
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Molybdenum Co., Ltd.*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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洛 阳 钼 业
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)

FINANCIAL REPORT AND BUDGET REPORT
PROPOSED DISTRIBUTION OF FINAL DIVIDEND
PROPOSED PURCHASE OF STRUCTURED DEPOSIT WITH INTERNAL IDLE FUND
PROPOSED PURCHASE OF WEALTH MANAGEMENT OR ENTRUSTED WEALTH
MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUND
PROPOSED PROVISION OF GUARANTEE TO WHOLLY-OWNED SUBSIDIARIES
PROPOSED PROVISION OF SUPPLY CHAIN FINANCING
GUARANTEE BY IXM (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY) TO
SUPPLIERS
PROPOSED PROVISION OF FINANCING GUARANTEE TO
A JOINT VENTURE OF THE COMPANY
PROPOSED APPROVAL AND AUTHORIZATION TO THE BOARD TO DECIDE
ON ISSUANCE OF DEBT FINANCING INSTRUMENTS
PROPOSED PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR
MANAGEMENT OF THE COMPANY
PROPOSED RE-ELECTION AND ELECTION
OF THE DIRECTORS AND THE SUPERVISORS
PROPOSED AUTHORISATION TO THE BOARD TO DETERMINE THE REMUNERATION OF THE
DIRECTORS AND THE SUPERVISORS
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND OTHER INTERNAL
MANAGEMENT SYSTEMS
PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES
PROPOSED GENERAL MANDATE FOR REPURCHASE OF H SHARES
AND
NOTICE OF THE ANNUAL GENERAL MEETING

A letter from the Board is set out on pages 1 to 39 of this circular. Notices convening the AGM to be held at Mudu-Lee Royal International Hotel at No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC, at 1:00 p.m., on Friday, 21 May 2021 are set out on pages AGM-1 to AGM-10 of this circular. The form of proxy for use in connection with the AGM has also been attached to this circular.

Whether or not you are able to attend the AGM in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. For H Shareholders, the form of proxy should be returned to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 1:00 p.m. on Thursday, 20 May 2021 (or if the AGM is adjourned, such time shall be no less than 24 hours before the time designated for holding the meeting). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

20 April 2021

* For identification purposes only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expression have the meanings set forth below:

“2023 AGM”	the 2023 annual general meeting of the Company to be held in 2024
“A Share(s)”	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the SSE and traded in Renminbi (stock code: 603993)
“A Shareholder(s)”	holder(s) of A Shares
“AGM”	the annual general meeting of the Company (and any adjournment thereof) to be held at 1:00 p.m. on Friday, 21 May 2021 at Mudu-Lee Royal International Hotel at No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC
“Articles of Association”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Audit and Risk Committee”	the audit and risk committee of the Board
“Board”	the board of Directors
“Budget Report”	the financial budget report of the Company for the year 2021, which was approved at the sixteenth meeting of the fifth session of the Board on 29 January 2021
“Company”	China Molybdenum Co., Ltd.* (洛陽樂川鋁業集團股份有限公司), a joint stock company established in the PRC with limited liability, the A Shares and H Shares of which are listed and traded on the SSE and the main board of the Hong Kong Stock Exchange, respectively
“Company Law”	the Company Law of the PRC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Final Dividend”	the proposed distribution of a final dividend of RMB0.033 per Share (tax inclusive) for the year ended 31 December 2020 as described in the annual results announcement of the Company dated 22 March 2021
“Financial Report”	financial report of the Company as set out in Appendix I to this circular, which was approved at the twelfth meeting of the fifth session of the Board on 22 March 2021
“Fuchuan Mining”	Luoyang Fuchuan Mining Co., Ltd.* (洛陽富川礦業有限公司), a joint venture of the Company. Despite that its financial statements have yet to be consolidated into the consolidated financial statements of the Group, Fuchuan Mining is controlled by the Company in its daily operation and management through contract arrangements, therefore is deemed as a subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.20 each in the share capital of the Company which are listed on the main board of the Hong Kong Stock Exchange and are traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“Latest Practicable Date”	15 April 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

DEFINITIONS

“LMG”	Luoyang Mining Group Co., Ltd., a substantial shareholder of the Company, holding 24.68% of the shares of the Company as at the Latest Practicable Date
“Nomination and Governance Committee”	the nomination and governance committee of the Board
“PRC” or “China”	the People’s Republic of China (for the purposes of this circular, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	as of 31 December 2020
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the repurchase mandate to be approved at the AGM, the general mandate to authorise the Board to exercise its authority to repurchase H Shares of an aggregate number of not exceeding 10% of the number of H Shares in issue as at the date of passing of the said resolution
“RMB”	Renminbi, the lawful currency of the PRC
“Rules for Board Meetings”	Rules for Board Meetings of the Company
“SAFE”	State Administration of Foreign Exchange of the PRC and its local representative offices
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Share(s) and H Share(s)
“Share Mandate”	subject to the conditions set out in the proposed resolution approving the share mandate to be approved at the AGM, the general mandate to authorise the Board to exercise its authority to issue additional A Shares not exceeding 20% of the number of the A Shares in issue and additional H Shares not exceeding 20% of the number of the H Shares in issue as at the date of passing of the said resolution

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares, including both A Shareholder(s) and H Shareholder(s)
“SSE”	the Shanghai Stock Exchange
“Strategic and Sustainability Committee”	the strategic and sustainability committee of the Board
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Takeover Codes”	the Codes on Takeovers and Mergers and Share Buy-backs issued by Hong Kong Securities and Futures Commission (as amended from time to time)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent



洛阳钼业
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)

Executive Directors:

LI Chaochun
LI Faben

Non-executive Directors:

YUAN Honglin (*Chairman*)
GUO Yimin (*Vice Chairman*)
CHENG Yunlei

Independent non-executive Directors:

WANG Gerry Yougui
YAN Ye
LI Shuhua

Registered Office:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China

Principal place of business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

20 April 2021

To the Shareholders

Dear Sir/Madam,

LETTER FROM THE BOARD

**FINANCIAL REPORT AND BUDGET REPORT
PROPOSED DISTRIBUTION OF FINAL DIVIDEND
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PROPOSED GENERAL MANDATE FOR REPURCHASE OF H SHARES
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NOTICE OF THE ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, the notice of the AGM, and to provide relevant details for you to make informed decisions on, among others, the below ordinary resolutions and special resolutions proposed for voting at the AGM:

- (i) Financial Report and Budget Report;
- (ii) proposed distribution of Final Dividend;
- (iii) proposed purchase of structured deposit with internal idle fund;
- (iv) proposed purchase of wealth management or entrusted wealth management products with internal idle fund;
- (v) proposed provision of guarantee to wholly-owned subsidiaries;
- (vi) proposed provision of supply chain financing guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers;
- (vii) proposed provision of financing guarantee to a joint venture of the Company;
- (viii) proposed approval and authorization to the Board to decide on issuance of debt financing instruments;
- (ix) proposed purchase of liability insurance for Directors, Supervisors and senior management of the Company;
- (x) proposed re-election and election of the Directors and the Supervisors;
- (xi) proposed authorisation to the Board to determine the remuneration of the Directors and the Supervisors;
- (xii) proposed amendments to the Articles of Association and other internal management systems;
- (xiii) proposed Share Mandate; and
- (xiv) proposed Repurchase Mandate.

LETTER FROM THE BOARD

2. FINANCIAL REPORT AND BUDGET REPORT

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021 and considered and approved the proposal in relation to the Budget Report, details of which are as follows:

Based on future economic and market dynamics, the Company sets the following budgeted production volume on major products for each business segment of the Company for the year of 2021:

1. copper and cobalt business: the production volume of copper metal is 187,300 tonnes to 228,900 tonnes, and the production volume of cobalt metal is 16,500 tonnes to 20,100 tonnes.
2. molybdenum and tungsten business: the production volume of molybdenum metal is 13,800 tonnes to 16,900 tonnes, of which Fuchuan Mining's molybdenum metal output is 3,800 tonnes to 4,600 tonnes, and the production volume of tungsten metal is 6,900 tonnes to 8,400 tonnes (excluding Luoyang Yulu Mining Co., Ltd.).
3. copper and gold business (calculated based 80% equity interests): the production volume of NPM copper metal is 24,100 tonnes to 29,400 tonnes, and the production volume of gold is 21,300 ounces to 26,000 ounces.
4. niobium and phosphates business: the budgeted production volume of niobium metal is 8,700 tonnes to 10,600 tonnes, and the budgeted production volume of phosphates fertilizer (high concentration fertilizer and low concentration fertilizer) is 999,000 tonnes to 1,221,000 tonnes.
5. mineral trade business: physical trade volume is 4.79 million tonnes to 5.85 million tonnes.

The Board also approved the Financial Report at the twelfth meeting of the fifth session of the Board held on 22 March 2021, a copy of which is set out in Appendix I to this circular.

An ordinary resolution regarding the consideration and approval of the Budget Report and the Financial Report will be proposed at the AGM.

LETTER FROM THE BOARD

3. PROPOSED DISTRIBUTION OF FINAL DIVIDEND

As stated in the annual results announcement of the Company for the year ended 31 December 2020 and the overseas regulatory announcement of the Company both dated 22 March 2021 in relation to, among other things, the recommendation of a payment of a final dividend for the year ended 31 December 2020, the Board proposed to distribute the Final Dividend of RMB0.033 per Share (tax inclusive) subject to the approval of the Shareholders at the AGM and an ordinary resolution will be proposed to the Shareholders for voting at the AGM. During the period between the disclosure date of profit distribution plan and the share registration date for profit distribution, if there are changes in the total share capital of the Company due to conversion of convertible shares/repurchase of shares/cancellation or repurchase of shares granted under equity incentives/cancellation or repurchase of shares due to material asset restructuring, the Company proposes to remain the distribution amount unchanged, while adjusting the distribution proportion per share accordingly.

The Company will make further announcement regarding the proposed distribution of Final Dividend to A Shareholders.

Tax

In accordance with the “Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法》) and the “Rules for the Implementation of Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法實施條例》), both implemented on 1 January 2008 and the “Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares” (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on 6 November 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares Register of Members on the reference date. As such, any H Shares registered in the name of non-individual Shareholder, including Shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and group, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

In accordance with the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Furthermore, the competent tax authority of the Company confirmed that the relevant requirements under the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) is applicable to the Company, the Company will not be required to withhold and pay any individual income tax on behalf of individual Shareholders when the Company distributes the Final Dividend to individual Shareholders whose names appear on the H Shares Register of Members.

LETTER FROM THE BOARD

Pursuant to the “Notice on Relevant Taxation Policies Concerning the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market” (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) promulgated on 17 November 2014:

- For mainland individual investors who invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of the Final Dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Corporation Limited for tax credit relating to the withholding tax already paid abroad. For mainland securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of the Final Dividend pursuant to the foregoing provisions; and
- For mainland corporate investors that invest in the H Shares via the Shanghai-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of the Final Dividend and the mainland corporate investors shall file the tax returns on their own.

H Shareholders are recommended to consult their tax advisors regarding the relevant tax laws and regulations in the PRC, Hong Kong and other countries on the dividend payment by the Company and on the taxation implications of holding and dealing in the H Shares.

An ordinary resolution regarding the consideration and approval of the resolution in relation to the proposed distribution of the Final Dividend will be proposed at the AGM.

4. PROPOSED PURCHASE OF STRUCTURED DEPOSIT WITH INTERNAL IDLE FUND

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal on the purchase of structured deposit with internal idle fund, details of which are as follows:

LETTER FROM THE BOARD

According to the Company's operation plan and the use of funds, under the premise of ensuring liquidity and safety of funds, the Company and its subsidiaries intend to use the internal idle fund to purchase structured deposit products from banks and their branches. It is expected that product yields of the structural deposit products purchased by the Company are higher than the bank deposit rates for the same period. The term for the structured deposit products of the proposed purchase is mainly set in short term and each separate product shall not exceed 12 months. The balance cap of such unmatured structured deposit products purchased by the Company shall not exceed RMB10 billion (or equivalent amount in foreign currency). The validity term shall be effective from the date of approval at the AGM to the date of convening of the 2021 annual general meeting of the Company, and the Board is authorised to consider and approve specific implementation plan or scheme within the aforementioned validity term and size of the structured deposit products. The plan of purchase of structured deposit does not constitute a connected transaction nor a major asset restructuring.

- (1) The counterparties of the structured deposit products are banks and their branches, with whom the Company have no other relationships in the aspects of property rights, assets, creditor's rights, debts and personnel.
- (2) The structured deposit products purchased by the Company are mainly short term products, and each separate product shall not exceed 12 months. The balance cap of the unmatured structured deposit products shall not exceed RMB10 billion (or equivalent amount in foreign currency). The validity term shall be effective from the date of the passing of this resolution at the AGM to the date of convening the 2021 annual general meeting of the Company, and the Board is authorised to exercise relevant right of decision-making within the above-mentioned validity term and size of the structured deposit products.
- (3) The structured deposit products to be purchased are free from guarantee of contract performance.
- (4) When the working capital of the Company appears to be short-term idleness, the usage of such funds for investment in short-term structured deposit will receive additional wealth management income and lower the financial expenses of the Company, which will not affect the needs of daily cash flow and ordinary operation of the principal business of the Company since the account capital of the Company is based on the premise of ensuring operating income and expense.
- (5) The Company will select the banks and their branches with large scale and high credibility for the structured deposit business and will perform normative management, stringently control risks, and regularly pay attention to relevant conditions of the structured deposit products funds. The Company will adopt corresponding measures in a timely manner to control investment risks once discovering risks may probably be incurred.

LETTER FROM THE BOARD

An ordinary resolution regarding the consideration and approval of the proposal on the purchase of structured deposit with internal idle fund will be proposed at the AGM.

As certain structured deposit to be purchased by the Group under such resolution will not be treated as cash and cash equivalent or bank balances in the consolidated balance sheet of the Group, the purchase of such kind of structured deposit will be deemed as a transaction under the Chapter 14 or Chapter 14A of the Hong Kong Listing Rules where applicable, and the Company will comply with relevant rules and requirements when purchasing such kind of structured deposit in accordance with such resolution.

5. PROPOSED PURCHASE OF WEALTH MANAGEMENT OR ENTRUSTED WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUND

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal on the purchase of wealth management or entrusted wealth management products with internal idle fund, details of which are as follows:

In order to improve the efficiency of internal idle fund and maximize the practical value of the fund, under the premise of ensuring the Company's daily operations, capital security, operational compliance, and control of risks, the Company uses the temporary internal idle fund to invest and purchase wealth management or entrusted wealth management products to maximize the benefits of capital management.

Under the premise of ensuring the Company's daily operations, capital security, operation compliance and controllable risks, the Board has agreed that the Company uses internal idle fund to purchase, at appropriate opportunities and in stages, the wealth management or entrusted wealth management products with high security and liquidity (excluding structured deposits), and the balance of such unmatured wealth management or entrusted wealth management investment purchased by the Company shall not exceed RMB10 billion (or equivalent amount in foreign currency); the funds within the above-mentioned cap may be used on a rolling basis, and the cap shall be valid from the date of the approval at the AGM to the date of convening the 2021 annual general meeting of the Company; and proposed the authorisation of the AGM to the Board to exercise the relevant decision-making power within the scope of the above-mentioned term of use and cap. The details are as follows:

- (1) Size of Investment: the balance cap of the unmatured wealth management or entrusted wealth management investment shall not be more than RMB10 billion (or equivalent amount in foreign currency).

