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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(HKEX STOCK CODE: 1208)

(ASX STOCK CODE: MMG)

DISCLOSEABLE TRANSACTION

DEBT RESTRUCTURE AGREEMENT IN RELATION TO THE DISPOSAL OF THE 42% EQUITY INTEREST IN YANTAI PENGHUI

On 5 August 2016, Goldfair, a wholly owned subsidiary of the Company, entered into a debt restructure agreement with Yantai Guofeng (Debt Restructure Agreement), pursuant to which Yantai Guofeng has agreed to pay RMB26,000,000 (equivalent to approximately HK\$33,020,000) to Goldfair in satisfaction of Yantai Guofeng's obligation to pay Goldfair all outstanding Consideration under the Share Transfer Agreement.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

INTRODUCTION

References are made to the announcement of the Company dated 1 April 2010 regarding the conditional sale of the 42% equity interest in Yantai Penghui by Goldfair to Yantai Guofeng for a consideration of RMB85,590,000 (equivalent to approximately HK\$108,699,300) and the announcements of the Company dated 21 February 2012, 21 December 2012, 30 December 2013 and 16 July 2014 regarding Goldfair entering into Amendment Agreements (Amendment Agreement No. 1, Amendment Agreement No. 2, Amendment Agreement No. 3 and Amendment Agreement No. 4) with Yantai Guofeng, pursuant to which the payment date of the outstanding Consideration under the Share Transfer Agreement was extended from 31 December 2011 to 31 December 2016 (Announcements).

Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements:

- (1) under the Share Transfer Agreement, the Consideration shall be payable by Yantai Guofeng according to the following schedule:
 - (a) First instalment – 10% of the Consideration, i.e. RMB8,559,000 (equivalent to approximately HK\$10,869,930) as deposit within 5 business days from the signing of the Share Transfer Agreement;
 - (b) Second instalment – 50% of the Consideration, i.e. RMB42,795,000 (equivalent to approximately HK\$54,349,650) within 15 business days from the date on which the Relocation Project is approved by relevant governmental authorities;
 - (c) Third instalment – 40% of the Consideration, i.e. RMB34,236,000 (equivalent to approximately HK\$43,479,720) within the calendar year immediately following the calendar year in which payment of the second instalment is made; and
 - (d) All outstanding Consideration on or before 31 December 2011 in any case;
- (2) Guarantee and Collateral have been given in favour of Goldfair in order to guarantee the payment of the Consideration by Yantai Guofeng;
- (3) on 21 February 2012, Goldfair and Yantai Guofeng entered into an Amendment Agreement No. 1 to extend the payment date of the outstanding Consideration from 31 December 2011 to 31 December 2012;
- (4) on 21 December 2012, Goldfair and Yantai Guofeng entered into an Amendment Agreement No. 2 to extend the payment date of the outstanding Consideration from 31 December 2012 to 31 December 2013;
- (5) on 30 December 2013, Goldfair and Yantai Guofeng entered into an Amendment Agreement No. 3 to extend the payment date of the outstanding Consideration from 31 December 2013 to 30 June 2014; and
- (6) on 16 July 2014, Goldfair and Yantai Guofeng entered into an Amendment Agreement No. 4 to, amongst other things, extend the payment date of the outstanding Consideration from 30 June 2014 to 31 December 2016.

Prior to the entry into the Debt Restructure Agreement, Yantai Guofeng has paid 10% of the Consideration as deposit to Goldfair in accordance with the terms of the Share Transfer Agreement and an additional RMB4,000,000 (equivalent to approximately HK\$5,080,000) on 27 August 2014 as part payment of the outstanding Consideration. Following these payments, the total outstanding Consideration is RMB73,031,000 (equivalent to approximately HK\$92,749,370).

DEBT RESTRUCTURE AGREEMENT

On 5 August 2016, Goldfair and Yantai Guofeng entered into a Debt Restructure Agreement to settle all outstanding Consideration payable by Yantai Guofeng to Goldfair pursuant to the Share Transfer Agreement for RMB26,000,000 (equivalent to approximately HK\$33,020,000). In return, Goldfair has agreed to release Yantai Guofeng from all its obligations under the Share Transfer Agreement and release all the Guarantee and Collateral that were given to Goldfair under the Share Transfer Agreement. Goldfair has received the payment of RMB26,000,000 (equivalent to approximately HK\$33,020,000) on 5 August 2016.

Having regard to alternative debt collection avenues available to Goldfair in relation to the outstanding Consideration, and the financial circumstances of Yantai Guofeng, the Directors consider the terms of the Debt Restructure Agreement are in the best interests of the Group.

GENERAL

This announcement is made pursuant to Rule 14.36 of the Listing Rules, as the entering into the Debt Restructure Agreement constitutes a material variation to the terms of the Share Transfer Agreement which was a previously announced transaction.

Solely for convenience and except as otherwise noted, this announcement contains translation of RMB amounts into HK\$ at a rate of RMB1.00 = HK\$1.27.

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

Hong Kong, 5 August 2016

As at the date of this announcement, the Board comprises eight directors, of which two are executive directors, namely Mr Andrew Gordon Michelmores and Mr Xu Jiqing; two are non-executive directors, namely Mr Jiao Jian (Chairman) and Mr Gao Xiaoyu; and four are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan, Ms Jennifer Anne Seabrook and Professor Pei Ker Wei.