

DIRECTORS' REPORT

The board of directors of the Company (Board) is pleased to present the Annual Report together with the audited Financial Statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were exploration, development and mining of zinc, copper, gold, silver and lead deposits around the world.

The full details of the principal activities of the Company's subsidiaries are set out in Note 15 to the Consolidated Financial Statements.

An analysis of the Group's revenue for the year ended 31 December 2021 by reportable segments, together with their respective contributions to profit from operations (EBIT), is set out in Note 4 to the Consolidated Financial Statements.

STRATEGY AND BUSINESS REVIEW

MMG's vision is to build the world's most respected mining company. We mine to create wealth for our people, host communities and shareholders with an ambition to double the size and value of MMG, and then double again by 2030.

MMG has established strong foundations that support future growth and development. The Company has four strategic drivers that are embedded into corporate planning and decision-making processes:

- **China Champion:** Building on the strength of the world's largest consumer of metals and mineral resources to create a sustainable competitive advantage.
- **Business Miner:** Adopting a mindset that leverages excellence in owning and operating mines to generate superior returns on investment, enhancing our ability to fund and deliver future growth.
- **Federation of MMG:** Embracing the advantages of an empowered and diverse operating structure with core group disciplines and guiding values that drive a unique way of working across our international footprint.
- **Delivering Progress:** Taking pride in mining's role in driving social progress through local, regional and national contributions and delivering materials for a changing world.

Aligned with achievement of its ambitions, the Company is structured along the following lines:

- **Operations:** Largely self-sufficient sites, with regional offices driving local efficiencies.
- **Group operations support:** A limited number of experts in areas critical to the operation of the global asset base.

- **Global services:** Lowest cost delivery of truly global and shared activities.
- **Corporate:** A lean corporate office, based in Melbourne and Beijing, focused on only what is needed to operate and govern a listed business and deliver inorganic growth.

The Board is committed to sustaining the successful model that brings together the best fit management team and a strong relationship with China that draws upon the strength of the world's largest commodities consumer, provides deep understanding of markets and access to its sources of funding.

The Company is focused on containing costs, continually improving productivity, growing its resource base and strengthening the balance sheet. This will enable the Company to step into its next phase of disciplined growth.

A review of the business of the Group during the year, possible risks and uncertainties that the Group may be facing, and a discussion on the Group's future business development are provided in the Chairman's Review, CEO's Report and the Management Discussion and Analysis in this Annual Report.

In addition to financial performance, the Group maintains a belief that a high standard of corporate social responsibility is essential for building good corporate and social relationships, motivating staff and creating sustainable returns. Further discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group is provided on pages 86 to 97 of this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer and the five largest customers in aggregate accounted for approximately 38.3% and approximately 78.3% of the total sales of the Group respectively. Purchases from the five largest suppliers to the Group in aggregate accounted for approximately 16.9% of the total purchases of the Group during the year.

Apart from CMC, the ultimate controlling Shareholder, having an interest of approximately 88.4% in one of the five largest customers, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, owned more than 5% of the total number of issued shares of the Company) had any beneficial interest in any of the five largest customers or suppliers of the Group.

DIRECTORS' REPORT CONTINUED

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 are set out in the Consolidated Statement of Profit or Loss in the Financial Statements on page 105 of this Annual Report.

No interim dividend was declared for 2021 (2020: nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

RESERVES

Movements in reserves of the Group during the year are set out in Note 24 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 December 2021 are set out in Note 24 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in Note 12 to the Consolidated Financial Statements.

BORROWINGS

Particulars of borrowings of the Group, as at 31 December 2021, are set out in Note 25 to the Consolidated Financial Statements.

During 2021, the Company and its subsidiaries continued to maintain loan agreements that included conditions imposing specific performance obligations on a controlling Shareholder. A breach of such an obligation would cause a default in respect of loans that are significant to the operations of the issuer, the details of which are set out below.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

In accordance with the continuing disclosure requirements under Rule 13.21 of the Listing Rules, following are the details of the Group's facility agreements that contain covenants requiring specific performance obligations of the controlling Shareholders.

1. Facilities granted by China Development Bank and Bank of China Limited, Sydney Branch to MMG Dugald River

On 27 June 2013, the Company, MMG Dugald River and certain other subsidiaries entered into a facility agreement

with CDB and BOC Sydney in relation to the financing of the development and construction of the Dugald River project for an amount up to US\$1.0 billion (Dugald River Facility). On 27 June 2016, the parties to the Dugald River Facility entered into an amendment agreement pursuant to which the Dugald River Facility was reduced to US\$550.0 million. On 9 January 2018, the Dugald River Facility was further amended to, among other things, reduce the security arrangements and relax covenant compliance requirements. The Dugald River Facility was available for drawdown until 27 June 2018, and was to be repaid by 28 June 2026. On 21 June 2021, the outstanding amount of US\$297.2 million was repaid in full and the Dugald River Facility terminated.

