

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



**MMG LIMITED**  
**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*  
**(STOCK CODE: 1208)**

## CONTINUING CONNECTED TRANSACTIONS

- (1) AMENDMENT AGREEMENT TO THE GRINDING MEDIA SUPPLY AGREEMENT
- (2) TYRE SUPPLY AGREEMENT

### **Amendment Agreement to the Grinding Media Supply Agreement**

On 2 April 2013, MMG Management and Minmetals Australia entered into the Amendment Agreement pursuant to which MMG Management agreed to renew and vary the Grinding Media Supply Agreement for a further period of 12 months effective from 1 January 2013. The Grinding Media Supply Agreement was a Rule 14A.41 Continuing Connected Transaction.

### **Tyre Supply Agreement**

On 2 April 2013, LXML and Minmetals Australia also entered into the Tyre Supply Agreement for a period of 12 months effective from 1 January 2013.

### **Listing Rules Implications**

Pursuant to Rule 14A.25 of the Listing Rules, the transactions contemplated under the Grinding Media Supply Agreement as renewed and varied pursuant to the Amendment Agreement and the transactions contemplated under the Tyre Supply Agreement are aggregated. As all of the relevant percentage ratios in respect of the Grinding Media Supply Agreement as renewed pursuant to the Amendment Agreement and the Tyre Supply Agreement when aggregated are more than 0.1% but less than 5%, the transactions constitute continuing connected transactions which are subject to the reporting, annual review and announcement requirements under Rule 14A.34 of the Listing Rules but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **AMENDMENT AGREEMENT TO THE GRINDING MEDIA SUPPLY AGREEMENT**

Reference is made to the announcement of the Company dated 28 March 2011 in relation to continuing connected transactions of the Company entered into prior to the acquisition by the Company of the Minerals and Metals Group, and subject to the requirements under Rule 14A.41 of the Listing Rules.

On 31 December 2010, the Company completed the acquisition of the Minerals and Metals Group. Following completion of the acquisition, subsidiaries of the Minerals and Metals Group became subsidiaries of the Company. As a result, certain ongoing arrangements between the Minerals and Metals Group and connected persons of the Company, including Minmetals Australia, entered into prior to completion of the acquisition became continuing connected transactions for the Company and subject to the requirements under Rule 14A.41 of the Listing Rules.

One of the Rule 14A.41 Continuing Connected Transactions was the Grinding Media Supply Agreement entered into between MMG Management (a subsidiary of the Minerals and Metals Group before completion of the acquisition of the Minerals and Metals Group and now a subsidiary of the Group) and Minmetals Australia on 20 December 2010.

The Grinding Media Supply Agreement provides for the supply of hot roll forged and hand forged steel grinding media by Minmetals Australia to MMG Management.

The term of the Grinding Media Supply Agreement was originally for two years commencing from 20 December 2010, with two options for further periods of 12 months each, which could be exercised by MMG Management in its discretion. On 2 April 2013, MMG Management and Minmetals Australia entered into the Amendment Agreement pursuant to which the parties agreed to renew and vary the Grinding Media Supply Agreement for a further period of 12 months effective from 1 January 2013.

The principal terms of the Grinding Media Supply Agreement, as amended by the Amendment Agreement, are set out below.

- Parties : (1) MMG Management  
(2) Minmetals Australia
- Product to be purchased : Hot roll forged and hand forged steel grinding balls for use in the production of metals concentrates. The balls are introduced into rotating steel mills and are used to pulverise the ore to a more workable size that also allows for easier extraction of the metal concentrate from the ore.
- Term : 12 months effective from 1 January 2013, with one option for a further period of 12 months, which may be exercised by MMG Management in its discretion.
- Delivery of purchase orders : Minmetals Australia makes a standing offer to supply and deliver the goods for the applicable unit price.
- If MMG Management requires Minmetals Australia to supply the goods it will deliver to Minmetals Australia a purchase order.

- Purchase price : The unit price of each good purchased is calculated based on the cost of the raw material (namely, steel), energy used in the forging process, overheads, shipping and profit margin.
- Payment terms : All payments in respect of goods purchased must be made at the end of the month following the month in which the relevant goods are accepted.

