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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

CONTINUING CONNECTED TRANSACTION KHOEMACAU COPPER CONCENTRATE SALES AGREEMENT

On 29 October 2024, Khoemacau Copper Mining Pty Ltd (KCM) entered into the copper concentrate sales agreement (Sales Agreement) with CMN in relation to the sale of the Product by KCM.

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

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

KHOEMACAU COPPER CONCENTRATE SALES AGREEMENT

On 29 October 2024, KCM entered into the Sales Agreement with CMN in relation to the sale of the Product. The terms of the Sales Agreement were arrived at after arm's length negotiations between KCM and CMN. The principal terms of the Sales Agreement are set out below.

Buyer : CMN or its subsidiaries or associates

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

Quantity : In the first Contract Year, approximately 4,000 DMT; and
In the second Contract Year, approximately 31,250 DMT,
(plus or minus 10% on account of lot or vessel size).

Pricing : The pricing of the Product was determined after arms' length negotiations and is comparable to the prevailing market rates for copper concentrates assessed through general market engagement and with reference to terms for the sale of the balance of the Product agreed with an international commodity trading company which is an independent third party and consideration of market alternatives which optimise value for the Company.

The pricing includes:

- payments for copper and silver based on the relevant metal prices as quoted on the London Metal Exchange (for copper) and the London Bullion Market Association (for silver) averaged over an agreed quotational period;
- less agreed treatment and refining charges and penalties which were negotiated on an arms' length basis.

Delivery Terms : KCM shall deliver each shipment in bulk on an FCA (Incoterms 2020®) basis onto the transportation provided by the Buyer at the delivery point in accordance with the terms of the Sales Agreement.

The Sales Agreement will also set out, among other things, specifications, delivery terms, payment terms, quotational period and other usual conditions (including those dealing with title and risk, insurance requirements and termination and suspension rights).

ANNUAL CAPS

The Annual Caps under the Sales Agreement for each of the financial years ending 31 December 2024 and 2025 are as follows:

	For the financial year ending 31 December	
Product to	2024	2025
	<i>US\$'000,000</i>	<i>US\$'000,000</i>
	(HK\$'000,000 equivalent)	(HK\$'000,000 equivalent)
CMN	20.0 (156.0)	130.0 (1,014.0)

The Annual Caps were determined by reference to internal projections of (a) the estimated maximum volume and assays of the Product, (b) the estimated copper and silver prices for 2024 and 2025 having regard to prices quoted on the London Metal Exchange and London Bullion Market Association during September 2024 and forward price projections by the Company and independent market analysts, and (c) treatment and refining charges and penalties agreed between the parties as part of the long term contract commercial negotiations.

REASONS FOR AND BENEFITS OF THE SALES AGREEMENT

The Group's principal activities include the production and sale of metal products, including copper, zinc, molybdenum, gold, silver, lead and cobalt . As part of its ordinary and usual course of business, the Group sells some of its products to the CMC Group at prices and on terms which are consistent with prevailing market rates and conditions for the relevant products.

In view of the continuing nature of the transactions which are the subject of the Sales Agreement, the Directors (including the independent non-executive Directors) believe that the entry into the Sales Agreement has the benefit of reducing the administrative burden and costs associated with compliance with laws and regulations to which the Group is subject.

The Company also considers that entry into the Sales Agreement is of particular benefit to the interests of the Group and its shareholders as a whole, taking into account market conditions, challenges in the African logistics market and the Company's long-term strategic needs.

IMPLICATIONS UNDER THE LISTING RULES

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

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

The Directors (Including the independent non-executive Directors but excluding the Interested Directors) are of the view that the terms of the Sales Agreement – including the pricing mechanism which is consistent with market practice for copper concentrates – and the transactions contemplated thereunder (together with the Annual Caps) are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

INFORMATION ABOUT THE GROUP

The Group is engaged in the exploration, development and mining of copper, zinc, molybdenum, gold, silver, lead and cobalt deposits around the world. KCM operates the Khoemacau mine in Botswana which produces copper concentrates.

INFORMATION ABOUT CMN

CMN is one of the largest state-owned enterprises in the mining sector in the PRC. It is engaged in the exploration, development, mining, processing and sale of a wide range of non-ferrous metals including tungsten, rare earth, copper, alumina, lead and zinc.

DEFINITIONS

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

Annual Caps	the maximum aggregate annual amount payable by CMN to KCM under the Sales Agreement for each of the financial years ending 31 December 2024 and 2025
associate	has the meaning ascribed to it under the Listing Rules
Board	the board of directors of the Company
CMC	中國五礦集團有限公司 (China Minmetals Corporation), a State-owned enterprise incorporated under the laws of the PRC and the ultimate controlling shareholder of the Company
CMC Group	CMC and its subsidiaries and associates from time to time (excluding the Group)
CMN	五礦有色金屬股份有限公司 (China Minmetals Non-Ferrous Metals Company Limited), a company incorporated under the laws of the PRC and a controlling shareholder of the Company
Company	MMG Limited, a company incorporated in Hong Kong, the shares of which are listed and traded on the main board of the Stock Exchange
connected person	has the meaning ascribed to it under the Listing Rules
controlling shareholder	has the meaning ascribed to it under the Listing Rules
Director(s)	the director(s) of the Company
Effective Date	1 November 2024
Group	the Company and its subsidiaries from time to time
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Interested Directors	Xu Jiqing, Zhang Shuqiang and Cao Liang

KCM	Khoemac <u>a</u> u Copper Mining Pty Ltd, a company incorporated in Botswana, a subsidiary of the Company, which operates the Khoemac <u>a</u> u mine
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
Product	copper concentrates produced by KCM at the Khoemac <u>a</u> u mine in Botswana
Sales Agreement	the sales agreement dated 29 October 2024 between KCM and CMN in relation to the sale of the Product by KCM
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
%	Percentage

Unless otherwise specified, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80, for the purpose of illustration only. No representation is made and there is no assurance that US\$ or HK\$ can be purchased or sold at such rate.

By order of the Board
MMG Limited
Cao Liang
CEO and Executive Director

Hong Kong, 29 October 2024

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