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**MMG LIMITED**  
**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 1208)**

**CONNECTED TRANSACTIONS  
KINSEVERE EXPANSION PROJECT  
CONCENTRATOR PLANT MATERIALS PURCHASE AGREEMENTS**

**Concentrator Plant Materials Purchase Agreements**

MMG has approved, and is progressing, the development of the Kinsevere Expansion Project at the Kinsevere Mine which includes the installation of new facilities and associated processing methodology involving a concentrator plant, roaster system and cobalt processing circuit into which the existing SX-EW plant will be integrated.

On 4 April 2023, MMG Kinsevere and MCCI entered into the Materials Purchase Agreements for the procurement of materials required for the construction of the concentrator plant that forms part of the processing facility.

**Listing Rules Implications**

MCCI is a subsidiary of CMC, the controlling shareholder of the Company, and is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As MCCI holds a 49% interest in Metkins, Metkins is an associate of MCCI, and a connected person of the Company under the Listing Rules.

As a result, the Materials Purchase Agreements constitute connected transactions for the Company.

As all of the relevant percentage ratios in respect of the Materials Purchase Agreements are more than 0.1% but less than 5% (including when aggregated with pre-existing connected transactions), such connected transactions 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.

## **MATERIALS PURCHASE AGREEMENTS**

MMG has approved, and is progressing, the development of the Kinsevere Expansion Project at the Kinsevere Mine.

On 4 April 2023, MMG Kinsevere and MCCI entered into the Materials Purchase Agreements for the procurement of materials required for the construction of the concentrator plant that forms part of the processing facility. The principal terms of the Materials Purchase Agreements are set out below.

### **Agreement with MCCI**

Parties	:	(1) MMG Kinsevere (2) MCCI
Term	:	Delivery within approximately 15 months from the date of execution of the agreement, subject to MMG Kinsevere notifying MCCI of the completion of the services to their satisfaction (with the target date for completion being June 2024).
Scope	:	To undertake the procurement of materials to enable the construction of the concentrator plant at Kinsevere as part of the KEP project. The main categories of materials to be procured by MCCI are steel structure, carbon steel plates, stainless steel plates, pipe and pipe racks.
Consideration	:	Estimated payment of US\$17 million (contract sum).
Payment terms	:	Mobilization Payment: 20% of the contract sum payable 14 days after receipt of the invoice issued by the contractor.  Milestone Payment: 75% of contract sum payable 14 days after receipt of the invoice is issued by the contractor against two milestones (FOB Chinese port and Delivery at site).  Warranty Retention Deposit: 5% of contract sum, which will be released 12 months after construction completion acceptance of the concentrator plant.

### **Agreement with Metkins**

Parties	:	(1) MMG Kinsevere (2) Metkins
Term	:	Delivery within approximately 15 months from the date of execution of the agreement, subject to MMG Kinsevere notifying MCCI of the completion of the services to their satisfaction (with the target date for completion being June 2024).
Scope	:	To undertake the procurement of materials in the DRC to enable the construction of the concentrator plant at Kinsevere as part of the KEP

project including sand, pebble and concrete, and local co-ordination works for all materials.

Consideration : Estimated payment of US\$9 million (contract sum).

Payment terms : Payment upon delivery to site: 85% of the value of each batch payable 30 days after the Goods arrive at site.

Final Payments: (i) 5% of the total value of the goods shall be released when all Completion Tests have been completed successfully and the Practical Completion Certificate has been issued for the Works, (ii) 5% of the total value of the goods will be released in the Practical Completion Payment Certificate; and (iii) 5% will be released promptly after the expiry of the Defects Liability Period.

In order to determine to award the Materials Purchase Agreements, MMG Kinsevere conducted a public tender process. After receiving a number of proposals from parties with capability in the DRC and the PRC, MMG assessed their commercial proposals and experience in similar projects in DRC to determine the best outcome for MMG Kinsevere. MCCI, and its associate Metkins, were selected as the preferred suppliers at the completion of the competitive tender process. MCCI has a long-term partnership with MMG, including involvement in the feasibility studies of the Kinsevere Expansion Project, and detailed engineering for the Kinsevere Expansion Project's cobalt plant and the concentrator. Metkins is an entity based in the DRC which provides services locally for projects in which MCCI is involved.

The agreement for the construction works was awarded to a contractor that is not a connected person to the Company. MCCI and Metkins will work with the constructor to deliver the materials required to deliver a fit for purpose concentrator processing plant.

