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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)

**PROPOSED ADOPTION OF THE EMPLOYEE SHARE
OWNERSHIP PLAN**

INTRODUCTION

The Board is pleased to announce that the Board has passed a resolution on 5 May 2021 regarding the proposed adoption of the Employee Share Ownership Plan and its implementation upon approval by the AGM. The Employee Share Ownership Plan will take effect upon Shareholders' approval at the AGM.

EMPLOYEE SHARE OWNERSHIP PLAN

I. PURPOSES

The draft of the Employee Share Ownership Plan is formulated by the Company in accordance with the requirements under the Company Law, the Securities Law, the Guidance Opinions and other relevant laws, administrative regulations, rules, normative documents, and the Articles of Association.

Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company) shall participate in the Employee Share Ownership Plan voluntarily and in compliance with relevant laws and regulations. The purposes of the Employee Share Ownership Plan are to:

- (I) achieve the Company's long-term development targets, closely combine performance targets with long-term incentives, and promote the Company's sustainable, healthy and long-term development;

- (II) further improve the standards of corporate governance of the Company, enhance the cohesion of employees and the vitality of the Company, attract, motivate and retain the core employees who have an important impact on the future development of the Company; and
- (III) establish and improve the benefits sharing mechanism between the employees of the Company and Shareholders, realize the alignment of interests of the Company, Shareholders and employees of the Company, and procure relevant parties to pay attention to the long-term development of the Company, so as to bring more returns to the Shareholders on an efficient and sustainable basis.

II. BASIC PRINCIPLES

(I) Legality and Compliance

The Company implements the Employee Share Ownership Plan in strict compliance with requirements of relevant laws and administrative regulations, which require the Company to disclose true, accurate and complete information in a timely manner. Insider trading, manipulation of the securities market, and other fraudulent actions through the Employee Share Ownership Plan are strictly prohibited.

(II) Voluntary Participation

The implementation of the Employee Share Ownership Plan is subject to the discretionary decisions of the Company, and the voluntary participation of the employees. The Company is not permitted to force employees to participate in the Employee Share Ownership Plan by mandatory apportionment and distribution, etc.

(III) Self-bearing of Risk

The Holders under the Employee Share Ownership Plan shall undertake their own risks for gains or losses, and enjoy equal rights with other investors.

III. BASIS FOR DETERMINATION AND SCOPE OF HOLDERS

(I) Basis for Determination of the Holders

The Holders are determined according to the provisions of relevant laws and regulations, including the Company Law, the Securities Law, the Guidance Opinions as well as the Articles of Association. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with relevant laws and regulations on a voluntary basis at their own risks.

The Employee Share Ownership Plan is the first phase of the employee share ownership plan of the Company. The Company will determine whether to implement a new phase of the employee share ownership plan in the future.

(II) Scope of the Holders

The Holders are Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company).

All Holders are required to enter into labor contracts or engagement agreements with the Company or its subsidiaries during the valid term of the Employee Share Ownership Plan.

(III) List of the Holders and Allocation of Shares

The total funds under the Employee Share Ownership Plan upon its establishment shall not be more than RMB97.026574 million, divided into “units” for subscription and each unit is equal to RMB1.00. The cap of units of the Employee Share Ownership Plan is 97.026574 million. The units held by the Holders are determined according to their actual payment amount, and the time for payment of units under the Employee Share Ownership Plan shall be arranged by a unified notice of the Company.

There will be 5 Holders in the Employee Share Ownership Plan. The shares will be allocated as below:

Name of Holder	Position	Maximum number of Shares to be subscribed (unit)	Proportion of Shares to be subscribed to the total Shares under the Employee Share Ownership Plan
Sun Ruiwen	President	36,000,000	37.10%
Yuan Honglin	Chairman of the Board	16,026,574	16.52%
Li Chaochun	Vice chairman of the Board, Chief Investment Officer	15,000,000	15.46%
Wu Yiming	Vice president, Chief Financial Officer	15,000,000	15.46%
Liu Dajun	Assistant to the President	15,000,000	15.46%
Total		97,026,574	100.00%

Note: The final number of units subscribed for by the Holders under the Employee Share Ownership Plan shall be subject to his/her actual payment amount.

