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MMG LIMITED

五礦資源有限公司

(Incorporated in Hong Kong with limited liability)

(STOCK CODE: 1208)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Joint Global Coordinators



Joint Placing Agents



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 1 June 2021 (before trading hours), the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents agreed to place 565,000,000 Placing Shares on a best effort basis to currently expected not less than six independent professional, institutional and/or other investors who are Independent Third Parties at a price of HK\$4.15 each. The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares. The Placing Shares are to be issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue by the Company of the Placing Shares, the Placing Shares represent (i) approximately 7.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.54% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares.

Assuming the Placing Shares are fully placed, the gross proceeds from the Placing are expected to be approximately HK\$2,344.75 million (equivalent to approximately US\$302.16 million), the net proceeds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$2,321.12 million (equivalent to approximately US\$299.11 million), and the net price per Placing Share will be approximately HK\$4.11. The Company intends to apply the net proceeds from the Placing for (i) potential future acquisitions or projects; and (ii) replenishment of working capital and general corporate purposes to support the Company's strategy.

In addition, completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

The Board is pleased to announce that on 1 June 2021 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents. The principal terms of the Placing Agreement are summarised below.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Date: 1 June 2021

Parties:

Issuer	The Company
Placing Agents	(1) Credit Suisse (Hong Kong) Limited (2) CLSA Limited (3) BOCI Asia Limited

Placing Agents

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agents and their ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agents will place the Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owners are Independent Third Parties.

Placing Shares

The Placing Shares will be placed by the Placing Agents on a best effort basis. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue by the Company of the Placing Shares, the Placing Shares represent (i) approximately 7.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.54% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares.

Placing Price

The Placing Price is HK\$4.15 per Share and represents:

- (i) a discount of approximately 8.39% to the closing price of HK\$4.53 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.10% to the average closing price of approximately HK\$4.62 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 12.50% to the average closing price of approximately HK\$4.74 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agents, with reference to the prevailing market price of the Shares, market demand for the Placing Shares and the general market conditions. The Directors (including the independent non-executive Directors) consider that the Placing Price and the terms of the Placing Agreement to be fair and reasonable under the current market conditions and are in the best interests of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing. The Placing Shares will be fully paid and will rank, upon issue, *pari passu* in all respects with the other Shares in issue on the date of issue and allotment of the Placing Shares.

Conditions of the Placing

The obligations of the Placing Agents to proceed to Completion of the Placing are subject to the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares and such listing and permission not subsequently being revoked prior to the Closing Date;
- (b) the absence of certain events which would make the Placing or the subscription of the Placing Shares inadvisable or materially affect the trading of Placing Shares in secondary market;
- (c) the representations and warranties made by the Company remaining true and accurate and not misleading;
- (d) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Closing Date; and
- (e) the Placing Agents having received the legal opinions of the U.S. and Hong Kong legal counsel to the Company and/or the Placing Agents, such opinions to be in the form and substance reasonably satisfactory to the Placing Agents.

Shareholders and investors are therefore advised to exercise caution when dealing in the Shares and other securities of the Company.

Completion of the Placing

Completion of the Placing will take place on the Closing Date, which is currently scheduled for 8 June 2021.

Application for Listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Placing on the Stock Exchange.

General Mandate to Issue the Placing Shares

The Placing Shares are to be issued pursuant to the General Mandate, under which the Directors are authorized to issue up to 1,614,454,932 Shares. As at the date of this announcement, the Company has issued 592,266 Shares pursuant to the General Mandate and therefore the Company is permitted to issue up to 1,613,862,666 Shares under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to any further approval of the Shareholders.

Lock-up Undertaking

Pursuant to the Placing Agreement, the Company shall not, without the prior written consent of the Placing Agents, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date. The foregoing shall not apply to (i) the issue of the Placing Shares under the Placing Agreement; (ii) the grant of options or issue of Shares pursuant to the exercise of the options granted under any of the share option schemes adopted by the Company on 26 March 2013 and 15 December 2016 respectively; and (iii) the grant of awards or issue of Shares pursuant to the long term incentive equity plan adopted by the Company in 2012.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming the Placing Shares are fully placed, the gross proceeds from the Placing are expected to be HK\$2,344.75 million (equivalent to approximately US\$302.16 million). The net proceeds from the Placing (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$2,321.12 million (equivalent to approximately US\$299.11 million), and the net price per Placing Share will be approximately HK\$4.11.