Pursuant to the terms of the amended Dugald River Facility, on the occurrence of the following events (among others), CDB and/or BOC Sydney were entitled to declare all outstanding loans under the facility immediately due and payable if:

- CMCL ceases to legally and beneficially own, directly or indirectly, at least 51% of the total number of issued shares of the Company; or
- CMCL ceases to have the power to:
 - (a) cast, or control the casting of, more than one half of the maximum number of votes that might be cast at a general meeting of the Company; or
 - (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or
 - (c) give directions with respect to the Company's operating and financial policies with which the directors or other equivalent officers of the Company are obliged to comply.

2. Facility granted by Industrial and Commercial Bank of China Limited to MMG Finance Limited

On 21 December 2020, MMG Finance Limited (MMG Finance) entered into a facility agreement (2020 ICBC Facility) pursuant to which ICBC agreed to provide MMG Finance with a US\$300.0 million revolving credit facility for a term of three years for general corporate purposes. As at 31 December 2021, the 2020 ICBC Facility was undrawn.

Under the 2020 ICBC Facility, an event of default will occur in the event that the Company ceases to be a subsidiary of CMN, or MMG Finance ceases to be a wholly owned subsidiary of the Company, and the lender is entitled to declare all outstanding loans under the facilities immediately due and payable.

DIRECTORS' REPORT CONTINUED

3. Facilities granted by Bank of China Limited, Sydney Branch and Industrial and Commercial Bank of China Limited, Luxembourg Branch to Minera Las Bambas S.A.

On 21 August 2019, Minera Las Bambas S.A. entered into a US\$175.0 million three-year revolving loan facility for its operational funding requirements with each of BOC Sydney and ICBC Luxembourg (2019 Facilities). As at 31 December 2021, both of the 2019 Facilities were undrawn.

Under the 2019 Facilities, on the occurrence of the following events, BOC Sydney and/or ICBC Luxembourg may, by not less than 5 days' notice to Minera Las Bambas S.A., cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable if:

- CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or
- CMC ceases to have the power, directly or indirectly, to:
 - (a) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company; or
 - (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or
 - (c) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The same control requirements are imposed on the Company in relation to its interest in and control of Minera Las Bambas S.A., failing which BOC Sydney and/or ICBC Luxembourg may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

4. Facility granted by China Development Bank to MMG Limited

On 4 September 2020, the Company entered into a facility agreement (2020 CDB Facility) pursuant to which CDB agreed to provide the Company with a US\$85.0 million credit facility for a term of three years for general corporate purposes. The 2020 CDB Facility will be available for draw down during the first two years of the term. As at 31 December 2021, the amount of US\$5.0 million was outstanding under the 2020 CDB Facility.

Under 2020 CDB Facility, an event of default will occur in the event that CMN ceases to beneficially hold more than 51% of the issued share capital of the Company, and CDB is entitled to declare all outstanding loans under the facility immediately due and payable.

5. Facility granted by China Development Bank, Bank of China Limited, Sydney Branch, Industrial and Commercial Bank of China Limited, Macau Branch and The Export-Import Bank of China to Minera Las Bambas S.A.

On 19 October 2020, Minera Las Bambas S.A. entered into a US\$800.0 million three-year credit facility for its operational funding requirements with each of CDB, BOC Sydney, ICBC Macau and EXIM Bank (2020 Las Bambas Facility). As at 31 December 2021, the 2020 Las Bambas Facility was undrawn.

Under the 2020 Las Bambas Facility, on the occurrence of the following events, CDB, BOC Sydney, ICBC Macau and EXIM Bank may, by not less than 20 days' notice to Minera Las Bambas S.A., declare all outstanding loans under their respective facility agreement immediately due and payable if:

- CMC ceases to beneficially hold more than 50% of the issued share capital of the Company; or
- CMC ceases to have the power, directly or indirectly, to:
 - (a) cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the Company; or
 - (b) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or
 - (c) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply.

The same control requirements are imposed on the Company in relation to its interest in and control of Minera Las Bambas S.A., failing which CDB, BOC Sydney, ICBC Macau and EXIM Bank may also cancel commitments and declare all outstanding loans under their respective facility agreement immediately due and payable.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on pages 193 to 194 of this Annual Report.

SHARE CAPITAL

Details of the movements in the Company's share capital are set out in Note 23 to the Consolidated Financial Statements.

DIRECTORS' REPORT CONTINUED

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately US\$476,680.

DIRECTORS

The Directors who held office during the year and up to the date of this report are as follows:

CHAIRMAN

Mr GUO Wenqing (Non-executive Director)
(Resigned as a Non-executive Director and the Chairman of the Company on 5 January 2022)

Mr JIAO Jian (Non-executive Director)
(Appointed as the Chairman of the Company on 5 January 2022)

EXECUTIVE DIRECTORS

Mr GAO Xiaoyu (CEO)
(Resigned as an Executive Director and the CEO of the Company on 5 January 2022)

Mr LI Liangang (Interim CEO)
(Appointed as an Executive Director and the Interim CEO of the Company on 5 January 2022)

NON-EXECUTIVE DIRECTORS

Mr ZHANG Shuqiang

Mr XU Jiqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr Peter CASSIDY

Mr LEUNG Cheuk Yan

Mr CHAN Ka Keung, Peter

On 5 January 2022, Mr Li Liangang was appointed as an Executive Director and the Interim CEO of the Company. In accordance with article 77 of the articles of association of the Company, Mr Li will retire at the forthcoming annual general meeting of the Company (AGM) and, being eligible, offer himself for re-election.

