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CMOC

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)

CONNECTED TRANSACTION

PROVISION OF FINANCING GUARANTEE TO FUCHUAN MINING

FINANCING GUARANTEE AND COUNTER-GUARANTEE

We refer to the announcements dated 19 May 2019, 14 June 2019, 27 March 2020 and 12 June 2020, the supplemental circular dated 19 May 2019 and the circular dated 6 May 2020 of the Company in relation to, among others, the provision of Financing Guarantee with a total amount of not more than RMB800 million to Fuchuan Mining, a joint venture of the Company. The annual general meetings of the Company convened on 14 June 2019 and 12 June 2020 considered and approved the relevant resolutions of Financing Guarantee and the Financing Guarantee Authorization. The Financing Guarantee Authorization will expire on the date of 2021 annual general meeting of the Company.

Pursuant to the Financing Guarantee Authorization, on 17 December 2020, the Company entered into BOC Pledge Agreement with BOC Luanchuan Branch and Minsheng Bank Maximum Pledge Agreement with Minsheng Bank Luoyang Branch, respectively, pursuant to which the Company agreed to provide pledge guarantee with a maximum guaranteed principal balance of RMB386 million and RMB384 million as well as relevant interests and expenses under the BOC Loan Agreement and Minsheng Bank Loan Agreement, provided that the total scope of guarantee, that is, the maximum principal balance of the debt and the interests and expenses incurred from the principal debt, will not exceed the upper limit of RMB800 million as required by the Financing Guarantee Authorization.

In addition, on 17 December 2020, the Company entered into the Counter-guarantee Agreement with Fuchuan Mining for the Financing Guarantee, pursuant to which Fuchuan Mining agreed to provide counter-guarantee for the Company's guarantee liability under the Financing Guarantee within the upper limit of RMB800 million by way of mortgage guarantee.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company indirectly holds 55% equity interests in Fuchuan Mining, and LMG, a substantial shareholder of the Company holding 24.68% of the equity interests in the Company, indirectly holds the remaining 45% equity interest in Fuchuan Mining other than through its interests in the Company. Although the financial statements of Fuchuan Mining are not consolidated into the consolidated financial statements of the Group, the Company has control over daily operation and management of Fuchuan Mining through contractual arrangements, therefore, Fuchuan Mining is deemed as a subsidiary of the Company and thus a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Financing Guarantee Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Financing Guarantee Agreements is more than 0.1% but less than 5%, therefore, such transactions shall be subject to the reporting and announcement requirements but exempted from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Counter-guarantee will be implemented under normal commercial terms and won't be secured by the assets of the Group, therefore in accordance with Rule 14A.90 of the Listing Rules, the Counter-guarantee shall be wholly exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FINANCING GUARANTEE

We refer to the announcements dated 19 May 2019, 14 June 2019, 27 March 2020 and 12 June 2020, the supplemental circular dated 19 May 2019 and the circular dated 6 May 2020 of the Company in relation to, among others, the provision of Financing Guarantee with a total amount of not more than RMB800 million to Fuchuan Mining, a joint venture of the Company. The annual general meetings of the Company convened on 14 June 2019 and 12 June 2020 considered and approved the relevant resolutions of Financing Guarantee and the Financing Guarantee Authorization. The Financing Guarantee Authorization will expire on the date of 2021 annual general meeting of the Company.

Pursuant to the Financing Guarantee Authorization, on 17 December 2020, the Company entered into BOC Pledge Agreement with BOC Luanchuan Branch and Minsheng Bank Maximum Pledge Agreement with Minsheng Bank Luoyang Branch, respectively, pursuant to which the Company agreed to provide pledge guarantee with a maximum guaranteed principal balance of RMB386 million and RMB384 million as well as relevant interests and expenses under the BOC Loan Agreement and Minsheng Bank Loan Agreement, provided that the total scope of guarantee, that is, the maximum principal balance of the debt and the interests and expenses incurred from the principal debt, will not exceed the upper limit of RMB800 million as required by the Financing Guarantee Authorization.