The terms of the Materials Purchase Agreements were arrived at after arm's length negotiations between the parties. MMG Kinsevere assessed that the terms agreed with MCCI and Metkins are reasonable, commercial and at least as favourable to MMG Kinsevere as those of other independent parties taking part in the tender process, and that it is in the best interests of the Company, when compared with alternative suppliers as demonstrated through its tender process, to award the Materials Purchase Agreements to MCCI and Metkins.

## **REASONS FOR AND BENEFITS OF THE MATERIALS PURCHASE AGREEMENTS**

The entering into of the Materials Purchase Agreements has the benefit of delivery of goods necessary for the construction of the concentrator plant for the Kinsevere Expansion Project, which are on terms that are in the commercial interests of the Group.

The terms of the Materials Purchase 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 Materials Purchase 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 and/or CMN, have abstained from voting on the Board resolution approving the Materials Purchase Agreements in order to avoid any possible conflicts of interest.

**LISTING RULES IMPLICATIONS**

MCCI is a wholly-owned subsidiary of MCC Ltd. MCC Ltd.’s parent company, MCC Group, is a wholly-owned subsidiary of CMC, the controlling shareholder of the Company, and MCCI is therefore an associate of CMC and a connected person of the Company under the Listing Rules. MCCI has a 49% ownership interest in Metkins. As a more than 30%-controlled company of CMC, Metkins is therefore an associate of CMC and a connected person of the Company under the Listing Rules. As a result, the Materials Purchase Agreements both constitute connected transactions for the Company.

Pursuant to Rule 14A.76(2) of the Listing Rules, as all of the relevant percentage ratios in respect of the Materials Purchase Agreements are more than 0.1% but less than 5% (including when aggregated with pre-existing connected transactions), the Materials Purchase Agreements 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 pre-existing connected transactions include the following agreements:

**Supply of Plant Control System**

- Parties : (1) MMG Kinsevere  
(2) ENFI
  
- Term : Delivery at Shanghai port within 10 weeks from the Agreement Date (5 August 2022)
  
- Scope : PLC control system design scope, supply scope, functional design, structure, performance, manufacturing, inspection, installation and acceptance guidance.
  
- Consideration : Lump sum payment of US\$725,000 (contract sum).
  
- Payment terms : Advance Payment: 50% of the contract sum to the contractor within 14 Business Days of MMG Kinsevere receiving of agreed documentation.  
  
Shipment Payment: 10% of contract sum payable upon release of the equipment at a PRC port subject to receipt of agreed documentation.  
  
Acceptance Payment: 20% of contract sum payable upon confirmation of receipt of equipment at the Kinsevere mine in DRC.  
  
Commissioning Payment: 15% of contract sum payable upon confirmation of successful commissioning.  
  
Warranty Expiry Payment: 5% of contract sum, payable upon the expiry of the warranty period providing there are no outstanding warranty claims.

Key Performance Indicators (KPIs) : 0.5% of the total contract sum per week delay in liquidated damages will be claimed against late delivery of Goods within 184 days from Commencement Date

### **Supply of Field Instrumentation (Cobalt Recovery)**

Parties : (1) MMG Kinsevere  
(2) Beijing Dadi

Term : Delivery at Shanghai port within 16 weeks from the Agreement Date (22 September 2022)

Scope : 274 Field Instrumentation packages

Consideration : Lump sum payments of US\$651,000 (contract sum)

Payment terms : Advance Payment: 10% of the contract sum to the contractor within 14 Business Days of receipt of agreed documentation.

Shipment Payment: 50% of contract sum payable upon release of the equipment at a PRC port subject to receipt of agreed documentation.

Acceptance Payment: 20% of contract sum payable upon confirmation of receipt of equipment at the Kinsevere mine in DRC.

Commissioning Payment: 15% of contract sum payable upon confirmation of successful commissioning.

Warranty Expiry Payment: 5% of contract sum, payable upon the expiry of the warranty period providing there are no outstanding warranty claims.

Key Performance Indicators (KPIs) : 0.1% of the total contract sum per week delay in liquidated damages will be claimed against late delivery of Goods within 18 weeks from Commencement Date

### **Supply of Air & Gas Receiver (Cobalt Recovery)**

Parties : (1) MMG Kinsevere  
(2) Beijing Dadi

Term : Delivery at Shanghai port within 2 months from the Agreement Date (15 October 2022)

Scope : 7 Air and Gas Receivers and 2 Oil Tanks

Consideration : Approximately US\$234,000 (contract sum)

Payment terms : Advance Payment: 30% of the contract sum to the contractor within 14 Business Days of receipt of agreed documentation.

