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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 KINSEVERE COBALT SALES FRAMEWORK AGREEMENT

KINSEVERE COBALT SALES FRAMEWORK AGREEMENT

On 9 May 2024, MMG Kinsevere SARL (MMG Kinsevere) entered into the Sales Framework Agreement (**Framework Agreement**) with CMN in relation to the sale of the Product by MMG Kinsevere.

CMN is a connected person of the Company under the Listing Rules. As a result, the Framework Agreement constitutes a continuing connected transaction for the Company.

As all of the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Framework Agreement are more than 0.1% but less than 5%, the transactions under the Framework Agreement constitute continuing connected transactions which are subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirements, under Chapter 14A of the Listing Rules.

MMG KINSEVERE COBALT SALES FRAMEWORK AGREEMENT

As part of its ordinary and usual course of business, MMG Kinsevere sells the Product to members of the CMC Group.

On 9 May 2024, MMG Kinsevere entered into the Framework Agreement with CMN in relation to the sale of the Product. The principal terms of the Framework Agreement are set out below.

Buyer : CMN or its subsidiaries or associates

Term : From the Effective Date for sales during 2024, 2025 and 2026 until all obligations of the parties are fulfilled.

Pricing : CMN may purchase (or CMN may procure other members of the CMN Group or its associates to purchase), and MMG Kinsevere may 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 MMG Kinsevere to any other independent third party.

Such prices shall be calculated based on prices quoted by S&P Platts over agreed quotational periods; less agreed deductions negotiated with reference to offers from independent third parties and which are consistent with those prevailing for comparable products at the time of each sales agreement.

Delivery Terms : Shipment shall be arranged by MMG Kinsevere from the delivery point nominated by MMG Kinsevere to the place of final destination nominated by the relevant Buyer pursuant to the terms of the relevant sales agreement on a CIF (Incoterms 2020®) basis.

Sales and purchases of the Product shall be made pursuant to sales 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 respective sales agreement.

The terms of the Framework Agreement were arrived at after arm’s length negotiations between MMG Kinsevere and CMN.

ANNUAL CAPS

The Annual Caps under the Framework Agreements for each of the financial years ending 31 December 2024, 2025 and 2026 are as follows:

	For the financial year ending 31 December		
Product to	2024	2025	2026
	<i>US\$’000,000</i>	<i>US\$’000,000</i>	<i>US\$’000,000</i>
	(HK\$’000,000 equivalent)	(HK\$’000,000 equivalent)	(HK\$’000,000 equivalent)
CMN	103.0 (803.4)	103.0 (803.4)	103.0 (803.4)

The Annual Caps were determined by reference to internal projections of (a) the maximum number of tonnes that may potentially be sold to CMN, and (b) the estimated cobalt price for 2024, 2025 and 2026 which is based on cobalt market prices since mid-2022 and forward price projections by the Company and independent market analysts.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Group's principal activities include the production and sale of metal products, including copper and molybdenum concentrates. As part of its ordinary and usual course of business, the Group sells some of its products to the CMC Group 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 Framework Agreement, the Directors (including the independent non-executive Directors) believe that the entering into of the 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.

IMPLICATIONS UNDER THE LISTING RULES

CMN is a connected person of the Company under the Listing Rules as CMN is the controlling shareholder of the Company.

As a result, the Framework Agreement constitutes a continuing connected transaction for the Company.

As all of the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to the Framework Agreement are more than 0.1% but less than 5%, the transactions under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules which are 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 Directors (including the independent non-executive Directors but excluding the Interested Directors) are of the view that the terms of the 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.

The Interested Directors, each holding position(s) at CMC and/or CMN, have abstained from voting on the Board resolution approving the Framework Agreement in order to avoid any possible conflict of interest issue.

INFORMATION ABOUT THE GROUP

The Group is engaged in the exploration, development and mining of copper, zinc, cobalt, gold, silver, molybdenum and lead deposits around the world. MMG Kinsevere operates the Kinsevere mine in the Democratic Republic of Congo which produces copper cathodes and crude cobalt hydroxide.

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.

Annual Caps	the maximum aggregate annual amount payable by CMN to MMG Kinsevere under the Framework Agreement for each of the financial years ending 31 December 2024, 2025 and 2026
associate	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
CMC	中國五礦集團有限公司 (China Minmetals Corporation), a State-owned enterprise incorporated under the laws of the PRC and the ultimate controlling shareholder of the Company
CMC Group	CMC and its subsidiaries and associates from time to time (excluding the Group)
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-ferrous Metals Co., Ltd), a company incorporated under the laws of the PRC and a controlling shareholder of the Company
CMN Group	CMN and its subsidiaries and associates from time to time (excluding the Group)
Company	MMG Limited, a company incorporated in Hong Kong, the shares of which are listed and traded on the main board of 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
Effective Date	9 May 2024
Framework Agreement	the sales framework agreement dated 9 May 2024 between MMG Kinsevere and CMN in relation to the sale of the Product by MMG Kinsevere

Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Interested Directors	Xu Jiqing, Zhang Shuqiang and Cao Liang
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
MMG Kinsevere	MMG Kinsevere SARL, a company incorporated in the Democratic Republic of Congo, a wholly-owned subsidiary of the Company which operates the Kinsevere mine
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	crude cobalt hydroxide concentrate produced by MMG Kinsevere at the Kinsevere mine in the Democratic Republic of Congo
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
Cao Liang
CEO and Executive Director

Hong Kong, 9 May 2024

As at the date of this announcement, the Board comprises six directors, of which one is an executive director, namely Mr Cao Liang; two are non-executive directors, namely Mr Xu Jiqing (Chairman) and Mr Zhang Shuqiang and three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.