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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
KINSEVERE EXPANSION PROJECT
GOODS AND SERVICES AGREEMENT- LV CABINETS**

Goods and Services Agreement - LV Cabinets

MMG has approved and is progressing with the development of the Kinsevere Expansion Project at the Kinsevere Mine. This 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 18 December 2023, MMG Kinsevere and ENFI Corporation entered into the Goods and Services Agreement for the supply of LV Cabinets for the Kinsevere Expansion Project.

Listing Rules Implications

90% stake of ENFI Corporation is held by ENFI Ltd. ENFI Ltd is a wholly-owned subsidiary of MCC Ltd. MCC Group holds a 49.18% stake in MCC Ltd. MCC Group is a wholly-owned subsidiary of CMC. Therefore, ENFI Corporation and MMG Kinsevere are connected persons. As a result, the Goods and Services Agreement constitutes a connected transaction for the Company.

As some of the relevant percentage ratios in respect of the Goods and Services Agreement 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.

Goods and Services Agreement

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

On 18 December 2023, MMG Kinsevere and ENFI Corporation entered into the Goods and Services Agreement for the supply of LV Cabinets (**Goods**) and installation and commissioning guidance services. The principal terms of the Goods and Services Agreement are set out below.

Agreement with ENFI Corporation

- Parties : (1) MMG Kinsevere
(2) ENFI Corporation

- Term : Delivery at Shanghai port within 10 weeks from execution of the Goods and Services Agreement and MMG Kinsevere’s acceptance of the Goods in accordance with the terms of the Goods and Services Agreement.

- Scope : Supply of 163 LV Cabinets and the associated spares, installation and commissioning guidance services.

- Consideration : Lump sum payment of US\$ 2,275,000 (**Contract Sum**).

- Payment terms : Advance Payment: 20% of the Contract Sum to the contractor within 14 Business Days of MMG Kinsevere’s receipt of the agreed documentation.

Factory Completion Payment: 40% of Contract Sum payable upon the factory completion of the agreement goods subject to receipt of agreed documentation.

Site Delivery Payment: 35% of Contract Sum payable upon confirmation of receipt of equipment at the Kinsevere mine in DRC and open-box inspected.

Acceptance Payment: 5% of Contract Sum payable upon the expiry of the warranty period.

In order to determine who to award the Goods and Services Agreement, MMG Kinsevere conducted an invitation to tender process. After the pre-qualification assessment of eight vendors, seven were deemed to be qualified and five companies bought the tender documents and sent the proposals within deadline. The expert committee conducted a commercial and technical evaluation of the proposals, and ENFI Corporation was selected as the preferred supplier, as ENFI Corporation was materially lower in price and met the technical requirements. ENFI Corporation has a good, long-term partnership with MMG Kinsevere, including providing procurement services of Plant Control System for the Cobalt and the Concentrator Plant, Detailed Design for the Cobalt Plant and the Concentrator plant.

The terms of the Goods and Services Agreement was arrived at after arm's length negotiations between the parties. MMG Kinsevere assessed that the terms agreed with ENFI Corporation 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 Goods and Services Agreement to ENFI Corporation.

REASONS FOR AND BENEFITS OF THE GOODS AND SERVICES AGREEMENT

The entering into of the Goods and Services Agreement has the benefit of delivery of goods necessary for the construction of the Kinsevere Expansion Project, which are on terms that are in the commercial interests of the Group.

The terms of the Goods and Services Agreement 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 Goods and Services Agreement 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 Goods and Services Agreement in order to avoid any possible conflicts of interest.

LISTING RULES IMPLICATIONS

90% stake of ENFI Corporation is held by ENFI Ltd, ENFI Ltd is a wholly-owned subsidiary of MCC Ltd. MCC Group holds a 49.18% stake in MCC Ltd. MCC Group is a wholly-owned subsidiary of CMC. Therefore, ENFI Corporation and the Company are connected persons. As a result, the Goods and Services Agreement constitutes a connected transaction for the Company.

Pursuant to Rule 14A.76(2) of the Listing Rules, as some of the relevant percentage ratios in respect of the Goods and Services Agreement are more than 0.1% but less than 5% (including when aggregated with pre-existing connected transactions), the Goods and Services Agreement 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 Purchase:

Supply of Fence Materials for TSF3

Parties	:	(1) MMG Kinsevere (2) Minmetals Logistics Group
Term	:	Lead-time of 20 calendar days after Purchase Order Delivery Term of FOB Shanghai Port, China
Scope	:	Materials for Fence for TSF3

Consideration : Lump sum payment of US\$34,941

Payment terms : 100% within 30 days of the end of month in which the invoice dated after receipt of goods and submission of payment documentation

Tender Process : Request for Quotation

Supply of Instrumentation for Concentrator Plant

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

Term : Delivery at Shanghai Port within 12 weeks after Commencement Date (6 Oct 2023)

Scope : 116 sets of instrumentation

Consideration : Lump sum payment of US\$384,000

Payment terms : 20% advance payment paid within 14 days after Purchase Order issuance;
50% paid within 14 days upon goods delivered to Shanghai port;
20% paid after open-box inspection at Kinsevere Site;
10% paid after the goods successfully commissioned and the submission of warrant security;

Tender Process : Invitation to tender

Supply of Technical Review on RGA Plant

Parties : (1) MMG Kinsevere
(2) Changsha Research Institute of Mining And Metallurgy Co., Ltd

Term : 52 days after Purchase Order

Scope : Technical review on RGA plant

Consideration : Lump sum payment of US\$44,800.00

Payment terms : 100% payment will be released against the acceptance by MMG

Tender Process : Sole source

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT ENFI Corporation

90% stake of ENFI Corporation is held by ENFI Ltd, ENFI Ltd is a wholly-owned subsidiary of MCC Ltd. MCC Group holds a 49.18% stake in MCC Ltd. MCC Group is a wholly-owned subsidiary of CMC. Therefore, ENFI Corporation and MMG Kinsevere are connected persons.

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	Democratic Republic of Congo
ENFI Corporation	China ENFI Engineering Corporation, a company incorporated in PRC and a subsidiary of ENFI Ltd.
ENFI Ltd	China ENFI Engineering Co., Ltd, a company incorporated in PRC and a wholly-owned subsidiary of MCC Ltd

Goods and Services Agreement	the agreement dated 18 December 2023 between MMG Kinsevere and ENFI Corporation for the supply of LV Cabinet and installation and commissioning guidance services for the Kinsevere Expansion Project
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 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
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
MCCT	MCC Tongsin Resources Limited, a company registered in British Virgin Islands, and a wholly owned subsidiary of MMC Ltd.
Minmetals Logistics Group	Minmetals Logistics Group Co., Ltd., a company incorporated in PRC and a subsidiary of CMC
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, 18 December 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 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.