



南方錳業投資有限公司

SOUTH MANGANESE INVESTMENT LIMITED

(incorporated in Bermuda with limited liability)

Stock Code: 1091



Interim Report

2024

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Corporate Information

Board of Directors

Executive Directors

Mr. Zhang Yi (Chairman) (appointed as Executive Director on 9 September 2024 and as Chairman on 10 September 2024)

Mr. Zhang He

Mr. Xu Xiang

Mr. Liu Yang (appointed on 9 September 2024)

Mr. Pan Shenghai (redesignated as Executive Director on 10 September 2024)

Mr. Li Weijian (ceased to act as Executive Director, Chairman and Chief Executive Officer on 9 September 2024)

Mr. Li Junji (ceased to act on 9 September 2024)

Non-executive Directors

Ms. Cui Ling

Mr. Pan Shenghai (redesignated as Executive Director on 10 September 2024)

Mr. Huang Chuangxin (appointed on 10 September 2024)

Independent Non-executive Directors

Mr. Zhang Yupeng

Mr. Yuan Mingliang

Mr. Lo Sze Hung

Mr. Zhou Jie (appointed on 10 September 2024)

Mr. Luo Guihua (appointed on 10 September 2024)

Mr. Wu Qi (appointed on 10 September 2024)

Audit Committee

Mr. Lo Sze Hung (Chairman)

Mr. Zhang Yupeng

Ms. Cui Ling

Mr. Yuan Mingliang

Mr. Zhou Jie (appointed on 10 September 2024)

Mr. Luo Guihua (appointed on 10 September 2024)

Mr. Wu Qi (appointed on 10 September 2024)

Remuneration Committee

Mr. Yuan Mingliang (Chairman)

Mr. Zhang Yi (appointed on 10 September 2024)

Mr. Zhang He

Mr. Pan Shenghai (appointed on 10 September 2024)

Mr. Zhang Yupeng

Mr. Lo Sze Hung

Mr. Zhou Jie (appointed on 10 September 2024)

Mr. Luo Guihua (appointed on 10 September 2024)

Mr. Wu Qi (appointed on 10 September 2024)

Mr. Li Weijian (ceased to act on 9 September 2024)

Nomination Committee

Mr. Zhang Yupeng (Chairman)

Mr. Zhang Yi (appointed on 10 September 2024)

Mr. Zhang He

Mr. Pan Shenghai (appointed on 10 September 2024)

Mr. Yuan Mingliang

Mr. Lo Sze Hung

Mr. Zhou Jie (appointed on 10 September 2024)

Mr. Luo Guihua (appointed on 10 September 2024)

Mr. Wu Qi (appointed on 10 September 2024)

Mr. Li Weijian (ceased to act on 9 September 2024)

Company Secretary

Mr. Leung Chit Yu

Registered Office

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

Headquarters and Principal Place of Business in Hong Kong

Room A02, 35th Floor, United Centre,
95 Queensway, Admiralty, Hong Kong

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Principal Place of Business in the PRC

South Manganese Group Tower,
Building 8, Greenland Center,
15 Kaixuan Road, Nanning, Guangxi, PRC

Bermuda Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong



Corporate Information

Auditor

RSM Hong Kong
Certified Public Accountants
(Public Interest Entity Auditor registered in accordance with
the Financial Reporting Council Ordinance)

Authorised Representatives

Mr. Zhang He (appointed on 10 September 2024)
Mr. Leung Chit Yu
Mr. Li Weijian (ceased to act on 9 September 2024)

Principal Bankers

Agricultural Bank of China
Bank of China
Bank of Communications
China Bohai Bank Co., Ltd
China CITIC Bank
China Construction Bank
China Everbright Bank
China Guangfa Bank
DBS Bank
Guangxi Beibu Gulf Bank
Industrial and Commercial Bank of China
Industrial Bank Co., Ltd
Postal Savings Bank of China
Shanghai Pudong Development Bank

Stock Code

1091 (Mainboard of the Stock Exchange)

Company Website

www.southmn.com



Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
REVENUE	4	5,733,287	7,732,538
Cost of sales		(5,451,219)	(7,077,578)
Gross profit		282,068	654,960
Other income and gains	4	67,391	64,026
Selling and distribution expenses		(66,651)	(84,472)
Administrative expenses		(239,822)	(312,143)
Impairment losses on financial assets, net	6	(100,810)	(6,699)
Finance costs	5	(47,691)	(119,566)
Other expenses		(5,655)	(18,663)
Share of profits and losses of associates		(24,505)	(70)
(LOSS)/PROFIT BEFORE TAX	6	(135,675)	177,373
Income tax expense	7	(41,859)	(43,821)
(LOSS)/PROFIT FOR THE PERIOD		(177,534)	133,552
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, net of tax		(1,084)	93
– Exchange differences on translation of foreign operations		(17,528)	(132,319)
		(18,612)	(132,226)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(196,146)	1,326
(Loss)/profit for the period attributable to:			
Owners of the Company		(162,783)	134,903
Non-controlling interests		(14,751)	(1,351)
		(177,534)	133,552
Total comprehensive income for the period attributable to:			
Owners of the Company		(192,955)	(8,599)
Non-controlling interests		(3,191)	9,925
		(196,146)	1,326
Earnings per share attributable to owners of the Company	8		
– Basic		HK\$(0.0475)	HK\$0.0393
– Diluted		HK\$(0.0475)	HK\$0.0393



Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,067,772	4,007,729
Investment properties		98,507	99,208
Right-of-use assets	11	473,561	490,541
Intangible assets	12	210,566	214,033
Investments in associates	13	84,535	109,713
Deferred tax assets	14	16,458	11,908
Prepayments and other assets	17	55,102	92,457
Total non-current assets		5,006,501	5,025,589
CURRENT ASSETS			
Inventories	15	1,497,563	1,681,920
Trade and notes receivables	16	1,203,435	1,532,329
Prepayments, other receivables and other assets	17	1,773,940	1,832,353
Due from associates	13, 27	212,572	–
Due from related companies	27	106	2,130
Tax recoverable		448	451
Restricted deposits	18	26,307	26,494
Pledged deposits	18	543,399	289,175
Cash and cash equivalents	18	1,061,232	975,579
Total current assets		6,319,002	6,340,431
CURRENT LIABILITIES			
Trade and notes payables	19	1,725,843	1,448,874
Other payables and accruals	20	1,344,420	1,537,702
Interest-bearing bank and other borrowings	21	4,015,329	4,162,856
Due to related companies	27	6,840	1,062
Tax payable		71,791	81,200
Total current liabilities		7,164,223	7,231,694
NET CURRENT LIABILITIES		(845,221)	(891,263)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,161,280	4,134,326
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	21	1,190,067	957,761
Deferred tax liabilities	14	195,809	198,842
Other long-term liabilities		101,739	104,325
Deferred income	23	41,449	45,036
Total non-current liabilities		1,529,064	1,305,964
NET ASSETS		2,632,216	2,828,362



Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	24	342,846	342,846
Reserves	25	2,605,349	2,799,304
		2,948,195	3,142,150
Non-controlling interests		(315,979)	(313,788)
TOTAL EQUITY		2,632,216	2,828,362