The principal terms of BOC Pledge Agreement, Minsheng Bank Maximum Pledge Agreement and Counter-guarantee Agreement are as follows:

(I) BOC Pledge Agreement

Date:	17 December 2020
Parties:	(i) the Company, as the pledger; and (ii) BOC Luanchuan Branch, as the pledgee
Guarantee period:	From the date when the bank releases the loan to 17 December 2021
Guarantee method:	Pledge guarantee
Guarantee scope:	The debt with maximum principal balance up to RMB386 million of Fuchuan Mining under the BOC Loan Agreement and the interests and expenses incurred from the principal debt determined under the BOC Loan Agreement (including but not limited to liquidated damages, damages and other expenses)
Collateral:	Certificate of corporate deposit worth of RMB400 million of the Company
Yields of Collateral:	BOC Luanchuan Branch has the right to collect the yields of collaterals to repay the principal debts, but the yields collected should first be used to cover the expenses for collecting such yields

Effective date: This agreement shall come into effect from the date when the Company delivers the collaterals to BOC Luanchuan Branch or completes the pledge registration procedures according to law; the right of pledge shall be established on the effective date of this agreement

(II) Minsheng Bank Maximum Pledge Agreement

Date: 17 December 2020

Parties: (i) the Company, as the pledger; and
(ii) Minsheng Bank Luoyang Branch, as the pledgee

Guarantee period: From the date when the bank releases the loan to 17 December 2021

Guarantee method: Pledge guarantee

Guarantee scope: The debt with maximum principal balance up to RMB384 million of Fuchuan Mining under the Minsheng Bank Loan Agreement and the interests and expenses incurred from the principal debt under the Minsheng Bank Loan Agreement (including but not limited to liquidated damages, damages and other expenses)

Collateral: Certificate of corporate deposit worth of RMB400 million of the Company

Yields of Collaterals: Minsheng Bank Luoyang Branch has the right to collect the yields of collaterals, but the yields collected should first be used to cover the expenses for collecting such yields

Effective date: The signing date of the agreement, which is 17 December 2020

COUNTER-GUARANTEE

In addition, on 17 December 2020, the Company entered into the Counter-guarantee Agreement with Fuchuan Mining for the Financing Guarantee, pursuant to which Fuchuan Mining agreed to provide counter-guarantee for the Company's guarantee liability under the Financing Guarantee within the upper limit of RMB800 million by way of mortgage guarantee.

The principal terms of the Counter-guarantee Agreement are as follows:

Date:	17 December 2020
Parties:	(i) Fuchuan Mining, as the counter guarantor; and (ii) The Company, as the guarantor
Guarantee period:	Within 5 years since 17 December 2020
Guarantee method:	Mortgage guarantee
Guarantee scope:	All obligations undertaken by the Company under the Financing Guarantee and other guarantees to be provided by the Company for Fuchuan Mining within 5 years since 17 December 2020, including but not limited to principal debt, interest, liquidated damages, damages, as well as expenses for realizing creditor's rights, with the upper limit of RMB800 million.
Collateral:	Mining rights in Shangfanggou molybdenum mine (certificate number: C1000002011073120115610)
Effective time:	The signing date of the agreement, which is 17 December 2020

REASONS FOR AND BENEFITS OF FINANCING GUARANTEE

According to the Financing Guarantee Agreement, the total guarantee amount of Financing Guarantee provided by the Company to Fuchuan Mining should not exceed RMB800 million, which is the upper limit under the Financing Guarantee Authorization. In addition, according to the Counter-guarantee Agreement, Fuchuan Mining will also provide the Counter-guarantee for the Company in respect of Financing Guarantee, thus the guarantee liability of the Company under the Financing Guarantee is controllable and at low risk.