After the implementation of the Employee Share Ownership Plan, the total number of Shares held under all effective employee share ownership plans of the Company shall not exceed 10.00% of the total share capital of the Company. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company.

IV. SOURCE OF FUNDS, SOURCE OF SHARES, SIZE AND PURCHASE PRICE

(I) Source of Funds

The sources of the funds for the Company's employees to participate in the Employee Share Ownership Plan include their legitimate salary, self-raised funds and other sources as permitted under relevant laws and regulations.

The funds to be raised under the Employee Share Ownership Plan shall not exceed RMB97.026574 million in total, divided into "units" for subscription and each unit is equal to RMB1.00. The total Shares held by any individual employee of the Company through his/her interests in employee share ownership plans of the Company shall not exceed 1% of the total share capital of the Company. The actual Shares held by the Holders shall be determined according to the actual payment amount of such Holders.

Holders shall pay the subscription amount in full and on time, and the payment schedule of the Employee Share Ownership Plan will be notified and arranged by the Company. A Holder who fails to pay the subscription amount on time and in full will automatically lose his/her corresponding right of subscription.

(II) Source of Shares

The source of Target Shares under the Employee Share Ownership Plan is ordinary A Shares of the Company repurchased through the Company's designated repurchase account.

We refer to the Company's announcement dated 30 September 2020, in relation to the proposed repurchase of the A Shares of the Company through centralized price bidding. On 30 September 2020, the Company convened the fifteenth extraordinary meeting of the fifth session of the Board, at which the Resolution on Repurchase of the A Shares of the Company through Centralized Price Bidding was considered and approved, and the Board resolved that the Company uses its self-owned funds of no more than RMB450 million to repurchase Shares at the price of no more than RMB4.5 per Share. The total amount of the Shares to be repurchased shall be no less than 50 million and no more than 100 million. The repurchased Shares will be used for employee share ownership plans or share incentive schemes. The term for the repurchase shall be no more than 12 months from the date of the Board considering and approving the repurchase plan.

As of 31 December 2020, the Company has repurchased 48,513,287 Shares through centralized price bidding, representing 0.2246% of the Company's current total share capital, with the highest trading price of RMB4.00 per Share and the lowest trading price of RMB3.96 per Share, and the consideration paid was RMB193,832,602.21 (including transaction costs).

(III) Size of the Employee Share Ownership Plan

The number of Shares held under the Employee Share Ownership Plan will not exceed 48.513287 million Shares, accounting for approximately 0.22% of the total share capital of the Company of 21,599.24 million Shares as of the date of this announcement.

Upon the approval of the draft of the Employee Share Ownership Plan at the shareholders' general meeting of the Company, the Company will acquire Shares held in the designated repurchase account of the Company through, including but not limited to, non-trading transfer and other means permitted by laws and regulations.

(IV) The Subscription Price under the Employee Share Ownership Plan

The subscription price of the Shares to be obtained by the Holders under the Employee Share Ownership Plan is RMB2 per Share, no less than 50% of the actual cost of the Company's repurchase.

Based on the premise of no harm to the interests of the Shareholders and under the principle of positive incentives of employees and the long-term development of the Company, taking into account the remuneration of employees, incentive costs and other factors, in order to fully motivate the enthusiasm and creativity of the Holders, improve employee cohesion and competitiveness of the Company, and make all parties pay attention to the long-term and stable development of the Company, the subscription price of the repurchased Shares to be granted under the Employee Share Ownership Plan is RMB2 per Share.

V. TERM, LOCK-UP PERIOD AND ALLOCATION

(I) Term

1. The term of the Employee Share Ownership Plan is 48 months, commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon expiry.
2. Upon the expiry of the lock-up period of the Employee Share Ownership Plan, the Employee Share Ownership Plan may be terminated in advance after all the Shares held under the Employee Share Ownership Plan are transferred out and all monetary assets (if any) under the Employee Share Ownership Plan have been liquidated and distributed.
3. If the Shares held are still not fully sold or transferred to the Holders within two months before the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.
4. If the Shares held under the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval, the term of the Employee Share Ownership Plan may be extended.

During the term of the Employee Share Ownership Plan, when the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration.

