

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AND MAJOR TRANSACTION
RELATING TO ACQUISITION OF INDIRECT INTEREST IN
WORLD-CLASS COPPER AND COBALT MINE**

Background

Reference is made to the announcements dated 22 January 2017, 10 February 2017, 17 February 2017, 24 February 2017 and 6 March 2017 (the “**Announcements**”) of the Company in relation to, among others, the acquisition of an indirect interest in world-class copper and cobalt mine. Unless otherwise defined herein, capitalised terms in this announcement have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, under the Cooperation Arrangement, the Company will assist BHR to effect the completion of the Stock Purchase Agreement. In the event that the Company decides to exercise the Call Option, or is required by BHR and/or the Investors to purchase the 24% indirect interest in TFM, as the case may be, the Company will own an aggregate of 80% indirect interest in the Tenke Fungurume Mining Complex.

As disclosed in the announcement dated 22 January 2017, the Company undertakes to assist BHR in securing the Syndicated Loans, which will be used to fund approximately 60% of the Lundin Consideration. The Company and/or its designee, if requested, would provide the relevant security in support of the Syndicated Loans, including a guarantee.

Provision of Guarantee

To facilitate the implementation of the Framework Cooperation Agreement, on 21 March 2017, the Company entered into a facilities agreement for the Syndicated Loans (as sponsor) (the “**Syndicated Loans Agreement**”) and a guarantee agreement (as guarantor) (the “**Guarantee**”).

Set out below are the principle terms of the Syndicated Loans Agreement and the Guarantee.

<i>Borrower</i>	: BHR
<i>Mandated Lead Arranger, Bookrunner, Facility Agent & Security Agent</i>	: China Construction Bank Corporation, Henan Branch
<i>Lenders</i>	: China Construction Bank Corporation, Henan Branch (the sum of term loan facility to be made available amounts up to USD600 million) China Merchants Bank Co., Ltd., Shanghai Branch, Tianshan Sub-branch (the sum of term loan facility to be made available amounts up to USD100 million)
<i>Term of the Syndicated Loans</i>	: 7 years from the date of utilisation of the Syndicated Loans
<i>Guarantor</i>	: the Company
<i>Guaranteed amount</i>	: the total principal amount not exceeding USD700 million
<i>Guaranteed period</i>	: Up to 2 years after satisfaction of the Borrower’s obligations under the Syndicated Loans Agreement
<i>Guaranteed obligations</i>	: the Company agreed to guarantee all obligations of the Company itself, BHR or any other guarantee provider (separately or in aggregate) under the Syndicated Loans Agreement, including but not limited to the principal, any interest, default interest and other expenses

Reasons for entering into the Syndicated Loans Agreement and the Guarantee

Taking into account the underlying reasons and benefits in the Cooperation Arrangement as disclosed in the Announcements, the Board is of the view that the terms of the transactions contemplated under the Syndicated Loans Agreement and the Guarantee are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

Information on the Counterparties

BHR

BHR is an investment holding company with limited liability incorporated in the British Virgin Islands.

China Construction Bank Corporation, Henan Branch

China Construction Bank Corporation, Henan branch is a branch of China Construction Bank Corporation. China Construction Bank Corporation, is a joint stock company established in PRC with limited liability. China Construction Bank Corporation, is principally engaged in the provision of banking and other related financial services.

China Merchants Bank Co., Ltd., Shanghai Branch, Tianshan Sub-branch

China Merchants Bank Co., Ltd., Shanghai Branch, Tianshan Sub-branch is a sub-branch of China Merchants Bank Co., Ltd. China Merchants Bank Co., Ltd., is a joint stock company established in PRC with limited liability. China Merchants Bank Co., Ltd., is principally engaged in the provision of banking and other related financial services.

The Directors confirm that to the best of their knowledge, information and belief after having made all reasonable enquiries, there is no prior transaction with each of BHR, China Construction Bank Corporation and China Merchants Bank Co., Ltd. and their respective ultimate beneficial owners which is required to be aggregated with the participation of the Cooperation Arrangement, including the Syndicated Loans Agreement and the Guarantee, and the transactions contemplated thereunder pursuant to Rule 14.22 of the Listing Rules.

