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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 ACQUISITION OF PROPERTY

THE FIRST PRE-SALE CONTRACT

The Board is pleased to announce that on 12 October 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the First Pre-sale Contract pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Commercial Property at the First Consideration of RMB268,699,740 (equivalent to approximately HK\$322,439,688).

THE SECOND PRE-SALE CONTRACT

The Board is pleased to announce that on 12 October 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Second Pre-sale Contract pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Car Parks at the Second Consideration of RMB8,000,000 (equivalent to approximately HK\$9,600,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

THE FIRST PRE-SALE CONTRACT

The Board is pleased to announce that on 12 October 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the First Pre-sale Contract pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Commercial Property at the First Consideration of RMB268,699,740 (equivalent to approximately HK\$322,439,688).

The principal terms of the First Pre-sale Contract are as follows:

- Date:** 12 October 2021
- Parties:** (1) Nanning Greenland, as the Vendor
(2) South Manganese Group, as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its Connected Persons (as defined under the Listing Rules).

SUBJECT MATTER

Pursuant to the First Pre-sale Contract, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Commercial Property in accordance with the terms of the First Pre-sale Contract.

INFORMATION OF THE COMMERCIAL PROPERTY

The Commercial Property to be acquired is located at Nanning Greenland Center, No.15 Kaixuan Road, Liangqing District, Nanning City, Guangxi, the PRC. Details are set out as follows:

Commercial Property	Size
Shop nos. 201-209, 227 of Block 7	1,052.78 m ²
21 st - 30 th Floors of Block 8	20,832.44 m ²

FIRST CONSIDERATION AND PAYMENT TERMS

The First Consideration for the First Pre-sale Contract is RMB268,699,740 (equivalent to approximately HK\$322,439,688), and was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the valuation of the Commercial Property of

approximately RMB298,162,000 (equivalent to approximately HK\$357,794,400) as at 11 June 2021 prepared by China Tong Cheng Assets Appraisals Ltd., an independent property valuer, based on three comparable commercial property prices in Nanning City under the market approach.

The First Consideration will be settled by the Purchaser in cash and will be funded by internal resources of the Group and/or by bank loans in the following manner:

- (1) The Purchaser has paid the Vendor a reservation fee for property purchase in the sum of RMB26,869,974 (equivalent to approximately HK\$32,243,969) on 30 June 2021 which is to be offset against the first installment of the First Consideration, being 10% of the First Consideration (the “**First Reservation Fee**”).
- (2) The balance payment in the sum of RMB241,829,766 (equivalent to approximately HK\$290,195,719), being 90% of the First Consideration (the “**First Balance Payment**”) shall be paid as follows:
 - (i) Within 10 working days after the Vendor obtains the government approval for the presale of the Commercial Property (the “**Presale Approval**”), the Purchaser shall pay the Vendor the sum of RMB53,739,948 (equivalent to approximately HK\$64,487,938), being 20% of the First Consideration;
 - (ii) Within 10 working days after the Vendor obtains the commercial property spot sale recordal certificate, the Vendor and the Purchaser shall enter into a commercial property sales contract (the “**First Formal Agreement**”) and the Purchaser shall pay the Vendor the sum of RMB53,739,948 (equivalent to approximately HK\$64,487,938), being 20% of the First Consideration;
 - (iii) The remaining purchase price of RMB134,349,870 (equivalent to approximately HK\$161,219,844), being 50% of the First Consideration (the “**First Remaining Payment**”) shall be paid in the following manner:
 - (a) The Purchaser shall pay the First Remaining Payment by way of financing through bank mortgage within 60 days after the execution of the First Formal Agreement; or
 - (b) If the Purchaser is unable to pay the First Remaining Payment by way of mortgage financing in accordance with paragraph (a) above, the Purchaser shall pay the Vendor the First Remaining Payment in cash as follows:
 - (1) RMB40,304,961 (equivalent to approximately HK\$48,365,953), being 15% of the First Consideration shall be paid before 25 May 2022;
 - (2) RMB40,304,961 (equivalent to approximately HK\$48,365,953), being

15% of the First Consideration shall be paid before 25 August 2022;

(3) (aa) RMB53,739,948 (equivalent to approximately HK\$64,487,938), being 20% of the First Consideration shall be paid before 25 November 2022 subject to obtaining the real property certificates of the Commercial Property (the “**Commercial Real Property Certificates**”) by the Purchaser; or alternatively,

(bb) RMB40,304,961 (equivalent to approximately HK\$48,365,953), being 15% of the First Consideration shall be paid before 25 November 2022 and RMB13,434,987 (equivalent to approximately HK\$16,121,984), being 5% of the First Consideration shall be paid before 25 December 2022 (if the Purchaser is able to obtain the Real Property Certificates) or within 15 working days after the Purchaser obtains the Commercial Real Property Certificates (as the case may be).

DELIVERY OF THE COMMERCIAL PROPERTY

Within 10 working days after the Vendor obtains the Presale Approval and the Purchaser has paid 30% of the First Consideration, the Commercial Property shall be delivered to the Purchaser on an “as it is” basis.