In order to capture the new business opportunities available to the Company, the Company is focused on continually improving productivity, growing its resource base and strengthening the balance sheet which will enable the Company to step into its next phase of disciplined growth.

The Company intends to apply the net proceeds from the Placing for (i) potential future acquisitions or projects; and (ii) replenishment of working capital and general corporate purposes to support the Company's strategy. To the extent that the net proceeds are not immediately required for these purposes, the Company may hold such funds in short-term deposits or equivalents so long as it is deemed to be in the best interests of the Company. The plan and timeline of utilizing the net proceeds from the Placing as follows:

Items	Percentage of total net proceeds	Amount (HK\$ in million)	Expected Time of usage
Potential future acquisitions or projects	50%	1,160.56	on or before 31 December 2023
Replenishment of working capital and general corporate purposes	50%	1,160.56	on or before 31 December 2023

The Directors (including independent non-executive Directors) are of the view that the Placing, the Placing Price and the Placing Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

As at the date of this announcement, the Company has not conducted any fundraising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the shareholding structure of the Company immediately before and after the Placing will be as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
China Minmetals H.K. (Holdings) Limited (Note)	5,847,166,374	72.43	5,847,166,374	67.69
Other shareholders	2,225,700,554	27.57	2,225,700,554	25.77
Placees	0	0	565,000,000	6.54
Total	8,072,866,928	100	8,637,866,928	100

Note:

China Minmetals H.K. (Holdings) Limited is owned as to approximately 39.04%, 38.95% and 22.01% by China Minmetals Corporation Limited (CMCL), Album Enterprises Limited (Album) and Top Create Resources Limited (Top Create) respectively. Album and Top Create are wholly owned by China Minmetals Non-ferrous Metals Company Limited (CMN) that, in turn, is owned as to approximately 99.999% and 0.001% by China Minmetals Non-ferrous Metals Holding Company Limited (CMNH) and CMCL respectively. CMNH is a wholly owned subsidiary of CMCL. CMCL is owned as to approximately 87.5% by China Minmetals Corporation (CMC) and approximately 0.8% by China National Metal Products Co. Ltd. that, in turn, is a wholly owned subsidiary of CMC.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

Board	the board of Directors
Business Day	any day (excluding a Saturday, Sunday and public holidays in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m.) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
Closing Date	8 June 2021, or such other date as the Company and the Placing Agents may agree in writing

Company	MMG Limited (五礦資源有限公司), a company incorporated in Hong Kong, the Shares of which are listed and traded on the Main Board of the Stock Exchange
connected person(s)	has the meaning ascribed to it in the Listing Rules
Director(s)	the director(s) of the Company
General Mandate	the general mandate granted to the Directors at the annual general meeting of the Company held on 20 May 2021
Group	the Company and its subsidiaries
HK\$	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Third Party(ies)	person(s) who is(are) third party(ies) independent of the Company and its connected persons
Last Trading Day	31 May 2021, being the last trading day of the Shares prior to the date of this announcement
Listing Committee	the listing sub-committee of the board of directors of the Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
Placee(s)	professional, institutional or other investors whom the Placing Agents procure to purchase any Placing Shares pursuant to their obligations under the Placing Agreement
Placing Agents	Credit Suisse (Hong Kong) Limited, CLSA Limited and BOCI Asia Limited
PRC	the People's Republic of China
Placing	the placement of the Placing Shares to the Placee(s) at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the placing agreement dated 1 June 2021 between the Company and the Placing Agents in respect of the Placing
Placing Price	the placing price of HK\$4.15 per Placing Share
Placing Share(s)	565,000,000 new Shares, representing approximately 7.00% of the existing issued share capital of the Company and approximately 6.54% of the issued share capital of the Company as enlarged by the Placing

Share(s)	fully paid ordinary share(s) of the Company
Shareholders	shareholders of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$	United States dollar(s), the lawful currency of the United States of America
US Securities Act	the United States Securities Act of 1933
%	per cent

For the purpose of this announcement, conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.76. The exchange rate is used for illustration purposes only and should not be taken as a representation that the HK\$ amount could actually be converted into US\$ at that rate, or at all.

By order of the Board
MMG Limited
Gao Xiaoyu
CEO and Executive Director

Hong Kong, 1 June 2021

As at the date of this announcement, the Board comprises eight directors, of which one is an executive director, namely Mr Gao Xiaoyu; four are non-executive directors, namely Mr Guo Wenqing (Chairman), Mr Jiao Jian, 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.