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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 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 six months ended 30 June 2022 (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\$450.0 million for the Period, representing an increase of over 1,900% as compared to profit attributable to owners of the parent of HK\$22.1 million for the six months ended 30 June 2021.

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

1. Despite the overall market prices of the Group’s major products, including electrolytic metal manganese and electrolytic manganese dioxide fell in second quarter of 2022, market prices reached the historical high level in the first quarter of 2022, resulting in much higher unit sales prices for the Period compared to last year; and
2. The improvement in gross profit margin due to ramping up of production during the Period and increase in sales volume of our Gabon ores.

As mentioned hereinabove, market sentiment and price fluctuation of the Group’s major products will have a significant impact on the Company’s performance. If the market of the

Group's major products deteriorates and unit sales prices continue to fall in the future, it will also have material adverse effect on the Company's performance.

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 19 August 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, 12 August 2022

As at the date of this announcement, the executive Directors are Mr. Li Weijian, Mr. Zhang He and Mr. Xu Xiang; 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.