(II) Lock-up Period

1. The lock-up period of the Target Shares under the Employee Share Ownership Plan is 12 months, commencing from the date when the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, during which the Target Shares under the Employee Share Ownership Plan shall not be traded. The Shares derived from the distribution of dividends and the transfer of capital reserves of the Company shall also be subject to the lock-up arrangements. After the expiry of the lock-up period, the Management Committee shall sell the Target Shares under the Employee Share Ownership Plan according to the authorization of the Holders' Meeting when appropriate.
2. All parties under the Employee Share Ownership Plan must strictly abide by the market trading rules and the requirements that no Shares shall be traded during the information sensitive period. All parties must not exploit the Employee Share Ownership Plan for security frauds such as insider trading and market manipulation, except for the non-trading transfer of repurchased shares under the Employee Share Ownership Plan.

The aforesaid sensitive period refers to:

- (1) Within 30 days before the announcement of the Company's regular report, if the date of the annual report or interim report is delayed due to special reasons, it shall commence from 30 days before the original scheduled announcement date to one day before the announcement date;
- (2) 10 days prior to the release of the Company's performance forecast or preliminary results announcement;
- (3) The period from the date when a material event, which may significantly affect the trading price of the Shares of the Company and their derivatives, occurs or come into the process of decision-making to 2 trading days after its lawful disclosure;
- (4) Other periods as stipulated by the CSRC and the Shanghai Stock Exchange.

The Management Committee shall promptly consult with the secretary of the Board as to whether it is in a sensitive period for the purchase or sale of shares before deciding to buy or sell the Shares.

(III) Allocation of the Shares

Upon the expiry of the lock-up period, Shares held under the Employee Share Ownership Plan will be allocated to the Holders in three tranches according to the performance appraisal results. Allocation proportion of each tranche is as follows:

The first tranche of interest allocation period: 12 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The second tranche of interest allocation period: 24 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 30% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

The third tranche of interest allocation period: 36 months after the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan, the distribution will be made in cash for 40% of the total amount of the Target Shares held under the Employee Share Ownership Plan.

(IV) Performance Appraisal

The interests of the Target Shares of the Holders shall be distributed to the Holders according to the performance appraisal results of 2021–2023 after 12 months, 24 months and 36 months, respectively, from the date commencing from the date when the draft of the Employee Share Ownership Plan is considered and approved at the shareholders' general meeting of the Company and the Company announces the registration of the last tranche of the Target Shares under the Employee Share Ownership Plan.

1. Performance Appraisal Indicators for the Company:

During the implementation period of the Employee Share Ownership Plan, the Company will conduct appraisal in each fiscal year, and the performance appraisal targets are as follows:

Interest Allocation Period Performance appraisal objectives

First tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2021 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2021 shall not be less than 12%.
Second tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2022 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2022 shall not be less than 12%.
Third tranche of interest allocation period	(1) The asset-liability ratio (excluding monetary funds (including RMI)) at the end of 2023 shall not be more than 60%;
	(2) Based on the performance in 2020, the compound annual growth rate of return on equity in 2023 shall not be less than 12%.

Note: The asset-liability ratio is calculated based on the amount after deducting monetary capital, which includes RMI of trading companies IXM B.V.; the return on equity ratio is the weighted average return on equity ratio, and the incentive cost arising from the implementation of the Employee Share Ownership Plan is not considered in the calculation; during the term of the Employee Share Ownership Plan, if there are changes in the total assets and net assets caused by the Company's additional issuance, allotment of Shares, issuance of convertible bonds, etc, the changes in the total assets and net assets caused by such events and the corresponding revenue shall be excluded from the appraisal results.

2. *Personal Performance Appraisal Indicators:*

The Employee Share Ownership Plan will carry out individual performance appraisal according to the relevant system of the Company's performance appraisal, which will be organized and implemented by the human resources department of the Company. The appraisal will be conducted once every fiscal year, and the right of interpretation belongs to the Board. The final appraisal results will be used as the basis for the unlock and allocation of the Target Shares of corresponding allocation tranche. The performance appraisal targets are as follows:

Personal appraisal results in the previous year (S)	S≥80	80 > S≥60	S < 60
Individual allocation coefficient (N)	100%	80%	0

If the personal performance appraisal indicators meet the targets, the Holders shall enjoy 100% of the interests in cash in the corresponding allocation periods.

