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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 TRANSACTIONS KHOEMACAU MINE EXPANSION PROJECT – MINING SERVICES AGREEMENTS

### **MINING SERVICES AGREEMENTS**

On 21 May 2026, (i) KCM and Huaye entered into the Huaye Mining Services Agreement in relation to the provision of underground mining services for the Zone 5 and Zeta Mines; and (ii) KCM and MCC23 Botswana entered into the MCC23 Mining Services Agreement in relation to the provision of underground mining services for the Mango Mine.

Huaye and MCC23 Botswana are associates of CMC, the ultimate controlling shareholder of the Company, and therefore connected persons of the Company under the Listing Rules. As a result, the Mining Services Agreements constitute continuing connected transactions of the Company.

As one or more of the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to each of the Mining Services Agreements are more than 0.1% but all are less than 5%, the Mining Services Agreements 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.

Pursuant to Rule 14A.52 of the Listing Rules, as the duration of the Mining Services Agreements exceeds three years, the Company has engaged the Independent Financial Adviser to explain and consider why a longer period for the Mining Services Agreements is required and to confirm that it is a normal business practice for agreements of this type and nature to be of such duration.

### **MINING SERVICES AGREEMENTS**

On 21 May 2026, (i) KCM and Huaye entered into a mining services agreement in relation to the provision of underground mining services for the Zone 5 and Zeta Mines (Huaye Mining Services

Agreement); and (ii) KCM and MCC23 Botswana entered a mining services agreement in relation to the provision of underground mining services for the Mango Mine (MCC23 Mining Services Agreement, and together with the Huaye Mining Services Agreement, Mining Service Agreements).

The principal terms of the Mining Service Agreements are set out below.

**Huaye Mining Services Agreement**

- Parties : 1) Khoemaçau Copper Mining Proprietary Limited (KCM)  
2) Huaye Botswana Mining Proprietary Limited (Huaye)
  
- Scope of work and service : Mobilisation and underground mining services for the Zone 5 and Zeta Mines at the KCM Mine.
  
- Term : 67 months, commencing on 21 May 2026 for the first 7 months for mobilisation and on 1 January 2027 for 60 months for the underground mining services for the Zone 5 and Zeta Mines.
  
- Pricing : The service fees under the Huaye Mining Services Agreement have been determined on an arm’s length basis and are consistent with the prevailing market practice and rates at the time for similar services. The pricing has been benchmarked against the historical transaction amounts for comparable services, anticipated inflation and exchange rate fluctuations.  
  
The pricing structure of the predetermined fixed rates as set out in the contract schedules to the Huaye Mining Services Agreement covers: (i) performance bond; (ii) mobilization, establishment and demobilization charges; (iii) monthly charges for plant and equipment; and (iv) fees for various underground mining services. All rates are exclusive of value-added tax, but inclusive of all other applicable taxes (including but not limited to withholding taxes), tariffs and duties.
  
- Payment terms : There is an advance payment by KCM of US\$20 million (equivalent to approximately HK\$156 million) that shall be amortized over 12 months.

Invoices will be issued by Huaye on a monthly basis based on monthly charges, rates, and lump sum items set out in the agreement. The invoices are subject to a certification process carried out by a representative of KCM, followed by the issuance of a tax invoice by Huaye. KCM is required to settle the payment within 7 days of receiving a valid tax invoice.

## **MCC23 Mining Services Agreement**

Parties : 1) KCM  
2) The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals, incorporated in Botswana (MCC23 Botswana)

Scope of work and services : Mobilisation and underground mining services for the Mango Mine at the KCM Mine.

Term 67 months, commencing on 21 May 2026 for the first 7 months for mobilisation and on 1 January 2027 for 60 months for the underground mining Services for the Mango Mine.

Pricing : The service fees under the MCC23 Mining Services Agreement have been determined on an arm's length basis and are consistent with the prevailing market practice and rates at the time for similar services. The pricing has been benchmarked against the historical transaction amounts for comparable services, anticipated inflation and exchange rate fluctuations.

The pricing structure of the predetermined fixed rates as set out in the contract schedules to the MCC23 Mining Services Agreement covers: (i) performance bond; (ii) mobilization, establishment and demobilization charges; (iii) monthly charges for plant and equipment; and (iv) fees for various underground mining services. All rates are exclusive of value-added tax, but inclusive of all other applicable taxes (including but not limited to withholding taxes), tariffs and duties.

Payment terms : There is an advance payment by KCM of US\$20 million (equivalent to approximately HK\$156 million) that shall be amortized over 12 months.