Li Weijian
Director

Zhang He
Director



Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2024

	Attributable to owners of the Company										
	Issued share HK\$'000	Contributed surplus HK\$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Capital redemption reserve HK\$'000	Investment related reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024 (audited)	342,846	2,461,249	(1,130)	283,843	(154,990)	312	2,051	207,969	3,142,150	(313,788)	2,828,362
Loss for the period	-	-	-	-	-	-	-	(162,783)	(162,783)	(14,751)	(177,534)
Other comprehensive income for the period:											
- Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	(1,084)	-	-	-	-	-	(1,084)	-	(1,084)
- Exchange difference on translation of foreign operations	-	-	-	-	(29,088)	-	-	-	(29,088)	11,560	(17,528)
Total comprehensive income for the period	-	-	(1,084)	-	(29,088)	-	-	(162,783)	(192,955)	(3,191)	(196,146)
Provision of special reserve (note 25(a))	-	-	-	31,101	-	-	-	(31,101)	-	-	-
Utilisation of special reserve (note 25(a))	-	-	-	(20,128)	-	-	-	20,128	-	-	-
Transfer (note 25(b))	-	-	-	(2,040)	-	-	-	1,040	(1,000)	1,000	-
Change in equity for the period	-	-	(1,084)	8,933	(29,088)	-	-	(172,716)	(193,955)	(2,191)	(196,146)
At 30 June 2024 (unaudited)	342,846	2,461,249*	(2,214)*	292,776*	(184,078)*	312*	2,051*	35,253*	2,948,195	(315,979)	2,632,216



Interim Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2024

	Attributable to owners of the Company										
	Issued share HK\$'000	Contributed surplus HK\$'000	Fair value reserve of financial assets at fair value through other comprehensive income HK\$'000	Reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Capital redemption reserve HK\$'000	Investment related reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	342,846	2,461,249	(2,284)	279,860	(66,547)	312	2,051	150,591	3,168,078	(335,792)	2,832,286
Profit/(Loss) for the period	-	-	-	-	-	-	-	134,903	134,903	(1,351)	133,552
Other comprehensive income for the period:											
- Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	93	-	-	-	-	-	93	-	93
- Exchange difference on translation of foreign operations	-	-	-	-	(143,595)	-	-	-	(143,595)	11,276	(132,319)
Total comprehensive income for the period	-	-	93	-	(143,595)	-	-	134,903	(8,599)	9,925	1,326
Provision of special reserve (note 25(a))	-	-	-	33,389	-	-	-	(33,389)	-	-	-
Utilisation of special reserve (note 25(a))	-	-	-	(23,207)	-	-	-	23,207	-	-	-
Change in equity for the period	-	-	93	10,182	(143,595)	-	-	124,721	(8,599)	9,925	1,326
At 30 June 2023 (unaudited)	342,846	2,461,249	(2,191)	290,042	(210,142)	312	2,051	275,312	3,159,479	(325,867)	2,833,612

* These reserve accounts comprise the consolidated reserves of HK\$2,605,349,000 in the interim condensed consolidated statement of financial position (31 December 2023: HK\$2,799,304,000).



Interim Condensed Consolidated Statement of Cash Flows

Six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Net cash flows generated from operating activities		911,171	517,739
Net cash flows used in investing activities		(575,312)	(271,448)
Net cash flows used in financing activities		(247,736)	(414,574)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		88,123	(168,283)
Cash and cash equivalents at the beginning of the period		975,579	1,175,489
Effect of exchange rate changes, net		(2,470)	(57,192)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		1,061,232	950,014
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	1,630,938	1,705,781
Less: Restricted deposits	18	(26,307)	–
Less: Pledged deposits	18	(543,399)	(755,767)
Cash and cash equivalents at the end of the period		1,061,232	950,014



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

1. Corporate information

South Manganese Investment Limited (the “**Company**”) was incorporated in Bermuda on 18 July 2005 as an exempted company with limited liability under Section 14 of the Companies Act 1981 of Bermuda (as amended). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room A02, 35th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong. The Company’s shares are listed on the Main Board of the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise manganese mining, ore processing and downstream processing operations in Mainland China, manganese mining and ore processing operations in Gabon, as well as trading of manganese ores, manganese alloys and related raw materials.

2. Basis of preparation and changes to accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 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\$845.2 million as at 30 June 2024. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank loans of HK\$221.3 million during the period from 1 July 2024 up to 15 August 2024. The directors of the Company, also taking into account of internally generated funds from its operations and successful renewals of bank loans 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.

2.2 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 2023, 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 2024. 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 2024 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.



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

3. 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 and lithium nickel cobalt manganese oxide; 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 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.



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

3. Operating segment information (continued)

	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	2,074	646	26,284	16,528	16,973	62,505
	64,926	681,942	1,187,143	814,462	3,137,189	5,885,662
Reconciliation:						
Elimination of inter segment sales						(89,870)
Revenue, other income and gains from operations						5,795,792
Segment results	(54)	80,305	(50,664)	193,992	(267,733)	(44,154)
Reconciliations:						
Interest income						4,886
Corporate and other unallocated expenses						(54,452)
Finance costs (other than interest on lease liabilities)						(41,955)
Loss before tax						(135,675)
Income tax expense						(41,859)
Loss for the period						(177,534)
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						2,056,933
Total assets						11,325,503
Segment liabilities	430,392	435,264	900,503	300,676	1,001,006	3,067,841
Reconciliations:						
Corporate and other unallocated liabilities						5,625,446
Total liabilities						8,693,287



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

3. Operating segment information (continued)

	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 2023 (Unaudited)						
Segment revenue:						
Sales to external customers	67,339	514,569	1,615,881	926,713	4,608,036	7,732,538
Intersegment sales	–	211,326	–	–	–	211,326
Other income and gains from operations	6,814	3,103	29,112	6,244	8,591	53,864
	74,153	728,998	1,644,993	932,957	4,616,627	7,997,728
Reconciliation:						
Elimination of inter segment sales						(211,326)
Revenue, other income and gains from operations						7,786,402
Segment results	(8,808)	83,798	83,950	172,874	25,021	356,835
Reconciliations:						
Interest income						10,162
Corporate and other unallocated expenses						(76,385)
Finance costs (other than interest on lease liabilities)						(113,239)
Profit before tax						177,373
Income tax expense						(43,821)
Profit for the period						133,552
Assets and liabilities						
Segment assets	608,249	593,674	3,382,650	2,326,545	2,371,199	9,282,317
Reconciliations:						
Corporate and other unallocated assets						2,083,510
Total assets						11,365,827
Segment liabilities	415,970	430,519	752,497	977,560	1,331,804	3,908,350
Reconciliations:						
Corporate and other unallocated liabilities						4,623,865
Total liabilities						8,532,215

4. Revenue, other income and gains

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sale of goods:		
Manganese mining	654,278	581,908
EMM and alloying materials production	1,160,859	1,615,881
Battery materials production	797,934	926,713
Other business	3,120,216	4,608,036
	5,733,287	7,732,538



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

4. Revenue, other income and gains (continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the six months ended 30 June 2024 (Unaudited)

Segments	Manganese mining	EMM and alloying materials production	Battery materials production	Other business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	654,278	1,160,859	797,934	3,120,216	5,733,287
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	–	3,102	–	–	3,102
Total revenue from contracts with customers	654,278	1,160,859	797,934	3,120,216	5,733,287
Timing of revenue recognition					
Goods transferred at a point in time with customers	654,278	1,160,859	797,934	3,120,216	5,733,287

For the six months ended 30 June 2023 (Unaudited)

Segments	Manganese mining	EMM and alloying materials production	Battery materials production	Other business	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	581,908	1,615,881	926,713	4,608,036	7,732,538
Geographical markets					
Mainland China	381,876	1,496,693	915,791	4,608,036	7,402,396
Asia (excluding Mainland China)	200,032	51,162	10,922	–	262,116
Europe	–	4,870	–	–	4,870
North America	–	63,156	–	–	63,156
Total revenue from contracts with customers	581,908	1,615,881	926,713	4,608,036	7,732,538
Timing of revenue recognition					
Goods transferred at a point in time with customers	581,908	1,615,881	926,713	4,608,036	7,732,538



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

4. Revenue, other income and gains (continued)

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other income and gains		
Interest income	4,886	10,162
Foreign exchange gains, net	3,325	–
Gains on disposal of items of property, plant and equipment	–	5,205
Subsidy income	34,713	22,703
Sale of scraps and other materials	9,065	8,500
Rental income	9,279	8,727
Others	6,123	8,729
	67,391	64,026

