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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 SHIPPING FRAMEWORK AGREEMENT

Shipping Framework Agreement

On 13 January 2015, the Company entered into the Shipping Framework Agreement with Minmetals Shipping in relation to the provision of ocean transport by Minmetals Shipping for the shipment of the products of the Group.

Listing Rules Implications

Minmetals Shipping is a wholly owned subsidiary of CMC, the ultimate 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 Shipping Framework Agreement constitutes a continuing connected transaction for the Company.

As all of the relevant percentage ratios in respect of the Shipping Framework Agreement are more than 0.1% but less than 5%, the transaction constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

SHIPPING FRAMEWORK AGREEMENT

As part of the ordinary and usual course of business, the Group engages ocean transport from various shipping services providers and/or brokers for the shipment of its products, including copper, zinc and lead concentrates.

On 13 January 2015, the Company entered into the Shipping Framework Agreement with Minmetals Shipping in relation to the provision of ocean transport by Minmetals Shipping for the shipment of the products of the Group from time to time during the term of the Shipping Framework Agreement.

The principal terms of the Shipping Framework Agreement are set out below.

- Parties : (1) Company
(2) Minmetals Shipping

- Services to be purchased : Provision of ocean transport for the shipment of the products of the Group between ports nominated by the Group pursuant to specific voyage charter party agreements on normal commercial terms to be negotiated by the parties on an arm's length basis from time to time

- Term : The period from 13 January 2015 to 31 December 2015

- Pricing of sea freight : Prices will be expressed in US Dollars determined on an arm's length basis and consistent with the prevailing international market practice and rates at the time for similar services which shall be based on the freight rate to be paid per wet metric ton, such rate to be inclusive of all port charges, pilotages, light dues, port agents' fees and all other dues usually paid by the relevant vessel

Other applicable rates will be as negotiated but will include, without limitation, load rates at an agreed rate of wet metric tons per weather workings days for the applicable port, discharge rates at an agreed rate of wet metric tons per weather working day with agreed laytime and demurrage and despatch rates at a rate of US Dollars per day, that are consistent with the current shipping market for similar services

- Payment terms : Payment will be made in accordance with the terms of each voyage charter party provided always that 95% of the total payment will be paid on bill of lading weight at least 7 days from signing and release of bills of lading

If the Company wishes to engage ocean transport for the shipment of its products, the Company may advise Minmetals Shipping of its vessel requirements for the particular cargo. The Company may, in addition, place its requirements into the open market through a panel of shipping brokers selected by the Company. Minmetals Shipping may submit an offer to the Company in response to those requirements and the Company will evaluate the offer having regard to current freight market conditions and, where the requirements have been placed in the open market, offers submitted by other parties.

If selected by the Company, Minmetals Shipping shall fix a vessel under a voyage charter party agreement to be negotiated by the parties on commercial arm's length terms, but which will be consistent with the terms of the Shipping Framework Agreement and will include international terms for similar voyage charter party agreements addressing (without limitation) contract/shipment period and spread, nominated vessels, freight rates, payment terms and other usual conditions (including those dealing with laytime, demurrage, loading and discharging terms).

The terms of the Shipping Framework Agreement were arrived at after arm's length negotiations between the Company and Minmetals Shipping.

ANNUAL CAP

The maximum aggregate amount to be paid under the Shipping Framework Agreement for the year ending 31 December 2015 is capped at approximately US\$5.0 million (equivalent to approximately HK\$39.0 million). This annual cap was determined by reference to the agreed pricing principles set out in the Shipping Framework Agreement, projected production volumes and schedules of the Group, requirements of buyers including loading and discharging points and prevailing and projected international market sea freight rates for similar services from Australia.

REASONS FOR AND BENEFITS OF THE SHIPPING FRAMEWORK AGREEMENT

The Group's principal activities include the production of zinc, copper and lead concentrates, and as part of its ordinary and usual course of business the Group sells these products and requires ocean transport to deliver such products to its customers. Engaging the services of Minmetals Shipping has the benefit of making additional shipping services available to the Company, therefore allowing the Company to maximise its delivery options and to consequently both (i) meet its obligations to customers in a timely manner and (ii) manage the production schedules and ensure efficient operations of Group members.

In view of the continuing nature of the transactions which are the subject of the Shipping Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Shipping 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.

The Directors (including the independent non-executive Directors) are of the view that the Shipping Framework Agreement 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 Shipping Framework Agreement which prohibits him from voting on the resolution of the Board to approve the Shipping Framework Agreement and no Director has abstained from approving such Board resolution.

LISTING RULES IMPLICATIONS

Minmetals Shipping 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 Shipping Framework Agreement constitutes a continuing connected transaction for the Company.

Pursuant to Rule 14A.76(2) of the Listing Rules, as all of the relevant percentage ratios in respect of the Shipping Framework Agreement are more than 0.1% but less than 5%, the transaction constitutes a continuing connected transaction which is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

The Shipping Framework Agreement also includes a provision which entitles the Company to suspend or terminate the Shipping Framework Agreement or any individual voyage charter party that has been entered into by the parties should the Company be unable to satisfy any requirements of the Listing Rules.

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 MINMETALS SHIPPING

Minmetals Shipping is a wholly owned subsidiary of CMC, the ultimate controlling shareholder of the Company. Minmetals Shipping is principally engaged in the business of providing ocean transport for dry bulk cargo, break-bulk and containers for operations such as the Group and the shipping market in general.

DEFINITIONS

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

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, 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

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
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Minmetals Shipping	Minmetals Shipping (Singapore) Pte Ltd, a company incorporated in Singapore and a wholly owned subsidiary of CMC
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)
Shipping Framework Agreement	the agreement dated 13 January 2015 between the Company and Minmetals Shipping described in this announcement
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)
%	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 Michelmore

CEO and Executive Director

Hong Kong, 13 January 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.