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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK\$2,912.4 million for 1H 2025, representing a decrease of 49.2% from HK\$5,733.3 million of 1H 2024.
- Gross profit amounted to HK\$553.1 million for 1H 2025, representing an increase of 96.1% from HK\$282.1 million of 1H 2024. Gross profit margin was 19.0% for 1H 2025, representing an increase of 14.1 percentage points from 4.9% for 1H 2024.
- Operating profit amounted to HK\$207.0 million for 1H 2025 (1H 2024: loss of HK\$10.4 million).
- For 1H 2025, impairment losses on financial assets, net, decreased to HK\$0.5 million (1H 2024: HK\$100.8 million).
- Profit attributable to owners of the Company amounted to HK\$172.7 million for 1H 2025 (1H 2024: loss of HK\$162.8 million).
- The Board does not recommend the payment of any interim dividend for 1H 2025 (1H 2024: Nil).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	3	2,912,419	5,733,287
Cost of sales		<u>(2,359,303)</u>	<u>(5,451,219)</u>
Gross profit		553,116	282,068
Other income and gains	3	42,948	67,391
Selling and distribution expenses		(35,117)	(66,651)
Administrative expenses		(242,475)	(239,822)
Impairment losses on financial assets, net	5	(486)	(100,810)
Finance costs	4	(79,435)	(47,691)
Other expenses		(32,004)	(5,655)
Share of profits and losses of associates		<u>10,290</u>	<u>(24,505)</u>
PROFIT/(LOSS) BEFORE TAX	5	216,837	(135,675)
Income tax expense	6	<u>(35,588)</u>	<u>(41,859)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>181,249</u>	<u>(177,534)</u>
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
– Changes in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”), net of tax		(9)	(1,084)
– Exchange differences on translation of foreign operations		<u>27,651</u>	<u>(17,528)</u>
		<u>27,642</u>	<u>(18,612)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>208,891</u>	<u>(196,146)</u>

		Six months ended 30 June	
		2025	2024
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		172,696	(162,783)
Non-controlling interests		<u>8,553</u>	<u>(14,751)</u>
		<u>181,249</u>	<u>(177,534)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		211,207	(192,955)
Non-controlling interests		<u>(2,316)</u>	<u>(3,191)</u>
		<u>208,891</u>	<u>(196,146)</u>
Earnings/(loss) per share attributable to owners of the Company			
	7		
– Basic		<u>HK\$0.0473</u>	<u>HK\$(0.0475)</u>
– Diluted		<u>HK\$0.0473</u>	<u>HK\$(0.0475)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		3,957,188	4,015,985
Investment properties		94,193	92,758
Right-of-use assets		495,651	493,385
Intangible assets		208,091	206,907
Investments in associates		111,326	99,403
Deferred tax assets		44,178	40,962
Prepayments and other assets		46,114	114,174
Total non-current assets		4,956,741	5,063,574
CURRENT ASSETS			
Inventories		750,279	1,000,707
Trade and notes receivables	9	643,511	947,166
Prepayments, other receivables and other assets		1,128,095	1,062,130
Due from related companies		17,548	–
Tax recoverable		448	441
Restricted deposits		53,924	27,835
Pledged deposits		174,883	282,421
Cash and cash equivalents		724,702	402,329
Total current assets		3,493,390	3,723,029
CURRENT LIABILITIES			
Trade and notes payables	10	956,961	1,207,900
Other payables and accruals		1,168,786	1,213,223
Interest-bearing bank and other borrowings		2,737,137	2,910,076
Due to related companies		3,961	5,152
Tax payable		15,783	46,069
Total current liabilities		4,882,628	5,382,420
NET CURRENT LIABILITIES		(1,389,238)	(1,659,391)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,567,503	3,404,183

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	857,092	1,035,504
Deferred tax liabilities	218,704	221,583
Other long-term liabilities	118,093	127,042
Deferred income	46,533	42,867
	<u>1,240,422</u>	<u>1,426,996</u>
NET ASSETS	<u>2,327,081</u>	<u>1,977,187</u>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	411,415	342,846
Reserves	2,302,405	2,018,764
	<u>2,713,820</u>	<u>2,361,610</u>
Non-controlling interests	<u>(386,739)</u>	<u>(384,423)</u>
TOTAL EQUITY	<u>2,327,081</u>	<u>1,977,187</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2025

1. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

1.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing Securities on the Stock Exchange and the Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

In preparing the interim condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$1,389.2 million as at 30 June 2025. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank loans of HK\$131.6 million during the period from 1 July 2025 up to 15 August 2025. On 28 July 2025, the Company has also completed the placing of 822,830,160 new Shares under general mandate and raised net proceeds of approximately HK\$180.44 million which will be utilised for repayment of the Group’s outstanding bank borrowings. The directors of the Company, after taking into account of internally generated funds from its operations, successful renewals of bank loans and completion of equity fundraisings during the period and after the reporting date, are of the opinion that, the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period. Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis.

1.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of all new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to the Group’s operations and effective for its accounting year beginning on 1 January 2025. The new and revised HKFRSs do not have a material effect on the Group’s condensed consolidated interim financial statement.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised as a mixture of both business products and geographical locations based on their products and services and has four reportable operating segments as follows:

(a) Manganese mining segment (PRC and Gabon)

The manganese mining segment engages in the mining and production of manganese products including principally, through the Group's integrated processes, the mining, beneficiation, concentrating, grinding and the production of manganese concentrates and natural discharging manganese powder and sand;

(b) EMM and alloying materials production segment (PRC)

The EMM and alloying materials production segment comprises mining and processing ores used in hydrometallurgical processing for/and production of Electrolytic Manganese Metal ("EMM") and manganese briquette, and pyrometallurgical processing for production of silicomanganese alloy and ferromanganese;

(c) Battery materials production segment (PRC)

The battery materials production segment engages in the manufacture and sale of battery material products, including Electrolytic Manganese Dioxide ("EMD"), manganese sulfate, lithium manganese oxide, lithium nickel cobalt manganese oxide and trimanganese tetraoxide; and

(d) Other business segment (PRC and HK)