5. Finance costs

	Note	Six months ended 30 June	
		2024	2023
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Interest on loans and other payables		23,322	97,272
Finance costs for discounted notes receivable		17,617	15,928
Interest expenses on lease liabilities	22	5,736	6,327
Other finance costs		1,016	39
		47,691	119,566



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

6. (Loss)/profit before tax

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

	Note	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Cost of inventories sold [#]		5,407,822	7,061,689
Provision for inventories, net [#]		43,397	15,889
Depreciation of property, plant and equipment	10	184,940	209,328
Depreciation of right-of-use assets	11	35,521	17,113
Amortisation of intangible assets	12	1,965	2,562
Research and development costs		37,869	48,310
Auditor's remuneration		2,649	2,261
Employee benefit expenses		290,948	377,325
Losses/(gains) on disposal of items of property, plant and equipment*		2,257	(5,205)
Foreign exchange differences, net*		(3,325)	896
(Reversals of impairment losses)/impairment losses on financial assets, net, included in:			
– trade and notes receivables and other receivables		(7,895)	6,699
– amounts due from associates		108,705	–
		100,810	6,699
Variable lease payments not included in the measurement of lease liabilities (included in cost of inventories sold)		1,596	3,270
Expenses relating to leases of low-value assets [^]		2,701	4,432

[#] 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 4) 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.



Notes to Interim Condensed Consolidated Financial Statements

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7. 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current – PRC		
Charge for the period	27,707	7,438
Current – Hong Kong		
Charge for the period	3,281	2,365
Current – Gabon		
Charge for the period	17,387	19,275
Deferred (note 14)	(6,516)	14,743
Total tax charge for the period	41,859	43,821

Hong Kong profits tax

Hong Kong profits tax for the six months ended 30 June 2024 and 2023 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 recognized 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.

Guaugxi Daxin Huiyuan New Energy Technology Co., Ltd is entitled to a preferential CIT rate of 15% (an exemption of 40% CIT) for Developing Guaugxi North Bay for which the policy will be expired in 2025.

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.



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8. Earnings per share attributable to owners of the Company

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The calculation of basic and diluted earnings per share are based on:		
Earnings		
Earnings attributable to owners of the Company, used in the basic earnings per share calculation	(162,783)	134,903
Number of shares		
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	3,428,459,000	3,428,459,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 nor the six months ended 30 June 2023.

9. Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: Nil).

10. Property, plant and equipment

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At 1 January 2024/1 January 2023	4,007,729	4,019,433
Additions	313,642	541,375
Depreciation (note 6)	(184,940)	(410,541)
Disposals	(40,651)	(48,691)
Exchange realignment	(28,008)	(93,847)
At 30 June 2024/31 December 2023	4,067,772	4,007,729

At 30 June 2024, the Group was in the process of applying for the building ownership certificates of certain of its buildings with a total carrying amount of HK\$200,146,000 (31 December 2023: HK\$192,547,000). The Directors are of the opinion that the aforesaid matter does not have any significant adverse impact on the Group's financial position as at 30 June 2024.



Notes to Interim Condensed Consolidated Financial Statements

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11. Right-of-use assets

	Leasehold lands HK\$000	Others HK\$000	Total HK\$000
At 1 January 2024 (Audited)	461,560	28,981	490,541
Additions	20,186	1,742	21,928
Depreciation (note 6)	(26,895)	(8,626)	(35,521)
Exchange realignment	(3,162)	(225)	(3,387)
At 30 June 2024 (Unaudited)	451,689	21,872	473,561
At 1 January 2023 (Audited)	482,685	40,665	523,350
Additions	8,749	6,814	15,563
Depreciation	(18,405)	(17,632)	(36,037)
Exchange realignment	(11,469)	(866)	(12,335)
At 31 December 2023 (Audited)	461,560	28,981	490,541

12. Intangible assets

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Mining rights and other intangible assets:		
At 1 January 2024/1 January 2023	214,033	221,374
Additions	–	2,123
Amortisation (note 6)	(1,965)	(4,192)
Exchange realignment	(1,502)	(5,272)
At 30 June 2024/31 December 2023	210,566	214,033



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

13. Investments in associates and amounts due from associates

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Share of net assets	395,718	420,896
Less: Impairment	(311,183)	(311,183)
At 30 June 2024/31 December 2023	84,535	109,713
Amounts due from associates		
– Unsecured (note a)	50,086	54,773
– Secured (note b)	320,823	–
	370,909	54,773
Less: Impairment	(158,337)	(54,773)
	212,572	–

Note :

- (a) At 30 June 2024 and 31 December 2023, the unsecured amounts due from associates were repayable either on demand or within one year. Except for the loans to subsidiaries of GMG of HK\$43,387,000 (2023: HK\$47,437,000) which carried interest at 8% per annum (31 December 2023: 8% per annum), the remaining balance represented other receivable due from Dushan Jinmeng which was non-interest bearing.

At 30 June 2024, expected credit loss ("ECL") allowances of HK\$43,387,000 and HK\$6,699,000 (31 December 2023: HK\$47,437,000 and HK\$7,336,000) were recognized in respect of the unsecured amounts due from GMG and Dushan Jinmeng respectively.

- (b) At 30 June 2024, the secured amount due from an associate, Dushan Jinmeng was repayable on demand. The amount was arising from the settlement of the guarantee liability for a corporate guarantee provided by the Group in respect of bank facilities granted to Dushan Jinmeng. According to the relevant PRC laws, the Group as a guarantor, after assuming the guarantee liability, is entitled to seek recompensation from Dushan Jinmeng and the amount due from Dushan Jinmeng was pledged by Dushan Jinmeng's leasehold land and certain of its property, plant and equipment. The Group can exercise this right over the charge if Dushan Jinmeng does not repay the amount on or before 19 May 2027.

At 30 June 2024, an ECL allowance of HK\$108,251,000 was recognized in respect of the secured amount due from Dushan Jinmeng.

14. Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities of the Group during the reporting period are as follows:

Deferred tax assets

	Impairment of financial assets and others HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	44,705	14,778	59,483
Deferred tax charged to profit or loss during the period (note 7)	(1,148)	–	(1,148)
Exchange realignment	(312)	(105)	(417)
At 30 June 2024 (Unaudited)	43,245	14,673	57,918



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

14. Deferred tax assets and liabilities (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Withholding taxes HK\$'000	Fair value adjustments on investment properties HK\$'000	Depreciation allowances in excess of related depreciation and others HK\$'000	Total HK\$'000
At 1 January 2024 (Audited)	70,966	33,652	8,384	133,415	246,417
Deferred tax credited to profit or loss during the period (note 7)	(870)	(2,343)	-	(4,451)	(7,664)
Exchange realignment	(498)	-	(62)	(924)	(1,484)
At 30 June 2024 (Unaudited)	69,598	31,309	8,322	128,040	237,269

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Net deferred tax assets recognised in the consolidated statement of financial position	16,458	11,908
Net deferred tax liabilities recognised in the consolidated statement of financial position	(195,809)	(198,842)
	(179,351)	(186,934)

15. Inventories

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Raw materials	732,441	836,151
Work in progress	26,921	27,936
Finished goods	831,610	886,235
	1,590,972	1,750,322
Less: Inventory provision	(93,409)	(68,402)
	1,497,563	1,681,920

16. Trade and notes receivables

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	792,025	736,663
Less: Impairment provision	(260,256)	(267,877)
	531,769	468,786
Notes receivable	671,666	1,063,543
	1,203,435	1,532,329



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16. Trade and notes receivables (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment is required either in advance or upon delivery. Credit periods allowed are determined according to relevant business practice and the relevant type of goods and generally are in the range of one month 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. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed and followed up regularly by senior management.