3. *Application of Appraisal Results*

When the performance appraisal for the Company meets the standard, the distributable amount to the Holder in the corresponding allocation period = amount of the Target Shares in the allocation period × allocation coefficient.

4. *Treatment of the Interests of the Target Shares upon Failure to Meet the Performance Appraisal Targets*

- (1) During the appraisal period, if the overall performance of the Company fails to meet relevant standards, the interests of the Target Shares during such allocation period shall not be distributed, and the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).

- (2) During the appraisal period, if the individual performance of a Holder fails to meet the appraisal targets, no matter whether the overall performance of the Company meets relevant standards during such appraisal period, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).

VI. MANAGEMENT MODE

(I) Holders' Meeting

1. Employees of the Company will become the Holders after they subscribe for the units of the Employee Share Ownership Plan. Holders' Meeting is the highest internal management authority of the Employee Share Ownership Plan. The Holders may attend and vote at Holders' meetings in person, or entrust other Holders to attend and vote on his behalf. The expenses of travel, board and lodging, etc. incurred by the Holders and their proxies to attend the Holders' Meeting shall be borne by the Holders themselves.
2. The following matters shall be considered and discussed at the Holders' Meeting:
 - (1) Election and removal of any members of the Management Committee;
 - (2) Amendment, termination and extension of the term of the Employee Share Ownership Plan;
 - (3) When the Company raises funds by placement of Shares, issuance of new Shares, issuance of convertible bonds, etc., the Management Committee will decide whether to participate and determine relevant funding plan, and submit to the Holders' Meeting for consideration.
 - (4) Consideration and Amendment to the Administrative Measures for the Employee Share Ownership Plan;
 - (5) Authorization to the Management Committee to supervise the daily management of the Employee Share Ownership Plan;
 - (6) Authorization to the Management Committee to exercise Shareholders' rights;
 - (7) Authorization to the Management Committee to take charge of the collaboration with the professional agencies;
 - (8) Other matters deemed as necessary for consideration at the Holders' Meeting by the Management Committee.

3. The first Holders' Meeting shall be convened and presided over by the chairman of the Board or his authorized person, and the subsequent Holders' Meeting will be presided over by the chairman of the Management Committee. When the chairman of the Management Committee is unable to perform his duty, he shall appoint a member of the Management Committee to preside over the meeting.
4. To convene a Holders' Meeting, the Management Committee shall send out a notice of meeting 3 days prior to the meeting to all the Holders through direct delivery, mail, facsimile, e-mail or other means. The written notice of meeting shall at least include the following details:
 - (1) Time and location of the meeting;
 - (2) Conference type;
 - (3) Proposed matters to be considered at the meeting (proposals);
 - (4) Convener and host of the meeting and the proposer(s) of the extraordinary meeting(s) and their written proposals;
 - (5) Meeting materials necessary for voting;
 - (6) Requirements for the Holders to attend the meeting in person or entrust other Holders to attend the meeting on their behalf;
 - (7) Contact person and contact information;
 - (8) Date of issuance of the notice.

In case of emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the above clauses (1), (2) and an explanation on the emergency and necessity to convene a Holders' Meeting.

5. Voting procedures for the Holders' Meeting
 - (1) After each proposal has been fully discussed, the host shall invite Holders present at the meeting to vote in a timely manner. The host may also invite the Holders present at the meeting to vote only after all proposals have been discussed. Voting shall be carried out by written ballot.
 - (2) The Holders shall enjoy voting power according to the number of units held by them.

- (3) The Holders may propose to vote “agree, disagree or abstain”. The Holders present at the meeting shall select one of the voting options, and any vote with no selection or more than two selections will be deemed as abstention. Any Holder who leaves during the course of the meeting without indicating any voting options shall be deemed as abstention from voting. Any vote made after the host announces the voting result or after the prescribed voting time shall not be counted.
 - (4) The host of the meeting shall announce the voting results at the venue of the meeting. A proposed resolution shall only become a valid resolution of the Holders’ Meeting upon approval by more than 50% (exclusive) of the total units held by the Holders present at the Holder’s Meeting (except for those proposals requiring more than 2/3 of the shares prescribed in the Administrative Measures for the Employee Share Ownership Plan).
 - (5) In the event that a proposal of the Holders’ Meeting should be submitted to the Board and the shareholders’ general meeting of the Company for consideration, it shall be submitted to the Board and the shareholders’ general meeting of the Company for consideration in accordance with the provisions of the Articles of Association.
 - (6) The host of the meeting shall arrange for record keeping for the Holders’ Meeting.
6. Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may propose to convene a Holders’ Meeting.
7. Holders who individually or jointly hold over 10% of the units under the Employee Share Ownership Plan may submit a temporary proposal to the Holders’ Meeting. Such temporary proposal shall be submitted to the Management Committee 3 days prior to the Holders’ Meeting.