In accordance with article 98 of the articles of association of the Company, Mr Jiao Jian will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election.

In accordance with article 98 of the articles of association of the Company and Code Provisions B.2.2 and B.2.3 in the revised Appendix 14 of the Listing Rules with effect from 1 January 2022, Dr Peter Cassidy will retire by rotation at the forthcoming AGM and, being eligible, offer himself for re-election.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract that is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No contracts of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director had a material interest, subsisted at the end of the year or at any time during the year.

DIRECTORS' REPORT CONTINUED

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the interests and short positions of the Directors and the CEO of the Company or any of their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (SFO)), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (Model Code) were as follows:

LONG POSITION IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AS AT 31 DECEMBER 2021

Name of Director	Nature of Interest	Number of Underlying Shares Held			Approximate Percentage of Total Number of Issued Shares (%) ³
		Number of Shares Held	Options	Performance Awards ²	
GAO Xiaoyu ¹	Personal	-	-	21,754,763	0.25

Notes:

1. On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 21,754,763 performance awards granted under 2019, 2020 and 2021 Performance Awards lapsed on the same day.
2. The Director's interests in the underlying shares of the Company are through performance awards granted by the Company, details of which are set out under the section headed 'Performance Awards' on pages 66 to 69 of this Annual Report.
3. The calculation is based on the number of shares and/or underlying shares as a percentage of the total number of issued shares of the Company (that is, 8,639,126,253 shares) as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors or the CEO of the Company or any of their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, which they are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. In addition, none of the Directors or the CEO of the Company or any of their associates had been granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the year ended 31 December 2021.

DIRECTORS' REPORT CONTINUED

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 December 2021, the interests of Directors in a business that competes or is likely to compete with the businesses of the Group, as defined in the Listing Rules, are as follows:

1. Mr Guo Wenqing, a Non-executive Director and the former Chairman of the Company (resigned on 5 January 2022), is:
 - » a director and the President of CMC;
 - » the Chairman of CMCL; and
 - » the Chairman of China Metallurgical Group Corporation.
2. Mr Jiao Jian, a Non-executive Director of the Company (appointed as Chairman of the Company on 5 January 2022), is:
 - » a Vice President of CMC;
 - » a director and the President of CMCL; and
 - » the Chairman of CMN.
3. Mr Gao Xiaoyu, an Executive Director and the former CEO of the Company (resigned on 5 January 2022), is:
 - » a director of CMN; and
 - » a director of Top Create Resources Limited (Top Create).
4. Mr Zhang Shuqiang, a Non-executive Director of the Company, is:
 - » the General Manager of the Finance Department of CMC;
 - » a director of CMNH;
 - » a director of CMN;
 - » a director of Minmetals HK; and
 - » the Chairman of Minmetals Finance Co., Ltd..
5. Mr Xu Jiqing, a Non-executive Director of the Company, is:
 - » a director and the President of CMN.

Although the Group and the above companies are involved in businesses in the same industry, they are separate companies operated by separate and independent management. The Company is therefore capable of carrying on its business independently of, and at arm's length from, the CMC Group.

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the articles of association of the Company and subject to the provisions of the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all loss and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that such Article shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

DIRECTORS' REPORT CONTINUED

SHARE OPTION SCHEME

2013 SHARE OPTION SCHEME

Pursuant to share option scheme adopted at the extraordinary general meeting of the Company (EGM) held on 26 March 2013 (2013 Share Option Scheme), options were granted to eligible participants under 2016 Options. As at 31 December 2021, there were a total of 4,074,630 options outstanding granted under 2016 Options, which represented approximately 0.05% of the total number of issued shares of the Company as at that date.

The following is a summary of the principal terms of the 2013 Share Option Scheme:

1. Purpose

The purpose of the 2013 Share Option Scheme is to enable the Company to grant awards to selected employees of the Group as incentives or rewards for their contribution or potential contribution to the development and growth of the Group.

2. Participants

The Company may grant an option to anyone who is an employee of the Company, its subsidiaries or any other company that is associated with the Company and is so designated by the Directors on the date of grant.

3. Total number of shares available for issue under the 2013 Share Option Scheme

The total number of shares available for issue under the 2013 Share Option Scheme is 454,761,265 shares, representing approximately 5.26% of the total number of issued shares of the Company as at the date of this report.

4. Maximum entitlement of each participant

No option may be granted to any eligible person which, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of the options already granted and to be granted to such eligible person under the 2013 Share Option Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of issued shares of the Company as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules.

5. Period within which the shares must be taken up under an option

The Board may in its absolute discretion determine the period during which an option may be exercised, save that such period shall not be more than 10 years from the date on which such option is granted and accepted subject to the provisions for early termination.

6. Minimum period for which an option must be held before it can be exercised

The minimum period for which an option must be held before it can be exercised is 12 months from the date of grant, subject to the Board having the right to determine a longer minimum period at the time of granting the option.