At 30 June 2024, the net trade receivables related to a large number of diversified customers.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within one month	296,763	232,695
One to two months	98,447	113,945
Two to three months	67,331	60,973
Over three months	69,228	61,173
	531,769	468,786

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



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30 June 2024

16. Trade and notes receivables (continued)

Transferred financial assets that are derecognised in their entirety

At 30 June 2024, the Group endorsed certain notes receivable accepted by banks in Mainland China (the “**Derecognised Notes**”) to certain of its suppliers in order to settle mainly the trade payables due to such suppliers with a carrying amount in aggregate of RMB1,054,928,000 (equivalent to HK\$1,155,885,000) (31 December 2023: RMB462,949,000, equivalent to HK\$510,864,000). The Derecognised Notes had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Notes have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant.

During the six months ended 30 June 2024 and 30 June 2023, the Group did not recognize any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognized from the Continuing Involvement, both during the period or cumulatively. The endorsement has been made evenly throughout the period.

The movements in the loss allowances for impairment of trade receivables are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
At 1 January 2024/1 January 2023	267,877	268,116
(Reversals of impairment losses)/impairment losses, net	(7,398)	8,134
Amount written off as uncollectible	(5)	(7,515)
Exchange realignment	(218)	(858)
At 30 June 2024/31 December 2023	260,256	267,877

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for trade receivables. The provision rates are based on ageing information for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

16. Trade and notes receivables (continued)

Impairment under HKFRS 9

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 30 June 2024

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	0.7%	17.2%	65.9%	99.8%	32.9%
Gross carrying amount (HK\$'000)	521,565	15,082	1,766	253,611	792,024
Expected credit losses (HK\$'000)	3,501	2,598	1,164	252,993	260,256

At 31 December 2023

	Ageing				Total
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	2.2%	21.0%	34.5%	99.6%	36.4%
Gross carrying amount (HK\$'000)	462,691	18,705	974	254,293	736,663
Expected credit losses (HK\$'000)	10,274	3,931	336	253,336	267,877

17. Prepayments, other receivables and other assets

Non-current portion

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Prepayments	30,599	67,779
Deposits	24,503	24,678
	55,102	92,457



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17. Prepayments, other receivables and other assets (continued)

Current portion

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Prepayments	1,355,992	1,660,801
Deposits and other receivables	564,703	319,473
	1,920,695	1,980,274
Less: Impairment provision	(146,755)	(147,921)
	1,773,940	1,832,353

18. Cash and cash equivalents, restricted deposits and pledged deposits

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Cash and bank balances	1,630,938	1,291,248
Less: Restricted deposits in relation to litigations	(26,307)	(26,494)
Less: Pledged deposits for notes payables	(543,399)	(289,175)
Cash and cash equivalents as stated in the consolidated statements of financial position and cash flows	1,061,232	975,579

At 30 June 2024, cash and bank balances of the Group denominated in RMB amounting to HK\$1,580,433,000 (31 December 2023: HK\$1,258,047,000) were deposited with banks in Mainland China. RMB is not freely convertible in the PRC into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances including pledged deposits are deposited with creditworthy banks with no recent history of default.

19. 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 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within one month	760,103	571,437
One to two months	170,935	139,896
Two to three months	272,697	96,379
Over three months	522,108	641,162
	1,725,843	1,448,874

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



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30 June 2024

20. Other payables and accruals

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contract liabilities	238,055	390,459
Other payables	765,571	675,035
Accruals	340,794	463,485
Financial guarantee contracts	–	8,723
	1,344,420	1,537,702

Contract liabilities represent short-term advances received from customers to deliver products.

Other payables are non-interest-bearing and have an average term of three months.

21. Interest-bearing bank and other borrowings

	30 June 2024			31 December 2023		
	Effective interest rate (%)	Maturity	HK\$'000 (Unaudited)	Effective interest rate (%)	Maturity	HK\$'000 (Audited)
Current						
Lease liabilities (note (a)) (note 22)	4.70-5.80	2024-2025	260,459	3.16-5.80	2024	150,787
Bank loans – secured (note (a))	3.69-8.25	2024-2025	56,044	3.63-8.25	2024	56,504
Bank loans – unsecured	1.47-5.35	2024-2025	3,165,877	0.84-5.35	2024	3,290,028
Current portion of long-term bank loans – secured (note (a))	4.00-6.30	2024-2025	135,976	4.00-6.10	2024	93,798
Current portion of long-term bank loans – unsecured	4.15-6.50	2024-2025	396,973	4.15-4.90	2024	571,739
			4,015,329			4,162,856
Non-current						
Lease liabilities (note (a)) (note 22)	4.70-5.80	2025-2027	226,838	3.16-5.80	2025	77,222
Bank loans – secured (note (a))	4.00-6.30	2025-2027	640,108	4.00-6.30	2027	434,779
Bank loans – unsecured	3.70-4.50	2025-2027	323,121	4.00-6.30	2025-2027	445,760
			1,190,067			957,761
			5,205,396			5,120,617



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30 June 2024

21. Interest-bearing bank and other borrowings (continued)

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	3,754,870	4,012,069
In the second year	348,871	183,145
In the third to fifth years, inclusive	614,358	697,394
	4,718,099	4,892,608
Lease liabilities:		
Within one year	260,459	150,787
In the second year	126,351	77,222
In the third to fifth years, inclusive	100,487	–
	487,297	228,009
	5,205,396	5,120,617

Note:

- (a) The lease liabilities and secured bank loans were secured by certain of the Group's assets with the following carrying values:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Property, plant and equipment	730,996	495,924
Leasehold land	82,048	83,968
Trade receivables	45,438	45,800
	858,482	625,692

- (b) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
RMB	5,201,637	5,117,081
USD	1,825	398
HK\$	1,934	3,138
	5,205,396	5,120,617



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30 June 2024

22. Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the period are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Carrying amount at 1 January 2024/1 January 2023	228,009	392,316
New leases	364,867	6,585
Accretion of interest recognised (note 5)	5,736	18,437
Payments	(108,634)	(180,952)
Exchange realignment	(2,681)	(8,377)
Carrying amount at 30 June 2024/31 December 2023	487,297	228,009
Analysed into:		
Current portion	260,459	150,787
Non-current portion	226,838	77,222
	487,297	228,009

23. Deferred income

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
At 1 January 2024/1 January 2023	45,036	64,595
Additions	2,447	1,021
Amortisation	(5,729)	(19,148)
Exchange realignment	(305)	(1,432)
At 30 June 2024/31 December 2023	41,449	45,036

Deferred income represents the receipt of government grants for constructions of certain equipment, which has been credited as a non-current liability on the interim condensed consolidated statement of financial position. Such deferred income is amortised on the straight-line basis to profit or loss over the expected useful lives of the relevant assets acquired.

24. Share capital

The following is a summary of the authorised share capital and the issued share capital of the Company:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Issued and fully paid: 3,428,459,000 (31 December 2023: 3,428,459,000) ordinary shares of HK\$0.10 each	342,846	342,846



Notes to Interim Condensed Consolidated Financial Statements

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25. Reserves

The amounts of the Group's reserves and the movements therein are presented in the interim condensed consolidated statement of changes in equity.

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Contributed surplus		2,461,249	2,461,249
Fair value reserve of financial assets at fair value through other comprehensive income		(2,214)	(1,130)
Reserve funds	(a), (b)	292,776	283,843
Exchange fluctuation reserve		(184,078)	(154,990)
Capital redemption reserve		312	312
Investment related reserve		2,051	2,051
Retained profits		35,253	207,969
		2,605,349	2,799,304

Note:

- (a) In accordance with the Company Law of the PRC, each of the subsidiaries of the Company that was registered in the PRC is required to:
- (i) appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with PRC GAAP, to the statutory reserve until the balance of the reserve funds reaches 50% of the entity's registered capital. The statutory reserve can be utilized to offset prior years' losses, or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital; and
 - (ii) pursuant to the relevant regulation in the PRC, provide for the safety fund based on the volume of ore excavated and the turnover of ferroalloy in prior years. The safety fund can only be transferred to retained profits to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.
- (b) A subsidiary of the Company registered in Gabon maintains re-investment fund and assets replacement fund, which are allocated from retained profits in accordance with the Mining Code of Gabon. These funds are designated mainly for future capital expenditures of its mining operations.



