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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 published 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 on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform shareholders and potential investors of the Company that, based on the preliminary review of the unaudited management accounts of the Group for the three months ended 31 March 2021 (the “**Period**”) and the information currently available to the Board, we expect to record a profit attributable to owners of the parent for the Period (“**Profit for the Period**”), representing a turnaround from a loss attributable to owners of the parent for the six months ended 30 June 2020 (“**2020 First Six Months**”). Should the two non-cash one-off items <sup>(Note)</sup> be excluded from the 2020 First Six Months, we would have recorded a profit attributable to owners of the parent in the 2020 First Six Months. On a comparable basis, the Profit for the Period represents an increase of more than 5 times from 2020 First Six Months’ adjusted profit attributable to owners of the parent.

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*Note: As more detailed in our 2020 interim report, we recognized two non-cash one-off items with a net loss of approximately HK\$23.0 million:*

- 1. in February 2020, a dilution loss of approximately HK\$92.4 million for non-participation in the rights issue of an associate; and*
- 2. in March 2020, a gain on bargain purchase of approximately HK\$69.4 million on further acquisition of equity interests in a joint venture.*

The surge in the Profit for the Period is mainly due to the following reasons:

1. Due to the recovery of the economy in the PRC from COVID-19 pandemic, the unit selling price of the Group's major products, namely electrolytic metal manganese and manganese briquettes (collectively "EMM") 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.

This announcement is only based on the preliminary assessment by the Board, with reference to the unaudited management accounts and the information currently available, and have not been reviewed or audited by the auditor or audit committee of the Company. As mentioned above, the increase in profit during the Period was mainly due to, amongst others, the increase in the unit sales price of EMM. Therefore, 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. Also, the aforesaid information relates to the Period only, while the financial information of the Group for the six months ending 30 June 2021 will also be subject to the business performance of the Group in the second quarter of 2021. The Company will publish further announcement if there is any additional information warranting disclosure in accordance with the Listing Rules.

**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, 23 April 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. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang.*