(II) Management Committee

The Employee Share Ownership Plan shall set up a Management Committee which is responsible for the Holders' Meeting of the Employee Share Ownership Plan and is the daily supervision and management organization of the Employee Share Ownership Plan.

1. Procedures for Selection and Appointment of Members of the Management Committee

The Management Committee comprises of six members including one chairman. All members of the Management Committee shall be elected by the Holders' Meeting. The chairman of the Management Committee shall be elected by more than half of all members of the Management Committee. The term of office of members of the Management Committee shall be the term of the Employee Share Ownership Plan.

2. Obligations of Members of the Management Committee

Members of the Management Committee have the following fiduciary duties to the Employee Share Ownership Plan in accordance with laws, administrative regulations and normative documents:

- (1) Not to take advantage of their position and authority to accept bribes or other illegal income; not to occupy any property of the Employee Share Ownership Plan;
- (2) Not to misappropriate funds of the Employee Share Ownership Plan;
- (3) Without the consent of the Holders' Meeting, not to open account under his or her own name or others' names for deposit with the assets or funds of the Employee Share Ownership Plan;
- (4) Without the consent of the Holders' Meeting, not to lend the funds of the Employee Share Ownership Plan to others or provide guarantee for others with the properties of the Employee Share Ownership Plan;
- (5) Not to take advantage of their positions and authority to jeopardize the interests of the Employee Share Ownership Plan;
- (6) Other obligations stipulated by laws, administrative regulations and departmental rules.

Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of fiduciary duties, such member shall be liable for indemnification.

3. The Management Committee shall discharge the following functions and authority:
 - (1) Convene the Holders' Meetings;
 - (2) Carry out daily management of the Employee Share Ownership Plan on behalf of all Holders;
 - (3) Exercise or authorize the management agency to exercise the Shareholders' rights regarding the Shares under the Employee Share Ownership Plan on behalf of all Holders;
 - (4) Decide on whether to engage relevant professional institutions to provide management, consultation and other services for the daily management of the Employee Share Ownership Plan;
 - (5) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (6) Manage the allocation of interests of the Employee Share Ownership Plan, and decide on the sales and allocation and other matters of the Target Shares upon the expiry of the statutory lock-up period and share lock-up period of the Employee Share Ownership Plan;
 - (7) Decide on the allocation of the units abandoned or forcibly withdrawn under the Employee Share Ownership Plan;
 - (8) Handle share registration and inheritance registration of the units under the Employee Share Ownership Plan;
 - (9) Take charge of the share reduction arrangement of the Employee Share Ownership Plan;
 - (10) Other functions and authority as delegated by the Holders' Meeting.

4. The chairman of the Management Committee shall discharge the following functions and authority:
 - (1) Preside over the Holders' Meetings, convene and preside over the Management Committee meetings;
 - (2) Exercise Shareholders' rights on behalf of all Holders as authorized by the Management Committee;
 - (3) Supervise and inspect the execution of resolutions of the Holders' Meetings and the Management Committee;
 - (4) Sign relevant agreements or contracts with external parties on behalf of the Employee Share Ownership Plan;
 - (5) Other functions and authority as delegated by the Management Committee.

5. The Management Committee meetings shall be convened occasionally by the chairman of the Management Committee. Notice of the meeting shall be sent to all members of the Management Committee 3 days prior to the meeting. In case all members of the Management Committee unanimously agree on the proposed matters, the meeting may be convened and the voting be carried out by means of telecommunication.

With the consent of all members of the Management Committee, the dispatch of the notice can be exempted from the above time limit. Where a Management Committee meeting is required to be convened as soon as possible in case of emergency, notice of meeting can be given via telephone or other verbal means, but explanations shall be given by the convener at the meeting.

