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洛 阳 钼 业

洛 陽 欒 川 鉬 業 集 團 股 份 有 限 公 司

(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 UNDER THE 2021 BOC PLEDGE AGREEMENT

FINANCING GUARANTEE

We refer to the announcements of the Company dated 18 December 2020, 30 November 2021 and 3 December 2021, respectively, in relation to the financing guarantee provided by the Company to Fuchuan Mining under the 2020 BOC Pledge Agreement, the 2021 BOC Guarantee Agreement and the 2021 Minsheng Bank Maximum Pledge Agreement with a total amount of not more than RMB1 billion.

As the 2020 BOC Loan Agreement will expire on 17 December 2021, on 8 December 2021, Fuchuan Mining has fully repaid the loan applied for under the 2020 BOC Loan Agreement and entered into the 2021 BOC Loan Agreement II with BOC Luanchuan Branch and the 2020 BOC Loan Agreement and the 2020 BOC Pledge Agreement have been terminated accordingly. On the same date, pursuant to the Financing Guarantee Authorization, the Company entered into the 2021 BOC pledge Agreement with BOC Luanchuan Branch, pursuant to which the Company agreed to provide guarantee to Fuchuan Mining with a maximum guaranteed principal balance of RMB383 million as well as relevant interests and expenses under the 2021 BOC Loan Agreement II, provided that the total amount of guarantee liability under the 2021 BOC Guarantee Agreement, the 2021 Minsheng Bank Maximum Pledge Agreement and the 2021 BOC Pledge Agreement shall not exceed RMB1 billion.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company was indirectly interested in 55% equity interests in Fuchuan Mining, and LMG, a substantial shareholder of the Company holding 24.68% of the equity interests in the Company, was indirectly interested in the remaining 45% equity interests 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 2021 BOC Pledge Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the Company has already provided financing guarantee to Fuchuan Mining under the 2021 BOC Guarantee Agreement and the 2021 Minsheng Bank Maximum Pledge Agreement and (ii) the 2021 BOC Guarantee Agreement, the 2021 Minsheng Bank Maximum Pledge Agreement and the 2021 BOC Pledge Agreement were entered into within 12 months, the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the 2021 BOC Guarantee Agreement, the 2021 Minsheng Bank Maximum Pledge Agreement and the 2021 BOC Pledge Agreement is more than 0.1% but less than 5% on an aggregated basis, 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.

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The principal terms of the 2021 BOC Pledge Agreement are as follows:

2021 BOC Pledge Agreement

- Date:** 8 December 2021
- Parties:** (i) the Company, as the Pledger; and
(ii) BOC Luanchuan Branch, as the Pledgee
- Guarantee period:** 14 months from the date when the bank releases the loan
- Collateral:** Certificate of corporate deposit worth of RMB400 million of the Company
- Yields of Collaterals:** BOC Luanchuan 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
- Guarantee scope:** The debt with maximum principal balance up to RMB383 million of Fuchuan Mining under the 2021 BOC Loan Agreement II and the interests and expenses incurred from the principal debt determined under the 2021 BOC Loan Agreement II (including but not limited to liquidated damages, damages and other expenses)
- Effective date:** This agreement shall come into effect upon being (i) signed by the legal representatives, responsible officers or authorized signatories of the Company and BOC Luanchuan Branch and (ii) stamped with official seals of the Company and BOC Luanchuan Branch.

Reasons for and Benefits of Financing Guarantee

According to the Financing Guarantee Authorization, the total guarantee amount of Financing Guarantee provided or to be provided by the Company to Fuchuan Mining should not exceed RMB1 billion. 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 addition, as disclosed in the announcement of the Company dated 30 November 2021, Fuchuan Mining has also provided the Counter-guarantee for the Company in respect of the Financing Guarantee, thus the guarantee liability of the Company under the Financing Guarantee is controllable and at low risk.

Considering the above reasons, the Directors (including the independent nonexecutive Directors) are of the view that the Financing Guarantee (of which the 2021 BOC Pledge Agreement and the transaction contemplated thereunder form a part) 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 29 January 2021, 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.

