickel Cobalt with a maximum amount of US\$289 million (or equivalent foreign currency), which was determined primarily with reference to the percentage of equity interests held by W-Source in Huayue Nickel Cobalt. If Huayue Nickel Cobalt fails to obtain relevant cash resources through external financing, the Company agrees (or through W-Source) to provide financial support to Huayue Nickel Cobalt for the above-mentioned US\$289 million by way of additional shareholder loan.

Composition of the Board of Directors: The board of directors of Huayue Nickel Cobalt shall comprise of five directors, among which, three of the directors (including the chairman) shall be nominated by Huaqing, the rest two directors shall be nominated by W-Source and Tsing Creation, respectively.

Product exclusive sales arrangement To facilitate the sales of products of Huayue Nickel Cobalt, Huaqing, W-Source and Tsing Creation agree to undertake all products produced by Huayue Nickel Cobalt based on the proportion below, among which Huaqing undertakes 59%, W-Source Holding undertakes 31% and Tsing Creation International undertakes 10%.

REASONS FOR AND BENEFIT OF THE INVESTMENT IN HUAYUE NICKEL COBALT

Huayue Nickel Cobalt is incorporated in Morowali of Central Sulawesi, Indonesia, principally engaging in the construction and operation of the Project.

The new energy automobile industry is experiencing explosive growth and has become the main industry leading the green development worldwide. In the next 20 years, the ternary power battery will become the mainstream power of new energy vehicles while the high-nickel ternary materials are the core materials of the ternary power battery, representing more than 40% of the cost of the ternary power battery. Investment in Huayue Nickel Cobalt will help the Company to lay out a rare resource industry chain in the new energy field, fully enjoy the opportunities and benefits of the new energy industry in the future, further accelerate the in-depth development in the mineral industry of the Company and enhance the competitiveness of the Company.

RISK ASSOCIATED WITH INVESTMENTS IN HUAYUE NICKEL COBALT

The trend of price of major products, such as nickel, cobalt and other non-ferrous metals, of Huayue Nickel Cobalt in the future is subject to considerable uncertainties. If nickel and cobalt prices fall significantly in the future, there will be significant uncertainties on the profitability of this investment.

The investments in Huayue Nickel Cobalt was arranged in accordance with the medium- and long-term development plan of the Company and the investment and construction will take a long time span. In the process of such investment, the conditions for investment and construction of domestic and foreign markets, industrial policies and techniques are subject to significant changes. There are also various unforeseen factors or force majeure factors which may lead to the risks that investment construction progress or capacity fails to meet the expectation.

There are uncertainties as to the construction and financing process of the investments in Huayue Nickel Cobalt, the changes in the credit policies, and the accessibility of financing channels, while the guarantee of the Company is subject to consideration and approval at the general meeting. There exists risk that funds may not be raised in a timely manner, resulting that the Project may not be successfully completed.

The investments in Huayue Nickel Cobalt is subject to the approval/filing and/or other administrative procedures of the PRC and Indonesian government, and there are uncertainties in respect of successful completion of the investment.

OTHER INFORMATION

The transactions, including the share purchases, capital injection, shareholder loan and financing guarantee, contemplated under the W-Source Acquisition, the Huayue Acquisition and the Huayue Shareholders' Agreement in aggregate do not constitute a notifiable transaction of the Company under Chapter 14 or a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

As of the date of this announcement, according to the central parity rate published by the People's Bank of China on 8 November 2019, the exchange rate of US\$ to RMB was 1: 6.9945, and AUD to RMB was 1: 4.8229; the total amount of the external guarantees provided by the Company was RMB24.199 billion, representing 59.10% of the latest audited net assets of the Company, of which, the total amount of guarantees provided by the Company to its wholly-owned subsidiaries and controlled subsidiaries was RMB23.899 billion, representing 58.36% of the latest audited net assets of the Company. As of the date of this announcement, the Company has no overdue external guarantee.

DEFINITIONS

“Board”	the board of directors of the Company
“CMOC Limited”	CMOC Limited, a direct wholly-owned subsidiary of the Company incorporated in Hong Kong with limited liability
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Huaqing”	Huaqing Nickel & Cobalt Company Limited (華青鎳鈷有限公司), a company incorporated in Hong Kong, being a shareholder of Huayue Nickel Cobalt holding the 58% equity interests of Huayue Nickel Cobalt as at the date of this announcement and an independent third party of the Company
“Huaqing Hualong”	Huaqing Hualong Consulting Company Limited (華青華龍諮詢有限公司), a company incorporated in Hong Kong with limited liabilities, being an independent third party of the Company
“Huayue Acquisition”	the acquisition of 10% equity interests in Huayue Nickel Cobalt by W-Source from IMIP at a consideration of US\$5 million
“Huayue Nickel Cobalt”	PT.Huayue Nickel Cobalt (華越鎳鈷(印尼)有限公司), a company incorporated in Morowali of Central Sulawesi, Indonesia
“Huayue Shareholders’ Agreement”	a shareholders’ agreement to be entered into among W-Source, Huaqing, Long Sincere, Tsing Creation and Huaqing Hualong
“IMIP”	Indonesia Morowali Industrial Park, a company incorporated in Indonesia, being a shareholder of Huayue Nickel Cobalt holding 10% equity interests as at the date of this announcement and an independent third party of the Company
“Long Sincere”	Long Sincere Holdings Limited, a company incorporated in British Virgin Islands with limited liabilities, being a shareholder of Huayue Nickel Cobalt holding 1% equity interests of Huayue Nickel Cobalt as at the date of this announcement and an independent third party of the Company
“Newstride Limited”	Newstride Limited, a company incorporated in Cayman Islands with limited liabilities, being the parent company of W-Source as at the date of this announcement and an independent third party of the Company

“Tsing Creation”	Tsing Creation International Holding Limited (青創國際控股有限公司), a company incorporated in Hong Kong with limited liabilities, being a shareholder of Huayue Nickel Cobalt holding 20% equity interests of Huayue Nickel Cobalt as at the date of this announcement and an independent third party of the Company
“US\$”	United States dollars, the lawful currency of the United States of America
“W-Source”	W-Source Holding Limited (沃源控股有限公司), a company incorporated in Hong Kong, being a shareholder of Huayue Nickel Cobalt holding 11% equity interests in Huayue Nickel Cobalt as at the date of this announcement
“W-Source Acquisition”	the acquisition of the 100% equity interests in W-Source at a consideration of US\$1,125.87 or equivalent amount in other currencies by CMOC Limited from Newstride Limited

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

Luoyang City, Henan Province, the PRC, 8 November 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. Guo Yimin, 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*