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South Manganese Investment Limited

南方錳業投資有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

CONNECTED TRANSACTION MANGANESE ORE SALES CONTRACT

MANGANESE ORE SALES CONTRACT

The Board is pleased to announce that on 7 March 2025, Dameng International Resources entered into the Manganese Ore Sales Contract with Guangxi Dameng, pursuant to which, Dameng International Resources agreed to sell and Guangxi Dameng agreed to purchase Manganese Ores. The total contract price is RMB43,004,332.80 (equivalent to approximately HK\$46,612,396.32).

LISTING RULES IMPLICATIONS

Guinan Dameng holds 22.64% equity interest in the Company. Since Guinan Dameng is wholly owned by Guangxi Dameng, Guangxi Dameng is a connected person of the Company. Therefore, the transaction contemplated under the Manganese Ore Sales Contract constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in respect of the consideration under the Manganese Ore Sales Contract is more than 0.1% but less than 5.0%, the transaction contemplated under the Manganese Ore Sales Contract is therefore subject to announcement and reporting requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

MANGANESE ORE SALES CONTRACT

The Board is pleased to announce that on 7 March 2025, Dameng International Resources entered into the Manganese Ore Sales Contract with Guangxi Dameng, pursuant to which, Dameng International Resources agreed to sell and Guangxi Dameng agreed to purchase the Manganese Ores.

The details of principal terms of the Manganese Ore Sales Contract are set out as follows:

Date:	7 March 2025
Parties:	(i) Dameng International Resources (as seller); and (ii) Guangxi Dameng (as purchaser)
Subject:	Pursuant to the Manganese Ore Sales Contract, Dameng International Resources agreed to sell and Guangxi Dameng agreed to purchase the Manganese Ores.
Consideration and pricing policy:	The total contract price is RMB43,004,332.80 (equivalent to approximately HK\$46,612,396.32) (on CIF and Ex Works basis, excluding tax) which is agreed through arm's length negotiation between Dameng International Resources and Guangxi Dameng on an arm's length basis with reference to the prevailing market price of manganese ores published online.
Payment term:	Guangxi Dameng will pay 95% of the amount based on the proforma invoice issued by Dameng International Resources within 5 working days after receiving the full set of original bills of lading. The balance, which is the difference between the amount in proforma invoice and the final invoice, will be paid by Guangxi Dameng to Dameng International Resources within 20 days after receiving the final invoice. The payment term shall be no less favourable than those offered to Dameng International Resources by an Independent Third Party for the same or similar products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MANGANESE ORE SALES CONTRACT

Sales of manganese ores has been one of the principal businesses of the Group. The Manganese Ore Sales Contract is entered into by the Group in its ordinary and usual course of business. As a state-owned enterprise, Guangxi Dameng has an established industry status

and market influence in the manganese industry. Guangxi Dameng has been one of the Group's long-term business partners in respect of the manganese ores and EMM products of the Group. The entering into of the Manganese Ore Sales Contract represents the continued and strong support of Guangxi Dameng on the Group's downstream sales of manganese ores and signifies the confidence of Guangxi Dameng, as a substantial shareholder of the Company, in the core business of the Group. In addition, the financial strengths and vast financing channels of Guangxi Dameng are expected to lower the overall credit risk exposures of the Group and provide concrete foundation for the continued development and deepening of business relationship between the Group and Guangxi Dameng. In view of the above, the Directors (including the independent non-executive Directors) are of the view that: (i) the Manganese Ore Sales Contract has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the terms under the Manganese Ore Sales Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Pan Shenghai, Ms. Cui Ling and Mr. Huang Chuangxin, who are directors and/or senior management of Guangxi Dameng, have abstained from voting on the relevant board resolution approving Manganese Ores Sales Contract. Save as disclose above, no other Directors had a material interest in the Manganese Ore Sales Contract.

INFORMATION RELATING TO THE COMPANY, DAMENG INTERNATIONAL RESOURCES AND GUANGXI DAMENG

The Company is a vertically integrated manganese producer that produces and sells manganese products. It has manganese mining, manganese ore processing and downstream processing operations of manganese in the PRC as well as manganese mining and manganese ore processing operations in Gabon.

Dameng International Resources is an indirect subsidiary of the Company and is principally engaged in manganese ore trading business.

Guangxi Dameng together with its subsidiaries are principally engaged in manganese mining and processing, electrolytic manganese metal production, battery production, accessories manufacturing and export trade, and other businesses.

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As one or more of the applicable Percentage Ratios in respect of the consideration under the Manganese Ore Sales Contract is more than 0.1% but less than 5.0%, the transaction

contemplated under the Manganese Ore Sales Contract is therefore subject to announcement and reporting requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”, “connected person(s)”, and “substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	南方錳業投資有限公司 (South Manganese Investment Limited), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1091.HK)
“CIF”	cost, insurance and freight
“Dameng International Resources”	大錳國際資源有限公司 (Dameng International Resources Limited), an indirect subsidiary of the Company
“Directors”	directors of the Company
“EMM”	electrolytic manganese metal and its related products
“Group”	the Company and its subsidiaries
“Guinan Dameng”	桂南大錳國際資源有限公司 (Guinan Dameng International Resources Limited), a company incorporated in the British Virgin Islands which is a substantial shareholder of the Company and wholly owned by Guangxi Dameng
“Guangxi Dameng”	廣西大錳錳業集團有限公司 (Guangxi Dameng Manganese Industrial Co., Ltd.), a limited liability company established under the laws of the PRC, which is an indirect substantial shareholder of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	persons or companies which are independent of the Company and its connected persons
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manganese Ores”	52,000 wet metric tonne (+/- 10% at the seller’s option) of manganese ores with minimum manganese content of 33.0% produced from the Group’s Gabon mine
“Manganese Ore Sales Contract”	the sales contract entered into between Dameng International Resources and Guangxi Dameng dated 7 March 2025, pursuant to which Dameng International Resources agreed to sell and Guangxi Dameng agreed to purchase the Manganese Ores
“Percentage Ratios”	the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China and for the purpose of this announcement, reference to the PRC excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Note: 1. The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

2. For the purpose of this announcement, the amounts in RMB have been converted into HK\$ at the rate of RMB1.00 = HK\$1.0839 for illustration purposes only. No representation is made that any amounts in HK\$ or RMB have been or could have been or can be converted at the above rate or at any other rates or at all.

By order of the Board
SOUTH MANGANESE INVESTMENT LIMITED
Zhang Yi
Chairman

Hong Kong, 7 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Yi, Mr. Zhang He, Mr. Xu Xiang, Mr. Liu Yang, Mr. Pan Shenghai and Ms. Cui Ling; the non-executive Director is Mr. Huang Chuangxin; and the independent non-executive Directors are Mr. Zhang Yupeng, Mr. Yuan Mingliang, Mr. Lo Sze Hung, Mr. Zhou Jie, Mr. Luo Guihua and Mr. Wu Qi.