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26. Commitments and contingencies

(a) The Group as a lessor

The Group leases its investment properties and certain of its plant and machinery under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the period was HK\$9,279,000 (2023: HK\$8,727,000), details of which are included in note 4 to the financial statements.

At 30 June 2024, the total undiscounted minimum lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Within one year	15,767	11,826
In the second year	7,091	9,420
In the third year	820	313
In the fourth year	310	20
In the fifth year	208	–
	24,196	21,579

(b) Capital commitments of the Group

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Capital expenditure in respect of:		
– Acquisition of items of property, plant and equipment	349,630	336,396
– Capital contribution payable to associates	34,515	34,760
	384,145	371,156



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26. Commitments and contingencies (continued)

(c) Contingent liabilities

At the end of reporting period, contingent liabilities were as follows:

	Note	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Guarantee given to a bank in connection with facilities granted to an associate	(i)	–	291,324

- (i) At 31 December 2023, the outstanding bank loan of an associate, in which the Group has a 33% equity interest, was secured by the associate's leasehold land and property, plant and equipment and guaranteed by the Group and the holding company of the associate according to the shareholding percentage on a several basis.

At 31 December 2023, the associate's banking facilities guaranteed by the Group and the holding company of the associate amounted to RMB800,000,000 (equivalent to HK\$882,800,000) and were utilised to the extent of RMB552,400,000 (equivalent to HK\$609,573,000) by the associate. During the six months ended 30 June 2024, the Group has assumed its guarantee liability and performed its obligation under the corporate guarantee to repay the loan principal of RMB264,000,000 (equivalent to HK\$290,479,000) and accrued interest of RMB28,802,000 (equivalent to HK\$31,691,000) to the bank. At 30 June 2024, the guarantee liability provided by the Group was nil after the above settlement.

Apart from as disclosed above, certain subsidiaries of the Company are defendants in certain claims, lawsuits, arbitrations and potential claims relating to breach of sales contracts and employment dispute. The directors of the Company after due consideration of each cases and with reference to legal advice, consider the claims would not result in any material adverse impact on the financial position or results and operations of the Group except for certain bank deposits were restricted as set out in note 18 to the financial statements.

27. Related party balances and transactions

Guangxi Dameng, a shareholder of the Company, exercises significant influence over the Group. Therefore, Guangxi Dameng and its subsidiaries are considered to be related parties of the Group.

- (a) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

	Notes	Six months ended 30 June 2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Sale of finished good to associates	(i)	104,448	565,014
Purchase of finished goods from Guangxi Dameng	(i)	2,164	2,489
Purchase of equipment from a subsidiary of Guangxi Dameng	(i)	4,850	–
Purchase of finished goods from associates	(i)	–	7,399
Maximum balance of loans to an associate	(ii)	43,690	45,109

Notes:

- (i) These sales and purchases were made at prices based on the mutual agreements between the parties.
- (ii) Loans to an associate carried interest at 8% per annum and is repayable on demand.



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

27. Related party balances and transactions (continued)

(b) Other transactions with related parties

- (i) At 30 June 2024, no guarantee was provided by the Group. At 31 December 2023, the Group has provided a guarantee on banking facilities granted to an associate amounting to HK\$291,324,000 as detailed in note 26(c)(i) to the financial statements.

(c) Outstanding balances with related parties

	30 June 2024	31 December 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
i) Due from related companies Prepayments and other receivables	106	2,130
ii) Due to related companies Other payables	6,840	1,062
iii) Due from associates Loans to and advances due from associates, net of impairment (note 13)	212,572	–
iv) Prepayments to associates included in prepayments, other receivables and other assets	68,978	46,360
v) Receipts in advance from associates included in other payables and accruals	14,305	36,211

The Group's prepayments and other receivables from related companies and associates are unsecured, non-interest-bearing and have no fixed terms of repayment.

Other payables to the Group's related companies are non-interest-bearing and have no fixed terms of repayment.

Receipts in advance from associates pertain to goods to be provided to the associates in the ordinary course of business. The amounts are unsecured and non-interest bearing.

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, director fees, allowances and benefits in kind	11,905	21,837
Pension scheme contributions	212	163
Total compensation paid to key management personnel	12,117	22,000



Notes to Interim Condensed Consolidated Financial Statements

30 June 2024

28. Fair value and fair value hierarchy of financial instruments

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of notes receivable measured at fair value through other comprehensive income and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for notes receivable and interest-bearing bank and other borrowings as at 30 June 2024 were assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Assets and liabilities measured at fair value:

	Fair value measurement using			Total HK\$'000
	quoted prices in active markets (Level 1) HK\$'000	significant observable inputs (Level 2) HK\$'000	significant unobservable inputs (Level 3) HK\$'000	
30 June 2024				
Assets:				
Notes receivable	–	671,666	–	671,666
31 December 2023				
Assets:				
Notes receivable	–	1,063,543	–	1,063,543

During the six months ended 30 June 2024 and year ended 31 December 2023, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Excepted as disclosed above, management has assessed that the fair values of the Group's financial instruments approximate to their carrying amounts.

29. Approval of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 16 August 2024.



Management Discussion and Analysis

Financial Review

	1H 2024 HK\$'000	1H 2023 HK\$'000	Increase/(decrease) HK\$'000	%
Revenue	5,733,287	7,732,538	(1,999,251)	(25.9)
Gross profit	282,068	654,960	(372,892)	(56.9)
Gross profit margin	4.9%	8.5%	N/A	(3.6)
Operating (loss)/profit	(10,360)	184,142	(194,502)	(105.6)
Impairment losses on financial assets, net	(100,810)	(6,699)	94,111	1,404.9
Share of profits and losses of associates	(24,505)	(70)	24,435	34,907.1
(Loss)/profit before tax	(135,675)	177,373	(313,048)	(176.5)
Income tax expense	(41,859)	(43,821)	(1,962)	(4.5)
(Loss)/profit for the period	(177,534)	133,552	(311,086)	(232.9)
(Loss)/profit for the period attributable to owners of the Company	(162,783)	134,903	(297,686)	(220.7)
Loss for the period attributable to non-controlling interests	(14,751)	(1,351)	13,400	991.9
	(177,534)	133,552	(311,086)	(232.9)

Financial Highlights

- Revenue amounted to HK\$5,733.3 million for 1H 2024, representing a decrease of 25.9% from HK\$7,732.5 million of 1H 2023.
- Gross profit amounted to HK\$282.1 million for 1H 2024, representing a decrease of 56.9% from HK\$655.0 million of 1H 2023. Gross profit margin was 4.9% for 1H 2024, representing a decrease of 3.6 percentage points from 8.5% for 1H 2023.
- Operating loss amounted to HK\$10.4 million for 1H 2024 (1H 2023: profit of HK\$184.1 million).
- In 1H 2024, impairment losses on financial assets, net, increased to HK\$100.8 million (1H 2023: HK\$6.7 million).
- Loss attributable to owners of the Company amounted to HK\$162.8 million for 1H 2024 (1H 2023: profit of HK\$134.9 million).

Overview

In 1H 2024, the growth of global economy was still constrained by high borrowing costs and increasing costs of productions carried forward from the year 2023. The continuation of regional conflicts in Europe added further uncertainties in political and economic aspects globally. Despite the above, global inflation rate has been dropped to a more reasonable level in 1H 2024 and there were expectations of soft landing of global economy and interest rate decrease in Western countries in the near short term.