LETTER FROM THE BOARD

- (2) Investment Targets: financial instruments with high credit rating and good liquidity, including but not limited to, national debt traded in inter-bank bond market, central bank bill, financial debts, bank subordinate debts, repurchase of bonds and enterprise bonds, corporate bonds, short-term financing notes and medium-term notes with investment level or above; interbank deposits of banks, placements in monetary market, various financial products secured by banks and non-bank financial institutions and other legal financial assets trust plan as well as wealth management or entrusted wealth management products (excluding structured deposit products).
- (3) Validity Term: from the date of the passing of this resolution at the AGM to the date of convening the 2021 annual general meeting of the Company.

The Company's use of its internal fund for wealth management and entrusted wealth management business will be carried out on the premise of ensuring the daily operation and capital security of the Company, without affecting the normal turnover of the Company's daily funds or the normal development of the Company's main business. Through the modest capital-guaranteed wealth management, it will improve the capital usage efficiency of the Company, increase capital gains, and obtain more return on investment for the Shareholders.

An ordinary resolution regarding the consideration and approval of the proposal on the purchase of wealth management or entrusted wealth management products with internal idle fund will be proposed at the AGM.

As the purchase of wealth management or entrusted wealth management products with internal idle fund will be deemed as a transaction under the Chapter 14 and Chapter 14A of the Hong Kong Listing Rules, where applicable, the Company will comply with relevant rules and requirements under the Chapter 14 and Chapter 14A of the Hong Kong Listing Rules when purchasing wealth management or entrusted wealth management products in accordance with such resolution.

LETTER FROM THE BOARD

6. PROPOSED PROVISION OF GUARANTEE TO WHOLLY-OWNED SUBSIDIARIES

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the Proposal on Provision of Guarantee to Wholly-owned Subsidiaries, the details of which are as follows:

In order to provide a better support to the development of the direct or indirect wholly-owned subsidiaries of the Company, response more quickly to their financing needs and reduce their financial costs, according to the current operation of the Company, the Company proposed to provide, directly or through its wholly-owned subsidiaries (including direct or indirect wholly-owned subsidiaries, the same thereafter), a line of financing guarantee with maximum balance up to RMB35 billion (or equivalent amount in foreign currency) to other wholly-owned subsidiaries, including but not limited to: the guarantee provided by the Company, directly or through its wholly-owned subsidiaries, to other wholly-owned subsidiaries under the circumstances of loans applied from domestic and foreign financial institutions, bank's acceptance bills, electronic commercial bills, letters of guarantee, bills, letters of credit, mortgaged and pledged loans, bank funds business, the derivatives trading cap and overdraft cap (exclusive of the financing guarantee balance provided by the Company, directly or through its wholly-owned subsidiaries, to other wholly-owned subsidiaries due to merger and acquisition projects, as well as the guarantee of USD bonds). The validity term shall be effective from the date of approval at the AGM to the date of convening the 2021 annual general meeting of the Company.

The Company intended to propose to the AGM to authorise the Board to decide and deal with matters in relation to the provision of guarantee within the above-mentioned cap by the Company, directly or through its wholly-owned subsidiaries, to other wholly-owned subsidiaries, details of the authorisation are as follows:

- (1) to authorise the Board to decide and deal with matters in relation to the provision of the above-mentioned guarantee by the Company, directly or through its wholly-owned subsidiaries, to other wholly-owned subsidiaries within the balance cap of RMB35 billion (or equivalent amount in foreign currency). Such cap may be effective from the date of approval at the AGM to the date of convening the 2021 annual general meeting of the Company;
- (2) to determine and implement, or authorise relevant individuals to determine or implement detailed plans for the provision of the aforesaid guarantees by the Company, directly or through wholly-owned subsidiaries, to other wholly-owned subsidiaries based on specific conditions, including, among others, guarantee target, guarantee content, guarantee amount, guarantee period and guarantee method;

LETTER FROM THE BOARD

- (3) to perform the approval procedures (if any) relating to the above-mentioned guarantees and to promptly disclose information in accordance with the requirements of the relevant regulatory authorities such as the SSE and the Hong Kong Stock Exchange;
- (4) to deal with all other matters in connection with the above-mentioned guarantees.

A special resolution regarding the consideration and approval of the proposal on the provision of guarantee to the wholly-owned subsidiaries of the Company will be proposed at the AGM.

7. PROPOSED PROVISION OF SUPPLY CHAIN FINANCING GUARANTEE BY IXM (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF THE COMPANY) TO SUPPLIERS

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the Proposal on the Provision of Supply Chain Financing Guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers, the details of which are as follows:

IXM B.V, a wholly-owned subsidiary of the Company, and its subsidiaries and member units (hereinafter referred to as “**IXM**”) constitute a well-known non-ferrous metals trading company in the global industry, of which the main trading targets include copper, lead, zinc concentrates and refined metals such as copper, aluminum and zinc, as well as a small amount of precious metal concentrates and by-products such as cobalt, and especially deeply participated in the transaction of concentrate and refined metals. During the transaction of concentrate and refined metal, there are circumstances where IXM provides guarantees for the bank financing applied by its suppliers of concentrate and refined metal (usually mining companies and smelters) after performing the necessary decision-making and evaluation procedures, which include but are not limited to: credit risk analysis on the debtor, the approval of Investment Committee, and other measures such as seeking credit insurance if necessary. The specific business model involved in the guarantee is: providing guarantee for the bank pledge financing on the accounts receivable formed by suppliers’ provision of relevant products to IXM in a timely manner and in full amount after signing a purchase agreement with suppliers of concentrates and refined metals (usually mining companies and smelters).

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The above-mentioned guarantees provided by IXM to its suppliers are an integral part of the metal trading of IXM, and also a common commercial arrangement in metal trading among the industry. In order to facilitate the continuous and steady development of such business of IXM, the Board intends to propose at the AGM to authorise the Board to decide and deal with matters related to such guarantees provided by IXM to its suppliers, the details of which are as follows:

- (1) authorise the Board to determine and deal with matters relating to supply chain financing guarantee provided by IXM to its suppliers within the balance cap of USD130 million (or equivalent amount in foreign currency), for a period from the date of approval of the AGM to the date of the 2021 annual general meeting of the Company;
- (2) to determine and implement, or authorise relevant individuals to determine or implement detailed plans for the provision of supply chain financing guarantee provided by IXM to its suppliers, including, among others, guarantee target, guarantee content, guarantee amount, guarantee period and guarantee method;
- (3) to perform the approval procedures (if any) in relation to the above-mentioned guarantees and to promptly disclose information (if required) in accordance with the requirements of the relevant regulatory authorities such as the SSE and the Hong Kong Stock Exchange;
- (4) to deal with all other matters related to the above-mentioned financing guarantee.

A special resolution regarding the consideration and approval of the proposal on the provision of supply chain financing guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers will be proposed at the AGM.

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8. PROPOSED PROVISION OF FINANCING GUARANTEE TO A JOINT VENTURE OF THE COMPANY

Reference is made to the announcement of the Company dated 18 December 2020 in relation to the provision of financing guarantee to Fuchuan Mining within an amount of not more than RMB800 million. As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal to provide financing guarantee of not more than RMB1 billion to a joint venture of the Company, the details of which are as follows:

To ensure smooth progress of further operation schemes of Fuchuan Mining, a joint venture of the Company, the 2019 annual general meeting of the Company has considered and approved the provision of financing guarantee of not more than RMB800 million by the Company to Fuchuan Mining. The validity term for such cap will expire on the date of convening the 2021 annual general meeting of the Company, and Fuchuan Mining has provided counter guarantee for the aforesaid guarantee of the Company with its mining rights of Shangfanggou molybdenum mine (Certificate No.: C1000002011073120115610).

In view of the stable operation and increasing production capacity of Fuchuan Mining after the resumption of production, in order to ensure the use of its operating capital, the Company intends to apply for adjustment of the above amount to RMB1 billion, and proposed to the AGM to authorise the Board to decide and deal with matters in relation to the provision of financing guarantee by the Company to its joint venture Fuchuan Mining, and the provision of counter guarantee by Fuchuan Mining for the aforesaid guarantee of the Company with its mining rights of Shangfanggou molybdenum mine (Certificate No.: C1000002011073120115610). The proposed authorisation allows the Chairman of the Board or its authorised persons under the delegation of the authorisation of the Board, to decide and deal with such authorization at full discretion as the time when the Board obtains the following authorization at the AGM.

Details of the authorization are as follows:

- (1) to determine and deal with matters relating to the provision of financing guarantee by the Company to its joint venture Fuchuan Mining within the amount of RMB1 billion (or equivalent amount in foreign currency). Such amount could be used cyclically and its validity period shall commence on the date of the approval by the Shareholders at AGM and end on the date of convening of the 2021 annual general meeting of the Company;
- (2) to decide and implement the specific plans relating to the provision of financing guarantee by the Company to Fuchuan Mining according to the specific circumstances, including the amount of a single guarantee, guarantee period, guarantee method, etc.;

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- (3) to perform the approval procedures (if any) relating to the aforesaid financing guarantee and promptly disclose information according to the requirements of the relevant regulatory authorities such as the SSE and the Hong Kong Stock Exchange;
- (4) to deal with all other matters relating to the aforesaid financing guarantee.

The Proposal on Extension for the Provision of Financing Guarantee to a Joint Venture of the Company of no more than RMB800 million of the Company, which was considered and approved by the 2019 annual general meeting held on 12 June 2020, shall cease to implement upon the consideration and approval of this proposal at the AGM.

A special resolution regarding the consideration and approval of the proposal on provision of financing guarantee of not more than RMB1 billion to a joint venture of the Company will be proposed at the AGM. Given that Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司), a substantial shareholder of the Company holding 5,329,780,425 shares of the Company which accounted for approximately 24.68% of the Company's total share capital, indirectly controls 45% interest in Fuchuan Mining, therefore it shall abstain from voting for the above-mentioned resolution.

9. PROPOSED APPROVAL AND AUTHORIZATION TO THE BOARD TO DECIDE ON ISSUANCE OF DEBT FINANCING INSTRUMENTS

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal in relation to the approval and authorization to the Board to decide on issuance of debt financing instruments, details of which are as follows:

To satisfy the production and operation needs of the Company as well as the infrastructure and operation needs of domestic or overseas projects, replenish working capital, reduce capital cost and make use of favorable opportunities in a timely manner, it is proposed to the AGM to grant a

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general and unconditional mandate to the Board and then delegate to the Chairman of the Board and his authorised person(s) to determine the following specific issue matters within the scope of available debt financing instruments in accordance with relevant laws and regulation, Articles of Association and the actual conditions:

(I) Major Terms of the Issue of Debt Financing Instruments

- Type of the debt financing instruments:** The relevant debt financing instruments include but not limited to short-term financing bonds, super-short term financing bonds, medium term notes, non-public targeted debt financing instruments, corporate bonds, company bonds, A share or H share convertible bonds, offshore RMB bonds and foreign currency bonds, perpetual bonds and other domestic and offshore debt financing instruments denominated in RMB or foreign currency permitted by competent regulatory authority.
- Size of Issue:** The issue size of the domestic and offshore debt financing instruments of this mandate shall not be more than RMB26 billion or equivalent amount in foreign currency (calculated based on the outstanding payable balance after the issue, while for the issue denominated in a foreign currency, calculated based on median discount price published by the People's Bank of China on the date of such issue), which can be issued either one-off or in tranches within the definite validity period.
- Currency of Issuance:** The currency of issuance shall be determined based on the review and approval results of debt financing instruments and the domestic and overseas market conditions of debt financing instruments at the time of the issuance, which may be RMB or foreign currency debt financing instruments
- Term and interest rate:** The maximum term shall be no more than 30 years, which is applicable to a single-term type or a combination of types with multiple terms. The specific composition of terms, size of issue and interest rate of each type with different terms shall be determined based on the relevant requirements and the market conditions by the Board or the Chairman of the Board and his authorised persons.

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5. **Issuer:** The issuer shall be the Company or a domestic or offshore wholly-owned subsidiary or a special purpose vehicle of the Company, and in the case of a domestic or offshore wholly-owned subsidiary or a special purpose company of the Company as the issuer of the debt financing instruments, the Company can provide guarantees (including the guarantee provided to the issuer of the debt financing instrument itself and/or such guarantee provided by the Company) to such subsidiaries or special purpose company within the issue size of its debt financing instruments, issue a keepwell agreement or adopt third party credit enhancement conventional methods.
6. **Use of Proceeds:** The proceeds to be raised from the proposed issuance of the debt financing instruments are intended to be used towards meeting the demand of the Company's daily operations, financing domestic and overseas infrastructure projects, repaying loans, replenishing its working capital and/or other investment acquisition purposes, and the specific use of proceeds shall be determined by the Board or the Chairman of the Board and his authorised persons according to the capital needs of the Company from time to time.
7. **Method of Issue:** Method of issuance shall be determined based on the review and results of issuance approval of debt financing instruments and the domestic and overseas bond market conditions at the time of the issuance of debt financing instruments.
8. If A Share or H Share convertible bonds are to be issued, the principal of each single issuance shall not exceed RMB10 billion (or equivalent amount in foreign currency), and upon the request of share conversion applied by holders of convertible bonds, the new A Shares or H Shares generated thereof may be issued under the relevant general mandate considered and approved at the AGM.
9. The debt financing instruments to be issued are proposed to be listed on the Inter-bank Bond Market, the SSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges.

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(II) Matters in Relation to the Mandate of Issue of Debt Financing Instruments

1. It is proposed to the AGM to grant a general and unconditional mandate to the Board and then delegate to the Chairman of the Board and his authorised person(s) to decide and deal with all matters relating to the issue of the debt financing instruments at full discretion under the premise of requirement of relevant laws and regulations in accordance with the demands of the Company from time to time and the market conditions, including but not limited to:
 - (a) determining and implementing the specific proposal of the issue of debt financing instruments, including but not limited to the establishment and determination of the appropriate issuer, the type of the debt financing instruments to be issued, the method of issue, currency, the nominal value of the debt financing instruments, price of issue, the size of issue, interest rate of issue or its determination mechanism, the markets for issue, the timing of issue, the term of issue, issue in instalments and number of tranches (if applicable), sale back clause and redemption clause (if applicable), rating, guarantees (if applicable), repayment period, conversion price, use of proceeds, placing, underwriting and all matters in respect of the issue of debt financing instruments.
 - (b) carrying out all necessary and ancillary actions and procedures in relation to the issue of debt financing instruments, including but not limited to, select and engage intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the issuance on behalf of the Company, execute all necessary documents for the issuance, select trustee(s) for the issue of debt financing instruments, formulate rules for meetings of the holders of the bonds, deal with any related disclosure in accordance with the applicable laws and regulations and requirements from regulatory authorities, and deal with any other matters in connection with the bond issuance and trading.
 - (c) subject to the authorization at the AGM, if there are changes in the regulatory policies or market conditions, correspondingly revising the specific proposals and terms of the proposal for the issue of debt financing instruments in due course in accordance with the view of regulatory authorities or in the event that there are changes in the then market conditions, except for matters that require approval at the general meeting of the Company in respect of relevant laws, regulations and the Articles of Association.