Besides, the provision of Financing Guarantee will help Fuchuan Mining raise funds to support its daily business operation and new projects development and further improve its production capability and profitability, contributing to the overall strategy layout of the Group.

In light of the aforementioned reasons, the directors (including the independent non-executive directors) are of the view that the Financing Guarantee is entered into in the usual and ordinary course of business of the Company, conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The provision of Financing Guarantee has been considered and approved at the Board meeting dated 27 March 2020, and Mr. Guo Yimin and Mr. Cheng Yunlei, being Directors and holding positions in LMG at the same time, had abstained from voting on the Board resolutions to approve the provision of Financing Guarantee to avoid the perception of a conflict of interests. Save as disclosed above, none of the other Directors has a material interest in such transactions.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company indirectly holds 55% equity interests in Fuchuan Mining, and LMG, a substantial shareholder of the Company holding 24.68% of the equity interests in the Company, indirectly holds the remaining 45% equity interest in Fuchuan Mining other than through its interests in the Company. Although the financial statements of Fuchuan Mining are not consolidated into the consolidated financial statements of the Group, the Company has control over daily operation and management of Fuchuan Mining through contractual arrangements, therefore, Fuchuan Mining is deemed as a subsidiary of the Company and thus a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules. As such, the transactions contemplated under the Financing Guarantee Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Financing Guarantee Agreements is more than 0.1% but less than 5%, therefore, such transactions shall be subject to the reporting and announcement requirements but exempted from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Counter-guarantee will be implemented under normal commercial terms and won't be secured by the assets of the Group, therefore in accordance with Rule 14A.90 of the Listing Rules, the Counter-guarantee shall be wholly exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 controlling shareholder of the Company is Cathay Fortune Corporation.

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 largest tungsten manufacturer, the second largest cobalt and niobium manufacturer and one of the top five molybdenum manufacturers in the world, and a leading copper manufacturer globally; the second largest phosphate fertilizer manufacturer in Brazil as well as one of the top three companies in global fundamental metal trading business.

Fuchuan Mining

Fuchuan Mining is a joint venture of the Company incorporated in the PRC on 29 September 2003 and although the financial statements of Fuchuan Mining are not consolidated into the consolidated financial statements of the Group, the Company has control over daily operation and management of Fuchuan Mining through contractual arrangement, therefore, Fuchuan Mining is deemed as a subsidiary of the Company. As at the date of this announcement, the Company directly holds 10% equity interests of Fuchuan Mining through Luanchuan Fukai Business and Trading Company Limited (樂川縣富凱商貿有限公司), a wholly-owned subsidiary of the Company, and holds 50% equity interests of Xuzhou Huanyu Molybdenum Industry Co., Ltd. (徐州環宇鉬業有限公司), while Xuzhou Huanyu Molybdenum Industry Co., Ltd. holds 90% equity interests of Fuchuan Mining. Luoyang Guo'an Trade Co., Ltd. (洛陽國安商貿有限公司), a wholly-owned subsidiary of LMG, which is a substantial shareholder of the Company, holds the remaining 50% equity interests of Xuzhou Huanyu Molybdenum Industry Co., Ltd.. Fuchuan Mining mainly engages in mining, processing and sales of molybdenum and iron ore (save for hazardous chemicals).

BOC Luanchuan Branch

BOC Luanchuan Branch mainly provides banking services in China. BOC Luanchuan Branch is a branch of Bank of China Limited (“**BOC**”), of which the controlling shareholder is Central Huijin Investment Limited (中央滙金投資有限責任公司). To the best of the directors’ knowledge, information and belief, having made all reasonable enquiries, BOC and its controlling shareholder are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Minsheng Bank Luoyang Branch