Management Discussion and Analysis

Steel sector is our major downstream industry, with its demand for our EMM Products largely arising from consumptions within China. In 1H 2024, the economic growth in China was slowing down and the consumption for steels remained stagnant as a result of decrease in property development investments amid the PRC government has added stimulus to boost the economy by cutting interest rate, encouraging exports and consumptions. Due to weak demand, the selling price of our EMM Products was decreasing in 1H 2024 amid there was a short-term supply crunch on manganese ores and its related downstream products including EMM Products. The supply crunch was mainly due to a production halt of a major oversea manganese ore mine due to extreme weather. As a result, the average selling price of our EMM Products for 1H 2024 decreased by 15.8% to HK\$12,366 per tonne (1H 2023: HK\$14,695 per tonne). The gross profit margin of EMM Products decreased by 5.4 percentage points to 12.2% in 1H 2024 (1H 2023: 17.6%) and the gross profit contribution of EMM Products decreased by 40.5% to HK\$128.7 million in 1H 2024 (1H 2023: HK\$216.1 million).

In 1H 2024, our production of battery materials including EMD continued to achieve encouraging results. Despite tariffs were imposed by certain Western countries on electric vehicles manufactured in China, the well established supply chain for electric vehicle production including battery materials production in China was irreplaceable. The strong sales performance of electric vehicles upheld the demand for battery material products. In the meantime, the Group 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 remains optimistic about this business segment and 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. In 1H 2024, the average selling price of EMD decreased by 4.2% to HK\$15,245 per tonne (1H 2023: HK\$15,916 per tonne), the gross profit margin decreased by 2.5 percentage points to 42.0% (1H 2023: 44.5%) and the gross profit contribution of EMD recorded a decrease of 14.4% to HK\$247.5 million (1H 2023: HK\$289.1 million).

In 1H 2024, the Group recognized an impairment loss on amount due from our 33.00%-owned associate Dushan Jinmeng of HK\$108.7 million. Since the year 2015, the Group had provided a corporate guarantee for bank facilities granted to Dushan Jinmeng according to the shareholding percentage on a several basis. The associate's banking facilities amounted to RMB800.0 million (equivalent to HK\$880.2 million) and the portion guaranteed by the Group amounted to RMB264.0 million (equivalent to HK\$290.5 million). During 1H 2024, the Group has assumed its guarantee liability and performed its obligation under the corporate guarantee to repay the loan principal of RMB264.0 million (equivalent to HK\$290.5 million) and accrued interest of RMB28.8 million (equivalent to HK\$31.7 million) to the bank. According to relevant PRC laws, the Group, after assuming the guarantee liability, is entitled to seek recompensation from Dushan Jinmeng. To minimize the loss, Dushan Jinmeng's leasehold land and certain of its property, plant and equipment were pledged to the Group to secure the repayment of the settlement amount. As a result, an impairment loss of HK\$108.7 million was provided for the above settlement sum of HK\$322.2 million in 1H 2024 after taking into account the above collaterals.

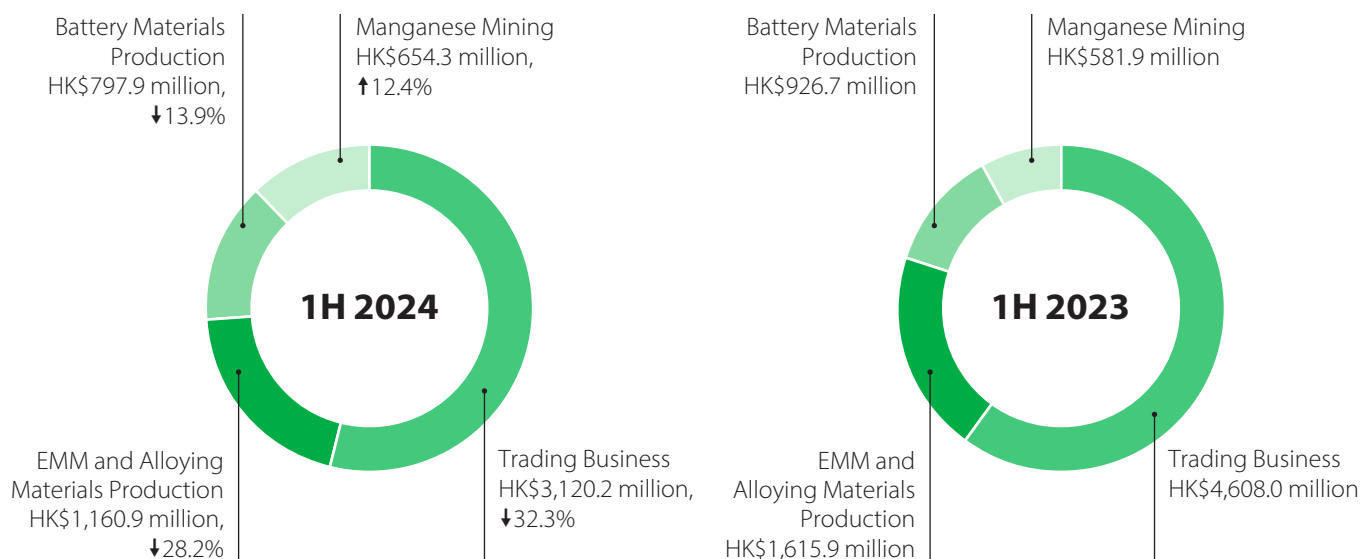
In summary, mainly due to decrease in average selling price of EMM Products and gross loss from trading business, the Group's operating loss for 1H 2024 was HK\$10.4 million (1H 2023: profit of HK\$184.1 million). Also, as a result of the loss recognized from the settlement of abovementioned guarantee liability, the earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") for 1H 2024 decreased by 74.9% to HK\$129.6 million (1H 2023: HK\$515.8 million) and the loss attributable to owners of the Company in 1H 2024 was HK\$162.8 million (1H 2023: profit of HK\$134.9 million).



Management Discussion and Analysis

Comparison with six months ended 30 June 2023

Revenue by segment



In 1H 2024, the Group's revenue was HK\$5,733.3 million (1H 2023: HK\$7,732.5 million), representing a decrease of 25.9% as compared with 1H 2023. The decrease was mainly due to (a) decrease in average selling prices of EMM Products and Alloy Products; (b) decrease in sales volume of Alloy Products; and (c) decrease in sales revenue from trading business.

In 1H 2024, revenue of our major products EMM Products accounted for 18.4% (1H 2023: 15.9%) of our total revenue.



Management Discussion and Analysis

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 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	6,240	2,380	14,853	599	3,738	11,115	74.8
Total	904,401	723	654,278	601	543,216	111,062	17.0
Six months ended 30 June 2023							
Gabon ore	593,476	867	514,569	673	399,627	114,942	22.3
Manganese concentrate	163,879	354	57,952	318	52,127	5,825	10.1
Natural discharging manganese powder and sand	3,533	2,657	9,387	522	1,843	7,544	80.4
Total	760,888	765	581,908	596	453,597	128,311	22.1

In 1H 2024, revenue of manganese mining segment increased by 12.4% to HK\$654.3 million (1H 2023: HK\$581.9 million) mainly due to increase in sales volume of Gabon ore because of short-term supply crunch of manganese ores in the market since the second quarter of 2024. However, the decrease in average selling price of Gabon ore led to decrease in gross profit of manganese mining segment by 13.4% to HK\$111.1 million (1H 2023: HK\$128.3 million).

In 1H 2024, the manganese mining segment recorded a profit of HK\$80.3 million (1H 2023: HK\$75.0 million), representing an increase of 7.0%.