7. Time of acceptance and the amount payable on acceptance of the option

No amount is payable upon application or acceptance of an option.

8. Basis of determining the exercise price

The exercise price shall be determined by the Board at the time of grant of the relevant option and shall not be less than the highest of:

- » the closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the relevant option; and
- » an amount equivalent to the average closing price per share of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option.

9. The remaining life of the 2013 Share Option Scheme

The 2013 Share Option Scheme will terminate on 26 March 2023 unless terminated earlier by the Board.

DIRECTORS' REPORT CONTINUED

2016 Options

On 15 December 2016, the Company granted options to the eligible participants pursuant to the 2013 Share Option Scheme (2016 Options). There were 4,074,630 options outstanding as at 31 December 2021, which represented approximately 0.05% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2021, the movements of the 2016 Options were as follows:

Category of Participant	Date of Grant ¹	Exercise Price per Share (HK\$)	Exercise Period ²	Number of Options				Balance as at 31 December 2021
				Balance as at 1 January 2021	Granted During the Year	Exercised During the Year ³	Lapsed During the Year ⁴	
Employees of the Group	15 December 2016	2.29	4 years after the date of vesting	11,192,385	-	(6,257,076)	(860,679)	4,074,630
Total				11,192,385	-	(6,257,076)	(860,679)	4,074,630

Notes:

- The closing price of the shares of the Company immediately before the date on which the options were granted on 15 December 2016 was HK\$2.25 per share.
- The vesting and performance period of the options is three years from 1 January 2016 to 31 December 2018, with 60% of vested options exercisable from 1 January 2019 and 40% of the vested options subject to a 12-month exercise deferral period, such options being exercisable after 1 January 2020. The vesting of options is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Options vest on a percentage basis based on the target performance level achieved. Achievement of the Company and individual performance conditions have resulted in 33.33% of the 2016 Options granted to participants vesting on 22 May 2019.
- The weighted average closing price of the shares of the Company immediately before the date on which the options were exercised was HK\$4.68.
- Options lapsed due to cessation of employment.
- No options were cancelled during the period.

DIRECTORS' REPORT CONTINUED

PERFORMANCE AWARDS

Pursuant to the performance awards granted under the Long-Term Incentive Equity Plan, performance awards were granted to eligible participants under the 2018 Performance Awards, 2019 Performance Awards, 2020 Performance Awards and 2021 Performance Awards. As at 31 December 2021, there were a total of 101,556,419 performance awards outstanding granted under the 2019 Performance Awards, 2020 Performance Awards and 2021 Performance Awards, which represented approximately 1.18% of the total number of issued shares of the Company as at that date.

2018 PERFORMANCE AWARDS

On 29 June 2018, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2018 Performance Awards). There were no performance awards outstanding as at 31 December 2021. During the year ended 31 December 2021, the movements of the 2018 Performance Awards were as follows:

Category of Participant	Date of Grant ¹	Number of Performance Awards					Balance as at 31 December 2021
		Balance as at 1 January 2021	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year ²	
Employees of the Group	29 June 2018	7,002,799	-	(835,659)	-	(6,167,140)	-
Total		7,002,799	-	(835,659)	-	(6,167,140)	-

Notes:

- The vesting and performance period of the performance awards is three years from 1 January 2018 to 31 December 2020. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration. Achievement of the Company and individual performance conditions have resulted in 16.7% of the 2018 Performance Awards granted to participants vesting on 10 June 2021.
- Performance awards lapsed due to cessation of employment and non-achievement of performance conditions during the vesting period.

DIRECTORS' REPORT CONTINUED

2019 PERFORMANCE AWARDS

On 3 May 2019, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2019 Performance Awards). There were 17,400,963 performance awards outstanding as at 31 December 2021, representing approximately 0.20% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2021, the movements of the 2019 Performance Awards were as follows:

Category and Name of Participant	Date of Grant ²	Number of Performance Awards					Balance as at 31 December 2021
		Balance as at 1 January 2021	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year ³	
Director							
GAO Xiaoyu ¹	3 May 2019	5,604,754	-	-	-	-	5,604,754
Employees of the Group							
	3 May 2019	12,845,086	-	-	-	(1,048,877)	11,796,209
Total		18,449,840	-	-	-	(1,048,877)	17,400,963

Notes:

1. On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 5,604,754 performance awards lapsed on the same day.
2. The vesting and performance period of the performance awards is three years from 1 January 2019 to 31 December 2021. The time of vesting will be on or around June 2022. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.
3. Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT CONTINUED

2020 PERFORMANCE AWARDS

On 29 April 2020, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2020 Performance Awards). There were 63,573,192 performance awards outstanding as at 31 December 2021, representing approximately 0.74% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2021, the movements of the 2020 Performance Awards were as follows:

Category and Name of Participant	Date of Grant ³	Number of Performance Awards					Balance as at 31 December 2021
		Balance as at 1 January 2021	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year ⁴	
Director							
GAO Xiaoyu ¹	29 April 2020	12,130,042	-	-	-	-	12,130,042
Employees of the Group²	29 April 2020	57,440,413	-	-	-	(5,997,263)	51,443,150
Total		69,570,455	-	-	-	(5,997,263)	63,573,192