Shipment Payment: 60% of contract sum payable upon release of the equipment at a PRC port subject to receipt of agreed documentation.

Commissioning Payment: 5% of contract sum payable upon confirmation of successful commissioning.

Warranty Expiry Payment: 5% of contract sum, payable upon the expiry of the warranty period providing there are no outstanding warranty claims.

Key Performance Indicators (KPIs) : 0.1% of the total contract sum per week delay in liquidated damages will be claimed against late delivery of Goods within 80 days from Commencement Date

### **Supply of Laboratory Facilities**

Parties : (1) MMG Kinsevere  
(2) Beijing Dadi

Term : 27 months from Commencement Date (15 February 2023)

Scope : 275 sets of Laboratory Facilities.

Consideration : Lump sum payment of US\$282,000 (contract sum).

Payment terms : Advance Payment: 20% of the contract sum to the contractor within 30 Business Days of the end of month after receipt of agreed documentation.

Delivery Payment: 60% of the Contract Sum shall be paid within 30 Business days of the end of month after MMG Kinsevere receives from Contractor the required documents.

Site Arrival Payment: 15% of contract sum payable upon confirmation that the goods have arrived and been inspected at site in the DRC.

Warranty Payment: 5% of the contract sum payable after the expiry of warranty period.

Key Performance Indicators (KPIs) : Fabrication is scheduled to complete within 7 weeks, otherwise 0.1% per week delay in liquidated damages will be set off from contract sum.

Delivery (FOB Shanghai Port) is planned to complete within 10 weeks, otherwise 0.1% per week delay in liquidated damages will be set off from contract sum.

### **INFORMATION ABOUT THE GROUP**

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

## INFORMATION ABOUT MCCI AND METKINS

MCCI is a subsidiary of MCC Ltd., and is its overseas business platform. MCC Ltd. and MCC Group, are subsidiaries of CMC, the controlling shareholder of the Company. MCCI holds a 49% ownership interest in Metkins.

MCCI and Metkins each primarily supply procurement, engineering and construction services to mining and other industries. MCCI has undertaken the detailed engineering design work for the concentrator plant, and will source the primary materials for the construction. Metkins is responsible for the local procurement services and related co-ordination works with the constructor of the concentrator plant.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

associate	has the meaning ascribed to it under the Listing Rules
Beijing Dadi	Beijing Dadi Trading Company Limited, a company incorporated under the laws of the PRC and a subsidiary of CMC
Board	the board of Directors
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
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a company incorporated under the laws of the PRC and the 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
DRC	the Democratic Republic of Congo
ENFI	China ENFI Engineering Company Limited, a company incorporated under the laws of the PRC and a subsidiary of MCC Ltd.
Group	the Company and its subsidiaries from time to time

Hong Kong	the Hong Kong Special Administrative Region of the PRC
Interested Directors	Zhang Shuqiang, Xu Jiqing and Li Liangang
Kinsevere Expansion Project	the project that will mine and process the copper sulphide and cobalt resource located at the Kinsevere mine
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Materials Purchase Agreements	the agreements dated 4 April 2023 between MMG Kinsevere and each of MCCI and Metkins for the the purchase of materials for the construction of the concentrator plant at the Kinsevere Expansion Project
MCC Group	China Metallurgical Group Corporation, a company incorporated in PRC and a wholly owned subsidiary of CMC
MCC Ltd.	Metallurgical Corporation of China Ltd., a Hong Kong and Shanghai dual-listed company, and a subsidiary of the MCC Group
MCCI	MCC International Incorporation Ltd., a company incorporated in PRC and a wholly owned subsidiary of MCC Ltd.
Metkins	Metkins Construction S.A., a company incorporated in the DRC, and an associate of MCCI, of which 49% of its interest is held by MCCI
MMG Kinsevere	MMG Kinsevere SARL, a company incorporated in DRC and a wholly owned subsidiary of the Company
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
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)
%	per cent.

By order of the Board  
**MMG Limited**  
**Li Liangang**  
*Interim CEO and Executive Director*

Hong Kong, 4 April 2023

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