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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 year ended 31 December 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\$450 million for the year ended 31 December 2021, representing a turnaround from a loss attributable to owners of the parent of approximately HK\$438 million for the year ended 31 December 2020.

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).

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 year ended 31 December 2021 (“**FY2021**”) 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\$450 million for the FY2021, representing a turnaround from a loss attributable to owners of the parent of approximately HK\$438 million for the year ended 31 December 2020.

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

1. 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 has been increased, mainly due to (i) the gradual recovery of the economy in the PRC from the COVID-19 pandemic; (ii) squeezing supplies of EMM and silicomanganese alloy in the market because certain EMM and silicomanganese alloy manufacturers slowed down their productions under the electricity supplies and emission controls policy in China during the FY2021;
2. The Group expanded its trading business for the FY2021, the profit contribution from this business increased for the FY2021; and
3. The Group continued to strengthen corporate management and strived to reduce costs and increase efficiency.

The above positive impact to the increase in profit attributable to owners of the parent for the FY2021 is partially offset by following one-off non cash factors:

1. share of loss of an associate Dushan Jinmeng Manganese Industry Co., Ltd amounted to approximately HK\$288 million; and
2. impairment provision on (i) mining right of a subsidiary because of slowing down of its expansion plan; (ii) property, plant and equipment of a subsidiary which has prolonged production suspension and was not able to resume production during the FY2021 as scheduled; and (iii) trade receivable due from a major customer which has been overdue for over one year. Such impairment provisions amounted to approximately HK\$314 million in total for the FY2021.

CAUTION STATEMENT

As at the date of this announcement, the Company is still in the process of preparing and completing the annual results of the Group for the FY2021. 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 final results

announcement for the FY2021 which is scheduled to be published on or before 31 March 2022.

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 February 2022

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.