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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)

CONTINUING CONNECTED TRANSACTIONS

GUANGXI DAMENG SALES FRAMEWORK AGREEMENT

On 11 March 2025, SMH (a wholly-owned subsidiary of the Company) entered into the Guangxi Dameng Sales Framework Agreement with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to sell and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to purchase manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein.

GUANGXI DAMENG PURCHASE FRAMEWORK AGREEMENT

On 11 March 2025, SMH entered into the Guangxi Dameng Purchase Framework Agreement with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to purchase and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to sell manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein.

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. The transactions contemplated under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in respect of the respective maximum of the Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps for each of the three years ending 31 December 2027 is more than 5.0%, the transactions contemplated under each of the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement are subject to announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Company will hold an EGM for the Independent Shareholders to consider and, if thought fit, approve the Guangxi Dameng Sales Framework Agreement, the Guangxi Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). Save and except for Guinan Dameng and its associates, which holds 776,250,000 shares in aggregate, representing approximately 22.64% of the issued share capital of the Company as at the date of this announcement, will abstain from voting on the relevant resolutions in relation to the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement at the EGM as a result of having material interests therein. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions. An independent board committee will be established to advise the Independent Shareholders on the transactions contemplated under the Guangxi Dameng Sales Framework Agreement, the Guangxi Dameng Purchase Framework Agreement and the Annual Caps. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing details of the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement, a letter from the independent board committee to the Independent Shareholders, a letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and a notice of the EGM is expected to be despatched to the Shareholders on or before 31 March 2025.

GUANGXI DAMENG SALES FRAMEWORK AGREEMENT

On 11 March 2025, SMH (a wholly-owned subsidiary of the Company) entered into the Guangxi Dameng Sales Framework Agreement with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to sell and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to purchase manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein.

Details of the principal terms of Guangxi Dameng Sales Framework Agreement are set out as follows:

- Date:** 11 March 2025
- Parties:** (i) SMH (as seller); and
(ii) Guangxi Dameng (as purchaser)
- Subject:** Pursuant to the Guangxi Dameng Sales Framework Agreement, SMH (and/or its subsidiaries) agreed to sell and Guangxi Dameng (and/or its subsidiaries) agreed to purchase manganese ores and related products.
- Pricing Policy:** The transactions contemplated under the Guangxi Dameng Sales Framework Agreement will be conducted in ordinary and usual course of business and on normal commercial terms and such terms and conditions will be no less favourable than those available from Independent Third Parties.
- Under the Guangxi Dameng Sales Framework Agreement, the quantity of manganese ores and related products to be purchased by Guangxi Dameng (and/or its subsidiaries) is not fixed but is to be determined and agreed between the parties from time to time. SMH (and/or its subsidiaries) is not required to sell a minimum amount or any pre-defined quantity of manganese ores and related products to Guangxi Dameng (and/or its subsidiaries) during the term of the Guangxi Dameng Sales Framework Agreement. In addition, the prices are not fixed and are to be determined in accordance with prevailing market prices, and through arm's length negotiation and in a fair and reasonable manner on an order-by-order basis.
- Term:** For the period from 11 March 2025 to 31 December 2027

Conditions Precedent: The Guangxi Dameng Sales Framework Agreement is effective upon fulfilment of the following conditions precedent:

- (i) the Company having obtained the approval from the Board in respect of the Guangxi Dameng Sales Framework Agreement and the transactions contemplated thereunder; and
- (ii) the Company having obtained the approval from the Independent Shareholders in respect of the Guangxi Dameng Sales Framework Agreement and the transactions contemplated thereunder at the EGM.

GUANGXI DAMENG PURCHASE FRAMEWORK AGREEMENT

On 11 March 2025, SMH entered into the Guangxi Dameng Purchase Framework Agreement with Guangxi Dameng. Pursuant to which, SMH (for itself and on behalf of its subsidiaries) agreed to purchase and Guangxi Dameng (for itself and on behalf of its subsidiaries) agreed to sell manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions therein.