Invoices will be issued by MCC23 Botswana on a monthly basis, based on monthly charges, rates, and lump sum items set out in the agreement, which is subject to a certification process carried out by a representative of KCM, followed by the issuance of a tax invoice by MCC23 Botswana. KCM is required to settle the payment within 7 days of receiving a valid tax invoice.

In order to determine the award of the Mining Services Agreements, a number of vendors were invited to participate in the tender. The tender evaluation was conducted on an arm's length basis through a holistic and careful review against various evaluation criteria, including but not limited to quoted pricing, technical capability and operational feasibility, commercial terms, service quality and scope, past operational performance in relevant underground mining projects, localization plan, safety and risk management services. The tender evaluation process resulted in Huaye being the selected vendor for the underground mining services for the Zone 5 and Zeta

Mines, and MCC23 Botswana being the selected vendor for the underground mining services for the Mango Mine.

### **ANNUAL CAPS**

The annual caps under the Huaye Mining Services Agreement for each of the financial years ending 31 December 2026, 2027, 2028, 2029, 2030 and 2031 are as follows:

#### **For the financial year ending 31 December**

<b>2026</b> (for the seven months from 21 May 2026 up to 31 December 2026)	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
US\$35 million (equivalent to HK\$273 million)	US\$200 million (equivalent to HK\$1,560 million)	US\$200 million (equivalent to HK\$1,560 million)	US\$200 million (equivalent to HK\$1,560 million)	US\$200 million (equivalent to HK\$1,560 million)	US\$200 million (equivalent to HK\$1,560 million)

The annual caps under the MCC23 Mining Services Agreement for each of the financial years ending 31 December 2026, 2027, 2028, 2029, 2030 and 2031 are as follows:

#### **For the financial year ending 31 December**

<b>2026</b> (for the seven months from 21 May 2026 up to 31 December 2026)	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
US\$25 million (equivalent to HK\$195 million)	US\$50 million (equivalent to HK\$390 million)	US\$50 million (equivalent to HK\$390 million)	US\$50 million (equivalent to HK\$390 million)	US\$50 million (equivalent to HK\$390 million)	US\$50 million (equivalent to HK\$390 million)

The annual caps of the Mining Services Agreements have been determined by reference to the agreed pricing principles in the agreements, having regard also to, among others: (i) the estimated transaction values of the Mining Services Agreement; (ii) potential increases in costs and changes in schedules; (iii) small buffers to allow for unexpected events over the course of the agreements; (iv) amortisation of the mobilization services over the term of the Mining Services Agreements; (v) prevailing prices for similar services; and (vi) an advance payment that

will be amortised over 12 months.

In the event that the actual annual amount of the service fees payable for the relevant year under the Mining Services Agreements is anticipated to exceed their respective annual cap, or that there is any proposed material amendment to the terms of the Mining Services Agreements, the Company shall comply with all applicable requirements of the Listing Rules.

## **OPINION FROM THE INDEPENDENT FINANCIAL ADVISER**

In formulating its opinion as to the duration of the Mining Services Agreements, the Independent Financial Adviser has taken into account the following principal factors and reasons:

(i) Background of the entering into of the Mining Services Agreements. The Independent Financial Adviser has discussed with the management of the Group the reasons for the entering into of the Mining Services Agreement and its understanding is summarised below:

(a) Background information of the Expansion Mines

As stated in the 2025 Annual Report, the Expansion Mines had a total mineral resources (inclusive of ore reserves) of 73 million tonnes (Mt) including 5.7 Mt contained copper. These mines are yet to commence development. The life of the Expansion Mines is expected to be 20 years. In light of the above, the Directors consider, and the Independent Financial Adviser concurs, that the 5-year and 7 months-term of the Mining Services Agreement would enable the Group to (a) lock in skilled contractors early, (b) align incentives of both the Group and contractors to invest in site-specific training, maintenance facilities, and pit optimisation; and (c) avoid frequent re-tendering costs, all of which support the development of infrastructure for the Expansion Mines and optimise production from them.

(b) Tender held for selecting the mining service providers for the Expansion Mines

In 2025, the Group sent out a tender invitation to the seven potential service providers (including both independent third parties and connected persons of the Company) and received proposals from some of them. The tender invitation set out, among other things, the scope of work and specifications for the mining services during the term. The Group undertook a detailed evaluation of the proponents' submissions and Huaye and MCC23 Botswana have been selected as its preferred service providers. The Independent Financial Adviser has been provided with and reviewed the tender invitation documents and noted that the Mobilisation is planned to commence in May 2026 and will have a duration of 7 months, with development and production activities anticipated to commence in January 2027. In other words, the successful bidders will enter into a services agreement with KCM for a term of five years and 7 months.