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- (d) deciding and dealing with all relevant matters in connection with the proposed listing of debt financing instruments to be issued on the Inter-bank Bond Market, the SSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges according to the market conditions.
2. To further delegate the authorization granted by the Shareholders at the AGM to the Board and then to delegate to the Chairman of the Board and his authorised person(s) to execute all matters in connection with the issue of debt financing instruments based on the Company's needs and other market conditions upon approval and authorization in respect of the above matters at the AGM.
3. To authorise the Chairman of the Board and his authorised person(s) to approve, execute and dispatch relevant documents, announcements and circulars and make information disclosure in accordance with the applicable rules and regulations of the relevant jurisdictions where the securities of the Company are listed.

(III) Term of the Issue of Debt Financing Instrument

The mandate of the issue of the debt financing instruments shall be effective from the date of approval at the AGM to the date of convening the 2021 annual general meeting of the Company.

If the Board or the Chairman of the Board and his authorised person(s) have resolved to issue the debt financing instruments within the validity term of the mandate and the Company has also obtained the approval, permission or registration (if applicable) for the issuance from the competent regulatory authorities within the validity term of the mandate, the Board or the Chairman of the Board and his authorised person(s) may complete the issue of such debt financing instruments within the validity term of such approval, permission or registration.

A special resolution regarding the consideration and approval of the proposal in relation to the approval and authorization to the Board to decide on issuance of debt financing instruments will be proposed at the AGM.

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10. PROPOSED PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

As mentioned in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposed purchase of liability insurance for Directors, Supervisors and senior management of the Company, details of which are as follows:

Considering the risks of domestic and overseas litigations or regulatory investigations that the Directors, Supervisors and senior management of the Company may be exposed to when carrying out their duties in executing the business decisions, information disclosure and other matters, as well as the enhanced relevant responsibilities of the Company after the completion of major overseas mergers and acquisitions, in order to avoid such concerns of the Directors, Supervisors and senior management of the Company, to stimulate them to perform their duties in a diligent and responsible manner and better protect the Shareholders' interests, the Board intends to purchase annual liability insurance for Directors, Supervisors and senior management of the Company. The insurance will cover management liabilities of the Directors, Supervisors and senior management of the Company, and the compensation claims on the securities of the Company as well as inappropriate employment practices of the Company. The indemnity cap of single annual insurance will not exceed USD100 million/year and the annual aggregate premium shall not exceed USD700,000/year. The Board proposed to the AGM to authorize the chairman of the Board or its delegates to handle the relevant annual insurance matters in accordance with the actual development of the business of the Company, including but not limited to the determination of the annual indemnity limit and the amount of insurance, duration of insurance and insurance coverage scope, selection of insurance institutions, signing relevant legal documents and handling other matters related to insurance within the scope of authorization.

Subject to the requirements of the Company Law, the Articles of Association and the listing rules of the SSE, an ordinary resolution regarding the consideration and approval of the proposed purchase of liability insurance for Directors, Supervisors and senior management of the Company will be proposed at the AGM.

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11. PROPOSED RE-ELECTION AND ELECTION OF THE DIRECTORS AND THE SUPERVISORS

(i) Proposed re-election and election of the Directors and the Supervisors

Reference is made to the announcement of the Company dated 22 March 2021. Given that the fifth session of the Board will expire on the date of the AGM, the proposals to nominate the Directors of the sixth session of the Board were considered and approved at the twelfth meeting of the fifth session of the Board held on 22 March 2021 according to the Articles of Association, the Rules for Board Meetings and the Detailed Working Rules for Nomination and Governance Committee.

The Board had resolved to nominate Mr. Sun Ruiwen as candidate for executive Director of the sixth session of the Board, Mr. Li Chaochun to be re-elected as candidate for executive Director of the sixth session of the Board, Mr. Yuan Honglin, Mr. Guo Yimin and Mr. Cheng Yunlei to be re-elected as candidates for non-executive Directors of the sixth session of the Board, and Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua to be re-elected as candidates for independent non-executive Directors of the sixth session of the Board; and to put forward these proposals to the AGM for Shareholders' consideration and approval.

Pursuant to Rule A.5.5 of Appendix 14 to the Listing Rules, the Nomination and Governance Committee and the Board have discussed the nomination of Mr. Wang Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua as candidates for independent non-executive Directors of the sixth session of the Board in view of the board diversity policy and the director nomination policy of the Company. The Nomination and Governance Committee has proved that each of the candidates is able to provide independent, fair and objective opinions on the affairs of the Company by virtue of his/her personal opinions, education background, skills and work experience. Each of the candidates is able to promote the diversification of the Board structure in many aspects, including gender, culture, knowledge, education background, experience and skills.

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The biographical details of the Directors to be re-elected or elected as members of the sixth session of the Board are as below:

Proposed executive Directors for re-election or election

Mr. Sun Ruiwen, born in 1969, is a professor-level senior engineer. Mr. Sun Ruiwen has been the chief executive officer of the Company since August 2020. Mr. Sun graduated from East China Jiaotong University (華東交通大學), majoring in safety engineering. From 1990 to 2008, he worked in China Railway No. 3 Engineering Group (中鐵三局集團), Qinghai China Railway Mining (青海中鐵礦業), China Railway Resources Guojin Mining (中鐵資源國金礦業) and Chifeng China Railway Mining (赤峰中鐵礦業). From 2008 to 2009, he served as the deputy chief economist of China Railway Resource Group Co., Ltd. (中鐵資源集團公司), and the chairman of China Railway Resources Trading Co., Ltd. (中鐵資源商貿公司). From 2009 to 2012, Mr. Sun served successively as the chairman of Congo (DRC) Luisha Mining (剛果(金)綠紗礦業), MKM Mining (MKM礦業), Congo (DRC) International Mining Corporation (剛果(金)國際礦業公司) and the deputy general manager of China Railway Resource Group Co., Ltd.(中鐵資源集團有限公司). From 2012 to 2017, he served as the general manager of Huagang Mining Co., Ltd. (華剛礦業公司) and chairman of Busanga Hydropower Station Co., Ltd. (布桑加水電站公司). From 2017 to 2019, Mr. Sun served as the general manager of China Railway Resource Group Co., Ltd. (中鐵資源集團公司). Mr. Sun has been awarded many awards, such as “Young Hero of Shenshou Railway Construction”, “Top ten Outstanding Youth of China Railway”, “Second Class and First Class of China Non-ferrous Science Improvement Award”, “Meritorious Person of Resources Development outside China”, etc.

Mr. Li Chaochun, born in February 1977, served as the executive Director since January 2007 and the vice chairman of the Board from January 2007 to January 2014, and the chairman of the Board since January 2014 to June 2020. He currently serves as the vice chairman of the Board and a member of the Strategic and Sustainability Committee. Mr. Li graduated from Shanghai Jiaotong University (上海交通大學) with a bachelor’s degree in law in July 1999. From July 1999 to December 1999, he was a staff accountant of the tax division of Arthur Andersen (Shanghai) Business Consulting Co., Ltd (安達信(上海)企業諮詢有限公司). He served at Arthur Andersen Hua Qiang CPA (安達信華強會計師事務所) from January 2000 to March 2002, where his last position was a senior consultant of the tax division. From April 2002 to February 2003, he was a deputy manager of planning and strategy implementation of the general representative office of the Hong Kong and Shanghai Banking Corporation Limited. From July 2003 to January 2007, Mr. Li was an executive director of the investment department of Cathay Fortune Corporation (鴻商產業控股集團有限公司).

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Li Chaochun is interested in 1,587,692 A Shares.

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Proposed Non-executive Directors for re-election

Mr. Yuan Honglin, born in November 1967, has been our non-executive Director and a member of the Audit and Risk Committee, Remuneration Committee and Strategic and Sustainability Committee since November 2013. He has been the Chairman of the Board, the chairman of the Strategic and Sustainability Committee and the vice chairman of the Nomination and Governance Committee since June 2020. He has over 20 years of experience in the banking industry. Mr. Yuan graduated from Nanjing University (南京大學) in July 1990 with a bachelor's degree in economics. In July 2004, Mr. Yuan obtained a MBA degree from Shanghai Jiaotong University (上海交通大學). From August 1990 to May 2000, Mr. Yuan worked at Bank of China Limited, Nantong Branch where he held various positions including vice president of the Rudong sub-branch and manager of the credit management department of Nantong Branch. From June 2000 to August 2007, Mr. Yuan worked at China Merchants Bank Limited, Shanghai Branch where he held various positions including president of Jiang Wan sub-branch and general manager of corporate banking department. From September 2007 to September 2012, Mr. Yuan worked at Ping An Bank Co., Ltd. where he held various positions including assistant to the president of the Shanghai Branch, vice president (responsible for the overall business operations) of the Shanghai Branch and general manager of the corporate banking department, responsible for the northern region of China. From October 2012 to the present, Mr. Yuan currently serves as the director of Cathay Fortune Corporation (鴻商產業控股集團有限公司) and Cathay Fortune Capital Limited (鴻商資本股權投資有限公司). He concurrently serves as the chairmen of the board of Sino-French Life Insurance Co., Ltd. (中法人壽保險有限責任公司), an executive director of Xizang Hongshang Capital Investment Co. Ltd (西藏鴻商資本投資有限公司), Shanghai Cathay Fortune Venture Capital Management Co., Ltd. (上海鴻商創業投資管理有限公司), Xizang Honghui New Material Technology Co. Ltd (西藏鴻輝新材料科技有限公司) and Shanghai Hongshang Caihui Investment Co., Ltd (上海鴻商材薈投資有限公司), and a director of Najing Technology Co., Ltd. (納晶科技股份有限公司, a company listed on NEEQ, stock code: 830933), Cathay Fortune Investment Limited (鴻商投資有限公司), Cathay Fortune Singapore Pte. Ltd.(鴻商產業(新加坡)有限公司), Cathay Fortune International Company Limited (鴻商產業國際有限公司) and Cathay Fortune Holdings Co., Ltd(鴻商控股有限公司).

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Yuan Honglin is interested in 1,050,600 A Shares.

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Mr. Guo Yimin, born in October 1964, is a senior economist and was recognized as a National Outstanding Entrepreneur. He has been a non-executive Director of the Company since March 2019 and the vice chairman of the Company since April 2019. He graduated from Sichuan University (四川大學) with a bachelor's degree in business administration in December 2005. From July 1983 to February 1995, he worked as a planner of accounting department and chief of special accounting department in Luoyang Glass Plant (洛陽玻璃廠). Mr. Guo served as the assistant (deputy director level) of the director of investment committee of China Luoyang Float Glass Group Co., Ltd. (中國洛陽浮法玻璃集團有限公司) ("CLFG") from February 1995 to July 1997, the vice general manager of finance company of CLFG from July 1997 to July 2007, and the general manager of investment department, the assistant chief financial officer, director, chief accountant of CLFG from July 2007 to August 2014. From August 2014 to November 2018, Mr. Guo served as the general manager of LMG. He has been the director and general manager of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司) since August 2014, the chairman of LMG since April 2015.

Mr. Cheng Yunlei, born in September 1982, is a senior accountant, non-practicing certified accountant and was recognized as the Model Worker of Henan Province. He has been a non-executive Director since 26 June 2015. Mr. Cheng graduated from Henan University of Science and Technology in 2006 with a bachelor's degree majoring in management. From July 2006 to October 2007, he worked in the No. 2 Audit Department of Luoyang Zhong Hua Certified Public Accountants Company Limited (洛陽中華會計師事務所), engaged in audit and financial consulting services. He has served as the chief accountant and the person in charge of the finance and audit department of Luoyang Mining Group Co., Ltd.(洛陽礦業集團有限公司) from November 2007 to December 2014. From January 2015 to August 2019, Mr. Cheng has served as the general manager of the planning and finance department of Luoyang Guohong Investment Group Co., Ltd.(洛陽國宏投資集團有限公司). Mr. Cheng currently serves as the director and general manager of LMG.

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Proposed Independent Non-executive Directors for re-election

Mr. Wang Gerry Yougui, born in May 1962, Hong Kong resident, Canadian citizen, has been the independent non-executive Director of the Company, the chairman of the Nomination and Governance Committee and Remuneration Committee, and a member of the Strategic and Sustainability Committee since August 2018. He received his bachelor's degree in Navigation from Shanghai Maritime University in 1983 and was awarded his Master's degree in International Economics from the program sponsored by the United Nations Economic and Social Commission in 1986. In 1993, he obtained his Master of Science degree in Business Administration from the University of British Columbia in Canada. Mr. Wang was the Company Secretary & Business Development Deputy Manager at China Merchants Group from 1986 to 1989. He joined Seaspan Canada in 1990 and founded its containership business. In August 2005, he successfully took Seaspan's containership business public, trading on the New York Stock Exchange as SSW. Mr. Wang worked as the Chief Executive Officer and Co-chairman for 12 years. He retired from Seaspan at the end of 2017 to turn his focus on developing new business ventures in clean energy. Late on Mr. Wang founded the Tiger Gas Group (Tiger Clean Energy). He was named 2016 the Most Influential Person of Shipping in the world. Mr. Wang is serving as a consultant of Hong Kong and China region of the University of Pennsylvania in Asia. He is also an expert in shipping on BLOOMBERG TV & CNBC.

Ms. Yan Ye, born in May 1958, holds a master's degree in law and is a registered lawyer. Ms. Yan has been the independent non-executive Director, and a member of the Audit and Risk Committee and Nomination and Governance Committee since August 2018. Ms. Yan received a bachelor's degree in law specialised in politics and law from the faculty of law in Peking University in 1982 and a master's degree in civil law from the faculty of law of Renmin University of China in 1984. She served as a lecturer and associate professor of the school of law of the Party School of the Central Committee of C.P.C. from 1984 to 1994. She served as a lawyer in Shaanxi Xiehui Law Firm from 1994 to 2003 and served as a lawyer in Shaanxi Win Law Firm from 2003 to 2008 and has served as a lawyer and a partner in Shaanxi Yanfeng Law Firm since 2008. Ms. Yan Ye concurrently serves as an independent director of Beijing Shenogen Pharma Group Ltd. (北京盛諾基醫藥科技有限公司).

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Mr. Li Shuhua, born in 1971, has been the independent non-executive Director of the Company, the chairman of the Audit and Risk Committee and a member of the Nomination and Governance Committee and Remuneration Committee since August 2018. He obtained a bachelor's degree majoring in auditing from Southwest University in 1993, a master's degree majoring in accounting from Xiamen University in 1996, and a doctor's degree majoring in accounting from Shanghai University of Finance and Economics in 1999. From 2002 to 2004, he pursued his postdoctoral research in Finance and Law in Peking University, and obtained a degree in Finance Executive Master of Business Administration (EMBA) from Shanghai Advanced Institute of Finance from 2013 to 2015. He served consecutively as director-level clerk of general office division, deputy division director of auditing division, deputy division director of general office division, division director of financial budgeting management division and division director of general office division of accounting department in CSRC from 1999 to 2010. From 2010 to 2018, he had worked for China Galaxy Securities Co., Ltd. and acted as Chief Risk Officer/Chief Compliance Officer and member of the Executive Committee. He currently serves as a professor and supervisor of postgraduates at Xiamen National Accounting Institute, Peking University, Shanghai Advanced Institute of Finance of Shanghai Jiaotong University and a professor of Tsinghua University PE Program. Mr. Li is currently the chairman of Changzhou Guangyang Bearing Co., Ltd. (常州光洋軸承股份有限公司), an independent director of Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002415), a director and the general manager of Changzhou Guangyang Holding Group Co., Ltd. (常州光洋控股有限公司), an independent director of Bomesc Offshore Engineering Company Limited (博邁科海洋工程股份有限公司) and Xi'an Shaangu Power Co., Ltd. (西安陝股動力有限公司), the chairman of the supervisory committee of Shenzhen Capital Fortune Investment Co., Ltd. (深圳市遠致富海投資管理有限公司), the executive partner of the merger and acquisition fund of Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) and the chairman of Weihai Shiyi Electronics Co., Ltd. (威海世一電子有限公司).