The other business segment principally comprises the trading of various commodities such as manganese ores, EMM, manganese alloys and non-manganese metals, sales of scraps, rental of investment properties and leasehold lands and investments in companies engaged in mining and production of non-manganese metals and trading business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from operation. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, production halt expenses as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, restricted deposits, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude banks loans, lease liabilities under sales and leaseback arrangements, deferred tax liabilities, tax payable and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers between group companies are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manganese mining		EMM and alloying materials production	Battery materials production	Other business	Total
	PRC	Gabon	PRC	PRC	PRC & HK	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2025						
(Unaudited)						
Segment revenue:						
Sales to external customers	86,994	633,419	1,028,107	753,657	410,242	2,912,419
Intersegment sales	–	82,685	–	–	–	82,685
Other income and gains from operations	(3,963)	496	16,348	8,213	19,822	40,916
	<u>83,031</u>	<u>716,600</u>	<u>1,044,455</u>	<u>761,870</u>	<u>430,064</u>	<u>3,036,020</u>
Reconciliation:						
Elimination of inter segment sales						(82,685)
Revenue, other income and gains from operations						<u>2,953,335</u>
Segment results	<u>(5,873)</u>	<u>37,505</u>	<u>38,897</u>	<u>206,153</u>	<u>78,967</u>	<u>355,649</u>
Reconciliations:						
Interest income						2,032
Corporate and other unallocated expenses						(70,245)
Finance costs (other than interest on lease liabilities)						(70,599)
Profit before tax						216,837
Income tax expense						(35,588)
Profit for the period						<u>181,249</u>
Assets and liabilities						
Segment assets	571,420	450,718	2,630,888	2,145,557	1,246,561	7,045,144
Reconciliations:						
Corporate and other unallocated assets						<u>1,404,987</u>
Total assets						<u>8,450,131</u>
Segment liabilities	389,203	453,362	896,653	149,596	350,138	2,238,952
Reconciliations:						
Corporate and other unallocated liabilities						<u>3,884,098</u>
Total liabilities						<u>6,123,050</u>

	Manganese mining		EMM and alloying materials production	Battery materials production	Other business	Total
	PRC	Gabon	PRC	PRC	PRC & HK	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2024						
(Unaudited)						
Segment revenue:						
Sales to external customers	62,852	591,426	1,160,859	797,934	3,120,216	5,733,287
Intersegment sales	–	89,870	–	–	–	89,870
Other income and gains from operations	<u>2,074</u>	<u>646</u>	<u>26,284</u>	<u>16,528</u>	<u>16,973</u>	<u>62,505</u>
	<u>64,926</u>	<u>681,942</u>	<u>1,187,143</u>	<u>814,462</u>	<u>3,137,189</u>	<u>5,885,662</u>
Reconciliation:						
Elimination of inter segment sales						<u>(89,870)</u>
Revenue, other income and gains from operations						<u>5,795,792</u>
Segment results	<u>(54)</u>	<u>80,305</u>	<u>(50,664)</u>	<u>193,992</u>	<u>(267,733)</u>	<u>(44,154)</u>
Reconciliations:						
Interest income						4,886
Corporate and other unallocated expenses						(54,452)
Finance costs (other than interest on lease liabilities)						<u>(41,955)</u>
Loss before tax						(135,675)
Income tax expense						<u>(41,859)</u>
Loss for the period						<u>(177,534)</u>
Assets and liabilities						
Segment assets	640,688	584,987	3,561,991	2,378,074	2,102,830	9,268,570
Reconciliations:						
Corporate and other unallocated assets						<u>2,056,933</u>
Total assets						<u>11,325,503</u>
Segment liabilities	430,392	435,264	900,503	300,676	1,001,006	3,067,841
Reconciliations:						
Corporate and other unallocated liabilities						<u>5,625,446</u>
Total liabilities						<u>8,693,287</u>

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods:		
Manganese mining	720,413	654,278
EMM and alloying materials production	1,028,107	1,160,859
Battery materials production	753,657	797,934
Other business	410,242	3,120,216
	<u>2,912,419</u>	<u>5,733,287</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the six months ended 30 June 2025 (Unaudited)

Segments	Manganese mining HK\$'000	EMM and alloying materials production HK\$'000	Battery materials production HK\$'000	Other business HK\$'000	Total HK\$'000
Sale of goods	<u>720,413</u>	<u>1,028,107</u>	<u>753,657</u>	<u>410,242</u>	<u>2,912,419</u>
Geographical markets					
Mainland China	574,987	933,344	750,181	402,220	2,660,732
Asia (excluding Mainland China)	145,426	69,044	3,476	7,971	225,917
Europe	–	22,309	–	51	22,360
North America	<u>–</u>	<u>3,410</u>	<u>–</u>	<u>–</u>	<u>3,410</u>
Total revenue from contracts with customers	<u>720,413</u>	<u>1,028,107</u>	<u>753,657</u>	<u>410,242</u>	<u>2,912,419</u>
Timing of revenue recognition					
Goods transferred at a point in time with customers	<u>720,413</u>	<u>1,028,107</u>	<u>753,657</u>	<u>410,242</u>	<u>2,912,419</u>

For the six months ended 30 June 2024 (Unaudited)

Segments	Manganese mining <i>HK\$'000</i>	EMM and alloying materials production <i>HK\$'000</i>	Battery materials production <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Sale of goods	<u>654,278</u>	<u>1,160,859</u>	<u>797,934</u>	<u>3,120,216</u>	<u>5,733,287</u>
Geographical markets					
Mainland China	349,151	1,101,300	793,336	3,108,771	5,352,558
Asia (excluding Mainland China)	305,127	38,013	4,598	6,066	353,804
Europe	–	18,444	–	5,379	23,823
North America	<u>–</u>	<u>3,102</u>	<u>–</u>	<u>–</u>	<u>3,102</u>
Total revenue from contracts with customers	<u>654,278</u>	<u>1,160,859</u>	<u>797,934</u>	<u>3,120,216</u>	<u>5,733,287</u>
Timing of revenue recognition					
Goods transferred at a point in time with customers	<u>654,278</u>	<u>1,160,859</u>	<u>797,934</u>	<u>3,120,216</u>	<u>5,733,287</u>

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	2,032	4,886
Foreign exchange gains, net	–	3,325
Subsidy income	13,472	34,713
Sale of scraps and other materials	6,665	9,065
Rental income	5,976	9,279
Others	<u>14,803</u>	<u>6,123</u>
	<u>42,948</u>	<u>67,391</u>

4. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Interest on loans and other payables	65,195	23,322
Finance costs for discounted notes receivable	5,404	17,617
Interest expenses on lease liabilities	8,836	5,736
Other finance costs	—	1,016
	<u>79,435</u>	<u>47,691</u>

