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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)

## **ANNOUNCEMENT**

### **INSIDE INFORMATION PROGRESS ON THE ESTABLISHMENT OF THE NCCL NATURAL RESOURCES INVESTMENT FUND**

This announcement is made by China Molybdenum Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

#### **INTRODUCTION**

We refer to the announcement of the Company dated 17 November 2017 in relation to the NCCL Natural Resources Investment Fund (the “**Fund**”) Strategic Cooperative Memorandum of Understanding.

On 15 December 2017, (1) Natural Resource Elite Investment Limited (“**NREIL**”), a wholly-owned subsidiary of CMOC Limited (洛陽鉬業控股有限公司, a wholly-owned subsidiary of the Company) and established under the laws of Hong Kong, (2) New China Capital Legend Limited (“**NCCL**”, or the “**General Partner**”), a wholly-owned subsidiary of New China Capital International Management Limited (“**NCCI**”) and established under the laws of the Cayman Islands, and (3) Next Goal

Limited (“**NGL**”, together with NREIL, the “**Limited Partners**”, together with NCCL and NREIL, the “**Partners**”), a wholly-owned subsidiary of China Anxing Asset Management Company Limited (中國安星資產管理有限公司, “**China Anxing**”) and established under the laws of the British Virgin Islands, entered into the Second Amended and Restated Exempted Limited Partnership Agreement (the “**Partnership Agreement**”).

## **PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT**

**Date:** 15 December 2017

**Parties:**

- (i) NCCL (as a general partner)
- (ii) NREIL (as a limited partner)
- (iii) NGL (as a limited partner)

To the best of the directors of the Company’s knowledge, information and belief having made all reasonable enquiry, NCCL, NGL and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Name of the Fund:** NCCL Natural Resources Investment Fund

**Term of the Fund:** The Fund shall continue, unless it is dissolved earlier, until the fourth anniversary of the date of the Partnership Agreement (the “**Term of the Fund**”). The General Partner may extend the Term of the Fund for one year with approval of the investment consultation committee of the Fund.

### **Capital Commitment**

The size of the first installment of the Fund shall be US\$500.10 million, among which, the commitments of NREIL, NGL and NCCL is US\$225.00 million (the “**CMOC Capital Commitment**”, to be contributed by CMOC Limited with its own fund), US\$275.00 million (the “**NGL Capital Commitment**”, together with the CMOC Capital Commitment, the “**Capital Commitment**”) and US\$100,000, respectively.

The Limited Partners will make actual payment of their respective Capital Commitment subject to the progress of the investment in respect of the debt or equity investments made by the Fund in a portfolio company (the “**Portfolio Investment**”) and the written drawdown notice issued by the General Partner.

## Investment Targets

The Fund intends to closely embrace the national mining strategy and the Belt and Road Initiative and actively participate in investments and mergers & acquisitions in the natural resources fields and the upstream and downstream of the industry chains.

## Management

The General Partner is vested with the power to manage the Fund, and exercise full control over the business, assets, acts and matters of the Fund, provided that certain important matters, including: (1) external borrowing or similar financing activities of the Fund; (2) provision of guarantee by the Fund to a third party; (3) transfer by a limited partner of the interests in the Fund held by it; (4) extension of the Term of the Fund; (5) replacement or removal of the management company appointed by the General Partner; and (6) investment and divestment decisions with respect to the Portfolio Investment, shall be subject to the unanimous approval of the investment consultation committee of the Fund (the “**Committee**”). The Committee shall be composed of five members appointed by the Partners, of which the General Partner, may appoint three seats and each Limited Partner may appoint one seat.

## Management Fee

The General Partner shall be entitled to a management fee of 1% per annum of the amount of the actual Capital Commitment (pro-rated to the number of actual days out of all 365 days of a year for any period that falls short of a calendar year) from the first drawdown date till the date of the final distribution of the Fund’s assets.

