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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE FINANCE LEASE ARRANGEMENT

THE FINANCE LEASE ARRANGEMENT

(1) The Finance Lease Agreement

The Board is pleased to announce that, on 17 July 2026, Huiyuan Manganese, an indirect wholly owned subsidiary of the Company, entered into the Finance Lease Agreement with Guangxi Financial Leasing, pursuant to which (i) Guangxi Financial Leasing has agreed to purchase the Equipment from Huiyuan Manganese at a consideration of RMB150,000,000 (equivalent to approximately HK\$172,500,000) and lease the Equipment back to Huiyuan Manganese for the Lease Period of 48 months; and (ii) Huiyuan Manganese shall have the right to purchase the Equipment at the nominal consideration of RMB1,000 (equivalent to approximately HK\$1,150) after the Lease Period.

Pursuant to the Finance Lease Agreement, Huiyuan Manganese agreed to pay a consulting fee of RMB750,000 (equivalent to approximately HK\$862,500) to Guangxi Financial Leasing for the services related to the Finance Lease Arrangement.

(2) The Guarantee Agreement

The Board is pleased to announce that, on 17 July 2026, South Manganese Group (an indirect wholly owned subsidiary of the Company) has agreed to enter into a Guarantee Agreement to guarantee the due and punctual performance of duties and obligations by Huiyuan Manganese under the Finance Lease Agreement.

LISTING RULES IMPLICATIONS

As the highest of the applicable Percentage Ratios in respect of the Finance Lease Arrangement is more than 5% but less than 25%, the transactions contemplated under the Finance Lease Arrangement constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

THE FINANCE LEASE ARRANGEMENT

(1) The Finance Lease Agreement

The Board is pleased to announce that, on 17 July 2026, Huiyuan Manganese, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with Guangxi Financial Leasing, pursuant to which (i) Guangxi Financial Leasing has agreed to purchase the Equipment from Huiyuan Manganese at a consideration of RMB150,000,000 (equivalent to approximately HK\$172,500,000) and lease the Equipment back to Huiyuan Manganese for a period of 48 months (“**Lease Period**”); and (ii) Huiyuan Manganese shall have the right to purchase the Equipment at the nominal consideration of RMB1,000 (equivalent to approximately HK\$1,150) after the Lease Period.

The principal terms of the Finance Lease Agreement are set out below:

Date: 17 July 2026

Parties

1. Huiyuan Manganese, as the lessee under the Finance Lease Agreement; and
2. Guangxi Financial Leasing, as the lessor under the Finance Lease Agreement.

Finance Lease

Pursuant to the Finance Lease Agreement, Guangxi Financial Leasing will purchase the Equipment from Huiyuan Manganese at a consideration of RMB150,000,000 (equivalent to approximately HK\$172,500,000) (“**Purchase Price**”), which will be paid to Huiyuan Manganese upon the fulfilment of certain conditions including, among others, the receipt of the title documents in respect of the Equipment by Guangxi Financial Leasing from Huiyuan Manganese (“**Lease Commencement Date**”).

Pursuant to the Finance Lease Agreement, Guangxi Financial Leasing will lease back the Equipment to Huiyuan Manganese for the Lease Period of 48 months with effect from the Lease Commencement Date and will pay a consulting fee of RMB750,000 (equivalent to approximately HK\$862,500) to Guangxi Financial Leasing. Huiyuan Manganese shall pay the sixteen instalments in the aggregate sum of RMB165,300,000 (equivalent to approximately HK\$190,095,000) which is based on amortisation schedule calculated in accordance with the Interest Rate payable on a quarterly basis with effect from the Lease Commencement Date.

Interest Rate

The initial Interest Rate chargeable under the Finance Lease Agreement shall be calculated in accordance with 1-year LPR as of the day immediately preceding the date of the Finance Lease Agreement, plus 1.8% (which is equivalent to 4.80% p.a. at the date of the Finance Lease Agreement). Thereafter, a floating interest rate applies, specifically, the Interest Rate will be adjusted annually starting from the second year, with the adjustment date being 1st January of each year. The applicable Interest Rate on the adjustment date is determined based on the latest LPR for the corresponding term, as published by the National Interbank Funding Center (the designated publisher) as authorised by People’s Bank of China, and plus 1.8%.

The Equipment

The Equipment consists of certain manganese processing-related production equipment and facilities owned by Huiyuan Manganese. The original cost and net book value of the Equipment as at 31 December 2025, was RMB351,730,895 (equivalent to approximately HK\$404,490,529) and RMB152,430,520 (equivalent to approximately HK\$175,295,098), respectively.

Ownership of the Equipment during the Lease Period

The legal ownership of the Equipment will be transferred to Guangxi Financial Leasing despite the Equipment will be possessed and used by Huiyuan Manganese during the Lease Period.