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax are arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Cost of inventories sold [#]	2,399,597	5,407,822
(Reversals of)/provision for inventories, net [#]	(40,294)	43,397
Depreciation of property, plant and equipment	188,315	184,940
Depreciation of right-of-use assets	10,091	35,521
Amortisation of intangible assets	1,994	1,965
Research and development costs	24,315	37,869
Auditor's remuneration	2,577	2,649
Employee benefit expenses	282,111	290,948
Losses on disposal of items of property, plant and equipment*	2,658	2,257
Foreign exchange differences, net*	22,184	(3,325)
Impairment losses/(reversals of impairment losses) on financial assets, net, included in:		
– trade and notes receivables and other receivables	486	(7,895)
– amounts due from associates	—	108,705
	<u>486</u>	<u>100,810</u>
Variable lease payments not included in the measurement of lease liabilities (included in cost of inventories sold)	705	1,596
Expenses relating to leases of low-value assets [^]	<u>1,120</u>	<u>2,701</u>

- # Included in “Cost of sales” in the interim condensed consolidated statement of profit or loss and other comprehensive income.
- * Included in “Other income and gains” (note 3) or “Other expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.
- ^ Included in “Selling and distribution expenses” or “Administrative expenses” in the interim condensed consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis and assessable based on tax rates prevailing in the jurisdictions in which members of the Group operate.

The major components of income tax expense for the reporting period are as follows:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	40,688	27,707
Current – Hong Kong		
Charge for the period	1,881	3,281
Current – Gabon		
Charge for the period	528	17,387
Deferred	(7,509)	(6,516)
Total tax charge for the period	<u>35,588</u>	<u>41,859</u>

Hong Kong profits tax

Hong Kong profits tax for the six months ended 30 June 2025 and 2024 has been provided at the rate of 16.5% on the estimated assessable profits for the period.

PRC corporate income tax (“CIT”)

Pursuant to the PRC Income Tax Law and the respective regulations, each of South Manganese Group, Qinzhou Dameng New Materials Co., Ltd and Huiyuan Manganese is recognised as a High and New Technology Enterprise and is entitled to a preferential CIT rate of 15% up to 2025, 2025 and 2026 respectively.

Guangxi Start is entitled to a preferential CIT rate of 15% for Developing Western China for which the policy will be expired in 2030 and the related benefit will be subject to review by tax authorities every year thereafter.

Other companies of the Group which operate in Mainland China are subject to CIT at a rate of 25% on their respective taxable income.

Gabon CIT

Pursuant to the Gabon Income Tax Law, a company which engages in mining operations in Gabon is subject to CIT at the higher of 35% of its taxable income or 1% of its revenue.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The calculation of basic and diluted earnings/(loss) per share are based on:		
Earnings/loss		
Earnings/(loss) attributable to owners of the Company, used in the basic earnings per share calculation	<u>172,696</u>	<u>(162,783)</u>
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/loss per share calculation	<u>3,653,213,534</u>	<u>3,428,459,000</u>

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 nor the six months ended 30 June 2024.

8. DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: Nil).

9. TRADE AND NOTES RECEIVABLES

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Trade receivables	811,092	847,879
Less: Impairment provision	<u>(273,780)</u>	<u>(269,719)</u>
	537,312	578,160
Notes receivable	<u>106,199</u>	<u>369,006</u>
	<u>643,511</u>	<u>947,166</u>

An ageing analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Within one month	244,708	253,245
One to two months	73,811	149,377
Two to three months	89,508	80,613
Over three months	<u>129,285</u>	<u>94,925</u>
	<u>537,312</u>	<u>578,160</u>

The Group normally offers credit terms of one month to three months to its established customers.

Notes receivable represents bank acceptance notes issued by banks in Mainland China maturing within six months from the end of the reporting period.

10. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables as at the end of the reporting period, based on the invoice date of trade payables and the issue date of notes, is as follows:

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Within one month	209,862	501,529
One to two months	117,277	118,681
Two to three months	110,258	1,288
Over three months	519,564	586,402
	956,961	1,207,900

Trade payables are non-interest-bearing and are normally settled on 60-day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	1H 2025 HK\$'000	1H 2024 HK\$'000
Revenue	<u>2,912,419</u>	<u>5,733,287</u>
Gross profit	553,116	282,068
Gross profit margin	<u>19.0%</u>	<u>4.9%</u>
Operating profit/(loss)	207,033	(10,360)
Impairment losses on financial assets, net	(486)	(100,810)
Share of profits and losses of associates	<u>10,290</u>	<u>(24,505)</u>
Profit/(Loss) before tax	216,837	(135,675)
Income tax expense	<u>(35,588)</u>	<u>(41,859)</u>
Profit/(Loss) for the period	<u>181,249</u>	<u>(177,534)</u>
Profit/(Loss) for the period attributable to owners of the Company	172,696	(162,783)
Profit/(Loss) for the period attributable to non-controlling interests	<u>8,553</u>	<u>(14,751)</u>
	<u>181,249</u>	<u>(177,534)</u>

OVERVIEW

The global economy delivered modest growth in 1H 2025, with mixed performance across key regions. The United States maintained steady expansion, driven by resilient consumer demand, while the Eurozone underperformed due to subdued economic activity and restrictive monetary conditions. China's recovery remained uneven, with persistent weakness in the property sector dampening growth. Inflationary trends moderated as energy prices stabilised, though geopolitical risks continued to disrupt supply chains. Overall, growth diverged, with advanced economies outperforming several developing markets amid ongoing structural headwinds.

Steel sector is our major downstream industry, with its demand for our EMM Products largely arising from consumptions within China. In 1H 2025, China's economy faced ongoing property sector challenges and subdued domestic demand. Due to the continued stagnant consumption for steels, average selling price of our EMM Products for 1H 2025 remained stable at HK\$12,722 per tonne (1H 2024: HK\$12,366 per tonne). Gross profit margin of EMM Products was maintained at 12.9% for 1H 2025 (1H 2024: 12.2%) and the gross profit contribution of EMM Products remained stable at HK\$131.2 million for 1H 2025 (1H 2024: HK\$128.7 million).

