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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

信誠證券有限公司
Prudential Brokerage Ltd

THE PLACING

On 11 April 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, one or more Placee(s) who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for a maximum of 685,691,800 Placing Shares at the Placing Price of HK$0.21 per Placing Share.

The maximum of 685,691,800 Placing Shares represents: (a) 20% of the total number of issued Shares as at the date of this announcement; and (b) approximately 16.67% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of issued Shares between the date of this announcement and the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK$0.21 per Placing Share represents (i) a discount of approximately 13.58% to the closing price of HK$0.243 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 18.79% to the average closing price of approximately HK$0.2586 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK$144.00 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK$140.97 million, representing a net issue price of approximately HK$0.2056 (after rounding up to four decimal places) per Placing Share.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Company intends to apply the net proceeds from the Placing in the following manner: (i) approximately 95% for repayment of outstanding liabilities of the Group; and (ii) approximately 5% as general working capital of the Company.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 11 April 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, one or more Placee(s) who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for a maximum of 685,691,800 Placing Shares at the Placing Price of HK$0.21 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

Date:	11 April 2025 (after trading hours)
Parties:	(1) the Company; and
	(2) the Placing Agent

The Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 2% of the amount which is equal to the Placing Price multiplied by the total number of Placing Shares successfully placed by the Placing Agent in accordance with the Placing Agreement.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on current market conditions.

Placee(s)

The Placing Shares are expected to be placed to one or more Placee(s) who and whose ultimate beneficial owners shall be Independent Third Parties.

Number of the Placing Shares

Assuming that there will be no change in the total number of issued Shares between the date of this announcement and the Completion Date other than the issue of the Placing Shares, the maximum of 685,691,800 Placing Shares under the Placing represents (i) 20% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum of 685,691,800 Placing Shares will be HK$68,569,180.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects among themselves and with the other existing Shares upon issuance.

Placing Price

The Placing Price is HK$0.21 per Placing Share and represents:

(i) a discount of approximately 13.58% to the closing price of HK$0.243 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and

(ii) a discount of approximately 18.79% to the average closing price of approximately HK$0.2586 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK$0.2056 (after rounding up to four decimal places) per Placing Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and current market conditions.

Conditions of the Placing

The Completion is conditional upon the satisfaction of the following Conditions:

(a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing approval not subsequently being revoked prior to Completion); and

(b) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above Conditions is not fulfilled on or before 2 May 2025 (or such other date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion shall take place at 4:00 p.m. at the office of the Placing Agent on the third Business Day immediately after the fulfilment of the Conditions (or such other date as the Company and the Placing Agent shall agree in writing).

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

(1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

(2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

(3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and

prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or

(4) any statement contained in the Previous Publications has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement, all liabilities of the parties hereto hereunder shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's poll results announcement dated 21 June 2024, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 21 June 2024. Under the General Mandate, the Company is authorised to issue up to 685,691,800 new Shares.

As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is one of the market leaders in 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.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be approximately HK$144.00 million, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK$140.97 million, representing a net issue price of approximately HK$0.2056 (after rounding up to four decimal places) per Placing Share.

The Company intends to apply the net proceeds in the following manners:

(i) approximately 95% of the net proceeds for repayment of outstanding liabilities of the

Group; and

(ii) approximately 5% of the net proceeds as general working capital of the Company.

The Directors consider that the Placing represents an opportunity to raise additional funding to meet the imminent financial obligations of the Group without any interest burden, within a relatively shorter time frame and at lower costs when compared with other means of fundraising. It will also strengthen the Group's financial position, reduce financial leverage, improve financial liquidity and enlarge shareholders' base and capital base of the Company which may in turn enhance the liquidity of the Shares.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that all of the 685,691,800 Placing Shares will be placed in full and there will be no other change in the total number of issued Shares between the date of this announcement and the Completion Date) are set out below:

	As at the date of this announcement		**Immediately upon Completion**	
	Number of Shares	***Approximate %***	***Number of Shares***	***Approximate %***
Substantial Shareholders				
Youfu Investment Co., Ltd *(Note 1)*	994,260,000	29.00	994,260,000	24.17
Guinan Dameng International Resources Limited *(Note 2)*	776,250,000	22.64	776,250,000	18.87
Others				
Feng Xiang Invesment Co., Ltd *(Note 3)*	184,740,000	5.39	184,740,000	4.49
The Placee(s)	-	-	685,691,800	16.67
Other public Shareholders	1,473,209,000	42.97	1,473,209,000	35.81
Total	3,428,459,000	100	4,114,150,800	100

Notes:

1. Youfu Investment Co., Ltd. is wholly owned by Mr. Sun Mingwen.

2. Guinan Dameng International Resources Limited is wholly owned by Guangxi Dameng Manganese Industrial Co., Ltd., a state-owned limited liability company established under the laws of the PRC.

3. Feng Xiang Investment Co., Ltd is wholly owned by Mr. Ma Xuedong.

4. The approximate percentage figures as shown above are rounded to the nearest two decimal places and therefore may not add up to 100% due to rounding.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company had not conducted any equity fund raising activities.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day"	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"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)
"Completion"	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
"Completion Date"	the date of Completion, on the third Business Days after fulfillment of the Conditions, but in any event no later than 2 May 2025, or such other date as the Company and the Placing Agent may agree in writing
"Condition(s)"	the conditions precedent to Completion set out in the Placing Agreement

"Directors"	directors of the Company
"General Mandate"	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company's annual general meeting held on 21 June 2024 to allot, issue and deal with up to 20% of the then total number of issued Shares
"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 People's Republic of China
"Independent Third Parties"	persons or companies which are independent of the Company and its connected persons
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rule(s)"	the Rules Governing the Listing of Securities on the Stock Exchange
"Placee(s)"	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
"Placing"	the placing, on a best effort basis, of up to 685,691,800 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
"Placing Agent"	Prudential Brokerage Limited
"Placing Agreement"	the conditional placing agreement dated 11 April 2025 (after trading hours) entered into between the Company and the Placing Agent in relation to the Placing
"Placing Price"	HK$0.21 per Placing Share (exclusive of any brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy, the Stock Exchange trading fee and stamp duty as may be payable)
"Placing Share(s)"	a maximum of 685,691,800 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a "Placing Share"

"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
"Previous Publications"	all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 December 2024
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Hong Kong, 11 April 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.