Management Discussion and Analysis

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/(Loss) (HK\$'000)	Gross Profit/(Loss) Margin (%)
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
Six months ended 30 June 2023							
EMM	76,133	14,634	1,114,095	12,067	918,680	195,415	17.5
Manganese briquette	7,473	15,320	114,489	12,551	93,791	20,698	18.1
	83,606	14,695	1,228,584	12,110	1,012,471	216,113	17.6
Alloy Products	49,483	7,541	373,143	8,044	398,024	(24,881)	(6.7)
Others	24,630	575	14,154	580	14,277	(123)	(0.9)
Total	157,719	10,245	1,615,881	9,034	1,424,772	191,109	11.8

Revenue of EMM and alloying materials production segment decreased by 28.2% to HK\$1,160.9 million in 1H 2024 (1H 2023: HK\$1,615.9 million) mainly attributable to the followings:

- EMM Products continued to be our major products in terms of revenue and the average selling price of EMM Products recorded a decrease of 15.8% to HK\$12,366 per tonne (1H 2023: HK\$14,695 per tonne).
- Revenue of Alloy Products decreased by 76.9% to HK\$86.3 million in 1H 2024 (1H 2023: HK\$373.1 million) mainly attributable to (i) decrease in sales volume of Alloy Products by 75.0% to 12,356 tonnes (1H 2023: 49,483 tonnes) as productions were halted in 1H 2024; and (ii) decrease in average selling price of Alloy Products by 7.4% to HK\$6,982 per tonne in 1H 2024 (1H 2023: HK\$7,541 per tonne).

As a result of decrease in average selling prices of EMM Products, the gross profit contribution of EMM and alloying materials production segment decreased by 27.5% to HK\$138.6 million (1H 2023: HK\$191.1 million). Mainly due to the loss recognized from the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jimeng of HK\$108.7 million, this segment recorded a loss of HK\$50.7 million (1H 2023: profit of HK\$84.0 million).



Management Discussion and Analysis

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 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 tetroxide	318	12,421	3,950	12,374	3,935	15	0.4
Total	64,816	12,311	797,934	8,554	554,458	243,476	30.5
Six months ended 30 June 2023							
EMD	40,784	15,916	649,102	8,827	359,990	289,112	44.5
Manganese sulfate	13,209	3,279	43,315	2,481	32,769	10,546	24.3
Lithium manganese oxide	3,008	77,891	234,296	92,437	278,051	(43,755)	(18.7)
NCM	-	-	-	-	-	-	-
Trimanganese tetroxide	-	-	-	-	-	-	-
Total	57,001	16,258	926,713	11,768	670,810	255,903	27.6

In 1H 2024, revenue of battery materials production segment decreased by 13.9% to HK\$797.9 million (1H 2023: HK\$926.7 million) and gross profit of this segment decreased by 4.9% to HK\$243.5 million (1H 2023: HK\$255.9 million) mainly attributable to the followings:

- EMD continued to be our major battery material product and the average selling price of EMD decreased by 4.2% to HK\$15,245 per tonne (1H 2023: HK\$15,916 per tonne) and the sales volume of EMD decreased by 5.3% to 38,637 tonnes (1H 2023: 40,784 tonnes).
- In 1H 2024, the average selling price of lithium manganese oxide decreased by 53.0% to HK\$36,623 per tonne (1H 2023: HK\$77,891 per tonne). The gross loss of lithium manganese oxide in 1H 2024 decreased as the price of its major raw material lithium carbonate became less volatile.

As a result of reduction in administrative expenses, the results of battery materials production segment recorded a profit of HK\$194.0 million (1H 2023: HK\$172.9 million), representing an increase of 12.2%.

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 2024				
Trading	3,120,216	3,331,303	(211,087)	(6.8)
Six months ended 30 June 2023				
Trading	4,608,036	4,528,399	79,637	1.7



Management Discussion and Analysis

Revenue of other business segment decreased to HK\$3,120.2 million in 1H 2024 (1H 2023: HK\$4,608.0 million), representing a decrease of 32.3%. The gross loss was mainly because of decrease in selling price of manganese ores in 1H 2024.

Cost of Sales

Total cost of sales decreased by 23.0% to HK\$5,451.2 million in 1H 2024 (1H 2023: HK\$7,077.6 million) in line with decrease of revenue.

Gross Profit

In 1H 2024, the Group recorded a gross profit of HK\$282.1 million (1H 2023: HK\$655.0 million), which represented a decrease of HK\$372.9 million from 1H 2023, or 56.9%. The Group's overall gross profit margin was 4.9%, representing a decrease of 3.6 percentage points from 8.5% in 1H 2023. Overall gross profit margin decreased mainly attributable to decrease in average selling price of EMM Products and gross loss from trading business.

Other Income and Gains

Other income and gains increased by 5.3% to HK\$67.4 million in 1H 2024 (1H 2023: HK\$64.0 million) mainly due to increase in subsidy income.

Selling and Distribution Expenses

The Group's selling and distribution expenses in 1H 2024 decreased by 21.1% to HK\$66.7 million (1H 2023: HK\$84.5 million) mainly attributable to decrease in transportation costs as the sales volume of Alloy Products decreased.

Administrative Expenses

Administrative expenses decreased by 23.2% to HK\$239.8 million in 1H 2024 (1H 2023: HK\$312.1 million) mainly attributable to (a) decrease in staff costs as performance related bonus decreased; and (b) reduction in research and development expenses.

Impairment Losses on Financial Assets, Net

The amount 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 2024, the Group's finance costs were HK\$47.7 million (1H 2023: HK\$119.6 million), representing a decrease of 60.1% which was mainly attributable to a reversal of accrued interest amounted to HK\$60.3 million on social insurance contribution payables as the amount was waived under the new statutory requirements since 1 January 2024.

Other Expenses

Other expenses of HK\$5.7 million in 1H 2024 (1H 2023: HK\$18.7 million) mainly represented loss on disposal of items of property, plant and equipment.

Share of Profits and Losses of Associates

In 1H 2024, share of losses of associates of HK\$24.5 million (1H 2023: HK\$70,000) mainly represented share of losses of 16.00%-owned associate Qingdao Manganese of HK\$22.8 million.

Income Tax Expense

In 1H 2024, the effective tax rate was -30.9% (1H 2023: 24.7%) which was negative because certain subsidiaries recording losses in the period did not recognize deferred tax arising from such losses for prudence.

Loss Attributable to Owners of the Company

For 1H 2024, the Group's loss attributable to owners of the Company was HK\$162.8 million (1H 2023: profit of HK\$134.9 million).



Management Discussion and Analysis

Earnings per Share

For 1H 2024, earnings per share attributable to owners of the Company was -HK\$0.0475 (1H 2023: HK\$0.0393).

Interim Dividend

The Board does not recommend the payment of any interim dividend for 1H 2024 (1H 2023: Nil).

Liquidity and Financial Resources

Cash and Bank Balances

At 30 June 2024, the currency denomination of the Group's cash and bank balances including restricted deposits and pledged deposits are as follows:

Currency denomination	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Denominated in:		
RMB	1,590.3	1,259.7
HKD	8.9	2.6
USD	26.0	25.9
XAF	0.7	2.9
EUR	5.0	0.1
	1,630.9	1,291.2

At 30 June 2024, our cash and bank balances including restricted deposits and pledged deposits were HK\$1,630.9 million (31 December 2023: HK\$1,291.2 million) while the Group's borrowings amounted to HK\$5,205.4 million (31 December 2023: HK\$5,120.6 million). The Group's borrowings net of cash and bank balances amounted to HK\$3,574.5 million (31 December 2023: HK\$3,829.4 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

At 30 June 2024, trade and notes receivables of the Group decreased by HK\$328.9 million to HK\$1,203.4 million (31 December 2023: HK\$1,532.3 million) in line with decrease of revenue.

Net Current Liabilities

At 30 June 2024, the Group's net current liabilities slightly decreased to HK\$845.2 million (31 December 2023: HK\$891.3 million).