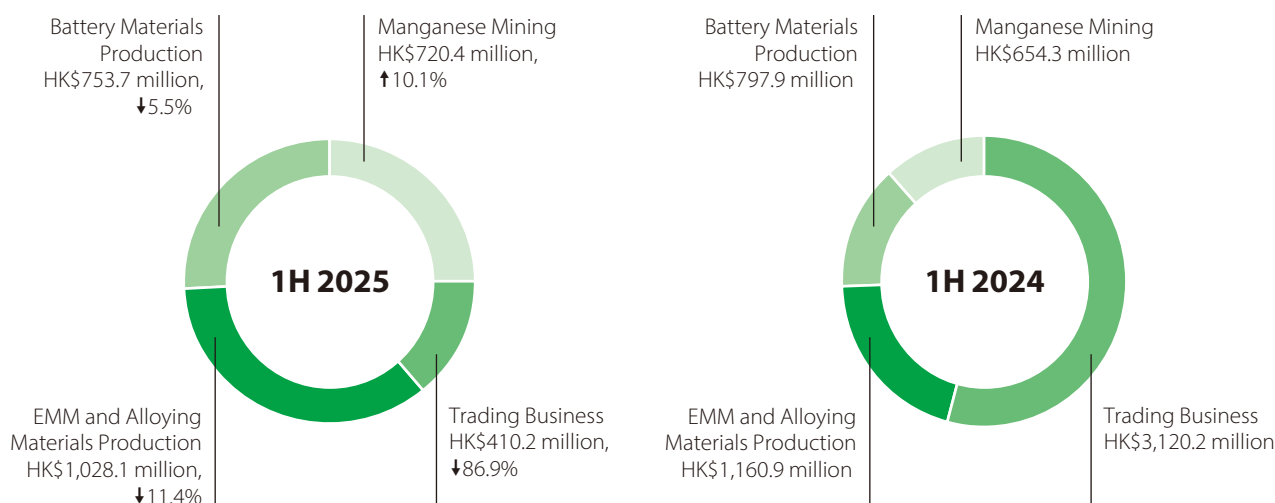
In 1H 2025, our production of battery materials including EMD continued to achieve satisfying results with a growth in sales volume which was mainly driven by the demands for battery material products. In the meantime, the Group also continued to enjoy the costs advantage from our internal supply of manganese ores from our Gabon Bembélé Manganese Mine and strengthened cost control measures. In the long term, the Group will continue to focus on seizing market share, securing raw materials supplies, strengthening product research and development, further upgrading our EMD production plants and expanding our production to other battery material products. For 1H 2025, the average selling price of EMD was relatively stable at HK\$14,869 per tonne (1H 2024: HK\$15,245 per tonne), gross profit margin of EMD was kept up at 43.1% for 1H 2025 (1H 2024: 42.0%) and the gross profit contribution of EMD recorded an increase of 8.3% to HK\$267.9 million for 1H 2025 (1H 2024: HK\$247.5 million).

In 1H 2025, the Group successfully achieved a turnaround of our trading business which was mainly attributable to the conscientious optimisation of trade product mix and adjustment of sales strategies during the period. As a result, despite the significant decrease in revenue from trading business, gross profit margin of trading business for 1H 2025 turned around to 16.7% (1H 2024: -6.8%) and the gross profit contribution of trading business amounted to HK\$68.3 million for 1H 2025 (1H 2024: gross loss of HK\$211.1 million).

In summary, mainly due to the turnaround from gross loss to gross profit for trading business, the Group's operating profit for 1H 2025 amounted to HK\$207.0 million (1H 2024: loss of HK\$10.4 million). Earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) for 1H 2025 increased by 281.8% to HK\$494.6 million (1H 2024: HK\$129.6 million) and the profit attributable to owners of the Company in 1H 2025 was HK\$172.7 million (1H 2024: loss of HK\$162.8 million) as an impairment loss on amount due from Dushan Jinneng of HK\$108.7 million was recognised in 1H 2024.

COMPARISON WITH SIX MONTHS ENDED 30 JUNE 2024

Revenue by segment



For 1H 2025, the Group's revenue was HK\$2,912.4 million (1H 2024: HK\$5,733.3 million), representing a decrease of 49.2% as compared with 1H 2024. The decrease was mainly due to decrease in sales revenue from trading business.

Manganese mining segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit (HK\$'000)	Gross Profit Margin (%)
Six months ended 30 June 2025							
Gabon ore	757,191	837	633,419	735	556,870	76,549	12.1
Manganese concentrate	208,801	358	74,647	348	72,639	2,008	2.7
Natural discharging manganese powder and sand	<u>5,452</u>	<u>2,265</u>	<u>12,347</u>	<u>493</u>	<u>2,687</u>	<u>9,660</u>	<u>78.2</u>
Total	<u>971,444</u>	<u>742</u>	<u>720,413</u>	<u>651</u>	<u>632,196</u>	<u>88,217</u>	<u>12.2</u>
Six months ended 30 June 2024							
Gabon ore	760,414	778	591,426	650	493,922	97,504	16.5
Manganese concentrate	137,747	348	47,999	331	45,556	2,443	5.1
Natural discharging manganese powder and sand	<u>6,240</u>	<u>2,380</u>	<u>14,853</u>	<u>599</u>	<u>3,738</u>	<u>11,115</u>	<u>74.8</u>
Total	<u>904,401</u>	<u>723</u>	<u>654,278</u>	<u>601</u>	<u>543,216</u>	<u>111,062</u>	<u>17.0</u>

For 1H 2025, revenue of manganese mining segment increased by 10.1% to HK\$720.4 million (1H 2024: HK\$654.3 million) primarily due to (i) increase in average selling price of Gabon ore in response to increase in unit costs as a result of the higher domestic costs in Gabon; and (ii) increase in sales volume of manganese concentrate mainly attributable to the demands from downstream producers.

As a result of the increase in unit costs of Gabon ore, gross profit of manganese mining segment decreased by 20.6% to HK\$88.2 million for 1H 2025 (1H 2024: HK\$111.1 million). For 1H 2025, the manganese mining segment recorded a segment profit of HK\$31.6 million (1H 2024: HK\$80.3 million), representing a decrease of 60.6%.