Details of the principal terms of Guangxi Dameng Purchase Framework Agreement are set out as follows:

Date: 11 March 2025

Parties: (i) SMH (as purchaser); and
(ii) Guangxi Dameng (as seller)

Subject: Pursuant to the Guangxi Dameng Purchase Framework Agreement, SMH (and/or its subsidiaries) agreed to purchase and Guangxi Dameng (and/or its subsidiaries) agreed to sell manganese ores and related products.

Pricing Policy: The transactions contemplated under the Guangxi Dameng Purchase Framework Agreement will be conducted in ordinary and usual course of business and on normal commercial terms and such terms and conditions will be no less favourable than those available from Independent Third Parties.

Under the Guangxi Dameng Purchase Framework Agreement, the quantity of manganese ores and related products to be purchased from Guangxi Dameng (and/or its subsidiaries) is not fixed but

is to be determined and agreed between the parties from time to time. SMH (and/or its subsidiaries) is not required to purchase a minimum amount or any pre-defined quantity of manganese ores and related products from Guangxi Dameng (and/or its subsidiaries) during the term of the Guangxi Dameng Purchase Framework Agreement. In addition, the prices are not fixed and are to be determined in accordance with prevailing market prices, and through arm's length negotiation and in a fair and reasonable manner on an order-by-order basis.

Term: For the period from 11 March 2025 to 31 December 2027

Conditions Precedent: The Guangxi Dameng Purchase Framework Agreement is effective upon fulfilment of the following conditions precedent:

- (i) the Company having obtained the approval from the Board in respect of the Guangxi Dameng Purchase Framework Agreement and the transactions contemplated thereunder; and
- (ii) the Company having obtained the approval from the Independent Shareholders in respect of the Guangxi Dameng Purchase Framework Agreement and the transactions contemplated thereunder at the EGM.

ANNUAL CAPS AND HISTORICAL AMOUNTS OF THE CONTINUING CONNECTED TRANSACTIONS BETWEEN THE GROUP AND GUANGXI DAMENG AND/OR ITS SUBSIDIARIES FOR THE YEARS FROM 2022 TO 2024

Set out below are the annual caps and historical amounts for the years 2022 to 2024 in relation to the continuing connected transactions between the Group and Guangxi Dameng (and/or its subsidiaries) in respect of manganese ores:

	For the year ended 31 December 2022		For the year ended 31 December 2023		For the year ended 31 December 2024	
	Annual cap	Historical amount	Annual cap	Historical amount	Annual cap	Historical amount
2022 Guangxi Dameng Ore Agreement						
Purchase of high grade manganese ores from Guangxi Dameng (and/or its subsidiaries)	RMB92,400,000 (equivalent to HK\$100,152,360)	RMB83,899,000 (equivalent to HK\$90,938,126)	RMB100,000,000 (equivalent to HK\$108,390,000)	RMB21,613,000 (equivalent to HK\$23,426,331)	RMB100,000,000 (equivalent to HK\$108,390,000)	RMB5,823,000 (equivalent to HK\$6,311,550)

THE ANNUAL CAPS

The Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps are set out as follows:

	The Annual Caps		
	From 11 March 2025 to 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
Guangxi Dameng Sales Framework Agreement			
Sales of manganese ores and related products to Guangxi Dameng (and/or its subsidiaries)	RMB369,200,071 (equivalent to HK\$400,175,957)	RMB461,500,089 (equivalent to HK\$500,219,946)	RMB553,800,106 (equivalent to HK\$600,263,935)
Guangxi Dameng Purchase Framework Agreement			
Purchase of manganese ores and related products from Guangxi Dameng (and/or its subsidiaries)	RMB553,800,106 (equivalent to HK\$600,263,935)	RMB599,950,115 (equivalent to HK\$650,285,930)	RMB738,400,142 (equivalent to HK\$800,351,914)

The Guangxi Dameng Sales Caps are determined with reference to, inter alia (i) the projected sales volume of manganese ores and related products of 400,000 tonnes, 500,000 tonnes and 600,000 tonnes in 2025, 2026 and 2027, respectively by the Group under the Guangxi Dameng Sales Framework Agreement after taking into account the operations of the Group and the potential market conditions of the Group's products for business growth and development for the corresponding period; and (ii) the historical average unit price (tax inclusive) of manganese ores and related products of approximately RMB32.391 per dry metric tonne during the period from 1 January 2022 to 31 December 2024.