Listing Rules Implications

Connected transactions

As disclosed in the Announcements, BHR has entered into the Stock Purchase Agreement to acquire all the issued share capital in Lundin DRC, which holds 30% interest in TFHL (an indirect non-wholly owned subsidiary of the Company). Although as at the date of this announcement, BHR has yet to own any shares in TFHL, BHR would become a connected person (as defined in the Listing Rules) of the Company following completion of the Stock Purchase Agreement. Therefore, the entering into the Syndicated Loans Agreement and the Guarantee would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, a connected transaction between the listed issuer's group and a connected person at the subsidiary level on normal commercial terms or better is exempt from the circular, independent financial advice and shareholders' approval requirements if: (1) the listed issuer's board of directors have approved the transactions; and (2) the independent non-executive directors have confirmed that the terms of the transaction are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the listed issuer and its shareholders as a whole.

The Company has obtained the approval from the Board regarding the entering into the Syndicated Loans and the Guarantee, and the independent non-executive Directors have confirmed that the terms of the transaction in relation to the Syndicated Loans and provision of guarantee thereof are fair and reasonable, such transactions are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. As such, the entering into the Syndicated Loans Agreement and the Guarantee are exempted from the circular, independent financial advice and shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

Notifiable transactions

The applicable percentage ratios (as defined under the Listing Rules) when aggregated under Rule 14.22 of the Listing Rules in respect of the exercise of the Put Option and the provision of assistance in securing the Syndicated Loans (including a guarantee) would be classified as a major transaction.

In respect of the Call Option granted to the Company, since the exercise of which is at the discretion of the Company and for which no premium is required to be paid by the Company, the acceptance of the Call Option granted to the Company does not constitute a notifiable transaction of the Company under the Listing Rules. However, as the Directors consider that it would be prudent for the Company to have received all necessary approvals to exercise the Call Option, the Company proposed to comply with the relevant requirements under the Listing Rules at the time of accepting the Call Option, as if the Call Option had been exercised. Consequently, given the maximum exercise price payable by the Company, the value of the underlying assets, and the profits and revenue attributable to such assets as at the date of this announcement, the exercise of the Call Option, when aggregated under Rule 14.22 of the Listing Rules with the provision of assistance in securing the Syndicated Loans (including a guarantee), will also constitute a major transaction for the Company under the Listing Rules.

So far as the Company is aware having made all reasonable enquiries, no Shareholder is required to abstain from voting in the general meeting of the Company for approving the entering into the Cooperation Arrangement (including the entering into of the Framework Agreement, the BHR Shareholders Cooperation Agreement, the Shareholders of BHR Shareholders Cooperation Agreement, the Hantang Cooperation Agreement, the Design Time Cooperation Agreement, the CNBC Cooperation Agreement, the Syndicated Loans Agreement and the Guarantee), as the connected person in the transactions concerned, namely BHR, BHR Shareholders and Shareholders of BHR Shareholders, are connected persons solely by virtue of BHR's interest in TFHL, an indirect non-wholly owned subsidiary of the Company, and not in the Company itself.

General

The Circular, relating to, among others, further details on the Cooperation Arrangement, including the Hantang Cooperation Agreement, the Design Time Cooperation Agreement, the CNBC Cooperation Agreement, the Syndicated Loans Agreement and the Guarantee would be despatched on or before 29 March 2017.

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

Luoyang City, Henan Province, PRC, 22 March 2017

As at the date of this announcement, the Company's executive directors are Messrs. Li Chaochun and Li Faben; the Company's non-executive directors are Messrs. Ma Hui, Yuan Honglin and Cheng Yunlei; and the Company's independent nonexecutive directors are Messrs. Bai Yanchun, Xu Shan and Cheng Gordon.

* *for identification purposes only*