Notes:

- On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 12,130,042 performance awards lapsed on the same day.
- The Employees of the Group includes Mr Li Liangang who was the Executive General Manager – Australia and Commercial prior to his appointment as an Executive Director and the Interim CEO of the Company on 5 January 2022. He was granted 2,295,115 performance awards on 29 April 2020.
- The vesting and performance period of the performance awards is three years from 1 January 2020 to 31 December 2022. The time of vesting will be on or around June 2023. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.
- Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT CONTINUED

2021 PERFORMANCE AWARDS

On 21 June 2021, the Company granted performance awards to the eligible participants pursuant to the Long-Term Incentive Equity Plan (2021 Performance Awards). There were 20,582,264 performance awards outstanding as at 31 December 2021, representing approximately 0.24% of the total number of issued shares of the Company as at that date.

During the year ended 31 December 2021, the movements of the 2021 Performance Awards were as follows:

Category and Name of Participant	Date of Grant ³	Number of Performance Awards					Balance as at 31 December 2021
		Balance as at 1 January 2021	Granted During the Year	Vested During the Year	Cancelled During the Year	Lapsed During the Year ⁴	
Director							
GAO Xiaoyu ¹	21 June 2021	-	4,019,967	-	-	-	4,019,967
Employees of the Group²	21 June 2021	-	17,286,814	-	-	(724,517)	16,562,297
Total		-	21,306,781	-	-	(724,517)	20,582,264

Notes:

- On 5 January 2022, Mr Gao Xiaoyu resigned as an Executive Director and the CEO of the Company. His interests in the 4,019,967 performance awards lapsed on the same day.
- The Employees of the Group includes Mr Li Liangang who was the Executive General Manager – Australia and Commercial prior to his appointment as an Executive Director and the Interim CEO of the Company on 5 January 2022. He was granted 760,615 performance awards on 21 June 2021.
- The vesting and performance period of the performance awards is three years from 1 January 2021 to 31 December 2023. The time of vesting will be on or around June 2024. The vesting of performance awards is conditional upon the achievement of certain performance conditions as set out in the respective letters of grant including, among others, achievement of resources growth, financial and market-related performance targets during the vesting period. Performance awards vest on a percentage basis based on the threshold and target performance levels achieved. Portions of the vested performance awards will be subject to holding locks for various periods of up to two years after vesting. The performance awards are granted for nil cash consideration.
- Performance awards lapsed due to cessation of employment.

DIRECTORS' REPORT CONTINUED

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the CEO of the Company, as at 31 December 2021, the following persons had interests or short positions in the shares or underlying shares of the Company that were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or that were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITION IN THE SHARES OF THE COMPANY AS AT 31 DECEMBER 2021

Name of Substantial Shareholder	Capacity	Number of Shares Held ¹	Approximate Percentage of Total Number of Issued Shares (%) ²
China Minmetals Corporation (CMC)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Corporation Limited (CMCL)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Non-ferrous Metals Holding Company Limited (CMNH)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals Non-ferrous Metals Company Limited (CMN)	Interest of controlled corporations	5,847,166,374	67.68
Album Enterprises Limited (Album Enterprises)	Interest of controlled corporations	5,847,166,374	67.68
China Minmetals H.K. (Holdings) Limited (Minmetals HK)	Beneficial owner	5,847,166,374	67.68

Notes:

1. Minmetals HK is owned as to approximately 39.04%, 38.95% and 22.01% by CMCL, Album Enterprises and Top Create respectively. Album Enterprises and Top Create are wholly owned by CMN that, in turn, is owned as to approximately 99.999% and 0.001% by CMNH and CMCL respectively. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by CMC and approximately 0.8% by China National Metal Products Co. Ltd. that, in turn, is a wholly owned subsidiary of CMC. Accordingly, each of CMC, CMCL, CMNH, CMN and Album Enterprises was deemed as interested in the 5,847,166,374 shares of the Company held by Minmetals HK.
2. The calculation is based on the number of shares that each person is interested in (whether directly/indirectly interested or deemed to be interested) as a percentage of the total number of issued shares (that is, 8,639,126,253 shares) of the Company as at 31 December 2021.

Save as disclosed above, as at 31 December 2021, there was no other person who was recorded in the register of the Company, as having an interest or short positions in the shares or underlying shares of the Company who was required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' REPORT CONTINUED

CONNECTED TRANSACTIONS

During the year ended 31 December 2021 the Group had the following material connected transactions, details of which are set out below:

- On 2 December 2020, the Company announced that it had resolved to satisfy the Performance Awards in respect of the 2018, 2019 and 2020 Performance Awards, to the extent they vest in accordance with their terms, by way of issue and allotment of an aggregate of up to 104,451,681 new Award Shares pursuant to the general mandate granted to the Board at the AGM held on 21 May 2020. Certain incentive participants under the Company's Long-Term Incentive Equity Plan are directors of the Company and/or directors of Significant Subsidiaries of the Company, each of whom is a connected person of the Company under the Listing Rules. Accordingly, the proposed issuance of new Award Shares by the Company to such incentive participants, to the extent that the relevant performance awards vest in accordance with their terms (of up to 42,916,206 new Award Shares), will constitute non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, approval by the Independent Shareholders at an EGM.

