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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)**

**CONTINUING CONNECTED TRANSACTION**  
**COPPER CATHODE SALES AGREEMENT**

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On 10 November 2017, the Seller entered into the Copper Cathode Sales Agreement with CMN, in relation to the sale of the Product by the Seller to CMN.

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

**COPPER CATHODE SALES AGREEMENT**

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

On 10 November 2017, the Seller entered into the Copper Cathode Sales Agreement with CMN in relation to the sale of the Product to CMN. The principal terms of the Copper Cathode Sales Agreement are set out below.

Parties	: (1) Seller: LXML (2) Buyer: CMN
Term	: From the date of the Copper Cathode Sales Agreement for sales during 2018 until all obligations of the parties are fulfilled.
Quantity	: Between 14,000 and 17,000 metric tonnes of Product per annum during 2018, with the exact quantity to be determined by the Seller.
Pricing	: The LME Copper Cash Settlement Quotation as published in the London Metal Bulletin averaged over the relevant Quotational Period plus an agreed premium.
Delivery Terms	: Shipments shall be arranged by the Seller from the delivery point nominated by the Seller to the place of final destination nominated by CMN pursuant to the terms of the sale agreement on a CFR (Incoterms 2010®) basis.

The Copper Cathode Sales Agreement will also set out, among other things, specifications, shipping schedule, delivery terms, payment terms, quotational period and other usual conditions (including those dealing with title and risk, insurance requirements and termination and suspension rights).

The terms of the Copper Cathode Sales Agreement were arrived at after arm's length negotiations between the Seller 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 CAP**

MMG proposes that the maximum aggregate amount payable by CMN to the Seller under the Copper Cathode Sales Agreement for the financial year ending 31 December 2018 is US\$118.0 million.

The Annual Cap was determined by reference to internal projections of the agreed maximum number of tonnes of the Product that may potentially be sold to CMN, the estimated assays of the Product, an estimated copper price for 2018 by an independent third party based upon forecasts made by a wide range of market participants, and the premium agreed between the parties.

### **REASONS FOR AND BENEFITS OF THE COPPER CATHODE SALES 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 Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the Copper Cathode Sales Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.



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
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 the controlling shareholder of the Company
Company or MMG	MMG Limited, a company incorporated on 29 July 1988 in Hong Kong with limited liability, the securities of which are listed and traded on the main board of the Stock Exchange and the Australian Securities 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
Copper Cathode Sales Agreement	the agreement dated 10 November 2017 between the Seller and CMN in relation to the sale of the Product
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
Interested Directors	Guo Wenqing, Zhang Shuqiang, Gao Xiaoyu, Jiao Jian and Xu Jiqing
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 an indirect 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 produced by the Seller at its Sepon Mine in the Lao People's Democratic Republic
Seller	LXML
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**  
**Jiao Jian**  
CEO and Executive Director

Hong Kong, 10 November 2017

*As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Jiao Jian and Mr Xu Jiqing; three are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Gao Xiaoyu and Mr Zhang Shuqiang; 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.*