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On 22 March 2021, the Board proposed the above Directors to be re-elected or elected with a term of office commencing from the date on which the relevant special resolutions are passed at the AGM until the conclusion of the 2023 AGM, subject to retirement by rotation and re-election at the 2023 AGM pursuant to the Articles of Association.

Subject to the approval of their appointments by the Shareholders at the AGM, each of the Directors to be re-elected or elected will enter into a service contract with the Company respectively. The Board, authorised by the Shareholders, will determine the Directors' remuneration according to the responsibilities, the industries' salary level and the actual situation of the Company. Their remuneration will be covered by each of their service contracts to be entered into and any subsequent revision approved by the Board. As soon as their respective remuneration is fixed, the Company will make relevant announcement(s) accordingly.

Save as disclosed above, none of the above candidates for election or re-election as Directors held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and none of them (i) are related to any Directors, Supervisors, senior management or substantial or controlling Shareholders (as defined in the Listing Rules); (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Save as disclosed above, the Board is not aware of any other matters in relation to the proposed re-election and election of the above Directors that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

LETTER FROM THE BOARD

(ii) **Proposed re-election of non-employee representative Supervisors**

The proposals on nomination of non-employee representative Supervisors for the sixth session of the Supervisory Committee were considered and approved at the twelfth meeting of the fifth session of the Board held on 22 March 2021.

The Board had resolved to nominate Mr. Zhang Zhenhao and Ms. Kou Youmin to be re-elected as candidates for non-employee representative Supervisors of the sixth session of the Supervisory Committee, and put forward these proposals to the AGM for Shareholders' consideration and approval. Upon approval by the Shareholders at the AGM for their re-election, Mr. Zhang Zhenhao and Ms. Kou Youmin, together with Mr. Xu Wenhui (elected as the employee representative Supervisor on 12 March 2021) will become the members of the sixth session of the Supervisory Committee.

The biographical details of the non-employee representative Supervisors to be re-elected as members of the sixth session of the Supervisory Committee are as below:

Mr. Zhang Zhenhao, born in June 1973, has been a Supervisor of the Company since August 2009. Mr. Zhang concurrently acts as a director of Cathay Fortune Corporation, a director of Cathay Fortune Capital Equity Investment Co., Ltd. (鴻商資本股權投資有限公司), a director of Cathay Fortune Investment Limited (鴻商投資有限公司), a director of Cathay Fortune International Company Limited (鴻商產業國際有限公司), a director of Cathay Fortune Singapore Pte. Ltd. (鴻商產業(新加坡)有限公司), a director of Cathay Fortune Holdings Co., Ltd (鴻商控股有限公司), an executive director of Shanghai CFC Puyuan Investment Management Co., Ltd (上海鴻商普源投資管理有限公司), an executive director of Shanghai CFC Datong Industrial Co., Ltd. (上海鴻商大通實業有限公司), an executive director of Shanghai Shanglue Trading Co., Ltd (上海商略貿易有限公司), a director of Beijing Huiqiao Investment Co., Ltd (北京匯橋投資有限公司), an executive director of Cathay Fortune Overseas Investment Co., Ltd (鴻商海外投資有限公司), a supervisor of Sino-French Life Insurance Co., Ltd (中法人壽保險有限公司), an executive director of Tibet Hongming Investment Company Limited (西藏鴻銘投資有限公司執行董事), an executive director of Tibet Yongce Investment Company Limited (西藏永策投資有限公司), an executive director of Tibet Hongyin Enterprise Management Service Company Limited (西藏鴻胤企業管理服務有限公司), an executive director of Shanghai Shangju Enterprise Company Limited (上海商聚實業有限公司), an executive director of Shanghai Yunsheng International Trade Company Limited (上海勻盛國際貿易有限公司). Mr. Zhang graduated from Tianjin Polytechnic University with a bachelor's degree in textile engineering. Mr. Zhang also obtained a master degree in finance from the Graduate School of The Chinese Academy of Social Sciences. He has obtained the CFA qualification from the CFA Institute. From 1993 to 1999, Mr. Zhang held positions at Tianjin Yarn-dyed Company (天津色織公司), Tianjin Weaving Materials Exchange, Hainan Zhongshang Futures Exchange (海南中

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商期貨交易所). From May 1999 to December 2001, Mr. Zhang was employed by Zhongfu Securities Dealer Co. Ltd. as member of the preparatory division, general manager of the business management department and supervisor of the Company. From January 2002 to May 2007, Mr. Zhang was employed by Zhongfu Securities Co. Ltd. (中富證券經紀有限責任公司) as member of the preparatory division, general manager of the sales department of Haikou Securities, executive director of the marketing management department, secretary to the board of directors of the company and general manager of the chief executive office and the human resources department. Since June 2007, Mr. Zhang has been the general manager of the finance department of Cathay Fortune Corporation (鴻商產業控股集團有限公司).

As at the Latest Practicable Date, within the meaning of Part XV of the SFO, Mr. Zhang Zhenhao is interested in 1,063,500 A Shares.

Ms. Kou Youmin, born in August 1965, is a senior accountant with a bachelor's degree in accounting from Henan Institute of Finance and Economics (河南財經學院) in 1999. Ms. Kou serves as the chairman of the Supervisory Committee since 27 June 2015. She served as a technician at Luoyang Liming Plastic Plant (洛陽黎明塑料總廠) from August 1986 to January 1988, an accountant at Luoyang Changfeng Construction Material Store (洛陽長豐建材商店) from January 1988 to October 1992, an accountant at Luoyang Bearings Group Plastic Packing Manufacturing Plant (洛陽軸承集團塑料包裝製品廠) and the head of financial department of Luoyang Bearings Group Railway Bearings Co., Ltd. (洛陽軸承集團鐵路軸承有限公司) from October 1992 to February 2009. Ms. Kou served as the head of financial department and the chief financial officer of Luoyang State-owned Assets Operation Company Limited (洛陽市國資國有資產經營有限公司) from February 2009 to January 2015. She also served as an assistant to general manager and the general manager of supervisory and audit department of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司) from January 2015 to December 2015 and a deputy general manager of Luoyang Guohong Investment Group Co., Ltd. (洛陽國宏投資集團有限公司) since December 2015.

On 22 March 2021, the Board proposed the above non-employee representative Supervisors to be re-elected with a term of office commencing from the date on which the relevant special resolutions are passed at the AGM until the conclusion of the 2023 AGM, subject to retirement by rotation and re-election at the 2023 AGM pursuant to the Articles of Association.

LETTER FROM THE BOARD

Subject to the approval of their appointments by the Shareholders at the AGM, each of Mr. Zhang Zhenhao and Ms. Kou Youmin will enter into a service contract with the Company respectively. The Board, authorised by the Shareholders, will determine their remuneration according to the responsibilities, the industry level salary and the actual situation of the Company. Their remuneration will be subject to each of their service contracts to be entered into and any subsequent revision approved by the Board. As soon as their respective remuneration is fixed, the Company will make relevant announcement(s) accordingly.

Save as disclosed above, none of Mr. Zhang Zhenhao and Ms. Kou Youmin held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years and none of them (i) are related to any Directors, Supervisors, senior management or substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules); (ii) are interested in any shares of the Company within the meaning of Part XV of the SFO; or (iii) held any other position with the Company or other members of the Group.

Save as disclosed above, both of Mr. Zhang Zhenhao and Ms. Kou Youmin have confirmed that there are no matters that need to be brought to the attention of the Shareholders, and there is no other information in relation to the proposed re-election of them which is required to be disclosed pursuant to Rules 13.51(2) (h) to 13.51(2) (v) of the Listing Rules.

12. PROPOSED AUTHORISATION TO THE BOARD TO DETERMINE THE REMUNERATION OF THE BOARD AND THE SUPERVISORY COMMITTEE

In accordance with the Company Law, the Articles of Association and the performance and results of the Company, the remuneration of the Directors and the Supervisors will be determined by the Board under the authorisation of the Shareholders and shall be reviewed by the Remuneration Committee from time to time. Taking into consideration the respective Directors' and Supervisors' duties, responsibilities and salary level, the remuneration shall present the consistency between power, responsibilities and interests and arouse the enthusiasm of Directors and Supervisors, which contribute to the long-term sustainable development of the Company.

In accordance with the Articles of Association, a special resolution regarding the proposed authorisation to the Board to determine the remuneration of the Directors and the Supervisors will be proposed at the AGM.

LETTER FROM THE BOARD

13. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND OTHER INTERNAL MANAGEMENT SYSTEMS

Reference is made to the announcement of the Company dated 12 June 2020 and 28 August 2020 in relation to the proposed amendments to the Articles of Association, the rules for shareholders' general meetings, the rules for Board meetings and the detailed working rules for Supervisory Committee meetings.

In order to further enhance the Company's governance and meet the relevant regulatory requirements, the Company intends to make amendments to certain provisions of the Articles of Association in accordance with the relevant provisions of laws, regulations and normative documents such as the Company Law, the details of the amendments to the Articles of Association are set out in Appendix III to this circular.

In addition, the Board resolved to modify the expression of "general manager" and "vice general manager" as "president" and "vice president", respectively, in the relevant articles of the internal management system such as "the Rules for Shareholders' General Meetings of the Company", "the Rules for Board Meetings of the Company", "the Detailed Working Rules for Supervisory Committee Meetings of the Company", "the Third Party Guarantee Management System of the Company", "the Management System of Subsidiaries of the Company", "the Detailed Working Rules of Investment Committee of the Company", "the Rules for the Management System of Related Transactions of the Company", "the External Investment Management System of the Company", "the Information Disclosure System of the Company", "the Insider Information Registration Management System of the Company", "Internal Accountability System of the Company", and "the Internal Report Management System on Significant Events of the Company".

A special resolution regarding the consideration and approval of the proposed amendments to the Articles of Association and other internal management system will be proposed at the AGM.

14. PROPOSED GENERAL MANDATE FOR ISSUE OF SHARES

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal in relation to the general mandate to the Board for issue of additional A Shares and/or H Shares.

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In view of the Company's development needs, the Board proposed a special resolution to grant to the Board the Share Mandate to issue, allot and deal with additional A Shares and H Shares or securities convertible into such shares, options, warrants or any similar rights which can subscribe for A Shares and/or H Shares (the "**Similar Rights**") not exceeding 20% of the number of each class of such Shares in issue, on the date of passing of the relevant resolution, details of which are as follows:

1. To grant a general and unconditional mandate to the Board and then to delegate to the Chairman of the Board and his authorised person(s) by the Board or the Similar Rights to determine separately or jointly allot, issue and deal with A Shares and/or H Shares (the issue of A Shares shall still be subject to the approval of Shareholders at the general meeting of the Company in accordance with the relevant regulations of the PRC) and the terms and conditions for the allotment, issuance and dealing of new Shares or Similar Rights, including but not limited to:
 - (a) class and number of new Shares to be issued;
 - (b) price determination method of new Shares and/or issue price (including price range);
 - (c) the starting and closing dates for the issue;
 - (d) class and number of the new Shares to be issued to existing shareholders; and/or
 - (e) the making or granting of offers, agreements, options, convertible rights or Similar Rights which might require the exercise of such powers.

2. The numbers of A Shares or H Shares (excluding Shares issued in form of capital conversion from capital reserve) to be separately or jointly allotted, issued and dealt with (whether pursuant to an option or otherwise) pursuant to the Share Mandate, shall not exceed 20% of the A Shares or H Shares in issue at the time when the resolution proposed for approval of the Share Mandate is passed at the AGM, respectively, by the Board or the Chairman of the Board and his authorised person(s).

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3. If the Board or the Chairman of the Board and his authorised person(s) have resolved to allot, issue and deal with A Shares and/or H Shares or the Similar Rights within the Relevant Period as defined below, and the Company has also obtained the relevant approval, permission or registration (if applicable) from the competent regulatory authorities within the validity term of the Share Mandate, the Board or the Chairman of the Board and his authorised person(s) may complete the relevant allotment, issuance and dealing works within the validity term of such approval, permission or registration.
4. To grant the Board or the Chairman of the Board and his authorised person(s) to obtain approvals from the relevant government authorities and/or regulatory authorities (if applicable) in accordance with applicable laws (including but not limited to the Company Law, the Hong Kong Listing Rules and the Listing Rules of the SSE) for the exercising of the Share Mandate.
5. The Share Mandate will become effective from the date of passing of the resolution proposed for approval of the Share Mandate at the AGM until the earlier of (the “**Relevant Period**”):
 - (a) the expiration of 12 months from the date of passing of the resolution proposed for approval of the Share Mandate at the AGM;
 - (b) the conclusion of 2021 annual general meeting; and
 - (c) the revocation or amendment of the Share Mandate granted under this resolution by the approval of special resolution at a general meeting by Shareholders.
6. To grant the Board or the Chairman of the Board and his authorised person(s) to approve, execute and make or procure to execute and make any documents, deeds and matters, complete necessary formalities, adopt other necessary actions in connection with the allotment, issuance and dealing of any new Shares in accordance with the Share Mandate as considered fit.
7. To grant the Board or the Chairman of the Board and his authorised person(s) to increase the registered capital of the Company and to make appropriate and necessary amendments to the Articles of Association after completion of the allotment and issuance of new Shares according to the method, type and number of the allotment and issuance of new Shares by the Company, and the then shareholding structure of the Company.

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As at the Latest Practicable Date, the Company had an aggregate of 21,599,240,583 Shares in issue, comprising 3,933,468,000 H Shares and 17,665,772,583 A Shares. Subject to the passing of the proposed resolution in relation to the general mandate for issue of Shares, the Company will be allowed to issue, allot and deal with up to a maximum of 4,319,848,116 Shares (comprising 786,693,600 H Shares and 3,533,154,516 A Shares), representing 20% of the Shares in issue on the date of the passing of such resolution, on the basis that no further Shares will be issued by the Company prior to the AGM.

The Board will only exercise its authority under the Share Mandate in accordance with the Company Law of the PRC, other applicable laws and regulations (as amended from time to time) and the relevant provisions of the securities regulatory institutions at the place of listing of the Shares and only with the necessary approvals from the CSRC and other relevant PRC government departments. The Directors hereby state that as at the Latest Practicable Date, they have no intention to issue any new Shares pursuant to the Share Mandate.

The Board believes that it is in the best interests of the Company and the Shareholders to grant the Share Mandate to the Board to issue new Shares. Whilst it is not possible to anticipate in advance any specific circumstances in which the Board might think appropriate to issue Shares, the ability to do so would give them the flexibility to capture the opportunity if it so arises.

