

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**MMG LIMITED**

**五礦資源有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(STOCK CODE: 1208)**

## LAS BAMBAS TAX UPDATE

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (Listing Rules) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MMG Limited (Company or MMG and, together with its subsidiaries, the Group) refers to previous announcements and in particular the Las Bambas Tax Update announcements dated 19 February 2021 and 18 June 2024.

MMG is pleased to announce that Minera Las Bambas S.A. (MLB) has received a favourable decision of the Tax Court in Peru determining that MLB is not liable to penalty withholding tax (WHT) at a 30% rate. The Tax Court decision relates to the 2015 tax year. This decision, following the Tax Court decision in relation to the 2017 tax year, the details of which are disclosed in the announcement dated 18 June 2024, is the second favourable decision in connection with the withholding tax issue.

When reaching the decision in the 2015 WHT case, the Tax Court applied the reasoning from the 2017 WHT decision stating again that the purpose of the *related-party* provisions in the Income Tax law is to prevent tax avoidance practices and according to the Court, the nature of the relationship between MLB, MMG and the Chinese lender banks (the Lenders) is not for tax avoidance purposes. Therefore, the Court concluded that the interpretation of The National Superintendence of Tax Administration of Peru (SUNAT) was against the law and dismissed it and revoked the appealed Assessments in relation to the 2015 tax year in the amount of \$158 million.

SUNAT alleged that MLB, MMG and MMG's ultimate controlling shareholder China Minmetals Corporation (CMC) are related to the Lenders because of certain alleged links between (a) MLB, MMG and CMC and the Chinese State on the one hand and (b) the Lenders and the Chinese State on the other hand. SUNAT used this asserted interpretation to impose a 30% withholding tax rate applicable to related party loans rather than the usual 4.99% withholding tax rate for offshore

bank loans. In addition to forming the basis of the 2015 WHT assessment, the erroneous SUNAT interpretation underpins a further \$253 million in assessments for the tax years 2014 and 2016.

SUNAT also rely upon this interpretation when applying thin capitalisation rules to deny interest deductions on the loans from the Lenders on the basis that the alleged related party debt should be included in calculating MLB's related party debt to equity ratio. MLB disagrees with the assertion that all Chinese companies are related companies and this interpretation of the Peruvian Income Tax Law by SUNAT.

It is not clear at this point whether SUNAT intend to appeal this decision. We note that appeals in the Peruvian tax administration and judicial systems can take many years to resolve.

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

Hong Kong, 27 June 2024

*As at the date of this announcement, the Board consists of six 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 three are independent non-executive directors, namely Dr Peter William Cassidy, Mr Leung Cheuk Yan and Mr Chan Ka Keung, Peter.*