## Profits Allocation

The investment profits of the Fund from the Portfolio Investment shall be allocated in the following order:

1. **Basic principle:** cash received by the Fund from the sale or other disposition of, or dividends, interest or other income from or in respect of the Portfolio Investment, or otherwise received by the Fund (the “**Distributable Cash**”) shall generally be distributed after receipt by the Fund. After deducting the accumulated outstanding management fees and other expenses and liabilities that fall due payable, the Distributable Cash attributable to any Portfolio Investment (“**Net Proceeds**”) shall be apportioned as follows:
  - (1) 100%, to NGL, until the aggregate amount of return actually distributed to it equals 100% of its then-accrued and payable fixed return; and if there is any remaining amount;

- (2) 100%, to NGL, until the amount distributed to it pursuant to this sub-clause (2) equals the actual NGL Capital Commitment; and if there is any remaining amount;
- (3) 100%, to NREIL and the General Partner, until the amount distributed to them pursuant to this sub-clause (3) equals the respective actual Capital Commitment made by NREIL and the General Partner, respectively; and if there is any remaining amount;
- (4) 100%, to NREIL, until the cumulative amount distributed to it pursuant to sub-clause (3) and this sub-clause (4) meets a rate of return equal to 12% per annum compounded annually; and if there is any remaining amount;
- (5) 85% to be further distributed in accordance with the sub-clause (6) below, and 15% to the General Partner; and
- (6) The 85% portion as referred to under sub-clause (5) above shall be distributed in the sequence as follows: (i) 100%, to NREIL, until the cumulative amount distributed to it pursuant to sub-clause (3), sub-clause (4) and sub-clause (6)(i) meets a rate of return equal to 15% per annum compounded annually; and if there is any remaining amount; (ii) 70% to NREIL and 30% to NGL.

2. In any event, the Net Proceeds payable to NGL shall be made in cash.

#### **Transfer of the General Partner and the Limited Partners**

1. The General Partner shall not assign, sell or otherwise transfer all or any part of its interest to a third party without the consent of the Limited Partners. Unless the Limited Partners unanimously agree to remove or replace the General Partner, the Fund shall not replace the General Partner; nor shall General Partner withdraw from the Fund during the Term of the Fund.
2. Unless approved by the Committee or otherwise stipulated in the Partnership Agreement, no Limited Partner may transfer its share or withdraw from the Fund.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT**

The joint establishment of the Fund by NREIL, a wholly-owned subsidiary of CMOC Limited, which in turn is a whole-owned subsidiary of the Company, and NCCL, a professional investment institution, is an active response to the Belt and Road Initiative in line with both the Company's and national strategies of development. Such cooperation will enable the Company to better discover and seize overseas investment opportunities in natural resources and upstream and downstream industry chains by leveraging with the abundant investment and management experience of NCCL and its shareholders in the field of industrial funds. An indirectly wholly-owned subsidiary of the Company participating in the establishment of the Fund with its own fund as a financial investor will have no material impact on the Company's operation in the short term. Besides, such investment will help the Company to obtain financial investment returns as well as more investment opportunities in natural resources and the upstream and downstream of the industry chains in the long run.

As of the date of this announcement, the Fund has not carried out any investment activities.

## **INFORMATION OF THE PARTIES INVOLVED**

### **NREIL**

NREIL is a wholly-owned subsidiary of CMOC Limited and incorporated under the laws of Hong Kong with its principal business includes equity investment.

### **NCCL and NCCI**

NCCL is a wholly-owned subsidiary of NCCI and incorporated under the laws of Cayman Islands. NCCI is a company incorporated under the laws of Cayman Islands with its principal business includes investment of large overseas companies and emerging strategic industries and private equity investment in the field of natural resources.

### **NGL**

NGL is a wholly-owned subsidiary of China Anxing and incorporated under the laws of British Virgin Islands with its principal business includes equity investment.

The transaction contemplated under the Partnership Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Luoyang City, Henan Province, the PRC, 15 December 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 non-executive directors are Messrs. Bai Yanchun, Xu Shan and Cheng Gordon.*

\* *For identification purposes only*