The Guangxi Dameng Purchase Caps are determined with reference to, inter alia (i) the projected purchase volume of manganese ores and related products of 600,000 tonnes, 650,000 tonnes and 800,000 tonnes in 2025, 2026 and 2027, respectively by the Group under the Guangxi Dameng Purchase Framework Agreement after taking into account the operations of the Group and the potential market conditions of our products for business growth and development for the corresponding period; and (ii) the historical average unit price (tax inclusive) of Manganese Ore of approximately RMB32.391 per dry metric tonne during the period from 1 January 2022 to 31 December 2024.

REASONS FOR AND BENEFITS OF ENTERING INTO THE GUANGXI DAMENG SALES FRAMEWORK AGREEMENT AND THE GUANGXI DAMENG PURCHASE FRAMEWORK AGREEMENT

Sales and purchase of manganese ores and related products have been the principal business of the Group. The Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement have been 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 Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement represents the continued and strong support of Guangxi Dameng on the Group, and signifies the confidence of Guangxi Dameng, as a substantial shareholder of the Company, in the Group's core business in manganese ores and related products. In addition, the Guangxi Dameng Sales Framework Agreement will provide an additional sales channel of the Group's manganese ores and related products. The financial strengths and vast financing channels of Guangxi Dameng are also expected to lower the overall credit risk exposures of the Group. On the other hand, the established industry status and abundant stock of manganese ores of Guangxi Dameng will provide a stable and sufficient source of supply to the Group under the Guangxi Dameng Purchase Framework Agreement.

In view of the foregoing, as well as the pricing policy and internal control measures set out and the other information set out in this announcement, the Directors (excluding the independent non-executive Directors who will provide their view after receiving the advices from the independent financial adviser) are of the view that: (i) the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement have 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 Guangxi Dameng Sales Framework Agreement, the Guangxi Dameng Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) 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 the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement. Save as disclose above, no other Directors had a material interest in the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement.

INFORMATION RELATING TO THE COMPANY, SMH AND GUANGXI DAMENG

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

SMH is a company incorporated in the BVI with limited liability, which is a wholly owned subsidiary of the Company. It is the immediate holding company of SMG which is indirectly wholly owned by the Company and is one of the market leaders in vertically integrated manganese producer that produces and sells manganese products.

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

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. The transactions contemplated under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios in respect of the respective maximum of the Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps for each of the three years ending 31 December 2027 is more than 5.0%, the transactions contemplated under each of the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement are subject to announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The Company will hold an EGM for the Independent Shareholders to consider and, if thought fit, approve the Guangxi Dameng Sales Framework Agreement, the Guangxi Dameng Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). Save and except for Guinan Dameng and its associates, which holds 776,250,000 shares in aggregate, representing approximately 22.64% of the issued share capital of the Company as at the date of this announcement, will abstain from voting on the relevant resolutions in relation to the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement at the EGM as a result of having material interests therein. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions. An independent board committee will be established to advise the Independent Shareholders on the transactions contemplated under the Guangxi Dameng Sales Framework

Agreement, the Guangxi Dameng Purchase Framework Agreement and the Annual Caps. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

DESPATCH OF CIRCULAR

A circular containing details of the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement, a letter from the independent board committee to the Independent Shareholders, a letter from the independent financial adviser to the independent board committee and the Independent Shareholders, and a notice of the EGM is expected to be despatched to the Shareholders on or before 31 March 2025.