At the end of the Lease Period and subject to fulfillment of all of its obligations under the Finance Lease Agreement, Huiyuan Manganese will be entitled to purchase the Equipment at a nominal consideration of RMB1,000 (equivalent to approximately HK\$1,150) after the Lease Period.

Financial effect

Under the applicable financial reporting standards, the transfer of the Equipment will not be accounted for as disposal of asset in the relevant financial statements. The Finance Lease Agreement will be accounted for as a financing arrangement of Huiyuan Manganese.

(2) The Guarantee Agreement

On 17 July 2026, South Manganese Group (an indirect wholly-owned subsidiary of the Company) has agreed to enter into a Guarantee Agreement in favour of Guangxi Financial Leasing to guarantee the due and punctual performance of duties and obligations by Huiyuan Manganese under the Finance Lease Agreement.

The principal terms of the Guarantee Agreement are as follows:

Subject matter:	South Manganese Group, as guarantor, agreed to provide guarantee for the due and punctual performance of duties and obligations by Huiyuan Manganese under the Finance Lease Agreement in favour of Guangxi Financial Leasing. The Guarantee Agreement covers all the obligations of Huiyuan Manganese under the Finance Lease Agreement including but not limited to the lease payments.
Term:	From the effective date of the Guarantee Agreement to the date falling three years after the last tranche of the payment obligations of Huiyuan Manganese under the Finance Lease Agreement is fulfilled.

REASONS FOR THE FINANCE LEASE ARRANGEMENT

The financial arrangements under the Finance Lease Agreement provides additional working capital to Huiyuan Manganese to support its operational activities. The terms of the Finance Lease Agreement (including the lease payments) and the Guarantee Agreement were

determined after arm's length negotiation between the parties and by reference to, among other things, the value of the Equipment, the purchase cost of the Equipment and similar prevailing leasing arrangements.

The Directors are of the view that the Finance Lease Arrangement and the transactions contemplated thereunder are on normal commercial terms which were made on an arm's length basis and fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO HUIYUAN MANGANESE, SOUTH MANGANESE GROUP AND GUANGXI FINANCIAL LEASING

Huiyuan Manganese is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in manufacturing and sale of EMD and related products.

South Manganese Group is a company established in the PRC with limited liability, which is an indirectly wholly-owned subsidiary of the Company and is one of market leaders in vertically integrated manganese producer that produces and sells manganese products.

Guangxi Financial Leasing is a company established in the PRC and is principally engaged in finance lease business. As of the date of this announcement, 100% of the shares of Guangxi Financial Leasing are held by Guangxi Investment Group Financial Holding Co., Ltd., (廣西投資集團金融控股有限公司) and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Guangxi Zhuang Autonomous Region.

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, Guangxi Financial Leasing and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As the highest of the applicable Percentage Ratios in respect of the Finance Lease Arrangement is more than 5% but less than 25%, the transactions contemplated under the Finance Lease Arrangement constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors of the Company
“Company”	South Manganese Investment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1091)

“connected persons”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EMD”	Electrolytic Manganese Dioxide
“Equipment”	the equipment under the Finance Lease Agreement as further disclosed under paragraph headed “The Equipment” in this announcement
“Finance Lease Arrangement”	the finance lease arrangement contemplated under the Finance Lease Agreement and the Guarantee Agreement
“Finance Lease Agreement”	finance lease agreement dated 17 July 2026 entered into between Huiyuan Manganese and Guangxi Financial Leasing in respect of the Finance Lease Arrangement
“Guangxi Financial Leasing”	廣西融資租賃有限公司(Guangxi Financial Leasing Co., Ltd.)
“Guarantee Agreement”	the guarantee agreement dated 17 July 2026 entered into by South Manganese Group, pursuant to which South Manganese Group agreed to guarantee the due and punctual performance of duties and obligations by Huiyuan Manganese under the Finance Lease Agreement in favour of Guangxi Financial Leasing
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huiyuan Manganese”	廣西匯元錳業有限責任公司 (Guangxi Huiyuan Manganese Co. Limited), an indirect wholly-owned subsidiary of the Company and a subsidiary of South Manganese Group
“Interest Rate”	the interest rate under the Finance Lease Agreement as further disclosed under paragraph headed “Interest Rate” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	loan prime rate published by the National Interbank Funding Centre (the designated publisher) as authorised by People’s Bank of China (中國人民銀行)
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“South Manganese Group”	南方錳業集團有限責任公司 (South Manganese Group Limited), 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. Unless otherwise specified and for illustration purpose only, the figures in RMB are converted into HK\$ at the rate of RMB1.00=HK\$1.15 throughout this announcement for indication purposes only. Such conversion should not be construed as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.*

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

Hong Kong, 17 July 2026

As at the date of this announcement, the executive Directors are Mr. Zhang He, Mr. Xu Xiang, Mr. Liu Yang, Mr. Pan Shenghai, Ms. Cui Ling, Mr. An Wei, Mr. Zhan Haiqing, Mr. Ming Xianquan and Mr. Wan Weihua; 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.