A special resolution regarding the consideration and approval of the resolution in relation to the general mandate for issue of shares will be proposed at the AGM.

15. PROPOSED GENERAL MANDATE FOR REPURCHASE OF H SHARES

As stated in the overseas regulatory announcement of the Company dated 29 January 2021, the Company convened the sixteenth extraordinary meeting of the fifth session of the Board on 29 January 2021, and considered and approved the proposal in relation to the proposed general mandate for repurchase of H Shares.

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In view of the development requirements of the Company and in order to give the Company the flexibility to repurchase H Shares if and when appropriate, the Board proposed a special resolution at the AGM to grant the Repurchase Mandate to the Board to repurchase H Shares of an aggregate number not exceeding 10% of the number of H Shares in issue as at the date of the passing of the resolutions proposed for approval of the Repurchase Mandate.

The Company Law (which the Company is subject to) provides that a joint stock limited company incorporated in the PRC shall not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its registered share capital; (b) merging with another entity holding its shares; (c) using shares for employee stock ownership plan or equity incentives; (d) purchasing the shares from dissent shareholders who opposes to a resolution of the shareholders' meeting on the combination or division of the company; (e) using shares for converting convertible corporate bonds issued by a listed company; or (f) protecting the corporate value and the rights and interests of shareholders by a listed company. The Articles of Association provide that subject to the approval of relevant regulatory authorities and in compliance with the Articles of Association, the Company shall repurchase its Shares for the above-mentioned purposes. H Shares repurchased under this general mandate can only be cancelled and the registered capital of the Company shall be reduced accordingly.

The Hong Kong Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to its directors to repurchase H Shares of such company that are listed on the Hong Kong Stock Exchange.

Such mandate is required to be given by way of special resolution passed by Shareholders in general meeting.

As H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company upon any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approvals of SAFE and other relevant competent authorities are also required.

In accordance with the requirement of Article 27 of the Articles of Association applicable to registered capital reduction, the Company shall notify its creditors within 10 days after the passing of such resolution by the Board and shall publish an announcement in a newspaper within 30 days after the passing of such resolution by the Board. Creditors then have the right within 30 days of receiving the notice from the Company or, if no such notice has been received, within 45 days after the publication of the press announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

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The Repurchase Mandate will be conditional upon: (a) the special resolutions approving the grant of the Repurchase Mandate being approved at each of the AGM; (b) the approval of the regulatory authorities (if applicable) as required by the laws, rules and regulations of the PRC being obtained; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 27 of the Articles of Association as described above. In the event that the Company determines to repay any amount to its creditors in the circumstances described in item (c) above, the Company is expected to repurchase Shares with its internal resources. No Repurchase Mandate shall be exercised by the Board without satisfying conditions set out above. The Directors hereby state that as at the Latest Practicable Date, they have no intention to repurchase any H Shares pursuant to the Repurchase Mandate.

Details of the special resolution to be proposed at the AGM to grant the Repurchase Mandate to the Board are set out in the special resolution No. 22 of the notice of AGM. The number of H Shares which may be repurchased under the Repurchase Mandate shall not exceed 10% of the number of H Shares in issue as at the date of the passing of the proposed resolutions approving the Repurchase Mandate.

Pursuant to the Hong Kong Listing Rules, the Company shall give an explanatory statement to Shareholders, which contains information reasonably necessary to enable Shareholders to make an informed decision on voting for or against the granting of Repurchase Mandate. The explanatory statement is set out in Appendix IV to this circular.

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16. AGM

The Board proposed to seek the Shareholders' approval at the AGM to approve, among others: (i) the Financial Report and Budget Report; (ii) the proposed distribution of Final Dividend; (iii) the proposed purchase of structured deposit with internal idle fund; (iv) the proposed purchase of wealth management or entrusted wealth management products with internal idle fund; (v) the proposed provision of guarantee to wholly-owned subsidiaries; (vi) the proposed provision of supply chain financing guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers; (vii) the proposed provision of financing guarantee to a joint venture of the Company; (viii) the proposed approval of mandate to the Board to decide on issuance of debt financing instruments; (ix) the proposed purchase of liability insurance for Directors, Supervisors and senior management of the Company; (x) the proposed re-election and election of the Directors and the Supervisors; (xi) the proposed authorisation to the Board to determine the remuneration of the Directors and the Supervisors; (xii) the proposed amendments to the Articles of Association and other internal management systems; (xiii) the proposed Share Mandate; and (xiv) the proposed Repurchase Mandate.

Notice convening the AGM to be held at Mudu-Lee Royal International Hotel at No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the PRC on Friday, 21 May 2021 is set out on pages AGM-1 to AGM-10 of this circular. A form of proxy for the AGM is enclosed herewith.

According to the requirements under the "Rules of Shareholders' Meeting of Listed Companies" of the CSRC, independent Directors shall issue a work report at the annual general meeting. Such report will be submitted to the shareholders' general meeting for consideration but not for shareholders' approval. The 2020 Work Report of Independent Directors of the Company is set out in Appendix II to this circular for Shareholders' information.

LETTER FROM THE BOARD

17. PROXY ARRANGEMENT

A form of proxy for use at the AGM is enclosed with this circular and such form is also published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmoc.com).

For H Shareholders, whether or not you are able to attend the AGM in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 1:00 p.m. on Thursday, 20 May 2021 (or if the AGM is adjourned, such time shall be not less than 24 hours before the time designated for holding the meeting). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournments thereof should you so wish.

18. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of H Shareholders who will be entitled to attend and vote at the AGM, the H Shares register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both days inclusive) during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Shares register of members at 4:30 p.m. on Friday, 14 May 2021 shall be entitled to attend and vote at the AGM. In order for the H Shareholders to qualify for attending and voting at the AGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 14 May 2021.

LETTER FROM THE BOARD

19. VOTING AT THE AGM

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the AGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results announcement will be announced by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, given that Luoyang Mining Group Co., Ltd. (洛陽礦業集團有限公司), a substantial shareholder of the Company holding 5,329,780,425 Shares which accounted for approximately 24.68% of the Company's total share capital, indirectly controls 45% interest in Fuchuan Mining, therefore it shall abstain from voting for the special resolution proposed at the AGM for consideration and approval for the provision of financing guarantee to a joint venture of the Company within an amount of RMB1 billion. Save as disclosed above, to the knowledge of Directors, no Shareholder shall abstain from voting for the resolutions to be proposed at the AGM.

In addition, the Company will offer a platform to A Shareholders including investors of Shanghai-Hong Kong Stock Connect to vote online through the general meeting online voting system of the SSE. Please refer to the relevant announcement published by the Company on the SSE for details.

LETTER FROM THE BOARD

20. RECOMMENDATIONS

The Directors are of the view that, (i) the Financial Report and Budget Report; (ii) the proposed distribution of Final Dividend; (iii) the proposed purchase of structured deposit with internal idle fund; (iv) the proposed purchase of wealth management or entrusted wealth management products with internal idle fund; (v) the proposed provision of guarantee to wholly-owned subsidiaries; (vi) the proposed provision of supply chain financing guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers; (vii) the proposed provision of financing guarantee to a joint venture of the Company; (viii) the proposed approval and authorize to the Board to decide on issuance of debt financing instruments; (ix) the proposed purchase of liability insurance for Directors, Supervisors and senior management of the Company; (x) the proposed re-election and election of the Directors and the Supervisors; (xi) the proposed authorisation to the Board to determine the remuneration of the Directors and the Supervisors; (xii) the proposed amendments to the Articles of Association and other internal management systems; (xiii) the proposed Share Mandate; and (xiv) the proposed Repurchase Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of AGM.

21. OTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular.

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

I. MAJOR FINANCIAL INFORMATION AND FINANCIAL INDICATORS

Unit: RMB'000

Major accounting information	2020	2019	Increase or decrease as compared with the same period of last year (%)
Operating revenue	112,981,019	68,676,565	64.51
Net profit attributable to shareholders of listed company	2,328,788	1,857,014	25.40
Net profit after deduction of non-recurring profits or losses attributable to shareholders of listed company	1,090,577	746,685	46.06
Net cash flow from operating activities	8,492,454	1,704,828	398.14
			Increase or decrease as compared with the same period of last year (%)
Major accounting information	As at the end of 2020	As at the end of 2019	of last year
Net assets attributable to the shareholders of listed company	38,891,781	40,802,774	-4.68
Total assets	122,441,250	116,862,226	4.77

Major financial indicators	2020	2019	Increase or decrease as compared with the same period of last year (%)
Basic earnings per share (“EPS”) <i>(RMB per share)</i>	0.11	0.09	22.22
Basic EPS after deduction of non-recurring profits or losses <i>(RMB per share)</i>	0.05	0.03	66.67
			Increased by 1.29 percentage
Weighted average return on net assets (%)	5.83	4.54	points
Weighted average return on net assets after deduction of non-recurring profits or losses <i>(%)</i>	2.78	1.85	Increased by 0.93 percentage point

II. COMPLETION OF MAJOR ESTIMATED INDICATORS

1. Mineral Exploration and Processing

(1) *Copper and cobalt sector*

During the year 2020, TFM Copper and Cobalt Mine achieved a production volume of 182,597 tonnes of copper metal, representing an increase of 991 tonnes or 0.55% as compared with 181,606 tonnes of the estimated volume.

It achieved a production volume of 15,436 tonnes of cobalt metal, representing an increase of 418 tonnes or 2.78% as compared with 15,018 tonnes of the estimated volume.

(2) *Molybdenum and tungsten sector*

During the year 2020, the Company achieved a production volume of molybdenum metal of 13,780 tonnes in China, representing an increase of 128 tonnes or 0.94% as compared with 13,652 tonnes of the estimated volume.

The Company achieved a production volume of tungsten metal of 8,680 tonnes (excluding Luoyang Yulu Mining Co., Ltd.), representing an increase of 531 tonnes or 6.52% as compared with 8,149 tonnes of the estimated volume.

(3) Niobium and phosphate sector

During the year 2020, production of phosphate fertilizers in Brazil (high concentration fertilizer and low concentration fertilizer) reached 1.09 million tonnes, representing a decrease of 30,000 tonnes or 2.74% as compared with 1.12 million tonnes of the estimated volume.

The Company achieved a production volume of niobium metal of 9,300 tonnes, representing a decrease of 1,525 tonnes or 14.09% as compared with 10,825 tonnes of the estimated volume.

(4) Copper and gold sector

During the year 2020, where calculated based on 80% of equity interests, NPM copper and gold mine achieved a production volume of copper metal of 26,997 tonnes, representing an increase of 554 tonnes or 2.09% as compared with 26,443 tonnes of the estimated volume.

The Company achieved a production volume of 20,897 ounces of gold, which reduced by 1,753 ounces or 7.74% as compared with 22,650 ounces of the estimated volume.

2. Mineral Trading

In 2020, IXM has achieved a physical trading volume (sales volume) of metal minerals at 2.74 million tonnes and of concentrate metal at 2.60 million tonnes.

Please refer to the 2020 Annual Report of the Company for details.

China Molybdenum Co., Ltd.*

22 March 2021

CHINA MOLYBDENUM CO., LTD.
2020 WORK REPORT OF INDEPENDENT DIRECTORS

As the independent Directors of China Molybdenum Co., Ltd.* (hereinafter referred to as the “Company”), we have leveraged on our professional expertise and honestly, diligently, responsibly and independently performed the duties of independent Directors in strict compliance with the Company Law, the Securities Law, the Governance Code for Listed Companies, the Guidelines on the Establishment of Independent Directorship of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant laws, regulations, regulatory documents, and the stipulations and requirements of the Articles of Association, the Working Rules for Independent Directors and relevant rules. We have actively attended the relevant meetings, issued our independent opinions in an objective and fair manner on significant matters of the Company, played an important role as the independent Directors and safeguarded the legal interest of the Company and Shareholders and, in particular, the minority Shareholders. The performance description for the year 2020 is set out as follows:

I. BASIC INFORMATION

(i) Personal working experience, professional background and part-time situation

1. Mr. Wang Gerry Yougui (王友貴先生), born in May 1962, Hong Kong resident, Canadian citizen. Mr. Wang received his Bachelor’s degree in Navigation from Shanghai Maritime University in 1983 and was awarded his Master’s degree in International Economics and Management from the program sponsored by the United Nations Economic and Social Commission in 1986. In 1993, he obtained his Master of Science degree in Business Administration from the University of British Columbia (Vancouver) in Canada. Mr. Wang was the Company Secretary & Business Development Deputy Manager at China Merchants Group from 1986 to 1989. He joined Seaspan Canada in 1990 and founded its containership business. In 2005, Mr. Wang successfully took Seaspan’s containership business public, trading on the New York Stock Exchange as SSW. Mr. Wang worked as the Chief Executive Officer and Co-chairman for 12 years, making it the largest company of containership business in the world. Mr. Wang retired from Seaspan at the end of 2017 to turn his focus on developing new business ventures in Asia. Late on Mr. Wang founded the Tiger Gas Group (Tiger Clean Energy). Mr. Wang was named 2016 the Most Influential Person of Shipping in the world. Mr. Wang is serving as a consultant of Hong Kong and China region of the University of Pennsylvania in Asia, and is also as an expert in shipping economy for BLOOMBERG TV and CNBC.

2. Ms. Yan Ye (嚴冶女士), born in May 1958, holds a degree of Master of Laws and is a registered lawyer. Ms. Yan graduated from the faculty of law in Peking University in 1982 with a bachelor's degree in law specialising in politics and law. She received a master's degree in civil law from the faculty of law of Renmin University of China in 1984. She served as a lecturer and associate professor of the school of law of the Party School of the Central Committee of C.P.C. from 1984 to 1994. She served as a lawyer in Shaanxi Xiehui Law Firm from 1994 to 2003 and served as a lawyer in Shaanxi Win Law Firm from 2003 to 2008 and has served as a lawyer and a partner in Shaanxi Yanfeng Law Firm since 2008. She concurrently serves as an independent director of Beijing Shenogen Pharma Group Ltd.
3. Mr. Li Shuhua (李樹華先生), born in 1971, obtained a bachelor's degree in management majoring in auditing from Southwest University in 1993, a master's degree in economics majoring in accounting from Xiamen University in 1996, and a doctor's degree in management majoring in accounting from Shanghai University of Finance and Economics in 1999. During 2002 and 2004, he pursued his postdoctoral research in Finance and Law in Peking University, and obtained a Finance Executive Master of Business Administration (EMBA)'s degree from Shanghai Advanced Institute of Finance during 2013 and 2015. He served consecutively as director-level clerk of general office division, deputy division director of auditing division, deputy division director of general office division, division director of financial budgeting management division and division director of general office division of accounting department in CSRC during 1999 and 2010. During 2010 and 2018, he had worked for China Galaxy Securities Co., Ltd. and acted as Chief Risk Officer/ Chief Compliance Officer and member of the Executive Committee. Since February 2018, he has been concurrently serving as a chair professor of practice at Xiamen National Accounting Institute and Renmin University of China. He currently serves as a professor and supervisor of postgraduates at Xiamen National Accounting Institute, Peking University, Shanghai Advanced Institute of Finance of Shanghai Jiaotong University and a professor of Tsinghua University PE Program. He is currently the chairman of Changzhou Guangyang Bearing Co., Ltd. (常州光洋軸承股份有限公司), an independent director of Hangzhou Hikvision Digital Technology Co., Ltd. (杭州海康威視數字技術股份有限公司), an independent director of Bomesc Offshore Engineering Company Limited (博邁科海洋工程股份有限公司) and Xi'an Shaangu Power Co., Ltd. (西安陝股動力有限公司), the chairman of the supervisory committee of Shenzhen Capital Fortune Investment Co., Ltd. (深圳市遠致富海投資管理有限公司), the executive partner of the merger and acquisition fund of Shenzhen Oriental Fortune Capital Investment Management Co., Ltd. (深圳市東方富海投資管理股份有限公司) and the chairman of Weihai Shiyi Electronics Co., Ltd. (威海世一電子有限公司).