INTERNAL CONTROL MEASURES

The Group has established the following internal control measures to ensure that the pricing policy and the terms of the continuing connected transactions contemplated under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement are fair and reasonable and no less favorable than the terms offered to the Company (and/or its subsidiaries) from Independent Third Parties and such transactions are on normal commercial terms:

- (1) The sales manager and purchasing manager of the Group has been designated to ensure that:
 - (i) proper trail of documents is kept for the price comparison procedure set out in the section headed “Pricing Policy” evidencing compliance with the pricing policy;
 - (ii) with the assistance of the finance department of the Group, the aggregate transaction amounts under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement will not exceed the Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps;
 - (iii) any order from Guangxi Dameng (and/or its subsidiaries) needs to be approved by the sales manager before the order can be accepted by the Company (and/or its subsidiaries); and
 - (iv) any offer from Guangxi Dameng (and/or its subsidiaries) needs to be approved by the purchasing manager before the offer can be accepted by the Company (and/or its subsidiaries).
- (2) The finance department and internal control department of the Group will perform monthly check on the transactions entered under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement to ensure that the Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps are not

exceeded.

- (3) The Company’s external auditors will conduct an annual review of the transactions entered into under the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement in accordance with the Listing Rules.
- (4) In accordance with the Listing Rules, the independent non-executive Directors will also perform an annual review of the transactions entered into pursuant to the Guangxi Dameng Sales Framework Agreement and the Guangxi Dameng Purchase Framework Agreement.

DEFINITIONS

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

“2022 Guangxi Dameng Ore Agreement”	the agreement entered into between the Company and Guangxi Dameng dated 21 January 2022, pursuant to which the Company (and/or its subsidiaries) agreed to purchase and Guangxi Dameng (and/or its subsidiaries) agreed to sell high grade manganese ores for the period from 21 January 2022 to 31 December 2024
“Annual Caps”	the Guangxi Dameng Sales Caps and the Guangxi Dameng Purchase Caps
“associate(s)”, “connected person(s)”, and “substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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)
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, to approve, among other matters, the Guangxi Dameng Sales Framework Agreement, the Guangxi Dameng Purchase

	Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“EMM”	electrolytic manganese metal and its related products
“Group”, “us” or “our”	the Company and its subsidiaries
“Guangxi Dameng”	廣西大錳錳業集團有限公司 (Guangxi Dameng Manganese Industrial Co., Ltd.), a state-owned limited liability company established under the laws of the PRC, which is an indirect substantial shareholder of the Company
“Guangxi Dameng Purchase Framework Agreement”	the framework agreement entered into between SMH and Guangxi Dameng dated 11 March 2025, pursuant to which SMH (and/or its subsidiaries) agreed to purchase and Guangxi Dameng (and/or its subsidiaries) agreed to sell manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions thereunder
“Guangxi Dameng Purchase Caps”	the proposed annual caps for the transactions contemplated under Guangxi Dameng Purchase Framework Agreement for each of the three years ending 31 December 2027
“Guangxi Dameng Sales Framework Agreement”	the framework agreement entered into between SMH and Guangxi Dameng dated 11 March 2025, pursuant to which SMH (and/or its subsidiaries) agreed to sell and Guangxi Dameng (and/or its subsidiaries) agreed to purchase manganese ores and related products for the period from 11 March 2025 to 31 December 2027 subject to the terms and conditions thereunder
“Guangxi Dameng Sales Caps”	the proposed annual caps for the transactions contemplated under Guangxi Dameng Sales Framework Agreement for each of the three years ending 31 December 2027
“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
“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
“Independent	the Shareholders, other than those required by the Listing Rules

Shareholder(s)”	to abstain from voting at the EGM in respect of the resolution(s) relating to the Guangxi Dameng Sales Framework Agreement, the Guangxi Dameng Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Listing Rule(s)”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules
“PRC” or “China”	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
“SMH”	South Manganese Holdings Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
“SMG”	South Manganese Group Limited, a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

- Notes:*
- 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\$ or vice versa 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, 11 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.