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MMG LIMITED
五礦資源有限公司

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

CONTINUING CONNECTED TRANSACTION COPPER CATHODE SALES FRAMEWORK AGREEMENT

COPPER CATHODE SALES FRAMEWORK AGREEMENT

On 24 March 2015, the Company entered into the Copper Cathode Sales Framework Agreement with CMN in relation to the sale of the Product by the Group to the CMN Group.

IMPLICATIONS UNDER THE LISTING RULES

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Copper Cathode Sales Framework Agreement constitutes a continuing connected transaction for the Company. As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Copper Cathode Sales Framework Agreement are more than 5%, it constitutes a non-exempt continuing connected transaction which is subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Copper Cathode Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Copper Cathode Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

A circular containing, among other things, details of the Copper Cathode Sales Framework Agreement, a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser together with a notice convening the AGM to approve, among other things, the Copper Cathode Sales Framework Agreement, will be despatched to the shareholders of the Company in accordance with the Listing Rules on or before 17 April 2015.

COPPER CATHODE SALES FRAMEWORK AGREEMENT

As part of the ordinary and usual course of business, the Group sells the Product to the CMN Group.

Reference is made to the announcement of the Company dated 23 December 2014 in relation to the Copper Cathode Sale Agreement entered into between LXML and CMN, pursuant to which LXML agreed to sell and CMN agreed to buy the Product in the quantity of 12,000 metric tonnes to be delivered monthly between January 2015 and June 2015.

On 24 March 2015, the Company entered into the Copper Cathode Sales Framework Agreement with CMN in relation to the sale of the Product to CMN. The principal terms of the Copper Cathode Sales Framework Agreement are set out below.

- Parties : (1) the Company
(2) CMN
- Term : From the Effective Date to 31 December 2017
- Pricing : CMN may purchase or procure other members of the CMN Group to purchase, and the Company may sell or procure other members of the Group to sell, the Product at prices determined on an arms' length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party.

Such prices shall be:

- calculated based on the Cash Settlement Price for Grade A Copper as quoted on the LME averaged over the agreed quotational period; and
- subject to premiums which are consistent with those prevailing in the PRC metals market for comparable imported products at the time of the relevant sale agreement.

- Delivery Terms : Shipment shall be arranged by the Group from the delivery point nominated by the Group to the place of final destination nominated by the relevant member of the CMN Group pursuant to the terms of the relevant sale agreement on a CIF (Incoterms 2010®) basis.

Sale and purchases of the Product shall be made pursuant to sale agreements agreed between the parties setting out, among other things, quantity, specifications, price, term of agreement, shipping schedule, delivery terms, place of delivery, place of shipment, payment terms, quotational period and other usual conditions (including those dealing with title and risk, insurance requirements and termination and suspension rights). Payment shall be made in accordance with the terms of the sale agreement.

The terms of the Copper Cathode Sales Framework Agreement were arrived at after arm's length negotiations between the Company and CMN and are consistent with terms for LME Registered Grade A copper cathode sold by major global copper cathode producers in North Asia and China.

PROPOSED ANNUAL CAPS

The Company proposes that the maximum aggregate amount payable by the CMN Group to the Group under the Copper Cathode Sales Framework Agreement for each of the financial years ending 31 December 2015, 2016 and 2017 are as follows:

	For the financial year ending 31 December		
	2015 (Note)	2016	2017
	<i>US\$'000,000</i>	<i>US\$'000,000</i>	<i>US\$'000,000</i>
Product	188.0	188.0	188.0
(in HK\$'000,000 equivalent)	<u>(1,466.4)</u>	<u>(1,466.4)</u>	<u>(1,466.4)</u>

Note: For the avoidance of doubt, the sale of Product by the Group to the CMN Group from 1 January 2015 up to the Effective Date shall be included in the calculation of the maximum quantity of Product to be sold by the Group to the CMN Group for the year ending 31 December 2015.

The Annual Caps were determined by reference to internal projections of the maximum number of tonnes that may potentially be sold to the CMN Group, the estimated copper price for 2015, 2016 and 2017 determined by an independent third party based upon forecasts made by a wide range of market participants and an average premium over the estimated copper price.

REASONS FOR AND BENEFITS OF THE COPPER CATHODE SALES FRAMEWORK AGREEMENT

The Group's principal activities include the production and sale of metal products, including copper cathode. As part of its ordinary and usual course of business, the Group sells some of its products to CMN at prices and on terms which are consistent with prevailing market rates and conditions for the relevant products.

In view of the continuing nature of the transactions which are the subject of the Copper Cathode Sales Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Copper Cathode Sales Framework Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.

GENERAL

The Directors (excluding the independent non-executive Directors whose view will be given after taking into account the advice from an independent financial adviser) are of the view that the terms of the Copper Cathode Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

No Director has any material interest in the transaction contemplated under the Copper Cathode Sales Framework Agreement which prohibits him/her to vote on the resolution of the Board to approve the Copper Cathode Sales Framework Agreement and no Director has abstained from approving such Board resolution.

