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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 and the information currently available to the Board, the Group is expected to record a profit attributable to owners of the parent of not less than HK\$20.0 million for the Period, representing a turnaround from a loss attributable to owners of the parent of HK\$8.1 million for the 2020 First Six Months.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by South Manganese Investment Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s positive profit alert announcements dated 23 April 2021 and 27 April 2021 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 (the “**Period**”) and the information currently available to the Board, the Group is expected to record a profit attributable to owners of the parent of not less than HK\$20.0 million for the Period, representing a turnaround from a loss attributable to owners of the parent of HK\$8.1 million for the 2020 First Six Months.

The improvement in the performance of the Group’s profit attributable to owners of the parent is primarily due to the following reasons:

1. Due to the recovery of the economy in the PRC from the COVID-19 pandemic, the unit selling price of the Group’s major products, including electrolytic metal manganese and manganese briquettes (collectively “**EMM**”), electrolytic manganese dioxide and silicomanganese alloy in the Period has been increased; and
2. During the Period, the Group continued to strengthen corporate management and strived to reduce costs and increase efficiency.

As mentioned in the Announcements, price fluctuation of EMM will have a significant impact on the Company’s performance. If the unit sales price of EMM falls in the future, it will also have a negative impact on the Company’s performance. The above positive impact to the increase in profit attributable to owners of the parent for the Period is partially offset by following one-off factors:

1. share of loss of an associate Dushan Jinmeng Manganese Industry Co., Ltd amounted to HK\$94.0 million; and
2. impairment provision on (i) property, plant and equipment of a subsidiary which has prolonged production suspension and was not able to resume production during the Period as planned; and (ii) trade receivable due from a major customer which has been overdue for over one year. Such impairment provisions amounted to approximately HK\$150.0 million for the Period.

CAUTION STATEMENT

As at the date of this announcement, the Company is still in the process of preparing and completing the interim results of the Group for the Period. The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group and the currently available information to the Board which have not been audited nor reviewed by the Company’s independent auditor or audit committee of the Company. Shareholders of the Company and potential investors are advised to refer to the details of the Company’s interim results announcement for the Period which is scheduled to be published on 20 August 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SOUTH MANGANESE INVESTMENT LIMITED
Li Weijian
Chairman and Chief Executive Officer

Hong Kong, 12 August 2021

As at the date of this announcement, the executive Directors are Mr. Li Weijian, Mr. Zhang He and Mr. Zhang Zongjian; the non-executive Directors are Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive Directors are Mr. Zhang Yupeng, Mr. Yuan Mingliang and Mr. Lau Wan Ki.