(ii) Statement on whether the independence is affected

We are qualified as the independent Directors. As the independent Directors of the Company, none of us holds any duties other than that of the independent Directors, or holds any duties in Substantial Shareholders' units of the Company. There is no relationship between us and the Company and its Substantial Shareholders that may have impact on our independent and objective judgments.

II. OVERVIEW OF THE PERFORMANCE OF DUTIES FOR THE YEAR

Since our appointment as independent Directors of the Company, we performed our duties as independent Directors and safeguarded the interests of the Company and Shareholders, especially minority Shareholders, with the principle of being independent and objective and with diligent and responsible attitude.

(I) Attendance at meetings during the Reporting Period

	Attendance in Person/Required Attendance							
	Remuneration		Audit and Risk Committee	Nomination and Governance Committee		Strategic and Sustainability Committee	General Meetings	Other meetings
	Board	Committee		Committee	Committee	Committee		
Mr. Wang Gerry Yougui	8/9	2/3	N/A	2/3	1/1	3/3	3/3	
Ms. Yan Ye	9/9	N/A	5/5	3/3	N/A	3/3	3/3	
Mr. Li Shuhua	9/9	3/3	5/5	3/3	N/A	3/3	3/3	

Note: Other meetings include special meetings of independent Directors, special meetings of independent Directors, Chairman and non-executive Directors, communication meetings of the Audit and Risk Committee and the auditors attended by the independent Directors.

Since we have been appointed as the independent Directors of the Company, the Board meetings and general meetings of the Company have been convened in compliance with statutory requirements, and all significant matters have passed relevant approval procedures. As for the matters to be submitted to the Board and Board committees for consideration, we made adequate preparation prior to meetings, and earnestly read relevant documents, actively acquired relevant information, listened to proposal presentation in details, and expressed relevant independent opinions and review opinions. After meetings, we ensured strict implementation through effective supervision over execution.

Prior to the date of this report, we also attended the special meeting of independent Directors, the special meeting of Chairman and non-executive Directors and the communication meeting of the Audit and Risk Committee and the auditors, and conducted adequate exchange and communication in respect of corporate governance, strategies, internal control, audit, etc., respectively.

We are of the view that the Board meetings convened by the Company for the year 2020 were in compliance with legal procedures, all major matters of operational decisions and other material matters were performed in accordance with relevant procedures and were legitimate and valid, and all resolutions did not impair the rights and interests of Shareholders, in particular, minority Shareholders. We voted in favor of all relevant resolutions considered by the Board, and raised no objection against other matters of the Company.

(II) Expression of independent opinions

We have earnestly reviewed the proposals submitted to the Board and each specialized committee prior to the meetings, and honestly, diligently and independently performed the duties as independent Directors, in accordance with the provisions and requirements under the Articles of Association and the Rules of Procedure for the Board of Directors. We have actively attended relevant meetings and expressed independent opinions on significant matters of the Company, thereby safeguarding the legal interest of the Company and Shareholders and, in particular, the minority Shareholders. The detailed independent opinions expressed by us are set out as follows:

No.	Date	Issues involved in independent opinions	Opinion type
1	3 March 2020	Matters relating to external guarantee by the wholly-owned subsidiaries of the Company.	Agree

No.	Date	Issues involved in independent opinions	Opinion type
2	27 March 2020	<p>Matters in respect of 2019 Profit Distribution Plan of the Company;</p> <p>Matters relating to self-evaluation report on internal control of the Company for the year 2019;</p> <p>Matters in respect of the appointment of external auditor for the year 2020;</p> <p>Matters in respect of the daily connected transactions for the year 2019 and the expected daily connected transactions for the year 2020;</p> <p>Matters relating to the remuneration plan for the year 2019;</p> <p>Matters in respect of the purchase of structured deposits with internal idle fund;</p> <p>Matters in respect of the purchase of wealth management or entrusted wealth management products with internal idle fund;</p> <p>Matters in respect of provision of guarantee to the wholly-owned subsidiaries;</p> <p>Matters in respect of the extension of the provision of financing guarantee by the Company to its joint venture within an amount of RMB800 million;</p> <p>Matters relating to the amendments to the Articles of Association.</p>	Agree

No.	Date	Issues involved in independent opinions	Opinion type
3	12 June 2020	Matters relating to the Articles of Association; Relevant matters in respect of the appointment of senior management of the Company.	Agree
4	28 August 2020	Matters relating to the amendments to the Articles of Association and other internal management systems; Relevant matters in respect of the appointment of senior management of the Company; Matters in respect of the authorization of relevant individuals to handle the matters relating to the provision of supply chain financing guarantee by IXM (an indirect wholly-owned subsidiary of the Company) to suppliers.	Agree
5	30 September 2020	Matters relating to the repurchase of A shares of the Company by centralized bidding.	Agree

(III) On-site inspection and listed company's cooperation in the work with independent Directors

The Company has provided us with the necessary conditions to perform our duties according to the regulatory requirements of mainland China and Hong Kong where the Company is listed.

1. The office of the Board of the Company regularly provided us with reports on the Company's operation and training materials of laws and regulations;
2. When we visited the Company and attended the meetings, the Company could provide relevant materials and information in a timely manner and reported its operating performance, thus protecting rights of independent Directors to know;
3. Prior to giving our independent opinions, the Company was able to provide the intermediaries' professional opinions on related matters as well as special instructions and other materials issued by the responsible department of the Company, thus providing the supporting basis for our independent opinions;

4. The Company delivered to us the information of general meetings, Board meetings and meetings of specialized committees in a timely manner for our review and inspection;
5. The Company promptly notified us on significant events and material information via telephone, emails, WeChat and other various manners, which helped us to keep abreast of the Company's condition and provided us with important reference for decision-making.

III. KEY CONCERNS ON THE PERFORMANCE OF DUTIES OF INDEPENDENT DIRECTORS FOR THE YEAR

(I) Connected transactions

We are of the view that the connected transactions in which the Company is involved fall within the scope of normal business and are necessary for future production and operation, which will subsist. The transactions are fair and legitimate without prejudice to the interests of the listed company and Shareholders. The Company is independent from the connected parties in terms of business, personnel, finance, assets, organisations, etc. and the daily connected transactions would have no impact on the independence of the Company.

According to relevant laws and regulations, including the Governance Code of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Articles of Association, we earnestly reviewed connected transactions in the daily production and operation activities and expressed the following opinions on daily connected transactions of the Company for the year 2020 and the expected daily operation connected transactions for the year 2021:

1. Daily connected transactions of the Company for the year 2020 were in compliance with relevant provisions and requirements of relevant laws and regulations and the Articles of Association, and decision-making procedures were legitimate and valid;
2. We are of the view that the connected transactions in which the Company is involved fall within the scope of normal business and are necessary for future production and operation, which will subsist. The transactions are fair and legitimate without prejudice to the interests of the listed company and Shareholders. The Company is independent from the connected parties in terms of business, personnel, finance, assets, organisations, etc. and the daily connected transactions would have no impact on the independence of the Company;
3. We agreed to the expected matters in relation to daily operation connected transactions of the Company for the year 2021.

(II) External guarantee and funds occupation

1. External Guarantee of the Company

Unit: RMB thousand

External Guarantee of the Company (excluding the guarantees for subsidiaries)													
Guarantor	Relationship of the guarantor with the listed company	Guaranteed party	Guaranteed amount	Date of guarantee agreement (Date of signing)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Whether or not the guarantee is fully performed	Whether or not the guarantee is overdue	Overdue amount of guarantee	With counter guarantee or not	Whether or not	
												the guarantee is provided to the related parties	Related parties relationships
The Company	Headquarters of the Company	Luoyang Fuchuan Mining Co., Ltd.*	400,000.00	18 December 2020	18 December 2020	17 December 2021	Joint liability	No	No	0.00	Yes	Yes	Others
The Company	Headquarters of the Company	Luoyang Fuchuan Mining Co., Ltd.*	400,000.00	17 December 2020	17 December 2020	17 December 2021	Joint liability	No	No	0.00	Yes	Yes	Others
IXM PTE. LTD	Wholly-owned subsidiary	Yanggu Xiangguang Copper Co., Ltd.	16,312.25	21 October 2019	21 October 2019	21 October 2021	Joint liability	No	No	0.00	No	No	Others
Total guarantee incurred during the Reporting Period (excluding those provided to subsidiaries)												800,000.00	
Total balance of guarantee as at the end of the Reporting Period (A) (excluding those provided to subsidiaries)												809,983.10	
Guarantees of subsidiaries from the Company and its subsidiaries													
Total guaranteed amount for subsidiaries during the Reporting Period												10,991,748.40	
Total balance of the guaranteed amount for subsidiaries at the end of the Reporting Period (B)												28,239,136.68	

Total Guarantee of the Company (including the guarantees for subsidiaries)	
Total guaranteed amount (A+B)	29,049,119.78
Percentage of the total guaranteed amount to net assets of the Company (%)	74.69
Among which:	
Guaranteed amount provided to the Shareholders, the de facto controller and its connected parties (C)	800,000.00
Guaranteed amount directly or indirectly provided on liabilities to guaranteed targets with gearing ratio of over 70% (D)	17,456,427.71
Excess amount of guarantee with total amount exceeding 50% of net assets (E)	9,603,229.39
Total of the above three guaranteed amounts (C+D+E)	27,059,657.10
Explanation on the possible joint repayment liability under the unexpired guarantee	/
Description on guarantee	<p>C represents that the Company provides guarantee to its joint venture Fuchuan Mining;</p> <p>D represents that the Company or its subsidiaries provides guarantee to enterprises with a gearing ratio of over 70%;</p> <p>The guarantee provided by the Company to its joint venture Fuchuan Mining satisfies both C and D, for which the aggregate guarantee amount will calculate only once.</p>

2. *Fund Occupancy of the Company*

We have conducted earnest study and review on the fund occupancy by connected parties of the Company for the year of 2020 as well as the accumulated and current external guarantee of the Company in accordance with the Notification on Standardizing External Guarantee Behavior of Listed Companies, the Notification on Standardizing the Capital Transfer between Listed Companies and Related Parties and on Certain Issues of External Guarantee of Listed Companies and the Articles of Association, and confirmed that there was no occupancy of fund by controlling shareholders and their connected parties of the Company in 2020.

(III) Nomination and remuneration of the senior management

In 2020, according to the work needs, the Nomination and Governance Committee of the Company nominated the president, executive vice president, vice president and chief investment officer and other senior management of the Company. Based on the review on the biographical details of the aforementioned candidates, we made further inquiries with the relevant individuals on the relevant issues, and prudently reviewed and expressed independent opinion in writing on the qualifications of duties and nomination procedures of the aforementioned personnel. Meanwhile, we reviewed and expressed independent opinion on the nomination procedures of the aforementioned senior management.

In 2020, the Remuneration Committee organized and implemented the performance review for the year 2020 as required by the Board. We expressed independent opinion on matters in respect of the remuneration of the Directors, Supervisors and the senior management, and believed that the remuneration received by the above personnel for the year 2020 was implemented in strict compliance with the remuneration plan approved at the Board meeting of the Company.

(IV) Preliminary results announcement and results updates

In 2020, the Company did not publish any preliminary results announcement.

(V) Appointment or change of accounting firm

In 2020, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as its external auditor, and the Company did not change its accounting firm.

(VI) Cash dividends and other returns to investors

On 12 June 2020, the 2019 profit distribution plan was considered and approved at the 2019 annual general meeting of the Company. The particulars of the profit distribution were as follows: the Company distributed a total cash dividend of RMB928,767,346.11 (RMB0.043 per Share (tax inclusive)) based on the total share capital of 21,599,240,583 shares of the Company before implementation of the plan. The said profit distribution plan had been completely implemented.

We are of the view that the above-mentioned matters of the Company complied with the provisions of the Company Law, the Articles of Association and the relevant laws and regulations.

(VII) Performance of undertakings of the Company and its Shareholders

During the year of 2020, the Company, the Directors, Supervisors and the senior management of the Company, the controlling Shareholder, substantial Shareholders and the related parties of the Company strictly performed their undertakings made during the Reporting Period and the previous periods.

(VIII) Execution of information disclosures

During the year of 2020, we continued to pay attention to information disclosure of the Company, strictly supervised the Company to fulfill the obligation of information disclosure in accordance with relevant laws and regulations and the system of the Company. Relevant information disclosure personnel of the Company were able to perform information disclosure work according to the requirements of laws and regulations, thereby enabling investors to be aware of the recent development of the Company more rapidly through these announcements and protecting the interests of investors.

(IX) Execution of internal control

The Company attaches great importance to the construction and implementation of the internal control and regulatory system, appoints external professional organisations to assist in the comprehensive commencement of the construction of the internal control of the Company, authorises the president, in accordance with laws and regulations and provisions of the Articles of Association, to optimize and revise the internal control document of the Company based on the evaluation results and the actual operation. We have carefully verified the internal control system of the Company, and reviewed the 2020 Evaluation Report on Internal Control issued by the Company. We considered that: the Company had basically established a relatively comprehensive internal control system, which could be effectively executed. The 2020 Evaluation Report on Internal Control objectively and truly reflected the establishment and operation of the internal control system of the Company.

(X) Matters regarding the review of Company's compliance with the corporate governance responsibilities

After reviewing, we are of the view that all Directors have actively attended relevant meetings and participated in the Company's affairs, and have allocated sufficient time to perform their duties; all Directors received and read the relevant materials including updates of laws and regulations provided by the office of the Board of the Company. During the year 2020, the Directors, Supervisors and senior management of the Company attended various trainings organised by the Shanghai Stock Exchange, China Securities Regulatory Committee, Henan Branch, China Association for Public Companies, Association of Listed Companies in Henan and the Company. The Company encouraged all Directors and senior management to participate in continuous professional development in order to develop and update their knowledge and skills, so as to ensure their continuous contributions to the Board with comprehensive and required information; the corporate governance policies and practice of the Company are relatively completed, and the detailed policies and practice are set out in the section of Corporate Governance of Annual Report. During the year 2020, the Directors and employees of the Company have all complied with the requirements in the Corporate Governance Code and internal system. The Company has complied with the Corporate Governance Code, the Listing Rules and all of the laws and regulations applicable to the Company, and the Company did not receive any report on the deviation of the Corporate Governance Code, the Listing Rules and all of the applicable laws and regulatory requirements. Relevant information on the compliance with the Corporate Governance Code has been fully disclosed in the section of Corporate Governance of Annual Report; the Company has strictly executed Shareholders Communication Policy, encouraging Shareholders to actively develop a close relationship with the Company, thereby improving effective communications with Shareholders and other stakeholders and facilitating Shareholders to effectively exercise their rights as Shareholders. During the Reporting Period, the Company has reviewed the effectiveness of internal control system, including the sufficiency of resources, qualifications and experience of the Company's employees from accounting and financial reporting department and their training courses and budgets. During the review period, we did not discover any material problems, and we are satisfied with the results of the review of all of the above matters.