(ii) Existing arrangements between the Group and its other service providers

The Independent Financial Adviser has reviewed agreements entered into between the Group and its service providers which are independent third parties and not connected with the Group in respect of the mining related services for the Group's existing mines, details of

which are set out below:

<b>Date of Agreement</b>	<b>Contractor</b>	<b>Services involved</b>	<b>Duration</b>
1 July 2016	Barmenco Limited	Underground mining services at MMG's Dugald River mine	From 1 July 2016 to 31 December 2022 (i.e. 6.5 years)
22 June 2019	Barmenco Mining Services Botswana Proprietary Limited	Underground development, infrastructure and mine production at MMG's Khoemaçau copper mine	60-month period <sup>(Note)</sup>

<b>Date of Agreement</b>	<b>Contractor</b>	<b>Services involved</b>	<b>Duration</b>
24 December 2021	Mining Excavation Company SAS	Open pit mining services at MMG's Kinsevere mine	From 1 April 2022 to 31 December 2029 (i.e. 7.75 years)
17 May 2025	JCHX Botswana Mining Construction Proprietary Limited	Mining services at Khoemaçau copper mine	Five years after the commencement date

*Note: On 15 July 2024, the agreement was extended to end on the long stop date which was 30 June 2025.*

As shown in the above table, those agreements were entered into after June 2019, with each of the service providers performing services in relation to underground development and production of the Group's mines for 5 to 7.75 years. Given the services providers under these Agreements are independent third parties and not connected with the Group, the Independent Financial Adviser considers that it is a normal business practice of the Group to enter into agreement of this type to be of a term of five years or more.

(iii) Comparable Transaction

The Independent Financial Adviser has conducted research on mining services agreements involving companies (excluding the Company) listed in Hong Kong and the PRC principally engaged in the mining, processing and production of metal products, that the Independent Financial Adviser is able to identify from the Stock Exchange.

Based on the above criteria, China Nonferrous Mining Corporation Limited (Stock Code: 1258) has been identified, which entered into a mining services agreement having commenced from 12 December 2019 and for the duration of the relevant mine according to

its announcement dated 30 March 2022 (Comparable Transaction). According to its annual report for the year ended 31 December 2025, such mining services agreement remained effective as at 31 December 2025. In other words, the Comparable Transaction had a term of more than 6 years. Considering that the Comparable Transaction was intended to be coterminous with the life of the relevant mine, the Independent Financial Adviser considers that long-term mining service agreements are not uncommon in the mining industry.

## **Opinion**

Taking into account (i) the background of the entering into of the Mining Services Agreement; (ii) existing arrangements between the Group and its other service providers; and (iii) the circumstances of the Comparable Transaction, the Independent Financial Adviser is of the view that a term longer than three years is required and that it is a normal business practice for agreements of the type and nature of the Mining Services Agreements to be of such duration.

## **REASONS FOR AND BENEFITS OF THE MINING SERVICES AGREEMENTS**

Under the Mining Services Agreements, KCM will receive mining services for the Mango Mine, the Zone 5 and Zeta Mines. Entering into of the Mining Services Agreements will ensure KCM is able to have proactive, ongoing oversight and structured technical support throughout the mobilisation, development and operational ramp-up phases of the Mango Mine and the Zone 5 and Zeta Mines.

The terms of the Mining Services Agreements have been reviewed and approved by the Directors (including the independent non-executive Directors but excluding the Interested Directors), who are of the view that the terms of the Mining Services Agreements and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, 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 or who may have an interest in the proposed resolutions, have abstained from voting on the Board resolution approving the Mining Services Agreements in order to avoid any possible conflict of interest.

## **INTERNAL CONTROL PROCEDURES**

In addition to the descriptions above in respect of the determination of and compliance with the annual caps, to ensure that the transactions contemplated under the Mining Services Agreements, and all of the Company's continuing connected transactions, are conducted in accordance with the terms (including the annual caps) of the relevant agreements on normal or better commercial terms and are in the interests of the shareholders of the Company as a whole, the Company has adopted the following internal control procedures:

- The Company's management team at the KCM Mine ensures that the pricing of the services is determined in accordance with the terms of the Mining Services Agreements;
- The Company's management team at the KCM Mine continuously monitors the annual caps of the Mining Services Agreements and any change which may potentially affect an

annual cap is reported to senior management and the Board in a timely manner;

- Underground mining is a core component of the Company's business. The Company's senior management has sufficient market knowledge and access to data, which enables them to assess whether the terms of each Mining Services Agreement are on normal commercial terms and whether the annual caps are appropriately determined;
- All of the Company's continuing connected transactions, including their annual caps, are annually reviewed and discussed by the independent non-executive Directors of the Company, to confirm that the transactions are in the ordinary and usual course of business of the Company, on normal commercial terms or better, in accordance with the terms of the relevant agreements of the Company, fair and reasonable and in the interests of the shareholders of the Company as a whole;
- The independent auditor of the Company conducts an annual review of the transactions and provides a written confirmation to the Board before release of the Company's annual report.