In 2010, Minmetals Australia was selected as preferred supplier at the completion of a competitive tender process conducted by MMG Management, and the terms of the Grinding Media Supply Agreement were arrived at after arm's length negotiations between MMG Management and Minmetals Australia. In order to determine whether to renew the Grinding Media Supply Agreement, MMG Management considered current market prices for the same goods and assessed that the prices agreed with Minmetals Australia are reasonable and commercial, and that it is in the interests of the Company to renew the Grinding Media Supply Agreement for a further year.

### **ANNUAL CAP**

For the two years ended 31 December 2011 and 2012, there were transactions under the Grinding Media Supply Agreement to the value of approximately US\$5.6 million (equivalent to approximately HK\$43.7 million) and approximately US\$6.6 million (equivalent to approximately HK\$51.5 million) respectively.

It is proposed that the maximum aggregate amount to be paid under the Grinding Media Supply Agreement, as amended by the Amendment Agreement for the year ending 31 December 2013 will be approximately US\$9.0 million (equivalent to approximately HK\$70.2 million). This annual cap was determined by reference to the historical transaction amounts under the Grinding Media Supply Agreement, the agreed pricing pursuant to the Amendment Agreement, projected volumes required by operating sites of the Company, market indices for steel and potential shipping costs.

### **TYRE SUPPLY AGREEMENT**

On 2 April 2013, LXML and Minmetals Australia also entered into the Tyre Supply Agreement for a period of 12 months effective from 1 January 2013. The Tyre Supply Agreement provides for the supply by Minmetals Australia to LXML of off the road tyres for heavy mobile equipment.

The term of the Tyre Supply Agreement is for an initial term of 12 months effective from 1 January 2013, which may be renewed for two further periods of 12 months each, by agreement between the parties.

The principal terms of the Tyre Supply Agreement are set out below.

- Parties : (1) LXML  
(2) Minmetals Australia
- Product to be purchased : Off the road tyres for heavy mobile equipment such as graders, wheel loaders and articulated dump trucks, used at the Sepon mine operated by LXML.

- Term : 12 months with effect from 1 January 2013, which may be renewed for two further periods of 12 months each, by agreement between the parties.
- Delivery of purchase orders : LXML will provide Minmetals Australia with an annual purchase order for the products it requires for the calendar year and each month LXML will confirm projected product requirements.
- LXML agrees to purchase from Minmetals Australia the total volume of product projected for the 4 month period following the delivery of projected product requirements.
- Purchase price : The unit price of each tyre purchased is market based and has been determined via a competitive tender process.
- Payment terms : All payments in respect of goods purchased must be made at the end of the month following the month in which the relevant goods are accepted.

Minmetals Australia was selected as a preferred supplier at the completion of a competitive tender process conducted by LXML, and the terms of the Tyre Supply Agreement were arrived at after arm's length negotiations between LXML and Minmetals Australia.

#### **ANNUAL CAP**

It is proposed that the maximum aggregate amount to be paid under the Tyre Supply Agreement for the initial term will be approximately US\$0.4 million (equivalent to approximately HK\$3.1 million). This annual cap was determined by reference to the agreed pricing pursuant to the Tyre Supply Agreement and projected volumes required by LXML.

#### **REASONS FOR AND BENEFITS OF THE MINMETALS AUSTRALIA AGREEMENTS**

The entering into each of the Minmetals Australia Agreements has the benefit of delivery of goods necessary for the operations of the Company which are on terms which are in the commercial interests of the Company.

The Directors (including the independent non-executive Directors) are of the view that each of the Minmetals Australia Agreements is on normal commercial terms, and is fair and reasonable and in the interests of the shareholders of the Company as a whole. No Director has any material interest in any of the transactions contemplated under the Minmetals Australia Agreements which prohibits him from voting on the resolution of the Board to approve the Minmetals Australia Agreements and no Director has abstained from approving such Board resolution.

#### **LISTING RULES IMPLICATIONS**

Minmetals Australia is a wholly-owned subsidiary of CMC, the controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Minmetals Australia Agreements constitute continuing connected transactions for the Company.

