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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)

ANNOUNCEMENT DEBT REDUCTION PROPOSAL

DEBT REDUCTION PROPOSAL

The Board is pleased to announce that at the Board meeting held on 4 June 2025, the Board has approved a debt reduction proposal of the Company, which will be put forward for the Shareholders' approval at the SGM to be convened.

With reference to the 2024 Annual Report, the Group recorded, among others, (i) total borrowings of approximately HK\$3,945.6 million as at 31 December 2024 (2023: HK\$5,120.6 million); (ii) net current liabilities of approximately HK\$1,659.4 million as at 31 December 2024 (2023: HK\$891.3 million); (iii) gearing ratio of approximately 167.07% as at 31 December 2024 (2023: 162.96%); and (iv) finance costs of approximately HK\$144.8 million for the year ended 31 December 2024 (2023: HK\$243.2 million). Against the backdrop of the Group's current high debt level and heavy financial leverage which are unfavorable to the robustness of the overall capital structure and future financing flexibility of the Group, the Directors consider that it is in the interest of the Company and the Shareholders as a whole to adopt the debt reduction proposal with the aims to enhance the Company's credit rating, reduce the Group's finance costs, improve the Group's cash flows and strengthen the Group's capital structure.

The debt reduction proposal mainly involves prioritizing the use the Group's available free cash flows each financial year to repay its bank and other borrowings and revitalize its assets, thereby optimizing the short-term and long-term debt structure and alleviating the liquidity pressure of the Group. The target is to reduce the Group's indebtedness by RMB300 million to RMB500 million per year, and lower the gearing ratio to 50% or below in the next five years while ensuring the normal operations of the Group.

SGM AND DESPATCH OF CIRCULAR

The Company will hold a SGM for the Shareholders to consider and, if thought fit, approve the

debt reduction proposal. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM for the relevant resolution.

A circular and a notice of the SGM is expected to be despatched to the Shareholders on or before 30 June 2025.

DEFINITIONS

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

“2024 Annual Report”	the annual report of the Company for the year ended 31 December 2024
“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)
“Directors”	directors of the Company
“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
“RMB”	Renminbi, the lawful currency of the People's Republic of China
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, to approve the debt reduction proposal
“Shareholder(s)”	holders of the shares of the Company
“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, 4 June 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. Yuan Mingliang, Mr. Lo Sze Hung, Mr. Zhou Jie, Mr. Luo Guihua and Mr. Wu Qi.