IMPLICATIONS UNDER THE LISTING RULES

CMN is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Copper Cathode Sales Framework Agreement constitutes a continuing connected transaction for the Company.

As the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Copper Cathode Sales Framework Agreement are more than 5%, it constitutes a non-exempt continuing connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Copper Cathode Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

Somerley Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Copper Cathode Sales Framework Agreement and the transactions contemplated thereunder (together with the Annual Caps).

A circular containing, among other things, details of the Copper Cathode Sales Framework Agreement, a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser together with a notice convening the AGM to approve, among other things, the Copper Cathode Sales Framework Agreement, will be despatched to the shareholders of the Company in accordance with the Listing Rules on or before 17 April 2015.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT CMN

CMN is one of the largest state-owned enterprises in the mining sector in China. It is engaged in the exploration, development, mining, processing and sale of a wide range of non-ferrous metals including tungsten, rare earth, copper, alumina, lead and zinc.

DEFINITIONS

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

AGM	an annual general meeting of the Company to be held on 20 May 2015 to consider and approve, among other things, the Copper Cathode Sales Framework Agreement
Annual Caps	the maximum aggregate annual amount payable by the CMC Group to the Group under the Copper Cathode Sales Framework Agreement for each of the financial years ending 31 December 2015, 2016 and 2017
associates	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
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
CMCL	中國五礦股份有限公司 (China Minmetals Corporation Limited), a joint stock limited company incorporated on 16 December 2010 under the laws of the PRC and owned as to approximately 87.538% directly by CMC and as to approximately 0.846% directly by 中國五金製品有限公司 (China National Metal Products Co., Ltd.), a wholly owned subsidiary of CMC. CMC has an attributable interest of approximately 88.384% in CMCL as at the date of this announcement
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a joint stock limited company incorporated on 27 December 2001 under the laws of the PRC and owned as to approximately 99.999% directly by CMNH and approximately 0.001% directly by CMCL as at the date of this announcement. CMN is the controlling shareholder of the Company, holding directly and indirectly approximately 73.69% of the total number of shares of the Company in issue as at the date of this announcement

CMN Group	CMN and its subsidiaries and associates from time to time (excluding the Group)
CMNH	五礦有色金屬控股有限公司 (China Minmetals Non-ferrous Metals Holding Company Limited), a joint stock limited company incorporated on 22 December 2009 under the laws of the PRC and a wholly owned subsidiary of CMCL. CMNH is a controlling shareholder of CMN, holding directly approximately 99.999% of CMN as at the date of this announcement
Company	MMG 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
Condition	the passing of the resolution(s) at a general meeting of the Company by the Independent Shareholders to approve (i) the Copper Cathode Sales Framework Agreement and the transactions contemplated therein; and (ii) the Annual Caps
connected person	has the meaning ascribed to it under the Listing Rules
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Copper Cathode Sale Agreement	the agreement dated 23 December 2014 between LXML and CMN in relation to the sale of the Product by LXML to CMN
Copper Cathode Sales Framework Agreement	the agreement dated 24 March 2015 between the Company and CMN in relation to the sale of the Product by any member of the Group to the CMN Group
Director(s)	the director(s) of the Company
Effective Date	the date on which the Condition is satisfied
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Independent Board Committee	an independent committee of the Board, comprising all the independent non-executive Directors, namely, Dr Peter William Cassidy, Mr Anthony Charles Larkin and Mr Leung Cheuk Yan, established to give an opinion in relation to the terms of the Copper Cathode Sales Framework Agreement

Independent Financial Adviser	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Copper Cathode Sales Framework Agreement
Independent Shareholders	shareholders of the Company who do not have any material interests in the Copper Cathode Sales Framework Agreement other than by virtue of their respective shareholdings in the Company
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
LME	the London Metal Exchange
LXML	Lane Xang Minerals Limited, a special purpose company incorporated in Laos on 30 September 1993 to conduct the activities contemplated under the MEPA, which is a non-wholly owned subsidiary of MMG Laos Holdings and a subsidiary of the Company
MEPA	the mineral exploration and production agreement dated 15 June 1993 between MMG Laos Holdings and the Government of Laos, as amended by an agreement dated 30 November 2004
MMG Laos Holdings	MMG Laos Holdings Limited, a company incorporated on 25 May 1993 in the Cayman Islands with limited liability which is an indirect 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)
Product	Copper Cathode Grade A Sepon brand compliant with LME Copper physical contract specifications produced by LXML at the Sepon mine
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
%	percentage

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.8 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 Michelmore

CEO and Executive Director

Hong Kong, 24 March 2015

As at the date of this announcement, the Board comprises nine directors, of which three are executive directors, namely Mr Andrew Gordon Michelmore, Mr David Mark Lamont and Mr Xu Jiqing; three are non-executive directors, namely Mr Jiao Jian (Chairman), Mr Wang Lixin 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.