## **LISTING RULES IMPLICATIONS**

Huaye and MCC23 Botswana are associates of CMC, the ultimate controlling shareholder of the Company, and therefore connected persons of the Company under the Listing Rules. As a result, the Mining Services Agreements constitute continuing connected transactions of the Company.

As one or more of the relevant percentage ratios in respect of the maximum transaction value on an annual basis relating to each of the Mining Service Agreements are more than 0.1% but all are less than 5%, the Mining Service Agreements 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.

Pursuant to Rule 14A.52 of the Listing Rules, as the term of the Mining Services Agreements exceeds three years, the Company has engaged the Independent Financial Adviser to explain and consider why a longer period for the Mining Services Agreements is required and to confirm that it is a normal business practice for agreements of this type and nature to be of such duration. The opinion of the Independent Financial Adviser is set out in the section headed 'OPINION FROM THE INDEPENDENT FINANCIAL ADVISER' in this announcement.

## **INFORMATION ABOUT THE GROUP**

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

## **INFORMATION ABOUT THE CONNECTED PERSONS**

MCC23 Botswana is indirectly wholly-owned subsidiary of Minmetals Land Limited which in turn is wholly-owned by CMC, the ultimate controlling shareholder of the Company. The MCC23 group has a diversified business, mainly engaged in metallurgical engineering construction, engineering, construction, investment and financing business, and real estate business.

Huaye is an indirect subsidiary of Metallurgical Corporation of China Ltd., which is in turn owned as to 44.26% by CMC. Metallurgical Corporation of China Ltd. is listed on the Main Board of the Stock Exchange (stock code: 1618) and is principally engaged in metallurgical construction, housing construction, municipal infrastructure, mineral resources, new materials, engineering services, high-end equipment and energy and environmental protection businesses.

The CMC group 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 nonferrous 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.

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
Company or MMG	MMG Limited, a company incorporated in Hong Kong, the securities 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
Expansion Mines	means the Mango Mine and the Zone 5 and Zeta Mines
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
Huaye	Huaye Botswana Mining Proprietary Limited, a company incorporated in the Republic of Botswana and an indirect subsidiary of Metallurgical Corporation of China Ltd., which is in turn owned as to 44.26% by CMC

Huaye Mining Services Agreement	has the meaning as defined in the section headed 'Mining Services Agreements' in this announcement
Independent Financial Adviser	means Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571, Law of Hong Kong), being the independent financial adviser appointed for the purpose of Rule 14A.52 of the Listing Rules
Interested Directors	Zhao Jing Ivo, Cao Liang, Qian Song, Yue Wenjun and Zhang Shuqiang
KCM	Khoemacau Copper Mining Proprietary Limited, a company incorporated in the Republic of Botswana, a subsidiary of MMG and the operator of the KCM Mine
KCM Mine	means the Khoemacau copper mine in Botswana
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Mango Mine	means the Mango Mine at the KCM Mine
MCC23	五礦二十三冶建設集團有限公司 (The 23rd Metallurgical Construction Group Co., Ltd.), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Minmetals Land Limited, which is in turn wholly-owned by CMC
MCC23 Botswana	The 23rd Metallurgical Construction Group Co., Ltd. of Minmetals, a company incorporated in the Republic of Botswana and a wholly-owned subsidiary of MCC23
MCC23 Mining Services Agreement	has the meaning as defined in the section headed 'Mining Services Agreements' in this announcement
Mining Services Agreements	has the meaning as defined in the section headed 'Mining Services Agreements' in this announcement
Mobilisation	means sourcing materials, commencement of pre-fabrication works and recruitment of the workforce necessary to complete the services
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)
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)
Underground Mining Services	means the development of infrastructure for the expansion of the Mango Mine and the Zone 5 and Zeta Mines to optimise production from them
Zone 5 and Zeta Mines	collectively means the Zone 5 and Zeta Mines at the KCM Mine
%	per cent

*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**  
**Zhao Jing Ivo**  
*CEO and Executive Director*

Hong Kong, 21 May 2026

*As at the date of this announcement, the Board comprises nine directors, of which two are executive directors, namely Mr Zhao Jing Ivo and Mr Qian Song; three are non-executive directors, namely Mr Zhang Shuqiang, Mr Cao Liang (Chairman) and Mr Yue Wenjun; and four are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan, Mr Chan Ka Keung, Peter and Ms Chen Ying.*