Pursuant to Rule 14A.25 of the Listing Rules, the transactions contemplated under the Grinding Media Supply Agreement as renewed and varied pursuant to the Amendment Agreement and the transactions contemplated under the Tyre Supply Agreement are aggregated. As all of the relevant percentage ratios in respect of the Grinding Media Supply Agreement as renewed and varied pursuant to the Amendment Agreement and the Tyre Supply Agreement when aggregated are more than 0.1% but less than 5%, the transactions constitute continuing connected transactions which are subject to the reporting, annual review and announcement requirements under Rule 14A.34 of the Listing Rules but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of the Minmetals Australia Agreements also includes a provision which entitles MMG Management or LXML (as the case may be) to suspend or terminate the relevant Minmetals Australia Agreement or any purchase order that has been delivered to and/or accepted by Minmetals Australia should the Company be unable to satisfy any requirements of the Listing Rules having regard to the terms of the supply.

## **INFORMATION ABOUT THE GROUP**

The Group is engaged in exploration, development and mining of zinc, copper, gold, silver and lead deposits around the world.

## **INFORMATION ABOUT MINMETALS AUSTRALIA**

Minmetals Australia is a wholly-owned subsidiary of CMC, the controlling shareholder of the Company. Minmetals Australia primarily supplies steel products manufactured in the PRC into the Australian market and trades metallurgical raw materials.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Amendment Agreement"	the agreement dated 2 April 2013 between MMG Management and Minmetals Australia renewing and varying the Grinding Media Supply Agreement
"Board"	the board of Directors
"CMC"	中國五礦集團公司 (China Minmetals Corporation), formerly known as 中國五金礦產進出口總公司 (China National Metals and Minerals Import and Export Corporation), a State-owned enterprise incorporated on 7 April 1950 under the laws of the PRC and the ultimate controlling shareholder of the Company
"Company"	MMG Limited, formerly known as Minmetals Resources Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the shares of which are listed and traded on the main board of the stock exchange operated by the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Grinding Media Supply Agreement”	the agreement dated 20 December 2010 between MMG Management and Minmetals Australia pursuant to which MMG Management agreed to purchase hot roll forged and hand forged grinding media from Minmetals Australia
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LXML”	Lane Xang Minerals Limited, a company incorporated in the People’s Democratic Republic of Laos and a non-wholly owned subsidiary of the Company
“Minerals and Metals Group”	the collective brand name of the portfolio of international mining assets held by Album Resources Private Limited, a limited liability company incorporated on 8 April 2009 under the laws of Singapore and a wholly-owned subsidiary of the Company
“Minmetals Australia”	Minmetals Australia Pty Ltd, a company incorporated on 20 October 1987 in Australia with limited liability and a wholly-owned subsidiary of CMC
“Minmetals Australia Agreements”	each of the Amendment Agreement and the Tyre Supply Agreement
“MMG Management”	MMG Management Pty Ltd, a company incorporated on 15 July 2005 in Australia with limited liability which is a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Rule 14A.41 Continuing Connected Transactions”	the transactions of the Company entered into prior to the completion of the acquisition of the Minerals and Metals Group which became continuing connected transactions of the Company and subject to the requirements under Rule 14A.41 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Tyre Supply Agreement”	the agreement dated 2 April 2013 between LXML and Minmetals Australia pursuant to which LXML agreed to purchase off the road tyres from Minmetals Australia
“%”	Percent

*Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80 for the purpose of illustration only. No representation is made and there is no assurance that US\$ or HK\$ can be purchased or sold at such rate.*

By order of the Board  
**MMG Limited**  
**Andrew Gordon Michelmores**  
*CEO and Executive Director*

Hong Kong, 2 April 2013

*As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr. Andrew Gordon Michelmores and Mr. David Mark Lamont, four are non-executive directors, namely Mr. Wang Lixin (Chairman), Mr. Jiao Jian, Mr. Xu Jiqing and Mr. Gao Xiaoyu; and three are independent non-executive directors, namely Dr. Peter William Cassidy, Mr. Anthony Charles Larkin and Mr. Leung Cheuk Yan.*