On 10 February 2021, the Company despatched (i) a Circular to provide Shareholders with details of the issue of new Award Shares, advice from the Independent Board Committee and advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders, in relation to the issue of new Award Shares and (ii) a Notice of Meeting to Shareholders convening an EGM on 4 March 2021 at which the issue of Award Shares was considered. The issue of the new Award Shares was approved by the shareholders entitled to vote at the EGM.

- On 2 May 2021, the Company announced that Minera Las Bambas S.A. (MLB) had entered into agreements with China 19th Metallurgical Corporation Sucursal Peru (MCC19) for the execution of the construction and installation of a third ball mill at Las Bambas, and associated works, including the installation of harmonic filters in the mill. The construction works were valued at up to approximately US\$22.0 million, and the installation works at up to approximately US\$2.2 million. During 2021, approximately US\$15.2 million and US\$1.7 million was paid to MCC19 respectively, pursuant to the terms of the agreements.

MCC19 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 agreements with MLB constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

- On 15 June 2021, the Company announced that MLB had entered into agreements with MCC19 for the execution of civil and electromechanical works associated with the construction of transmission lines valued at approximately US\$4.2 million, and the construction of fuel tanks, a water tank and emulsion silos valued at approximately US\$8.3 million. During 2021, approximately US\$2.9 million and US\$5.8 million was paid to MCC19 respectively, pursuant to the terms of the agreements.

MCC19 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 agreements with MLB constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group had the following material continuing connected transactions, details of which are set out below:

- On 27 June 2014, MMG South America Company Limited (MMG SA) entered into an agreement with CMN in relation to the sale of copper concentrate to be purchased by MMG SA from the Las Bambas Project to the CMN Group (Las Bambas CMN Copper Sale Framework Agreement), subject to the approval of the Independent Shareholders. The Independent Shareholders approved the Las Bambas CMN Copper Sale Framework Agreement, and the proposed annual caps on sales, at an EGM held on 21 July 2014.

On 11 January 2016, pursuant to the terms of the Las Bambas CMN Copper Sale Framework Agreement, MMG SA and CMN entered into an agreement to set out the specific terms on which the sale and purchase of the copper concentrate between CMN and MMG SA will be made (Las Bambas CMN Copper Concentrate Offtake Agreement).

In accordance with the Las Bambas CMN Copper Sale Framework Agreement, the term of the Las Bambas CMN Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the Las Bambas CMN Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MMG SA to members of the CMN Group in a year, which for the year commencing 1 January 2021 was set at 277,000 tonnes. During the year ended 31 December 2021, approximately 172,000 tonnes of copper contained in copper concentrate were sold by MMG SA to members of the CMN Group under the Las Bambas CMN Copper Concentrate Offtake Agreement.

DIRECTORS' REPORT CONTINUED

CMN is a controlling Shareholder, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas CMN Copper Sale Framework Agreement and Las Bambas CMN Copper Concentrate Offtake Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

- On 11 January 2016, pursuant to the Shareholders' Agreement, MLB and CITIC Metal Peru Investment Limited (CITIC) entered into an agreement for the sale and purchase of CITIC's entitlement to copper concentrate from the Las Bambas mine (CITIC Copper Concentrate Offtake Agreement). The term of the CITIC Copper Concentrate Offtake Agreement is for the term of the life of the Las Bambas mine. The annual caps with respect to the CITIC Copper Sale Framework Agreement are set as a fixed quantity of copper contained in copper concentrate from the Las Bambas Project to be sold by MLB to CITIC in a year, which for the year commencing 1 January 2021 was set at 127,000 tonnes. During the year ended 31 December 2021, approximately 74,000 tonnes of copper contained in copper concentrate were sold by MLB to CITIC under the CITIC Copper Concentrate Offtake Agreement.

As CITIC controls more than 10% of the total number of issued shares of MMG SAM, it is a substantial shareholder of MMG SAM. CITIC is therefore a connected person of the Company and the transactions contemplated under the CITIC Copper Concentrate Offtake Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

- On 13 July 2017 (Hong Kong time), the Company announced that MLB and China Minmetals Nonferrous Metals Peru SAC (Minmetals Peru) entered into the Las Bambas Grinding Media Supply Agreement for the Las Bambas operation for an initial term of 6 months.

On 22 December 2017 (Hong Kong time) and on 31 December 2018, MLB elected to exercise options to extend the Las Bambas Grinding Media Supply Agreement, each for a further period of 12 months.

On 18 December 2019, MLB elected to exercise its final option to extend the Las Bambas Grinding Media Supply Agreement for a further period of 6 months.

The Las Bambas Grinding Media Supply Agreement expired on 30 June 2020, however, orders placed under the Las Bambas Grinding Media Supply Agreement prior to its expiry continued to be delivered during the remainder of 2020 and the first half of 2021.