(XI) Operation of the Board and its specialized committees

During the year 2020, the Board of the Company functioned in an orderly manner in accordance with relevant provisions and requirements of the Articles of Association and the Rules for Board Meeting. The specialised committees of the Board faithfully performed their duties in an earnest, responsible, diligent and honest manner and functioned in an orderly manner in accordance with their respective duties and terms of reference.

IV. OVERALL EVALUATION AND RECOMMENDATIONS

During the term of office in 2020, as independent Directors of the Company, we could be in compliance with relevant provisions of laws, regulations and the Articles of Association, actively attended the Board meetings of the Company, earnestly considered all relevant matters considered by the Board, made use of our professional knowledge and experience to provide independent, objective and reasonable opinions and recommendations on the production, operation and relevant matters of the Company, performed the function of independence of independent Directors, and earnestly safeguarded the legal interest of all Shareholders especially of the minority Shareholders. Our independent performance of duties was not influenced by the substantial Shareholders, the de facto controller and other companies or individuals that are interested parties of the Company. We would hereby express our heartfelt gratitude to the full cooperation and substantial support extended by all Shareholders, the Board, the Supervisory Committee and the management when the independent Directors were performing their duties.

In 2021, we will perform our duties with independence, objectiveness and fairness by adhering to the principles of being earnest, responsible, prudent and diligent, make use of our professional knowledge and experience to provide opinions and recommendations for the development of the Company, and provide reference for the decision-making of the Board to firmly safeguard the legal interests of the Company and all of our investors, especially of the minority Shareholders and continuously enhance the scientific decision-making ability and leadership of the Board to promote the sustainable and sound development of the Company. May CMOC have a brighter future!

Independent Directors of the fifth session of the Board of CMOC:

Wang Gerry Yougui, Yan Ye, Li Shuhua

22 March 2021

Details of the amendments to the Articles of Association are as below:

(1) PARAGRAPH V OF ARTICLE 56

Currently reads as follows:

“(5) obtain relevant information in accordance with the Articles of the Company, which shall include:

1. obtaining the Articles of the Company after payment of costs;
2. being entitled to browse and make copies after payment of reasonable charges, of:
 - (i) all parts of the register of shareholders;
 - (ii) personal information of the directors, supervisors, managers and other senior management staff of the Company, including:
 - (a) current and previous names and aliases;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and duties;
 - (e) identification documents and their numbers.
 - (iii) the status of the Company’s share capital;

- (iv) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;
- (v) the minutes of shareholders' general meetings;
- (vi) bond record of the Company;
- (vii) financial and accounting report of the Company.”

It is proposed to be amended to:

- “(5) obtain relevant information in accordance with the Articles of the Company, which shall include:
- 1. obtaining the Articles of the Company after payment of costs;
 - 2. being entitled to browse and make copies after payment of reasonable charges, of:
 - (i) all parts of the register of shareholders;
 - (ii) personal information of the directors, supervisors and senior management staff of the Company, including:
 - (a) current and previous names and aliases;
 - (b) main address (domicile);
 - (c) nationality;
 - (d) full-time and all other part-time occupations and duties;
 - (e) identification documents and their numbers.
 - (iii) the status of the Company's share capital;
 - (iv) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefor;

- (v) the minutes of shareholders' general meetings;
- (vi) bond record of the Company;
- (vii) financial and accounting report of the Company."

(2) ARTICLE 144

Currently reads as follows:

"The board of directors shall be composed of 7 to 11 directors, which shall include one chairman of the board and one vice chairman of the board. The chairman of the board and the vice chairman of the board shall be elected by more than half of all the directors."

It is proposed to be amended to:

"The board of directors shall be composed of 7 to 11 directors, which shall include one chairman of the board and one or two vice chairman (chairmen) (as required) of the board. The chairman of the board and the vice chairman of the board shall be elected by more than half of all the directors."

(3) PARAGRAPH XII AND XVIII OF ARTICLE 145

Currently reads as follows:

"(12) to hire or fire the Company's general managers and secretaries to the board of directors; in accordance with the general managers' nominations, to hire or fire senior executive officers such as assistance managers, financial controllers, and to decide on their remuneration, reward and disciplinary matters;

(18) to receive the working reports of the general manager and examine his work;"

It is proposed to be amended to:

"(12) to hire or fire the Company's presidents and secretaries to the board of directors in accordance with nominations by the nomination and governance committee of the board of directors or the chairman; to hire or fire senior executive officers including vice president, chief financial officer in accordance with nominations by the nomination and governance committee of the board of directors or the president, and to determine matters regarding their remuneration, reward and punishment;

(18) to receive the working reports of the president and examine his work;"

(4) ARTICLE 161

Currently reads as follows:

“The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member of the senior management staff of the Company.”

It is proposed to be amended to:

“The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member of the senior management staff of the Company. The secretary to the board of directors is responsible for the preparation and document custody of the shareholders’ general meetings and board meetings of the Company, as well as information management of shareholders of the Company, information disclosure matters, investor relations and other matters. The secretary to the board of the directors shall abide by the relevant provisions of laws, administrative regulations, departmental rules and this Articles of Association.

As the senior management staff of the Company, the secretary to the board of the directors has the right to participate in meetings held for senior management personnel including the president’s operation meeting of the Company, check relevant documents, and comprehend the Company’s financial and operating conditions in order to perform duties. The board of directors and other senior management staff shall support the work of the secretary to the board of directors. No organization or individual may interfere with the normal performance of the secretary.”

(5) ARTICLE 162

Currently reads as follows:

“The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

- (1) to guarantee that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;
- (3) to guarantee that the Company’s register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner.”

It is proposed to be amended to:

“The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be engaged by the board of directors. His main duties shall be as set forth below:

- (1) to guarantee that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;
- (3) to guarantee that the Company’s register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such records and documents in a timely manner.”
- (4) to prepare the board meetings and shareholders’ general meetings, take meeting minutes and keep custody of the relevant documents and minutes;
- (5) to be responsible for the information disclosure of the Company and ensure the disclosure of the information of the Company timely, accurate, legitimate, true and complete;
- (6) other related duties of the secretary stipulated by laws, regulations, and provisions of the regulatory authorities.”

(6) ARTICLE 164

Currently reads as follows:

“The Company shall have one general manager who shall be appointed or dismissed by the board of directors.

The Company shall have several vice general manager who shall be appointed or dismissed by the board of directors.

General manager, vice general manager, financial controller, and secretary to the board of directors belong to senior management staff of the Company.”

It is proposed to be amended to:

“The Company shall have one president who shall be appointed or dismissed by the board of directors.

The Company shall have several vice presidents who shall be appointed or dismissed by the board of directors.

President, vice president, chief financial officer and secretary to the board of directors belong to senior management staff of the Company. The board of directors may appoint other personnel besides the aforementioned personnel as senior management staff as required.”

(7) ARTICLE 167

Currently reads as follows:

“The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the board of directors and report his work to the board of directors;
- (2) to organize the implementation of the Company’s annual business plans and investment plans;
- (3) to draft the plan for establishment of the Company’s internal management organization;
- (4) to draft the Company’s basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose to the board of directors the employment and dismissal of the vice general manager and financial controller of the Company;
- (7) to hire or dismiss management personnel other than those to be hired or dismissed by the board of directors;
- (8) other functions and powers granted by the Articles and the board of directors.

It is proposed to be amended to:

“The president shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the board of directors and report his work to the board of directors;
- (2) to organize the implementation of the Company’s annual business plans and investment plans;
- (3) to draft the plan for establishment of the Company’s internal management organization;
- (4) to draft the Company’s basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose to the board of directors the employment and dismissal of the vice president, chief financial officer and other senior management staff of the Company;
- (7) to hire or dismiss management personnel other than those to be hired or dismissed by the board of directors;
- (8) other functions and powers granted by the Articles and the board of directors.”

(8) ARTICLE 169

Currently reads as follows:

“The detailed working regulations of the general manager include the following:

- (1) Conditions, procedures and the number of participants for holding general manager’s meetings;
- (2) Respective duties and division of labor of general manager and other senior executive officers;
- (3) Limits of authority in using company funds and assets as well the signing of significant contracts, together with the reporting system to the board of directors and the board of supervisors;
- (4) Other matters considered necessary by the board of directors.”

It is proposed to be amended to:

“The Company shall formulate the president working regulations, subject to the consideration and approval by the board of directors. The detailed working regulations of the president include the following:

- (1) Conditions, procedures and the number of participants for holding president’s meetings;
- (2) Respective duties and division of work of president, other senior management officers and other responsible managers;
- (3) Limits of authority in using company funds and assets as well the signing of significant contracts, together with the reporting system to the board of directors and the board of supervisors;
- (4) Other matters considered necessary by the board of directors.”

(9) ARTICLE 172

Currently reads as follows:

“Vice general managers shall be nominated by the general manager and decided by the board of directors. Vice general managers assist the general manager with the work of the Company. They are led by the general manager and responsible to the general manager.”

It is proposed to be amended to:

“Vice president and other senior management staff shall be nominated by the president, or the nomination and governance committee of the board of directors and decided by the board of directors. The Vice president, chief financial officer and other senior management staff assist the president with the work of the Company, led by and responsible to the president.”

(10) PARAGRAPH I OF ARTICLE 221

Currently reads as follows:

“(1) the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, managers and other senior management staff of the Company to provide the relevant information and explanations;”

It is proposed to be amended to:

“(1) the right of access at all times to the account books, records or vouchers of the Company and the right to require directors, the president and other senior management staff of the Company to provide the relevant information and explanations;”

(11) PARAGRAPH I OF ARTICLE 266

Currently reads as follows:

“(1) If any dispute or claim concerning the Company’s business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People’s Republic of China and the Company, between a holder of foreign investment shares listed outside the People’s Republic of China and a director, a supervisor, general manager or other senior management staff of the Company or between a holder of foreign investment shares listed outside the People’s Republic of China and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.”

It is proposed to be amended to:

“(1) If any dispute or claim concerning the Company’s business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People’s Republic of China and the Company, between a holder of foreign investment shares listed outside the People’s Republic of China and a director, a supervisor, president or other senior management staff of the Company or between a holder of foreign investment shares listed outside the People’s Republic of China and a holder of domestic investment shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, directors, supervisors, the president or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.”

(12) ARTICLE 11, ARTICLE 80, ARTICLE 94, ARTICLE 99, ARTICLE 107, ARTICLE 134, ARTICLE 152, (CHAPTER 8), ARTICLE 166, ARTICLE 168, ARTICLE 170, ARTICLE 171, ARTICLE 173, (CHAPTER 10), ARTICLE 185 TO ARTICLE 196, ARTICLE 198, ARTICLE 200

The expressions of “general manager” and “vice general manager” in relevant articles shall be amended to “president” and “vice president”.

The Articles of Association is written in Chinese. The English version of the above articles is an unofficial translation of its Chinese version. In case of any inconsistency between the two versions, the Chinese version shall prevail.

This explanatory statement contains the information required under Rule 10.06(1)(b) of the Hong Kong Listing Rules. Its purpose is to provide the Shareholders with information reasonably necessary to enable them to make an informed decision on whether to vote for or against the resolution in relation to granting of the Repurchase Mandate.

1. HONG KONG LISTING RULES

The Hong Kong Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any repurchase must be made out of funds which are legally available for the purpose and in accordance with the laws of the PRC and the memorandum and articles of association of the company. Any premium payable on a repurchase over the par value of the shares may only be deducted from the balance of distributable profits and the proceeds from issuance of new shares for the purpose of repurchase of the existing shares.

2. SHARE CAPITAL

As at the Latest Practicable Date, the share capital of the Company was RMB4,319,848,116.60 comprising 3,933,468,000 H Shares of RMB0.20 each and 17,665,772,583 A Shares of RMB0.20 each.

Subject to the passing of the proposed resolutions in respect of the granting of the Repurchase Mandate and the approval of the regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 27 of the Articles of Association; on the basis that no further Shares are issued prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 393,346,800 H Shares (representing 10% of the number of the H Shares in issue as at the date of granting of the Repurchase Mandate) during the proposed repurchase period.

3. REASONS FOR REPURCHASE OF H SHARES

The Board believes that the repurchase of H Shares is in the best interests of the Shareholders as a whole and the Company. It can strengthen the investors' confidence on the Company and promote a positive effect for maintaining the Company's image in the capital market. The repurchase of Shares will only be exercised when the Directors believe such repurchase will benefit the Company and the Shareholders.

4. EXERCISE OF THE REPURCHASE MANDATE

Subject to the passing of the special resolutions approving the granting of the Repurchase Mandate to the Board proposed at the AGM, the Board will be granted the Repurchase Mandate until the conclusion of the Relevant Period (as defined in the special resolutions set out in the notices of AGM). In addition, the exercise of the Repurchase Mandate shall be subject to: (1) the approval of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained; and (2) the Company not being required by its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to relevant requirements in respect of reducing the registered capital under the Articles of Association.

5. FUNDING OF REPURCHASES

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources (which include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its H Shares. Under the Hong Kong Listing Rules, H Shares so repurchased shall be treated as cancelled and the Company's registered capital shall be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not repurchase securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange as amended from time to time.

There might be an adverse impact on the working capital or gearing ratio of the Company as compared with the position disclosed in the audited consolidated accounts contained in the annual report of the Company for the year ended 31 December 2020 in the event that the repurchase of H Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of H Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company.

6. H SHARES PRICES

The highest and lowest traded prices for the H Shares on the Hong Kong Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2020		
April	2.45	2.13
May	2.56	2.22
June	2.74	2.37
July	3.46	2.55
August	3.66	3.05
September	3.34	2.69
October	2.97	2.69
November	3.74	2.84
December	5.20	3.55
2021		
January	6.22	4.80
February	7.67	4.83
March	6.35	4.40
April (up to the Latest Practicable Date)	5.38	4.72

7. GENERAL INFORMATION

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

None of the Directors, to the best of their knowledge upon having made all reasonable enquiries, nor their close associates (as defined in the Hong Kong Listing Rules), has any present intention to sell any H Shares to the Company or its subsidiaries under the Repurchase Mandate if such resolutions are approved by the Shareholders.

No other core connected persons (as defined in the Hong Kong Listing Rules) have notified the Company that they have a present intention to sell H Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

8. TAKEOVERS CODE

If on the exercise of the powers to repurchase H Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Cathay Fortune Corporation and Luoyang Mining Group Co., Ltd. held approximately 24.69% and 24.68% of the total share capital of the Company, respectively. In the event that the Directors should exercise the proposed Repurchase Mandate in full, the shareholding of Cathay Fortune Corporation and Luoyang Mining Group Co., Ltd. would be increased to approximately 25.15% and 25.13% of the total share capital of the Company, respectively (if both parties do not participate in such repurchase). The Directors are not aware of any consequences which will arise under the Takeovers Code and/or other relevant applicable laws, as a result of any repurchases to be made under the Repurchase Mandate. Moreover, the Directors will not repurchase Shares on the Hong Kong Stock Exchange if such repurchase would violate the requirements under Rule 8.08 of the Hong Kong Listing Rules.