6. Management Committee meetings shall be held only when more than half of the members of the Management Committee are present. A resolution made by the Management Committee must be approved by more than half of all members of the Management Committee. One member of the Management Committee will enjoy one vote regarding the voting of resolutions at the Management Committee.

7. The voting of the Management Committee's resolutions shall be conducted by open ballot. On the premise that the members of the Management Committee can fully express their opinions, the Management Committee meeting can be held by fax to make resolutions which shall be signed by the members of the Management Committee attending the meeting.

8. The members of the Management Committee shall attend the Management Committee meetings in person. If the members of the Management Committee are unable to attend the meeting, they may entrust other members of the Management Committee to attend the meeting on their behalf in writing. The power of attorney shall specify the name, matters of agency, scope of authorization and term of validity, and shall be signed or sealed by the principal. Members of the Management Committee who attend the meeting on their behalf shall exercise the rights of members of the Management Committee within the scope of authorization. If a member of the Management Committee does not attend a meeting of the Management Committee or entrust a proxy to attend, he shall be deemed to have given up his right to vote at the meeting.
9. The Management Committee shall make minutes of the decisions on the matters discussed at the meeting, which shall be signed by the members of the Management Committee present at the meeting.
10. Minutes of the Management Committee meetings shall include the following items:
 - (1) Date, location and name of the convener of the meeting;
 - (2) Attendance of the members of the Management Committee and the name of the members attending the Management Committee meeting on other's behalf (the proxy);
 - (3) The agenda;
 - (4) Key points of the statements of the members of the Management Committee;
 - (5) Methods of voting for each resolution and the respective voting results (clearly specifying the number of votes as agree, disagree and abstain respectively).

VII. ASSET COMPOSITION AND ALLOCATION OF SHARES UNDER THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Asset Composition of the Employee Share Ownership Plan

1. Interests corresponding to the Shares of the Company: The corresponding interests of the Shares held under the Employee Share Ownership Plan;
2. Cash deposits and bank interest;
3. Assets arising from other investments under the Employee Share Ownership Plan.

The assets under the Employee Share Ownership Plan are independent of the assets owned by the Company. The Company shall not include the assets under the Employee Share Ownership Plan into its own assets. The properties and profits acquired from the management, utilization or other ways under the Employee Share Ownership Plan shall be attributed to the assets of the Employee Share Ownership Plan.

(II) Allocation of Shares under the Employee Share Ownership Plan

1. Within the term of the Employee Share Ownership Plan, unless otherwise stipulated in laws, administrative regulations and departmental rules or upon consent of the Management Committee, the units of the Employee Share Ownership Plan held by the Holders shall not be transferred, used for guarantee or subject to other similar disposals.
2. After the expiration of the lock-up period of the Target Shares under the Employee Share Ownership Plan, the Management Committee of the Employee Share Ownership Plan shall determine the disposal method of the Target Shares.

After the expiration of the lock-up period, the Management Committee shall gradually liquidate the assets of the Employee Share Ownership Plan, and allocate the corresponding cash to the Holders according to the proportion of their units pursuant to relevant appraisal measures; or the Management Committee shall apply to the securities registration and settlement institution to transfer the Target Shares to the personal account of the Holders according to the proportion of their units according to the requirements of relevant laws and regulations for the Holders to dispose at their own discretion. If it is unable to transfer to personal account due to the restriction of laws and regulations, the Management Committee shall liquidate the total assets and distribute the earnings to the Holders according to the proportion of their units.

If there are any remaining undistributed Target Shares and corresponding dividends (if any), the Management Committee of the Employee Share Ownership Plan shall allocate them according to the proportion of the units held by the Holders before the expiration of the term of the Employee Share Ownership Plan.

3. In case the Employee Share Ownership Plan expires or is terminated in advance, the Management Committee shall, according to the authorization by the Holders' Meeting, liquidate the Employee Share Ownership Plan after deduction of relevant taxes and fees pursuant to laws, and arrange for allocation according to the performance appraisal results and the units held by the Holders within 30 business days commencing from the date of expiry or termination.