The cap for the period to 30 June 2020 under the Las Bambas Grinding Media Supply Agreement was US\$8.0 million. For the period ended 31 December 2021, the orders placed under the Las Bambas Grinding Media Supply Agreement prior to 30 June 2020, to the value of approximately US\$3.0 million, were continued to be delivered during 2021. These deliveries have now ceased.

Minmetals Peru is a wholly owned subsidiary of CMC and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. Accordingly, the Las Bambas Grinding Media Supply Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

- On 4 July 2019, MMG Australia Limited (MMG Australia) entered into an agreement with Album Trading Co., Ltd. (Album Trading) in relation to the sale of concentrate from the Rosebery mine by MMG Australia to Album Trading (Rosebery Concentrate Sales Agreement) for the period from 1 January 2020 to 31 December 2021. The annual cap for sales for each year of this agreement was US\$50.0 million.

On 24 December 2020, the Company announced that the value of transactions under the Rosebery Concentrate Sales Agreement had exceeded the annual cap for the financial year ending 31 December 2020, as a result of both higher than expected production levels at the Rosebery Mine and copper, gold and silver prices. For the same reasons, the Company expected that the amount payable under the Rosebery Concentrate Sales Agreement for the year ending 31 December 2021 would be higher than originally estimated. Accordingly, the Directors (including the Independent Non-executive Directors but excluding the Interested Directors) (i) ratified the transactions under the Rosebery Concentrate Sales Agreement and approved a revised annual cap for the financial year ending 31 December 2020 of US\$85.0 million and (ii) approved a revised annual cap for the year ending 31 December 2021 of US\$100.0 million.

During the year ended 31 December 2021, sales of approximately US\$85.0 million were transacted under the Rosebery Concentrate Sales Agreement.

On 9 December 2021, MMG Australia entered into an agreement with Minmetals North-Europe in relation to the sale of concentrate for the period from 1 January 2022 to 31 December 2023. The annual cap for sales for each year of this agreement is \$100.0 million.

Album Trading and Minmetals North Europe are each 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

DIRECTORS' REPORT CONTINUED

Company under the Listing Rules. Accordingly, the agreements with MMG Australia constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

5. On 5 December 2018, the Company announced that MMG Dugald River had entered into a zinc concentrate sales agreement with Minmetals North-Europe for sales of approximately 100,000 - 120,000 dry metric tonnes of zinc during 2019, 2020 and 2021 with an annual cap of US\$130.0 million per year (Dugald River Zinc Concentrate Sales Agreement).

During the year ended 31 December 2021, sales of approximately US\$121.0 million were transacted under the Dugald River Zinc Concentrate Sales Agreement.

On 16 December 2021, MMG Dugald River entered into an agreement with Minmetals North-Europe in relation to the sale of zinc concentrate for the period from 1 January 2022 to 31 December 2024. The annual cap for sales for each year of this agreement is \$145.0 million.

Minmetals North-Europe 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 agreement with MMG Dugald River constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

6. During 2021, each of MLB, MMG Dugald River and MMG Finance, each a subsidiary of the Company, entered into separate agreements with Minmetals (U.K.) Limited (Minmetals UK) in relation to the provision of agency services by Minmetals UK for executing certain commodity and quotational period (QP) hedging transactions on the LME or with financial institutions on behalf of each respective subsidiary (Commodity Hedging Agency Agreements).

The annual cap applicable to the service charges to be paid by each of the subsidiaries in aggregate to Minmetals UK under the Commodity Hedging Agency Agreements was set at US\$6.0 million. During the year ended 31 December 2021, US\$3.35 million in service charges payable to Minmetals UK were incurred by the subsidiaries.

Minmetals UK 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 Commodity Hedging Agency Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

7. On 30 July 2020, the Company announced that it had entered into shipping framework agreement with Minmetals Logistics Group Co., Ltd (Minmetals Logistics) in relation to the provision of ocean transport by Minmetals Logistics for the shipment of the products of the Group (Shipping Framework Agreement) during 2020, 2021 and 2022 with annual caps of US\$10.0 million for 2020 and US\$23.0 million for each of 2021 and 2022.

During the year ended 31 December 2021, services to the value of approximately US\$11.5 million were provided by Minmetals Logistics under the Shipping Framework Agreement.

Minmetals Logistics 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 under Chapter 14A of the Listing Rules.

8. On 2 September 2020, the Company announced that MLB had entered into molybdenum concentrate sales agreements with each of China Tungsten and Hightech Materials Co., Ltd. (China Tungsten) and CMN for sales of molybdenum concentrate during 2020, 2021 and 2022 with an annual cap of US\$15.0 million for each of China Tungsten and CMN for 2020 and US\$35.0 million for each of China Tungsten and CMN for each of 2021 and 2022 (Las Bambas Molybdenum Concentrate Sales Framework Agreements).

During the year ended 31 December 2021, sales of approximately US\$14.2 million were transacted under the agreement with CMN, and sales of approximately US\$9.0 million transacted under the agreement with China Tungsten.