Save for shop nos. 208 and 209 of Block 7 and office nos. 2801-2808, 2810-2812 and 2901-2912 of Block 8 of the Commercial Property which are sold subject to tenancy (the tenants of which are all independent third parties, all other principal details are set out as follows), all others are delivered by way of vacant possession.

No.	Premises	Period	Total rental (RMB)
1	Shop nos. 208-209 of Block 7	From 1 June 2021 to 31 May 2024	335,028
2	Office nos. 2801-2802, 2810-2812 of Block 8	From 1 February 2021 to 31 January 2023	1,062,850
3	Office nos. 2803-2805 of Block 8	From 1 November 2020 to 31 October 2025	1,481,724
4	Office nos. 2806-2808 of Block 8	From 1 November 2020 to 31 October 2025	1,481,724
5	Office nos. 2901-2912 of Block 8	From 1 February 2021 to 31 January 2024	3,724,113

THE SECOND PRE-SALE CONTRACT

The Board is pleased to announce that on 12 October 2021 (after trading hours), the Purchaser and the Vendor entered into the Second Pre-sale Contract pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Car Parks at the Second Consideration

of RMB8,000,000 (equivalent to approximately HK\$9,600,000).

The principal terms of the Second Pre-sale Contract are as follows:

- Date:** 12 October 2021
- Parties:** (1) Nanning Greenland, as the Vendor
(2) South Manganese Group, as the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its Connected Persons (as defined under the Listing Rules).

SUBJECT MATTER

Pursuant to the Second Pre-sale Contract, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Car Parks in accordance with the terms of the Second Pre-sale Contract.

INFORMATION OF THE CAR PARKS

The Car Parks to be acquired is located at Nanning Greenland Center, No.15 Kaixuan Road, Liangqing District, Nanning City, Guangxi, the PRC. Details are set out as follows:

Car Parks	Size
50 underground parking spaces	32 – 35 m ² /each

SECOND CONSIDERATION AND PAYMENT TERMS

The Second Consideration for the Second Pre-sale Contract is RMB8,000,000 (equivalent to approximately HK\$9,600,000), and was determined after arm's length negotiations between the Vendor and the Purchaser with reference to the valuation of the Car Parks of approximately RMB8,613,000 (equivalent to approximately HK\$10,335,600) as at 11 June 2021 prepared by China Tong Cheng Assets Appraisals Ltd., an independent property valuer, based on three comparable car parks prices in Nanning City under the market approach.

If any of the Car Parks are adjusted to be non-proprietary car park(s) after inspection and approval by the government, the unit sale price of each car park will be reduced to RMB100,000 (equivalent to approximately HK\$120,000) and the Second Consideration and the payment terms will be adjusted correspondingly in accordance with the actual final settlement result.

The Second Consideration will be settled by the Purchaser in cash and will be funded by internal resources of the Group and/or by bank loans in the following manner:

- (1) The Purchaser has paid the Vendor a reservation fee for Car Parks purchases in the sum of RMB800,000 (equivalent to approximately HK\$960,000) on 30 June 2021 which is to be offset against the first installment of the Second Consideration, being 10% of the Second Consideration (the “**Second Reservation Fee**”).

As none of the applicable Percentage Ratios (as defined under the Listing Rules) in respect of the First and Second Reservation Fees, in aggregate, exceeds 5%, the First and Second Reservation Fees do not constitute a discloseable transaction for the Company and are therefore exempt from announcement, reporting and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

- (2) The balance payment in the sum of RMB7,200,000 (equivalent to approximately HK\$8,640,000), being 90% of the Second Consideration (the “**Second Balance Payment**”) shall be paid as follows:

- (i) Within 10 working days after the Vendor obtains the government approval for the presale of the Car Parks (the “**Car Parks Presale Approval**”), the Purchaser shall pay the Vendor the sum of RMB1,600,000 (equivalent to approximately HK\$1,920,000), being 20% of the Second Consideration;

- (ii) Within 10 working days after the Vendor obtains the commercial property spot sale recordal certificate, the Vendor and the Purchaser shall enter into a car parks sales contract (the “**Second Formal Agreement**”) and the Purchaser shall pay the Vendor the sum of RMB1,600,000 (equivalent to approximately HK\$1,920,000), being 20% of the Second Consideration;

- (iii) The remaining purchase price of RMB4,000,000 (equivalent to approximately HK\$4,800,000), being 50% of the Second Consideration (the “**Second Remaining Payment**”) shall be paid in the following manner:

- (a) The Purchaser shall pay the Second Remaining Payment by way of financing through bank mortgage within 60 days after the execution of the Second Formal Agreement; or

- (b) If the Purchaser is unable to pay the Second Remaining Payment by way of mortgage financing in accordance with paragraph (a) above, the Purchaser shall pay the Vendor the Second Remaining Payment in cash as follows:

- (1) RMB1,200,000 (equivalent to approximately HK\$1,440,000), being 15% of the Second Consideration shall be paid before 25 May 2022;

- (2) RMB1,200,000 (equivalent to approximately HK\$1,440,000), being 15% of the Second Consideration shall be paid before 25 August 2022;
- (3) (aa) RMB1,600,000 (equivalent to approximately HK\$1,920,000), being 20% of the Second Consideration shall be paid before 25 November 2022 subject to obtaining the real property certificates of the Car Parks (the “**Car Parks Real Property Certificates**”) by the Purchaser; or alternatively,
- (bb) RMB1,200,000 (equivalent to approximately HK\$1,440,000), being 15% of the Second Consideration shall be paid before 25 November 2022 and RMB400,000 (equivalent to approximately HK\$480,000), being 5% of the Second Consideration shall be paid before 25 December 2022 (if the Purchaser is able to obtain the Car Parks Real Property Certificates) or within 15 working days after the Purchaser obtains the Car Parks Real Property Certificates (as the case may be).