EMM and alloying materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit (HK\$'000)	Gross Profit Margin (%)
Six months ended 30 June 2025							
EMM	70,804	12,777	904,671	11,029	780,929	123,742	13.7
Manganese briquette	9,203	12,297	113,170	11,486	105,708	7,462	6.6
	80,007	12,722	1,017,841	11,082	886,637	131,204	12.9
Alloy Products	-	-	-	-	-	-	-
Others	39,289	261	10,266	179	7,043	3,223	31.4
Total	119,296	8,618	1,028,107	7,491	893,680	134,427	13.1
Six months ended 30 June 2024							
EMM	80,815	12,373	999,892	10,837	875,814	124,078	12.4
Manganese briquette	4,603	12,249	56,384	11,254	51,801	4,583	8.1
	85,418	12,366	1,056,276	10,860	927,615	128,661	12.2
Alloy Products	12,356	6,982	86,269	6,461	79,826	6,443	7.5
Others	28,896	634	18,314	512	14,801	3,513	19.2
Total	126,670	9,164	1,160,859	8,070	1,022,242	138,617	11.9

Revenue of EMM and alloying materials production segment decreased by 11.4% to HK\$1,028.1 million for 1H 2025 (1H 2024: HK\$1,160.9 million) mainly attributable to the followings:

- (a) EMM Products continued to be one of our major products in terms of revenue. Average selling price of EMM Products remained stable at HK\$12,722 per tonne for 1H 2025 (1H 2024: HK\$12,366 per tonne), while sales volume of EMM Products decreased by 6.3% to 80,007 tonnes for 1H 2025 (1H 2024: 85,418 tonnes).
- (b) there was no revenue of Alloy Products for 1H 2025 as production has been halted since 2024.

As a result of the above, overall gross profit of EMM and alloying materials production segment slightly decreased by 3.0% to HK\$134.4 million for 1H 2025 (1H 2024: HK\$138.6 million) while its overall gross profit margin increased to 13.1% for 1H 2025 (1H 2024: 11.9%). The EMM and alloying materials product segment recorded a segment profit of HK\$38.9 million for 1H 2025 (1H 2024: loss of HK\$50.7 million).

Battery materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit/ (Loss) (HK\$'000)	Gross Profit/ (Loss) Margin (%)
Six months ended 30 June 2025							
EMD	41,770	14,869	621,085	8,456	353,212	267,873	43.1
Manganese sulfate	23,242	2,998	69,669	3,158	73,395	(3,726)	(5.3)
Lithium manganese oxide	1,546	30,161	46,629	32,242	49,846	(3,217)	(6.9)
NCM	-	-	-	-	-	-	-
Trimanganese tetraoxide	1,348	12,073	16,274	11,177	15,066	1,208	7.4
Total	<u>67,906</u>	<u>11,099</u>	<u>753,657</u>	<u>7,238</u>	<u>491,519</u>	<u>262,138</u>	<u>34.8</u>
Six months ended 30 June 2024							
EMD	38,637	15,245	589,002	8,840	341,550	247,452	42.0
Manganese sulfate	22,118	3,069	67,873	3,164	69,982	(2,109)	(3.1)
Lithium manganese oxide	3,743	36,623	137,080	37,127	138,968	(1,888)	(1.4)
NCM	0.4	72,500	29	57,500	23	6	20.7
Trimanganese tetraoxide	318	12,421	3,950	12,374	3,935	15	0.4
Total	<u>64,816</u>	<u>12,311</u>	<u>797,934</u>	<u>8,554</u>	<u>554,458</u>	<u>243,476</u>	<u>30.5</u>

For 1H 2025, revenue of battery materials production segment decreased by 5.5% to HK\$753.7 million (1H 2024: HK\$797.9 million) mainly attributable to the followings:

- EMD continued to be our major battery material product. Average selling price of EMD for 1H 2025 remained stable at HK\$14,869 per tonne (1H 2024: HK\$15,245 per tonne) and the sales volume of EMD for 1H 2025 increased by 8.1% to 41,770 tonnes (1H 2024: 38,637 tonnes), resulting in the increases in revenue and gross profit of EMD.
- For 1H 2025, the average selling price of lithium manganese oxide decreased by 17.6% to HK\$30,161 per tonne (1H 2024: HK\$36,623 per tonne) and sales volume decreased by 58.7% to 1,546 tonnes (1H 2024: 3,743 tonnes), resulting in a decrease in revenue and increase in gross loss of lithium manganese oxide.

As a result of the above and the decrease in unit costs through comprehensive cost control on production, procurement, tendering and operations, overall gross profit of battery materials production segment increased by 7.7% to HK\$262.1 million for 1H 2025 (1H 2024: HK\$243.5 million) and increase in overall gross profit margin to 34.8% for 1H 2025 (1H 2024: 30.5%). The battery materials production segment recorded a segment profit of HK\$206.2 million for 1H 2025 (1H 2024: HK\$194.0 million), representing an increase of 6.3%.

Other business segment

	Revenue (HK\$'000)	Cost of Sales (HK\$'000)	Gross Profit/ (Loss) (HK\$'000)	Gross Profit/ (Loss) Margin (%)
Six months ended 30 June 2025				
Trading	<u>410,242</u>	<u>341,908</u>	<u>68,334</u>	<u>16.7</u>
Six months ended 30 June 2024				
Trading	<u>3,120,216</u>	<u>3,331,303</u>	<u>(211,087)</u>	<u>(6.8)</u>

For 1H 2025, revenue of other business segment decreased to HK\$410.2 million (1H 2024: HK\$3,120.2 million), representing a decrease of 86.9%, whereas its gross profit margin turned around to 16.7% (1H 2024: -6.8%) with a gross profit amounted to HK\$68.3 million (1H 2024: gross loss of HK\$211.1 million). These were primarily attributable to the Group's conscientious optimisation of trade product mix and adjustment of sales strategies for trading business in 1H 2025.

Cost of Sales

Total cost of sales decreased by 56.7% to HK\$2,359.3 million for 1H 2025 (1H 2024: HK\$5,451.2 million) in line with decrease of revenue.

Gross Profit

For 1H 2025, the Group recorded a gross profit of HK\$553.1 million (1H 2024: HK\$282.1 million), which represented an increase of HK\$271.0 million from 1H 2024, or 96.1%. The Group's overall gross profit margin was 19.0% for 1H 2025, representing an increase of 14.1 percentage points from 4.9% for 1H 2024. The improvement of overall gross profit margin was mainly driven by the turnaround of the Group's trading business from gross loss for 1H 2024 to gross profit for 1H 2025.

Other Income and Gains

Other income and gains decreased by 36.3% to HK\$42.9 million for 1H 2025 (1H 2024: HK\$67.4 million) mainly due to decrease in subsidy income.

Selling and Distribution Expenses

The Group's selling and distribution expenses for 1H 2025 decreased by 47.3% to HK\$35.1 million (1H 2024: HK\$66.7 million) in line with decrease in revenue.

Administrative Expenses

Administrative expenses remained stable at HK\$242.5 million for 1H 2025 (1H 2024: HK\$239.8 million).