China Tungsten 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. 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 Las Bambas Molybdenum Concentrate Sales Framework Agreements each constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

Upon the completion of the acquisition of Minerals and Metals Group on 31 December 2010, the following material continuing transaction became a continuing connected transaction under Chapter 14A of the Listing Rules (Grandfathered Continuing Connected Transaction) and details of this transaction for the year ended 31 December 2021 are set out below:

DIRECTORS' REPORT CONTINUED

9. On 10 June 2010, MMG Management Pty Ltd, a wholly owned subsidiary of the Company, entered into a loan facility agreement with Album Enterprises (Grandfathered MMG Loan Facility) pursuant to which MMG Management Pty Ltd agreed to make loan facilities available to Album Enterprises on an uncommitted basis. During the year ended 31 December 2021, no amounts were advanced or outstanding under the Grandfathered MMG Loan Facility. Album Enterprises is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules. Accordingly, the Grandfathered MMG Loan Facility constitutes a Grandfathered Continuing Connected Transaction for the Company and the Company will comply with Listing Rule 14A.60 in respect of this transaction.

The Company has followed its pricing policies and guidelines when determining the price and terms of the connected transactions and continuing connected transactions conducted during the year.

REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions described above for the year ended 31 December 2021 have been reviewed by the Independent Non-executive Directors of the Company.

The Independent Non-executive Directors of the Company have confirmed that the continuing connected transactions have been entered into:

- (a) the ordinary and usual course of business of the Group;
- (b) either on normal commercial terms or better; and
- (c) in accordance with the respective terms of the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Las Bambas Grinding Media Supply Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Commodity Hedging Agency Agreements, the Shipping Framework Agreement and the Las Bambas Molybdenum Concentrate Sales Framework Agreements that are fair and reasonable, in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on

Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing its conclusion in respect of the continuing connected transactions for the year ended 31 December 2021 disclosed above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

In addition, the auditor of the Company has confirmed to the Board that nothing has come to their attention that causes them to believe that the above continuing connected transactions for the year ended 31 December 2021:

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group;
- (c) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (d) the Las Bambas CMN Copper Sale Framework Agreement, the Las Bambas CMN Copper Concentrate Offtake Agreement, the CITIC Copper Concentrate Offtake Agreement, the Las Bambas Grinding Media Supply Agreement, the Rosebery Concentrate Sales Agreement, the Dugald River Zinc Concentrate Sales Agreement, the Commodity Hedging Agency Agreements, the Shipping Framework Agreement and the Las Bambas Molybdenum Concentrate Sales Framework Agreements have exceeded the respective annual caps or revised annual cap as disclosed in the announcements of the Company.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

On 22 July 2014 Top Create, a subsidiary of CMN, a controlling Shareholder, extended a loan facility for a principal sum of up to US\$2,262.0 million to MMG SA for a term of four years for the purpose of acquiring the Las Bambas Project. On 29 December 2017 and 22 December 2020, the Company announced that the loan facility was amended by the parties for the purpose of (among other things) extending the term of the loan from four years to eleven years, deferring payment dates and adjusting interest rates. Such loan facility was exempt from the announcement and reporting requirements of the Listing Rules with respect to connected transactions on the basis that it was unsecured and on normal commercial terms.

DIRECTORS' REPORT CONTINUED

Particulars of other contracts of significance that exist between the Company (or one of its subsidiary companies) and a controlling Shareholder (or any of its subsidiaries) are set out under Connected Transactions on pages 71 to 74 of this Annual Report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in Note 32 to the Consolidated Financial Statements.

Related party transactions set out in Note 32 to the Consolidated Financial Statements also constitute connected transactions and continuing connected transactions of the Company under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules except for those transactions that are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The Group's Emolument Policy is formulated by the Governance, Remuneration and Nomination Committee on the basis of employees' merit, market practice, qualifications and competence.

The determination of remuneration for the Directors takes into consideration factors such as remuneration paid by comparable companies, accountabilities of the Directors, applicable regional employment conditions. In the circumstance of Executive Directors, appropriate 'at-risk' performance-based remuneration is also provided.

The Company has adopted share option scheme and performance awards as incentives to the Executive Directors and eligible employees. Details of the share option scheme and performance awards are set out under the sections headed 'Share Option Scheme' and 'Performance Awards'. In relation to MMG, it has adopted both long-term and short-term 'at-risk' incentive plans to reward its Executive Directors and eligible employees and to align their incentive remuneration with the performance of MMG.

RETIREMENT SCHEMES

Details of the Group's retirement schemes are set out in Note 11 to the Consolidated Financial Statements.

DIRECTORS AND SENIOR MANAGEMENT

Particulars of the Directors and senior management of the Company are set out on pages 54 to 57 of this Annual Report.

INDEPENDENT AUDITOR

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu who will retire at the forthcoming AGM and, being eligible, offer themselves for re-appointment.

CORPORATE GOVERNANCE REPORT

Details of the Corporate Governance Report are set out on pages 76 to 85 of this Annual Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Board, as at the latest practicable date prior to the printing of this report, the Company has maintained sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

EVENTS AFTER THE BALANCE SHEET DATE

Other than the matters outlined below, there have been no matters that have occurred subsequent to the reporting date, which have significantly affected, or may significantly affect, the Group's operations, results or state of affairs in future years.

- The Board has approved the progression of KEP.



By order of the Board

JIAO Jian
CHAIRMAN

24 March 2022