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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 TRANSACTION
ISSUE OF NEW SHARES TO CONNECTED
PERSONS UNDER THE LONG TERM
INCENTIVE EQUITY PLAN**

The Board resolved to satisfy the Performance Awards in respect of the 2021 Award and the 2022 Award, to the extent they vest in accordance with their terms, by way of issue and allotment of an aggregate of up to 15,619,812 new Award Shares pursuant to the General Mandate.

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.

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, 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 of the Company at a general meeting.

DETAILS OF THE CONNECTED AWARD SHARES AND THE ISSUE

The Board resolved to:

- (a) satisfy the Performance Awards in respect of the 2021 Award under the Long Term Incentive Equity Plan, to the extent they vest in accordance with their terms, by the issue and allotment of up to 21,306,781 new Award Shares of the Company to the Incentive Participants, of which up to 5,660,673 Connected Award Shares will be issued to 14 Connected Incentive Participants; and

- (b) satisfy the Performance Awards in respect of the 2022 Award under the Long Term Incentive Equity Plan, to the extent they vest in accordance with their terms, by the issue and allotment of up to 29,882,658 new Award Shares of the Company to the Incentive Participants, of which up to 9,959,139 Connected Award Shares will be issued to 16 Connected Incentive Participants.

Details of the Connected Award Shares in respect of the 2021 Award and the 2022 Award and the Issue are set out below.

Securities to be newly issued, to the extent they vest in accordance with their terms, to the Connected Incentive Participants : Up to 15,619,812 Connected Award Shares, representing approximately 0.18% of the total number of Shares in issue as at the date of this announcement, and approximately 0.18% of the total number of Shares in issue as enlarged by the issue and allotment of the Connected Award Shares.

The Connected Award Shares, if and when issued and fully paid, shall rank pari passu among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

Funds to be raised : No funds will be raised by the Company as a result of the Issue.

Market price of the Shares : Based on the closing price of HK\$3.73 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of the 15,619,812 Connected Award Shares was HK\$58,261,898.76.

Vesting/performance conditions : Vesting will occur in or around June 2024 for the 2021 Award, and in or around June 2025 for the 2022 Award. The vesting of the performance awards will be subject to the achievement of certain performance conditions, including, amongst other things, independently assessed measures of achievement of resource growth and financial and market related targets. The performance awards may vest in full, in part, or not at all, depending on the satisfaction or otherwise of those performance conditions.

Fund-raising activities in the past 12 months : The Company had not engaged in any fund-raising exercises in the 12 months immediately preceding the date of this announcement.

The details of the Connected Incentive Participants in respect of the 2021 Award and the 2022 Award are as follows:

	2021 Award Number of Connected Award Shares assuming full vesting	2022 Award Number of Connected Award Shares assuming full vesting
Director of the Company		
Li Liangang	<u>760,615</u>	<u>1,249,244</u>
<i>Subtotal</i>	<u>760,615</u>	<u>1,249,244</u>
Directors of Significant Subsidiaries of the Company		
Ross Carroll	1,241,323	1,958,613
Troy Hey	766,394	1,246,611
Wei Jianxian	718,140	1,204,590
Guan Xiangjun	342,556	541,805
Nicholas Myers	328,015	531,866
Michel Stevering	300,548	487,506
Angus J Henderson	278,100	473,650
Alvaro Ossio	272,627	481,282
Zhao Jing	-	426,290
Xia Weiquan	193,345	393,583
Charles Kyona	182,338	299,910
Claudio Caceres	122,085	205,260
Wong Poh Sang	101,203	169,756
Zhang Liang	53,384	98,077
Zhou Canliang	-	191,096
<i>Subtotal</i>	<u>4,900,058</u>	<u>8,709,895</u>
Total	<u><u>5,660,673</u></u>	<u><u>9,959,139</u></u>

CONDITIONS TO THE ISSUE

The Issue, to the extent that the relevant performance awards vest in accordance with their terms, shall be subject to the following conditions:

- (a) the grant of the listing approval of the Stock Exchange in respect of the Connected Award Shares; and
- (b) the approval by the Independent Shareholders of the Company at a general meeting.

Application shall be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of up to 15,619,812 Connected Award Shares.

REASONS FOR THE ISSUE

The Group recognises that the Group's success is critically dependent on its ability to retain able executive directors and key senior employees, and to ensure that their compensation terms are competitive. The Group has remuneration policies that align with legislative requirements, market practice and requirements and remunerates its employees based on the accountabilities of their role, their performance, and the performance of the Group.

In 2012, the Board adopted a ten-year Long Term Incentive Equity Plan (save for the Chapter 17 share option scheme component, which was subject to approval by the Shareholders of the Company) to enable the Company to grant awards to selected employees of the Group as incentives or rewards for their contribution to the development of the Group.