DELIVERY OF THE CAR PARKS

Within 10 working days after the Vendor obtains the Car Parks Presale Approval and the Purchaser has paid 30% of the Second Consideration, the Car Parks shall be delivered to the Purchaser on an “as it is” basis. The Car Parks are delivered by way of vacant possession.

FURTHER ACQUISITION OF CAR PARKS

The Board is pleased to announce that the Purchaser may enter into further agreement(s) with the Vendor for acquisition of Further Car Parks. The terms and conditions of the further acquisition, if proceeded, shall contain the similar terms and conditions of the Second Pre-sale Contract, and may in aggregate with the First Pre-sale Contract and Second Pre-sale Contract constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ABOUT THE VENDOR, THE COMPANY AND THE PURCHASER

The Vendor

The Vendor is a company incorporated in the PRC with limited liability, which is principally engaged in real estate investment and property management.

The Company

The Company is a vertically integrated manganese producer that produces and sells manganese products. It has manganese mining, manganese ore processing and downstream processing operations of manganese in the PRC as well as manganese mining and manganese ore processing operations in Gabon.

The Purchaser

The Purchaser is a company incorporated in the PRC with limited liability, which is indirectly wholly owned by the Company and is one of market leaders in vertically integrated manganese producer that produces and sells manganese products.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Property is located at the core business district of Wuxiang New District, Nanning City, Guangxi, the PRC where most of the well-known domestic and foreign companies and major financial institutions are located. The Property will be principally used as the Group's headquarters in the PRC and the remaining part will be used for leasing purposes. The Acquisition offers the Group an appealing property investment opportunity for capital appreciation, stable rental income in the future and enhance the corporate image of the Group.

The terms of the Pre-sale Contracts have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that: (i) the Pre-sale Contracts have been entered into on normal commercial terms; and (ii) the terms under the Pre-sale Contracts are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable Percentage Ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but all of them are under 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements but is exempt from shareholders' approval under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Commercial Property and Car Parks by the Purchaser pursuant to the Pre-sale Contracts
“Board”	the board of directors of the Company
“Car Parks”	50 underground parking spaces of Nanning Greenland Center situated at No.15 Kaixuan Road, Liangqing District, Nanning City, Guangxi, the PRC

“Commercial Property”	Shop nos. 201-209, 227 of Block 7 and 21 st to 30 th Floors of Block 8 of Nanning Greenland Center situated at No.15 Kaixuan Road, Liangqing District, Nanning City, Guangxi, the PRC
“Company”	South Manganese Investment Limited (南方錳業投資有限公司), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1091.HK)
“Connected Person(s)” and “Percentage Ratio(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Dameng Investment”	Dameng Investment Co., Ltd. (大錳投資有限責任公司), an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“First Consideration”	total consideration for the First Pre-sale Contract, being RMB268,699,740 (equivalent to approximately HK\$322,439,688)
“First Pre-sale Contract”	the preliminary sale and purchase agreement dated 12 October 2021 entered into between Nanning Greenland as the Vendor and Dameng Investment as the Purchaser in respect of the sale and purchase of the Commercial Property as amended by a supplemental agreement dated 12 October 2021 entered into between Nanning Greenland as the Vendor and South Manganese Group as the Purchaser
“Further Car Parks”	150 underground parking spaces of Nanning Greenland Center situated at No.15 Kaixuan Road, Liangqing District, Nanning City, Guangxi, the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-sale Contracts”	the First Pre-sale Contract and Second Pre-sale Contract
“Property”	Commercial Property, the Car Parks and Further Car Parks
“Purchaser” or “South Manganese Group”	South Manganese Group Limited (南方錳業集團有限責任公司), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Second Consideration”	total consideration for the Second Pre-sale Contract, being RMB8,000,000 (equivalent to approximately HK\$9,600,000)
“Second Pre-sale Contract”	the preliminary sale and purchase agreement dated 12 October 2021 entered into between Nanning Greenland as the Vendor and South Manganese Group as the Purchaser in respect of the sale and purchase of the Car Parks
“Shareholder(s)”	holder of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor” or “Nanning Greenland”	Nanning Greenland Yingkai Investment Co., Ltd. (南寧綠地穎愷投資有限公司), a company incorporated in the PRC with limited liability which is indirectly wholly owned by Greenland Hong Kong Holdings Limited (Stock Code: 0337.HK)
“%”	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\$1.20 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
Li Weijian
Chairman and Chief Executive Officer

Hong Kong, 12 October 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.