Impairment Losses on Financial Assets, Net

The amount for 1H 2024 mainly represented impairment allowance on amount due from our 33.00%-owned associate Dushan Jinmeng of HK\$108.7 million arising from the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jinmeng.

Finance Costs

For 1H 2025, the Group's finance costs were HK\$79.4 million (1H 2024: HK\$47.7 million), representing an increase of 66.6% which was mainly attributable to the recognition of a reversal of accrued interest amounted to HK\$60.3 million on social insurance contribution payables for 1H 2024.

Other Expenses

Other expenses of HK\$32.0 million for 1H 2025 (1H 2024: HK\$5.7 million) mainly represented foreign exchange differences, net.

Share of Profits and Losses of Associates

For 1H 2025, share of profits of associates of HK\$10.3 million (1H 2024: losses of HK\$24.5 million) mainly represented share of profits of Qingdao Manganese.

Income Tax Expense

For 1H 2025, the effective tax rate was 16.4% (1H 2024: -30.9%) which was generally in line with the relevant statutory preferential corporate income tax rates.

Profit Attributable to Owners of the Company

For 1H 2025, the Group's profit attributable to owners of the Company was HK\$172.7 million (1H 2024: loss of HK\$162.8 million).

Earnings per Share

For 1H 2025, earnings per share attributable to owners of the Company was HK\$0.0473 (1H 2024: HK\$-0.0475).

Interim Dividend

The Board does not recommend the payment of any interim dividend for 1H 2025 (1H 2024: Nil).

Liquidity and Financial Resources Cash and Bank Balances

As at 30 June 2025, the currency denomination of the Group's cash and bank balances including restricted deposits and pledged deposits are as follows:

Currency denomination	30 June 2025 <i>HK\$ million</i>	31 December 2024 <i>HK\$ million</i>
Denominated in:		
RMB	819.8	655.9
HKD	1.7	3.3
USD	129.8	48.9
XAF	1.8	4.4
EUR	0.4	0.1
	<u>953.5</u>	<u>712.6</u>

As at 30 June 2025, our cash and bank balances including restricted deposits and pledged deposits were HK\$953.5 million (31 December 2024: HK\$712.6 million) while the Group's borrowings amounted to HK\$3,594.2 million (31 December 2024: HK\$3,945.6 million). The Group's borrowings net of cash and bank balances amounted to HK\$2,640.7 million (31 December 2024: HK\$3,233.0 million).

To manage liquidity risk, the Group continues to monitor current and expected liquidity requirements to secure sufficient balance of cash in the short and long terms as well as facilities from banks and financial institutions.

Other major changes in working capital

As at 30 June 2025, trade and notes receivables of the Group decreased by HK\$303.7 million to HK\$643.5 million (31 December 2024: HK\$947.2 million) in line with decrease of revenue.

Net Current Liabilities

As at 30 June 2025, the Group's net current liabilities decreased to HK\$1,389.2 million (31 December 2024: HK\$1,659.4 million).

Bank and Other Borrowings

As at 30 June 2025, the Group's borrowing structure and maturity profile are as follows:

	30 June 2025 HK\$ million	31 December 2024 HK\$ million
Borrowing structure		
Secured borrowings (including lease liabilities)	998.3	1,300.7
Unsecured borrowings	2,595.9	2,644.9
	<u>3,594.2</u>	<u>3,945.6</u>
Maturity profile		
Repayable:		
Within one year or on demand	2,737.1	2,910.1
In the second year	571.9	229.3
In the third to fifth years, inclusive	285.2	806.2
	<u>3,594.2</u>	<u>3,945.6</u>

Currency denomination	30 June 2025 HK\$ million	31 December 2024 HK\$ million
Denominated in:		
RMB	3,590.3	3,944.1
USD	2.2	0.4
HK\$	1.7	1.1
	<u>3,594.2</u>	<u>3,945.6</u>

As at 30 June 2025, borrowings as to the amounts of HK\$3,419.2 million (31 December 2024: HK\$3,719.1 million) and HK\$175.0 million (31 December 2024: HK\$226.5 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 2.20% to 8.25%. The floating rate borrowings comprise RMB denominated loans that carry interest up to a premium up to 45 basis points above the China Loan Prime Rate.

Overall, aggregate borrowings decreased to HK\$3,594.2 million as at 30 June 2025 (31 December 2024: HK\$3,945.6 million). The Group continues to explore various means including short-term or medium-term notes and more long-term bank loans to improve borrowing structure in terms of interest rate level and repayment terms. The Group will also implement the debt reduction proposal approved by the shareholders of the Company at the special general meeting held on 9 July 2025.

Charge on Group Assets

As at 30 June 2025, (a) right-of-use assets of HK\$2.6 million (31 December 2024: HK\$1.5 million) related to property, plant and equipment were held under leases; (b) bank balances of HK\$174.9 million (31 December 2024: HK\$282.4 million) were pledged to secure certain of the Group's bank acceptance notes payable and bank borrowings; (c) property, plant and equipment and leasehold lands of HK\$800.1 million (31 December 2024: HK\$824.2 million) and trade receivables of HK\$44.8 million (31 December 2024: HK\$44.1 million) were pledged to secure certain of the Group's bank and other borrowings; and (d) bank balances of HK\$53.9 million (31 December 2024: HK\$27.8 million) were restricted to secure certain potential claims from disputes with customers.

Key Financial Ratios of the Group

	30 June 2025	31 December 2024
Maturity profile		
Current ratio	0.72	0.69
Quick ratio	0.56	0.51
Net gearing ratio	<u>97.3%</u>	<u>136.9%</u>

Current ratio = balance of current assets at the end of the period/balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period – balance of inventories at the end of the period)/balance of current liabilities at the end of the period

Net gearing ratio = Calculated as net debt divided by equity attributable to owners of the Company. Net debt is defined as the sum of interest-bearing bank and other borrowings less cash and cash equivalents, restricted deposits and pledged deposits

As at 30 June 2025, current ratio, quick ratio and net gearing ratio of the Group improved as compared to those as at 31 December 2024, mainly as a result of the better operating results for 1H 2025, increase in cash and cash equivalents and the reduction of debts with the proceeds from the placing of new Shares under general mandate completed on 2 May 2025 (“**First Placing**”).

Liquidity risk and going concern basis

The Group monitors its risk to a shortage of funds on an on-going basis by closely monitoring the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Group’s objective is to maintain sufficient working capital to finance its operations and meet its financial obligation as and when they fall due. At the same time, the Group will strive a balance between continuity of funding and flexibility through the use of short-term and long-term bank loans, finance leases, other interest-bearing borrowings and short-term and medium-term notes, taking also into account of the different pricing of various financing for each alternatives. Due consideration will also be given to equity financing alternatives.