The principal objectives of the Long Term Incentive Equity Plan and the proposed Issue are to align the interests of executive directors and key senior employees with those of Shareholders, recognise the contribution of such persons, and to incentivise them to remain in employment with the Group, through the application of vesting/performance conditions that ensure such persons are rewarded when Shareholders benefit from the performance of the Company.

Pursuant to the terms of the Long Term Incentive Equity Plan, eligible persons may be granted a conditional right to acquire and/or subscribe for Shares granted under the Long Term Incentive Equity Plan. The Company may issue new Shares, or purchase Shares from the market, to satisfy such award.

The Board resolved that in respect of the 2021 Award and the 2022 Award, the Connected Award Shares, which, subject to satisfying the Conditions to the Issue summarised above and to vesting in accordance with their terms, will be granted to the Connected Incentive Participants, will be satisfied through the issue of new Shares. Satisfying these Award Shares through the issue of new Shares rather than the purchase of existing Shares will mean that no cash payments need to be made by the Group to acquire existing Shares, since the Award Shares will be satisfied with the issue of new Shares by the Company. If the Conditions to the Issue summarised above are not satisfied, the Company must still discharge its obligations under each of the 2021 Award and the 2022 Award, meaning such Award Shares would instead be satisfied via the purchase of existing Shares from the market.

GENERAL

The Directors (excluding the independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the proposed Issue are on normal commercial terms or better, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Other than Mr Li Liangang, no Director has any material interest in the proposed Issue which prohibits him to vote on the resolution of the Board to approve the proposed Issue, and no Director has abstained from approving such Board resolution, other than Mr Li Liangang whom abstained.

LISTING RULES IMPLICATIONS

The proposed Issue, involving the proposed issuance of new shares by the Company to Connected Incentive Participants, namely certain directors of the Company and/or certain directors of Significant Subsidiaries of the Company, each of whom is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules, constitutes non-exempt connected transactions of the Company under Chapter 14A of the Listing Rules, and shall therefore be subject to reporting, announcement and Independent Shareholders’ approval requirements at a general meeting.

Pursuant to Chapter 14A of the Listing Rules, the Connected Incentive Participants in respect of the 2021 Award and the 2022 Award and their respective associates are required to abstain from voting on the relevant resolutions approving the Issue at the general meeting.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the proposed Issue. An Independent Board Committee has also been formed to advise the Independent Shareholders in respect of the proposed Issue.

A circular including, among others, details of the Issue with a letter from the Independent Board Committee and a letter of advice from the Independent Financial Adviser, will be despatched to the Shareholders. The Company expects that the despatch date of the Circular to occur on or before 30 April 2024.

INFORMATION ABOUT THE GROUP

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

DEFINITIONS

2021 Award	the grant of up to 21,306,781 Performance Awards to 82 Incentive Participants on 21 June 2021 under the Long Term Incentive Equity Plan
2022 Award	the grant of up to 29,882,658 Performance Awards to 112 Incentive Participants on 21 April 2022 under the Long Term Incentive Equity Plan
associate(s)	has the meaning ascribed to this term under the Listing Rules
Award Shares	the Shares to be awarded to the Incentive Participants pursuant to vesting of the Performance Awards of the 2021 Award and the 2022 Award under the Long Term Incentive Equity Plan

Board	the board of Directors
Company	MMG Limited, a company incorporated in Hong Kong, the securities of which are listed and traded on the Main Board of the Hong Kong Stock Exchange
Connected Award Shares	the Award Shares awarded to the Connected Incentive Participants
Connected Incentive Participants	the Incentive Participants who are connected persons of the Company
connected persons	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
Director(s)	the director(s) of the Company
General Mandate	the general mandate granted or to be granted to the Board from time to time at a general meeting of the Company
Group	the Company and its subsidiaries from time to time
HK\$	Hong Kong dollar(s), the official currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
Incentive Participants	the executive directors of the Company and/or certain executives and managers of the Company and/or subsidiaries of the Company who are granted Performance Awards pursuant to the Long Term Incentive Equity Plan (or any one of them, Incentive Participant)
Independent Board Committee	an independent committee of the Board, comprising all the independent non-executive Directors, namely, Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter

Independent Financial Adviser	Somerley Capital Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Issue
Independent Shareholders	Shareholders who are not required to abstain from voting at the AGM to approve the Issue
Issue	the issue and allotment of new Connected Award Shares to the Connected Incentive Participants in respect of the 2021 Award and the 2022 Award to the extent they vest in accordance with their terms
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Long Term Incentive Equity Plan	the long term incentive equity plan of the Company
Performance Awards	the performance awards granted to the Incentive Participants to be satisfied by Award Shares upon vesting
Share(s)	ordinary share(s) of the Company
Shareholder(s)	shareholder(s) of the Company
Significant Subsidiary	a subsidiary of the Company that is not an “insignificant subsidiary” (as that term is defined in Listing Rule 14A.09) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent

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

Hong Kong, 16 April 2024

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