VIII. AMENDMENT AND TERMINATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND DISPOSAL OF INTERESTS OF THE HOLDERS

(I) Change of de facto Control, Merger and Division of the Company

If the de facto control of the Company changes, or merger or division occurs, the Shares held by the Holders shall be dealt with in accordance with the procedures prior to the occurrence of the situation.

(II) Amendment to the Employee Share Ownership Plan

Within the term, any amendment to the Employee Share Ownership Plan shall be approved by the Holders holding more than 2/3 (inclusive) of the total units present at the Holders' Meeting and submitted to the Board for consideration and approval.

(III) Termination of the Employee Share Ownership Plan

1. The Employee Share Ownership Plan will be automatically terminated if it is not extended upon the expiry of the term;
2. After the lock-up period of the Employee Share Ownership Plan expires, the Employee Share Ownership Plan may be terminated in advance if all the assets held under the Employee Share Ownership Plan are monetary assets and have been liquidated and allocated.
3. The term of the Employee Share Ownership Plan may be extended within two month prior to the expiry of the Employee Share Ownership Plan, as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval.

4. If the Shares of the Company held by the Employee Share Ownership Plan cannot be fully monetized before the expiry of the Employee Share Ownership Plan due to suspension of trading of the Shares or information sensitive period, the term of the Employee Share Ownership Plan may be extended as agreed by the Holders present at the Holders' Meeting holding more than 2/3 (inclusive) of the total units and submitted to the Board for consideration and approval.

(IV) Disposal of Interests of the Holders

1. During the term of the Employee Share Ownership Plan, Unless approved by the Management Committee, the interests held by the Holders under the Employee Share Ownership Plan shall not be used for mortgage, pledge, guarantee, transfer of income right, debt repayment or other similar disposal.
2. During the term of the Employee Share Ownership Plan, the interests held by the Holders under the Employee Share Ownership Plan shall not be transferred without the consent of the Management Committee. Any transfer without consent shall be void and null.
3. In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated in the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder is an independent non-executive Director or other person who cannot participate in the Employee Share Ownership Plan;
 - (2) Where the Holder holds a position in a subsidiary of the Company and the Company loses control over such subsidiary;
 - (3) Where the Holder resigns involuntarily due to layoffs and other reasons, and there is no unqualified performance, negligence, violation of laws and discipline;

- (4) Where the Holder passes away for reasons other than the performing his duties.
4. In case of any of the following circumstances, the Management Committee has the right to cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder's labor contract has expired and is not renewed or he/she resigns voluntarily;
 - (2) Where the Holder's position changes due to violation of law, professional ethics, disclosure of company secrets, negligence or dereliction of duty and other acts damaging the Company's interests or reputation, or the Company dissolves the labor relationship with the Holder due to such reasons. The Holder shall return all the income from the exercise of his interests under the Employee Share Ownership Plan to the Company and if loss is caused to the Company, the Holder shall also be liable for compensation as well;
 - (3) Where the Holder resigns due to loss of working ability not caused by work injury.

5. In case of any of the following circumstances, the Management Committee shall decide on whether the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances, or cancel the Holder's qualification to participate in the Employee Share Ownership Plan, in such case, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants):
 - (1) Where the Holder retires and the Board decides that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (2) Where the Holder resigns due to the loss of working ability and the Board decides that the equity held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstance, the personal performance appraisal results shall no longer be considered as the requirement for unlocking;
 - (3) Where the Holder passes away due to the performance of his duties, and the Board decides that the equity held by the Holder shall be dealt with in full accordance with the procedures prior to the occurrence of such circumstance, the equity held by the Holder shall be held by his designated property successor or legal successor on his behalf.

6. Where the Holder changes his/her position but still holds a position in the Company or its subsidiaries, the Management Committee shall decide that the interests held by the Holder shall be dealt with in accordance with the procedures prior to the occurrence of such circumstances; if the Holder is dismissed, the Management Committee shall cancel the Holder's qualification to participate in the Employee Share Ownership Plan, the relevant interests of the Target Shares shall be compulsorily taken back by the Management Committee at the subscription price and transferred to other employees eligible to participate in the Employee Share Ownership Plan at the price decided by the Management Committee; and such new participants of the Employee Share Ownership Plan shall be assessed in accordance with the appraisal indicators of the Employee Share Ownership Plan (if participated into the Employee Share Ownership Plan in the final year of the Employee Share Ownership Plan, the Management Committee shall specifically set appraisal indicators to such participants).
7. The Holder shall not engage in the business same or similar with that of the Company during his/her term of office in the Company. If the Holder engages in the business same or similar with that of the Company during his/her term of office in the Company, the Company is entitled to require the Holder to return all the earnings from the Employee Share Ownership Plan to the Company. If the Holder causes losses to the Company, the Company may also ask for compensation in accordance with the provisions of relevant laws.
8. During the term of the Employee Share Ownership Plan, where the above clauses do not stipulate in detail and it is necessary to change the ownership of units or interests of the Employee Share Ownership Plan held by the Holder, the Company and the Management Committee of the Employee Share Ownership Plan will negotiate and determine accordingly.