In preparing the interim condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK\$1,389.2 million as at 30 June 2025. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank loans of HK\$131.6 million during the period from 1 July 2025 up to 15 August 2025. On 28 July 2025, the Company has also completed the placing of 822,830,160 new Shares under general mandate and raised net proceeds of approximately HK\$180.44 million which will be utilised for repayment of the Group's outstanding bank borrowings. The directors of the Company, after taking into account of internally generated funds from its operations, successful renewals of bank loans and completion of equity fundraisings during the period and after the reporting date, are of the opinion that, the Group has sufficient working capital for its present requirements for the next twelve months from the end of the reporting period. Accordingly, the interim condensed consolidated financial statements have been prepared on a going concern basis.

Credit Risk

The Group endeavoured to maintain strict control over its outstanding receivables to minimise credit risk. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one to three months from the invoice date and cash realization may be further extended by three to six months for those customers paying by bank acceptance notes. Overdue balances are regularly reviewed by senior management. Since the Group's trade and notes receivables related to a large number of diversified customers, there was no significant concentration of credit risk save for a customer described below. The Group normally did not hold any collateral or other credit enhancements over its trade and notes receivable balances.

As at 30 June 2025, the customer with the largest balance of trade and notes receivables of the Group was a customer together with its subsidiaries ("**Customer A**") which is principally engaged in manganese ferroalloy production and manganese ore trading in China. At 30 June 2025, trade receivables due from Customer A was HK\$232.0 million (31 December 2024: HK\$232.0 million) and represented 28.6% (31 December 2024: 27.4%) of the Group's total trade receivables, which was totally overdue and fully provided as at 30 June 2025 and 31 December 2024. The Group continues to negotiate a repayment schedule with Customer A and will take further legal actions when necessary to speed up the collections of the debts.

As at 30 June 2025, the fully impaired amount due from Dushan Jinmeng of HK\$321.1 million was arising from the settlement of guarantee liability in 2024 for a corporate guarantee provided by the Group on banking facilities granted to Dushan Jinmeng since 2015. Dushan Jinmeng's leasehold land and certain of its property, plant and equipment was pledged to the Group to secure the repayment and this right over charge will be exercisable if Dushan Jinmeng does not repay the amount on or before 19 May 2027.

Interest rate risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our floating rate debt. Floating interest rates are subject to interest rate changes in the China Loan Prime Rate. If the China Loan Prime Rate increases, our finance costs will increase. In addition, to the extent that we may need to raise debt financing or roll over our short-term loans in the future, any upward fluctuations in interest rates will increase the costs of new debt obligations.

Foreign exchange risk

The Group's operations are primarily in Hong Kong, China and Gabon. Foreign exchange risks for operations in each location are set out below.

- (a) In respect of our trading operations in Hong Kong, our sales and purchases are both denominated in United States dollars. In addition, Hong Kong dollars is pegged to United States dollars and hence foreign exchange risk is minimal.
- (b) In respect of our mining and downstream operations in the PRC, our products are sold to local customers in RMB and to a less extent to overseas customers in United States dollars. Major expenses of our PRC operations are denominated in RMB. Our PRC operations face minimal foreign exchange risks except for the followings:

The Group imported manganese ores from overseas suppliers which are denominated in United States dollars to cope with its production of alloy materials and trading purpose. In addition, certain of our purchases was financed by bank borrowings denominated in United States dollars. In order to contain the foreign currency risk in association with such purchases, the Group may enter into forward currency contracts for selected major purchases at the time of entering into the relevant purchase contracts or loan contracts to secure against exchange rate movements.

- (c) In respect of our Gabon operation, our income is substantially denominated in RMB and United States dollars and all major local operating expenses are denominated in RMB and XAF, which is pegged to EURO, while the freight charges are denominated in United States dollars.

Use of Proceeds

(a) Use of Proceeds from IPO

Up to 30 June 2025, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

Description	Amount designated in Prospectus (HK\$ Million)	Amount utilised up to 30 June 2025 (HK\$ Million)	% utilised	Amount utilised up to 31 December 2024 (HK\$ Million)	% utilised
1 Expansion project at Daxin EMD Plant	79	79	100.0	79	100.0
2 Expansion project of underground mining and ore processing at Daxin Mine	278	278	100.0	278	100.0
3 Expansion and construction projects of our EMM production facilities	516	516	100.0	516	100.0
4 Construction project at Chongzuo Base	59	59	100.0	59	100.0
5 Development of Bembélé Manganese Mine and associated facilities	119	119	100.0	119	100.0
6 Technological improvement and renovation projects at our production facilities	40	40	100.0	40	100.0
7 Acquisition of mines and mining rights	397	336	84.6	322	81.1
8 Repayment on a portion of our bank borrowings	297	297	100.0	297	100.0
9 Working capital and other corporate purposes	198	198	100.0	198	100.0
Total	<u>1,983</u>	<u>1,922</u>	<u>96.9</u>	<u>1,908</u>	<u>96.2</u>

As at 30 June 2025, proceeds from IPO designated for acquisition of mines and mining rights to the extent of HK\$61 million was not yet utilised. According to the Prospectus, the proceeds shall be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities. During 1H 2025, HK\$13.7 million was utilised and paid to the PRC government to extend the mining rights of Changgou Manganese Mine, Daxin Mine and Tiandeng Mine. The unutilised proportion of IPO proceeds of HK\$61 million is expected to be fully utilised during or before the year ending 31 December 2032. The unutilised portion of IPO proceeds continues to be maintained in deposits with licensed banks.

(b) Use of Proceeds from the First Placing

On 2 May 2025, an aggregate of 685,691,800 new Shares was issued at a price of HK\$0.21 per Share to one placee, Mr. Cheung Ming, pursuant to the placing agreement (the “**First Placing Agreement**”) dated 11 April 2025, representing approximately 16.67% of the enlarged issued share capital of the Company immediately following the First Placing. The aggregate nominal value of the 685,691,800 new Shares was HK\$68,569,180. The placing price of HK\$0.21 per Share represented (i) a discount of approximately 13.58% to the closing price of HK\$0.243 per Share as quoted on the Stock Exchange on 11 April 2025, being the date of the First Placing Agreement; and (ii) a discount of approximately 18.79% to the average closing price of HK\$0.2586 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of the First Placing Agreement. The net price per share for the subscription after deducting related costs and expenses is approximately HK\$0.2056 per Share and the net proceeds raised from the First Placing were HK\$140.97 million.