Minsheng Bank Luoyang Branch is a branch of China Minsheng Banking Corp., Ltd. (“**China Minsheng Bank**”). China Minsheng Bank mainly provides banking services in China, and the single largest shareholder of China Minsheng Bank is Dajia Life Insurance Co., Ltd. (大家人壽保險股份有限公司) (with shareholding interest of approximately 10.30%). To the best of the directors’ knowledge, information and belief, having made all reasonable enquiries, China Minsheng Bank and its single largest shareholder are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“BOC Loan Agreement”	the loan agreement entered into between Fuchuan Mining and BOC Luanchuan Branch on 17 December 2020 in relation to the credit facility with maximum amount up to RMB386 million applied for by Fuchuan Mining to BOC Luanchuan Branch, and its amendment or supplement
“BOC Luanchuan Branch”	Luanchuan branch of Bank of China Limited
“BOC Pledge Agreement”	the pledge guarantee agreement entered into between the Company and BOC Luanchuan Branch on 17 December 2020, in relation to the provision of pledge guarantee with maximum guaranteed principal balance of RMB386 million by the Company for the credit facilities applied for by Fuchuan Mining to BOC Luanchuan Branch
“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 Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, respectively
“Counter-guarantee”	the counter-guarantee within the upper limit of RMB800 million provided by Fuchuan Mining for the guarantee liability undertaken by the Company under the Financing Guarantee with its mining rights in Shangfanggou molybdenum mine (certificate number: C1000002011073120115610) pursuant to the Counter-guarantee Agreement
“Counter-guarantee Agreement”	the agreement on Counter-guarantee entered into between the Company and Fuchuan Mining on 17 December 2020.

“Financing Guarantee”	the pledge guarantee provided by the Company with the maximum guaranteed principal balance of RMB386 million and RMB384 million, respectively, in respect of the financing credit applied for by Fuchuan Mining to BOC Luanchuan Branch and Minsheng Bank Luoyang Branch, pursuant to the Financing Guarantee Agreements
“Financing Guarantee Agreements”	BOC Pledge Agreement and Minsheng Bank Maximum Pledge Agreement
“Financing Guarantee Authorization”	the authorization obtained by the Board as well as the delegation of authority obtained by the Chairman or his authorized person to decide and deal with relevant matters of Financing Guarantee within the amount of RMB800 million (or equivalent foreign currency) as considered and approved at the general meetings of the Company convened on 14 June 2019 and 12 June 2020
“Fuchuan Mining”	Luoyang Fuchuan Mining Co., Ltd.* (洛陽富川礦業有限公司), a joint venture of the Company and although the financial statements of Fuchuan Mining are not consolidated into the consolidated financial statements of the Group, the Company has control over daily operation and management of Fuchuan Mining through contractual arrangement, therefore, it is deemed as a subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LMG”	Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司), a substantial shareholder of the Company. As at the date of this announcement, LMG is interested in 24.68% of the equity interests of the Company

“Minsheng Bank Loan Agreement”	the loan agreement entered into between Fuchuan Mining and Minsheng Bank Luoyang Branch on 17 December 2020 in relation to the credit facility with maximum amount up to RMB384 million applied for by Fuchuan Mining to Minsheng Bank Luoyang Branch, as well as the credit certificates or electronic data under the loan agreement, such as application forms and financing certificates
“Minsheng Bank Luoyang Branch”	Luoyang branch of China Minsheng Banking Corp., Ltd.
“Minsheng Bank Maximum Pledge Agreement”	the maximum pledge guarantee agreement entered into between the Company and Minsheng Bank Luoyang Branch on 17 December 2020 in relation to the provision of pledge guarantee with maximum guaranteed principal balance of RMB384 million by the Company for the credit facilities applied for by Fuchuan Mining to Minsheng Bank Luoyang Branch under the Minsheng Bank Loan Agreement

By Order of the Board
China Molybdenum Co., Ltd.*
Yuan Honglin
Chairman

Luoyang City, Henan Province, the People’s Republic of China, 18 December 2020

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, Mr. Guo Yimin 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*