9. H SHARES REPURCHASED BY THE COMPANY

The Company had not repurchased any H Shares (whether on the Hong Kong Stock Exchange or otherwise) during the six months immediately prior to the Latest Practicable Date.

10. OTHER MATTERS IN RELATION TO THE REPURCHASE OF H SHARES

(I) The Price Range for Repurchase

Pursuant to the Hong Kong Listing Rules, the repurchase price shall not be higher than 5% of the average closing price for the five trading days prior to the actual repurchase. The repurchase price shall be determined according to the actual condition of the market and the Company when the repurchase is made.

(II) Disposal of Shares Repurchased

Pursuant to the Hong Kong Listing Rules, H Shares repurchased under this general mandate can only be cancelled and the registered capital of the Company shall be reduced accordingly.

(III) Time Constraint for Repurchase

In accordance with the requirements of regulatory authorities, a listed company shall not repurchase its shares prior to convening meetings of board of directors for periodic reports and publishing periodic reports, or during the period of the existence of inside information (including, but not limited to, the major asset acquisitions, asset restructuring, disposal of assets), during the period from formal negotiations to the release of inside information.

NOTICE OF THE ANNUAL GENERAL MEETING



洛阳钼业
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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of China Molybdenum Co., Ltd.* (the “**Company**”) for the year 2020 will be held at the Mudu-Lee Royal International Hotel at No. 239 Kaiyuan Street, Luolong District, Luoyang City, Henan Province, the People’s Republic of China (the “**PRC**”) at 1:00 p.m on Friday, 21 May 2021 for the purposes of considering, and if thought fit, approving the following resolutions. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 20 April 2021.

ORDINARY RESOLUTIONS

1. “To consider and approve the Proposal on the Budget Report of the Company for the Year 2021.”
2. “To receive and consider the Proposal on the Financial Report and Financial Statements of the Company for the Year 2020.”
3. “To consider and approve the Proposal on the Re-appointment of the External Auditors for the Year 2021.”
4. “To consider and approve the Profit Distribution Plan of the Company for the Year 2020.”
5. “To receive and consider the Proposal on the Report of the Board of Directors of the Company for the Year 2020.”

NOTICE OF THE ANNUAL GENERAL MEETING

6. “To receive and consider the Proposal on the Report of the Supervisory Committee of the Company for the Year 2020.”
7. “To receive and consider the Proposal on the Annual Report of the Company for the Year 2020.”
8. “To consider and approve the Proposal on the Purchase of Structured Deposit with Internal Idle Fund.”
9. “To consider and approve the Proposal on the Purchase of Wealth Management or Entrusted Wealth Management Products with Internal Idle Fund.”

SPECIAL RESOLUTIONS

10. “To consider and approve the Proposal on Provision of Guarantee to Wholly-owned Subsidiaries.”
11. “To consider and approve the Proposal on the Provision of Supply Chain Financing Guarantee by IXM (a Wholly-owned Subsidiary of the Company) to Suppliers.”
12. “To consider and approve the Proposal on the Provision of Financing Guarantee to a Joint Venture of the Company with no more than RMB1 billion.”
13. “To consider and approve the Proposal on Proposing to the General Meeting to Approve and Authorize the Board of Directors of the Company (the “**Board**”) to Decide on the Issuance of Debt Financing Instruments.”

ORDINARY RESOLUTION

14. “To consider and approve the Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Management of the Company.”

NOTICE OF THE ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

15. (a) “To consider and approve the Proposal to Elect Mr. Sun Ruiwen as an Executive Director of the Sixth Session of the Board.”
- (b) “To consider and approve the Proposal to Re-elect Mr. Li Chaochun as an Executive Director of the Sixth Session of the Board.”
- (c) “To consider and approve the Proposal to Re-elect Mr. Yuan Honglin as a Non-executive Director of the Sixth Session of the Board.”
- (d) “To consider and approve the Proposal to Re-elect Mr. Guo Yimin as a Non-executive Director of the Sixth Session of the Board.”
- (e) “To consider and approve the Proposal to Re-elect Mr. Cheng Yunlei as a Non-executive Director of the Sixth Session of the Board.”
- (f) “To consider and approve the Proposal to Re-elect Mr. Wang Gerry Yougui as an Independent Non-executive Director of the Sixth Session of the Board.”
- (g) “To consider and approve the Proposal to Re-elect Ms. Yan Ye as an Independent Non-executive Director of the Sixth Session of the Board.”
- (h) “To consider and approve the Proposal to Re-elect Mr. Li Shuhua as an Independent Non-executive Director of the Sixth Session of the Board.”
16. (a) “To consider and approve the Proposal to Re-elect Mr. Zhang Zhenhao as a Non-employee Representative Supervisor of the Sixth Session of the Supervisory Committee.”
- (b) “To consider and approve the Proposal to Re-elect Ms. Kou Youmin as a Non-employee Representative Supervisor of the Sixth Session of the Supervisory Committee.”
17. To consider and approve the Proposal on proposing to the General Meeting to Authorize the Board to Determine the Remuneration of the members of Sixth Session of the Board and the Supervisory Committee of the Company.”
18. “To consider and approve the Proposal on Amendments to the Articles of Association and Other Internal Management Systems.”

NOTICE OF THE ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

19. “To consider and approve the Proposal on Forfeiture of Uncollected Dividend of H Shareholders of the Company for the Year 2013.”
20. “To consider and approve the Proposal on the Authorization to the Board to Deal with the Distribution of Interim Dividend and Quarterly Dividend for the Year 2021.”

SPECIAL RESOLUTIONS

21. To consider and approve the Proposal on Proposing to the General Meeting to Grant a General Mandate to the Board for Issuance of Additional A Shares and/or H Shares of the Company as follows:
 - (a) To grant a general and unconditional mandate to the Board and then to delegate to the Chairman of the Board and his authorised person(s) by the Board to determine separately or jointly allot, issue and deal with A Shares and/or H Shares of the Company (not exceeding 20% of the outstanding Shares in issue as at the date of the passing of this resolution for each class of such Shares) and to grant rights to subscribe for, or convert any security into, Share (the issue of A Shares shall still be subject to the approval of the shareholders of the Company (the “**Shareholders**”) at the general meeting of the Company in accordance with the relevant regulations of the PRC) and the terms and conditions for the allotment, issuance and dealing of new Shares, including but not limited to:
 - (i) class and number of new Shares to be issued;
 - (ii) price determination method of new Shares and/or issue price (including price range);
 - (iii) the starting and closing dates for the issue;
 - (iv) class and number of the new Shares to be issued to existing shareholders; and/or
 - (v) the making or granting of offers, agreements, options which might require the exercise of such powers.

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) The numbers of A Shares or H Shares (excluding Shares issued in form of capital conversion from capital reserve) to be separately or jointly allotted, issued and dealt with (whether pursuant to an option or otherwise) pursuant to the share mandate, shall not exceed 20% of the A Shares or H Shares in issue at the time when this resolution is passed at the AGM by the Board or the Chairman of the Board and his authorised person(s).

- (c) If the Board or the Chairman of the Board and his authorised person(s) have resolved to allot, issue and deal with A Shares or/and H Shares within the Relevant Period as defined below, and the Company has also obtained the relevant approval, permission or registration (if applicable) from the competent regulatory authorities within the validity term of the share mandate, the Board or the Chairman of the Board and his authorised person(s) may complete the relevant allotment, issuance and dealing works within the validity term of such approval, permission or registration.

- (d) To grant the Board or the Chairman of the Board and his authorised person(s) to obtain approvals from the relevant government authorities and/or regulatory authorities (if applicable) in accordance with applicable laws (including but not limited to the Company Law of the PRC, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Listing Rules of the Shanghai Stock Exchange) for the exercising of the share mandate.

- (e) The Share Mandate will become effective from the date of passing of this resolution at the AGM until the earliest of (the “**Relevant Period**”):
 - (i) the expiration of 12 months from the date of passing of this resolution at the AGM;

 - (ii) the conclusion of 2021 annual general meeting; or

 - (iii) the revocation or amendment of the share mandate granted under this resolution by the approval of special resolution at a general meeting by Shareholders.

NOTICE OF THE ANNUAL GENERAL MEETING

- (f) To grant the Board or the Chairman of the Board and his authorised person(s) to approve, execute and make or procure to execute and make any documents, deeds and matters, complete necessary formalities, adopt other necessary actions in connection with the allotment, issuance and dealing of any new Shares in accordance with the share mandate as considered fit.
 - (g) To grant the Board or the Chairman of the Board and his authorised person(s) to increase the registered capital of the Company and to make appropriate and necessary amendments to the articles of association of the Company (the “**Articles of Association**”) after completion of the allotment and issuance of new Shares according to the method, type and number of the allotment and issuance of new Shares by the Company, and the then shareholding structure of the Company.”
22. “To consider and approve the Proposal on the Grant of a General Mandate to the Board of the Company to Repurchase H Shares as follows:
- (a) subject to paragraphs (b) and (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Hong Kong Stock Exchange or of any other governmental or regulatory body;
 - (b) the number of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the number of H Shares in issue as at the date of the passing of this resolution;
 - (c) the approval in paragraph (a) above shall be conditional upon:
 - (i) the approval of all the competent regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate; and
 - (ii) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure set out in Article 27 of the Articles of Association;

NOTICE OF THE ANNUAL GENERAL MEETING

- (d) for the purpose of this special resolution, “Relevant Period” means the period from the date of passing of this special resolution until the earlier of:
- (i) the conclusion of the 2021 annual general meeting of the Company; or
 - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting, or a special resolution at their respective class meeting; and
- (e) subject to the approval of all relevant government authorities in the PRC for the repurchase of such H Shares being granted, to authorise the Board to:
- (i) formulate and implement detailed repurchase plan, including but not limited to repurchase price, number of Shares to be repurchased, timing of repurchase and period of repurchase etc.;
 - (ii) notify creditors and make announcement in accordance with the requirements of relevant laws, regulations and normative documents as well as the Articles of Association;
 - (iii) open overseas share accounts and to carry out related change of foreign exchange registration procedures;
 - (iv) carry out relevant approval and filing procedures as required by regulatory authorities and the stock exchanges where the Shares are listed;
 - (v) carry out cancellation procedures for repurchased shares, reduce the registered capital of the Company, and make corresponding amendments to the Articles of Association relating to total share capital and shareholding structure etc., and to carry out statutory registrations and filings within and outside China; and
 - (vi) execute and handle other documents and matters relating to share repurchase.”

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

Luoyang City, Henan Province, the PRC, 20 April 2021

As at the date of this notice, the Company’s executive directors are Mr. Li Chaochun and Mr. Li Faben; 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.

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

- (1) Pursuant to the requirements under the Rules of Shareholders' Meeting of Listed Companies of the China Securities Regulatory Commission, independent directors shall issue a work report at the annual general meeting. Such report will be submitted to the general meeting for consideration but not for Shareholders' approval. The 2020 work report of independent Directors of the Company will be set out in this circular for Shareholders' information.
- (2) All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands pursuant to the Hong Kong Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Hong Kong Listing Rules.
- (3) Each H Shareholder who has the right to attend and vote at the AGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the AGM. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. In case that an appointer is a body corporate, the instrument must be either under the common seal of the body corporate or under the hand of its director or other person, duly authorised. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorization, must be certified by a notary public. For H Shareholders, the form of proxy and the notarially certified power of attorney or other documents of authorization must be delivered to the Company's H Share registrar at the address stated in note (9) below by post or facsimile (for H Shareholders only), not later than 1:00 p.m. on Thursday, 20 May 2021 (or if the AGM is adjourned, not less than 24 hours before the time appointed for holding the adjournment AGM (as the case may be)). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the AGM or any adjournment should he/she so wish.
- (4) In order to determine the list of H Shareholders who will be entitled to attend and vote at the AGM, the register of members of H Shares of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both days inclusive) during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the register of members of H Shares of the Company at 4:30 p.m. on Friday, 14 May 2021 shall be entitled to attend and vote at the AGM. In order for the H Shareholders to qualify for attending and voting at the AGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Friday, 14 May 2021.
- (5) In order to determine the list of H Shareholders who are entitled to receive the proposed final dividend, the register of members of H Shares of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021 (both days inclusive) during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the register of members of H Shares of the Company on Friday, 25 June 2021 (i.e. the reference date) shall be entitled to receive the proposed final dividend. In order for the H Shareholders to qualify for receiving the proposed final dividend, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 21 June 2021.

NOTICE OF THE ANNUAL GENERAL MEETING

- (6) Shareholders or their proxies must present proof of their identities upon attending the AGM. Should a proxy be appointed, the proxy must also present copies of his/her proxy form, or copies of appointing instrument and power of attorney, if applicable.
- (7) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of Shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the AGM.
- (8) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
Telephone No.: (+852)2862 8555
Facsimile No.: (+852)2865 0990 / (+852)2529 6087

- (9) The address and contact details of the Company's office of the Board at its principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China
Postal code: 471500
Telephone No.: (+86)379 6860 3993
Facsimile No.: (+86)379 6865 8017

The AGM is expected to last not more than one day. Shareholders or proxies attending the AGM are responsible for their own transportation and accommodation expenses.

** For identification purposes only*

NOTICE OF THE ANNUAL GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE GENERAL MEETING

In view of the continuous spread of the COVID-19 pandemic, to safeguard the Shareholders, Directors, proxies and other attendees against the risk of being infected, the following necessary precautionary measures will be implemented at the general meeting:

- (1) Each Shareholder, proxy and other attendee shall take compulsory temperature screening/check at the entrance of the venue of the general meeting.
- (2) All attendees shall wear surgical face masks throughout the general meeting and keep safe distance between seats, in which case we may set limitation on the number of attendees at the general meeting as necessary to avoid overcrowding.
- (3) No refreshment or drinks will be provided at the meeting.

For the safety of attendees at the general meeting, attendees who do not comply with the precautionary measures referred to in (1) and (2) above may be denied entry to, or required to leave, the general meeting venue, at the absolute discretion of the Company as permitted by law.

To meet the interests of health and safety of attendees, the Company would hereby encourage all Shareholders to exercise their rights to vote for relevant resolutions at the general meeting by appointing the Chairman of the general meeting as their proxy with the form of proxy, in which voting instructions are filled and completed, instead of attending the general meeting in person.

The notice accompanied with the form of proxy can also be downloaded at the website of the Company at www.cmoc.com. If you are a non-registered Shareholder whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited, you should consult directly with your banks, brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders have any questions relating to the matters to be considered at the general meeting, they are strongly encouraged to send their questions in writing by email to 603993@cmoc.com. Whilst the Company will endeavour to respond to all questions at the general meeting, due to time constraint, unanswered questions will be responded to after the general meeting as appropriate.

For Shareholders deciding not to attend the general meeting in person, if they have any questions relating to the resolutions or the Company, or any matters requiring communication with the Board of Directors, they are welcome to contact the Company through the investor relations department of the Company in the following ways:

Investor relations

Email: 603993@cmoc.com

Telephone: 86 379 6860 3993

Facsimile: 86 379 6865 8017