Up to 30 June 2025, we utilised the net proceeds from the First Placing in accordance with the designated uses set out in the announcement of the Company dated 11 April 2025 as follows:

Description	Amount designated for intended purposes (HK\$ Million)	Amount utilised up to 30 June 2025 (HK\$ Million)	% utilised (%)
1 Repayment of outstanding liabilities of the Group	133.92	133.92	100.0
2 General working capital of the Company	<u>7.05</u>	<u>3.52</u>	<u>49.9</u>
Total	<u><u>140.97</u></u>	<u><u>137.44</u></u>	<u><u>97.5</u></u>

Events after the reporting period

On 8 July 2025, the Company and the placing agent entered into a placing agreement in respect of the placing of 822,830,160 Shares at a price of HK\$0.224 per Share under general mandate (the “**Second Placing**”). The Second Placing was completed on 28 July 2025. The net proceeds from the Second Placing, after deduction of the commission and other expenses, amounted to approximately HK\$180.44 million. Details of the Second Placing were disclosed in announcements of the Company dated 8 July 2025, 15 July 2025 and 28 July 2025.

Business Model and Strategy

The Group strives to be the global leading one stop and vertical integrated manganese producer while maintaining the Group’s long term profitability and assets growth with adoption of flexible business model and strategy and prudent risk and capital management framework. We intend to adopt and implement the following strategies to achieve our objective:

- (a) expand and upgrade our manganese resources and reserves through exploration and enhance our strategic control of manganese resources and reserves through mergers and acquisitions;
- (b) enhance our operational efficiency and profitability; and
- (c) establish and consolidate our strategic relationships with selected major customers and industry leading partners.

Future Development and Outlook

In 1H 2025, the reciprocal tariffs imposed by the United States disrupted capital markets and weighed on global economic activity. Although the impacts have gradually eased, the uncertainties cannot be easily shaken off. Looking ahead, despite persistent global uncertainties, our major market, China, is poised to outperform the rest of the world. It has proliferated broad-based economic stimulus policies, aimed at spurring domestic consumption, are likely to accelerate demand for high-purity manganese products such as EMM and EMD.

We will continue to monitor these developments closely and adjust our strategies in line with evolving market conditions. With our refined management, disciplined production process and strong customer and supplier relationships, we are well positioned to navigate the remainder of the year and pursue opportunities that support sustainable, long-term value creation.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2025, the Company has applied the principles, complied with the applicable code provisions, and also complied with certain recommended best practices, of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct for dealings in securities of the Company by its Directors (the “**Securities Dealings Code**”) that is based on the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules (or on terms no less stringent than the Model Code).

All Directors confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Securities Dealings Code throughout the six months ended 30 June 2025.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2025 with the management of the Company.

FORWARD LOOKING STATEMENTS

This interim results contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied by such statements.

Glossary of Terms

Alloy Products	silicomanganese alloy and ferromanganese
Audit Committee	audit committee of the Board
Bembélé Manganese Mine	a manganese mine located in Bembélé, Moyen-Ogooue Province, Gabon, the exploration rights and mining rights of which are owned by Compagnie Industrielle et Commerciale des Mines de Huazhou (Gabon) (華州礦業(加蓬)工貿有限公司), a company in which we indirectly hold 51% equity interest
Board or Board of Directors	our board of Directors
Changgou Manganese Mine	貴州遵義匯興鐵合金有限責任公司長溝錳礦(Guizhou Zunyi Hui Xing Ferroalloy Limited Company Changgou Manganese Mine)
China or PRC	the People's Republic of China, but for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan

Chongzuo Base	a production facility owned and operated by Chongzuo Branch that produces and sells trimanganese tetraoxide, lithium manganese oxide and lithium cobalt oxide
Chongzuo Branch	南方錳業集團有限責任公司崇左分公司(South Manganese Group Limited Chongzuo Branch)
Company or our Company	South Manganese Investment Limited, which is listed on the Stock Exchange (Stock Code: 1091.HK)
Daxin EMD Plant	an EMD production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Daxin Mine	大新大錳錳業集團有限公司大新錳礦(Daxin Dameng Manganese Co., Ltd Daxin Manganese Mine)
Director(s)	the director(s) of our Company
Dushan Jinmeng	獨山金孟錳業有限公司(Dushan Jinmeng Manganese Industry Co., Ltd.), a 33.00%-owned associate of the Group
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
EUR or Euro	euros, the lawful currency of the members of the European Union
Gabon	the Gabonese Republic
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Start	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)

HK\$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong or HK	The Hong Kong Special Administrative Region of the PRC
Huiyuan Manganese	廣西滙元錳業有限公司 (Guangxi Huiyuan Manganese Industry Co., Ltd)
IPO	the initial public offering and listing of Shares of the Company on the Main Board of the Stock Exchange on 18 November 2010
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
NCM	Lithium Nickel Cobalt Manganese Oxide
Prospectus	the prospectus of the Company dated 8 November 2010
Qingdao Manganese	青島錳系投資合夥企業(有限合夥) (Qingdao Manganese Investment Cooperative Enterprise (Limited Partnership)), a limited partnership in which we indirectly held 68.49% equity interest as at 30 June 2025
RMB	Renminbi, the lawful currency of the PRC
Shares	ordinary shares in the share capital of the Company, with a nominal value of HK\$0.10 each
South Manganese Group	南方錳業集團有限責任公司 (South Manganese Group Limited)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tiandeng Mine	南方錳業集團有限責任公司天等錳礦(South Manganese Group Limited Tiandeng Manganese Mine)
tonne	metric tonne

US\$ or USD

United States dollars, the lawful currency of the United States of America

XAF

Central African CFA franc, the lawful currency of Gabon

Note: 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.

By Order of the Board
SOUTH MANGANESE INVESTMENT LIMITED
Zhang Yi
Chairman

Hong Kong, 15 August 2025

As at the date of this announcement, the executive Directors are Mr. Zhang Yi, Mr. Zhang He, Mr. Xu Xiang, Mr. Liu Yang, Mr. Pan Shenghai and Ms. Cui Ling; the non-executive Director is Mr. Huang Chuangxin; and the independent non-executive Directors are Mr. Yuan Mingliang, Mr. Lo Sze Hung, Mr. Zhou Jie, Mr. Luo Guihua and Mr. Wu Qi.