IX. ACCOUNTING PROCEDURE FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

(I) Accounting Procedure

Assuming that the Company transfers 48,513,287 repurchased Shares to the Employee Share Ownership Plan in 2021, the Company will confirm the share-based payment expenses in accordance with the fair value of the relevant equity instruments, and distributed to management expenses in accordance with accounting standard during the interest allocation periods as stipulated in the Employee Share Ownership Plan.

(II) Impact on Performance of the Company

The share-based payment expenses of the Employee Share Ownership Plan have an impact on the Company's net profit during the interest allocation periods. Considering the positive effect of the Employee Share Ownership Plan on the Company's development, the Employee Share Ownership Plan will effectively stimulate the enthusiasm of the Company's employees and improve the operating efficiency of the Company.

Pursuant to relevant laws and regulations, Mr. Yuan Honglin and Mr. Li Chaochun have abstained from voting on the relevant Board resolutions due to conflicts of interest or potential conflicts of interest with the Employee Share Ownership Plan. Save as disclosed above, none of the Directors have a material interest in the Employee Share Ownership Plan.

IMPLICATION OF THE LISTING RULES

The Employee Share Ownership Plan is a discretionary employee share ownership plan of the Company and does not involve the grant of options to issue new Shares or any other new securities of the Company and does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

Holder will include the Company's president Mr. Sun Ruiwen, chairman of the Board Mr. Yuan Honglin and vice chairman of the Board Mr. Li Chaochun, who are all connected persons of the Company (with the meaning under the Listing Rules). However, the A shares to be obtained under the Employee Share Ownership Plan by the Holder constitutes a part of the remuneration package under their respective service contracts with the Company. Therefore, according to Rule 14A.95 of the Listing Rules, the transfer of shares is fully exempted from the requirements of reporting, announcement and independent shareholder's approval. The Company will continue to review whether the Employee Share Ownership Plan will constitute a connected transaction under Chapter 14A of the Listing Rules, and will comply with all applicable requirements (including abstaining from voting on connected transaction proposals) when appropriate. The Company will also ensure compliance with the requirements for public float under the Listing Rules.

AGM

The proposed Employee Share Ownership Plan shall be approved by the Shareholders at the AGM. A supplemental circular containing the terms of the Employee Share Ownership Plan, will be despatched to the Shareholders in due course, as well as a supplemental notice of the AGM at the same time.

DEFINITIONS

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

“Articles of Association”	the Articles of Association of the Company
“AGM”	the 2020 annual general meeting of the Company to be held on 21 May 2021
“Board”	the board of the Directors of the Company
“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 main board of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively
“Company Law”	the Company Law of the People's Republic of China (中華人民共和國公司法)

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Employee Share Ownership Plan” or “Plan”	the 2021 First Phase of Employee Share Ownership Plan of the Company (Draft)
“Guidance Opinions”	the Guidance Opinions on the Pilot Implementation of Employee Share Ownership Plans by Listed Companies (《關於上市公司實施員工持股計劃試點的指導意見》)
“Holder(s)”	the employee(s) who participate in the Employee Share Ownership Plan, that is, Directors (excluding independent non-executive Directors), senior management and other core staff of the Company (including subsidiaries of the Company)
“Holders’ Meeting(s)”	meeting(s) of the Holders of the Employee Share Ownership Plan
“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
“Management Committee”	management committee of the Employee Share Ownership Plan
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMI”	highly liquid trade inventories
“Securities Law”	the Securities Law of the People’s Republic of China (中華人民共和國證券法)