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As (i) the Company has already provided financing guarantee to Fuchuan Mining under the 2021 BOC Guarantee Agreement and the 2021 Minsheng Bank Maximum Pledge Agreement and (ii) the 2021 BOC Guarantee Agreement, the 2021 Minsheng Bank Maximum Pledge Agreement and the 2021 BOC Pledge Agreement were entered into within 12 months, the transactions contemplated thereunder are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the 2021 BOC Guarantee Agreement, the 2021 Minsheng Bank Maximum Pledge Agreement and the 2021 BOC Pledge Agreement is more than 0.1% but less than 5% on an aggregated basis, 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.

GENERAL INFORMATION

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 mainly engages in the mining and processing business, which includes mining, beneficiation, smelting and refining of base and rare metals, and mineral trading business. With its main business located over five continents: Asia, Africa, South America, Oceania and Europe, the Company is the world's leading producer of tungsten, cobalt, niobium and molybdenum and a major copper producer. It is also a leading producer of phosphatic fertilizers in Brazil. In terms of trading business, the Company is among top three biggest base metal merchants in the world.

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, and holds 50% equity interests of Xuzhou Huanyu Molybdenum Industry Co., Ltd. (徐州環宇鉬業有限公司), which in turn holds 90% equity interests of Fuchuan Mining. LMG, which is a substantial shareholder of the Company, holds the remaining 50% equity interests of Xuzhou Huanyu Molybdenum Industry Co., Ltd.. As at the date of this announcement, the State-owned Assets Supervision and Administration Commission of Luoyang Municipal People's Government holds approximately 90.2% equity interests of LMG and the Henan Provincial Department of Finance holds approximately 9.8% equity interests of LMG. 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).

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 Luanchuan Branch”	Luanchuan branch of Bank of China Limited
“2020 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
“2020 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
“2021 BOC Loan Agreement”	the loan agreement entered into between Fuchuan Mining and BOC Luanchuan Branch on 30 November 2021 in relation to the credit facility with maximum principal amount up to RMB185 million applied for by Fuchuan Mining to BOC Luanchuan Branch, and its amendment or supplement
“2021 BOC Guarantee Agreement”	the guarantee agreement entered into between the Company and BOC Luanchuan Branch on 30 November 2021, in relation to the provision of guarantee with maximum guaranteed principal balance of RMB185 million by the Company for the credit facilities applied for by Fuchuan Mining to BOC Luanchuan Branch

“2021 BOC Loan Agreement II”	the loan agreement entered into between Fuchuan Mining and BOC Luanchuan Branch on 8 December 2021 in relation to the credit facility with maximum principal amount up to RMB383 million applied for by Fuchuan Mining to BOC Luanchuan Branch, and its amendment or supplement
“2021 BOC Pledge Agreement”	the pledge guarantee agreement entered into between the Company and BOC Luanchuan Branch on 8 December 2021, in relation to the provision of pledge guarantee with maximum guaranteed principal balance of RMB383 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 RMB1 billion 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)
“Director(s)”	the director(s) of the Company
“Financing Guarantee”	the financing guarantee provided or to be provided by the Company to Fuchuan Mining with the maximum guarantee amount of not exceeding RMB1 billion

“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 RMB1 billion (or equivalent foreign currency) as considered and approved at the general meeting of the Company convened on 21 May 2021
“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 Luoyang Branch”	Luoyang branch of China Minsheng Banking Corp., Ltd.
“2021 Minsheng Bank Loan Agreement”	the loan agreement entered into between Fuchuan Mining and Minsheng Bank Luoyang Branch on 3 December 2021 in relation to the credit facility with maximum principal amount up to RMB376 million applied for by Fuchuan Mining to Minsheng Bank Luoyang Branch

“2021 Minsheng Bank
Maximum Pledge
Agreement”

the maximum pledge guarantee agreement entered into between the Company and Minsheng Bank Luoyang Branch on 3 December 2021 in relation to the provision of pledge guarantee with maximum guaranteed principal balance of RMB376 million by the Company for the credit facilities applied for by Fuchuan Mining to Minsheng Bank Luoyang Branch under the 2021 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
8 December 2021

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

* *For identification purposes only*