Bank and Other Borrowings

At 30 June 2024, the Group's borrowing structure and maturity profile are as follows:

Borrowing structure	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Secured borrowings (including lease liabilities)	1,319.4	813.1
Unsecured borrowings	3,886.0	4,307.5
	5,205.4	5,120.6



Management Discussion and Analysis

Maturity profile	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Repayable:		
Within one year or on demand	4,015.3	4,162.8
In the second year	475.2	260.4
In the third to fifth years, inclusive	714.9	697.4
	5,205.4	5,120.6

Currency denomination	30 June 2024 HK\$ million	31 December 2023 HK\$ million
Denominated in:		
RMB	5,201.6	5,117.1
USD	1.8	0.4
HK\$	2.0	3.1
	5,205.4	5,120.6

At 30 June 2024, borrowings as to the amounts of HK\$4,763.9 million (31 December 2023: HK\$4,704.9 million) and HK\$441.5 million (31 December 2023: HK\$415.7 million), carry fixed and floating rate interest respectively. The fixed rate borrowings carry interest at rates ranging from 1.47% 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 slightly increased to HK\$5,205.4 million as at 30 June 2024 (31 December 2023: HK\$5,120.6 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.

Charge on Group Assets

At 30 June 2024, (a) right-of-use assets of HK\$21.9 million (31 December 2023: HK\$29.0 million) related to property, plant and equipment were held under leases; (b) bank balances of HK\$543.4 million (31 December 2023: HK\$289.2 million) were pledged to secure certain of the Group's bank acceptance notes payable; (c) property, plant and equipment and leasehold lands of HK\$813.0 million (31 December 2023: HK\$579.9 million) and trade receivables of HK\$45.4 million (31 December 2023: HK\$45.8 million) were pledged to secure certain of the Group's bank and other borrowings; and (d) bank balances of HK\$26.3 million (31 December 2023: HK\$26.5 million) were restricted to secure certain potential claims from disputes with customers.

Key Financial Ratios of the Group

	30 June 2024	31 December 2023
Current ratio	0.88	0.88
Quick ratio	0.67	0.64
Net Gearing ratio	121.2%	121.9%

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

At 30 June 2024, current ratios, quick ratio and net gearing ratio remained stable compared with 31 December 2023.



Management Discussion and Analysis

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\$845.2 million as at 30 June 2024. Subsequent to the end of the reporting period, the Group has successfully renewed or obtained new bank loans of HK\$221.3 million during the period from 1 July 2024 up to 15 August 2024. The directors of the Company, also taking into account of internally generated funds from its operations and successful renewals of bank loans 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.

At 30 June 2024, 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 2024, trade receivables due from Customer A was HK\$232.0 million (31 December 2023: HK\$232.0 million) and represented 29.3% (31 December 2023: 31.5%) of the Group's total trade receivables, which was totally overdue and fully provided as at 30 June 2024 and 31 December 2023. 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.

At 30 June 2024, the amount due from Dushan Jinmeng of HK\$320.8 million with an impairment loss of HK\$108.3 million was arising from the settlement of guarantee liability in 1H 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. The Group is monitoring the recoverability of the amount regularly and any deterioration of Dushan Jinmeng's financial status or decrease in collaterals' value will increase the impairment loss further.

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.



Management Discussion and Analysis

- (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.

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 2024, the global inflationary pressures were eased and the high interest rate policy among the Western countries might come to an end in the near short term. In China, the PRC government aimed at stimulating demand to boost its economy in order to recover from the low tide of property development industry.

As recovery of economy is highly uncertain, the Group will cautiously carry out our investment plans to strengthen our core competitiveness and will continue to focus on five business segment, i.e. ore and traditional manganese products, new energy materials, alloying materials, supply chain logistics and integrated solid waste recycling. The Group will also continue to improve internal efficiency and management skills to reduce costs and increase productivity and competitiveness, so as to carry on the good momentum in the following years.

As the second largest EMM manufacturer and supplier in China, we integrate the aims and requirements of the government to achieve "carbon peak and carbon neutrality", work with the initiatives and plans of working committee of Metallurgical Mines' Association of China EMM Innovation Alliance ("中國冶金礦山企業協會電解金屬錳創新聯盟"), strengthen the synergies of the industry with common objectives to improve and upgrade our industry, accelerate eco-friendly development and achieving sustainable development, which are achieving notable progress. The sector outlook is expected to be challenging in the second half of 2024 and beyond as steel manufacturers continue to face challenges, such as oversupply and rising production costs which weaken their demand for our EMM Products. To weather the storm, major players in EMM industry jointly promote and launch out measures such as production restriction to balance EMM supply and technical upgrades.

As the largest EMD manufacturer in China, we are optimistic about the development of battery materials production segment and continue to strengthen our leading position and carry out technical research and development to upgrade the quality of our battery material products including EMD and lithium manganese oxide to enhance their value and further extend the applications in electric vehicles and other electric tools and equipment. The Group will actively respond to carbon reduction targets initiated by the PRC government for the 14th Five-Year Plan period and pave the way to seize opportunities brought by such targets, including the optimization of industry structure and energy structure as well as the upgrade and replacement in the industry and the improvement of energy efficiency. It announced the "Green stimulus package" with a scale close to US\$195 billion focusing on accelerating the development of industries with established development foundation, such as new energy and electric vehicles. The rapid development of green manufacturing industries, such as new materials and new energy vehicles, will provide a vastly broad market and opportunities for one of the Group's major businesses – cathode materials for batteries (including EMD, lithium manganese oxide and high purity manganese sulfate).



Environmental, Social and Governance Report

We always adhere to the concept of sustainable development including using scientific design and taking advanced, reasonable and effective measures to exploit mine resources scientifically, orderly, and reasonably. While becoming bigger and stronger in the industry, we always maintain the harmony between man and nature, demonstrate a new image of a good and responsible mining company.

Now we have around 6,000 employees in Hong Kong, Guangxi, Guizhou, China and Gabon, Africa. In addition to continue our long-term goal to provide quality products to our valuable clients in an environmental friendly manner, we are also keen to establish a quality operation system, to protect the safety and health of our employees and also to provide contribution to the surrounding community in which we have businesses.

Materiality

The Group has been publishing the Environmental, Social and Governance (“ESG”) report in its interim report and annual report. This report has been approved by the Board and set out in the Company’s interim report. As part of the preparation for compiling this report, we undertake a preliminary review of the material topics that have affected and continue to affect our business, and our actions to address them. This report concentrated on the sustainability topics which we consider of interest to our key stakeholders, which include national and regional government, community members, our workforce and business partners.

A matter is considered to be material if, in the view of the Board and senior management, it is of such importance that it will, or potentially could, in the short, medium or long term:

- have a significant influence on, or is of particular attention to, our stakeholders; or
- substantively impact our ability to meet our strategic objectives.

Once identified, each material issue is given a priority level based on the level of concern shown by stakeholders, as well as its actual and/or potential impact on the business. The issues which we identified as being material are in the following four aspects, in no order of priority:

- Safety Production and Labour Protection;
- Energy Savings and Environmental Protection;
- Quality Operation System Establishment, Employment Training and Growth; and
- Social Contribution, Living Environment and Culture Development.

The Group attaches great importance to ESG management and incorporates it into the Company’s management process. The Board assumes full responsibility for the Group’s ESG strategy and reporting and is responsible for assessing and determining the Group’s ESG-related risks and ensuring appropriate and effective ESG risk management and proper implementation of the internal monitoring system.

The Group attaches great importance to the communication with stakeholders, by disseminating the Company’s ESG concepts and practices through raises channels, understanding the concerns of stakeholders and taking action to meet their reasonable expectations and demands.

Basis of preparation

Unless otherwise stated, the basis for preparation of this report is same as the past years. The data in this report, covers companies, assets and projects in which we have operational control (where we have full authority to implement our operating policies), but does not cover our associated companies.



Environmental, Social and Governance Report

Basis of preparation (continued)

A summary of our key performance indicators in the aforesaid four critical areas during the six months ended 30 June 2024 is set out in the following table:

Critical Areas	Key performance indicators	Six months ended 30 June		
		2024	2023	2022
Safety Production and Labour Protection	Number of Fatalities (Note 1)	0	0	0
	Number of Injuries	0	0	0
	Number of Lost Days Caused by Injuries (Note 2)	0	0	0
Energy Savings and Environmental Protection	Total Electricity Consumption (MWh) (Note 3)	769,696	951,691	832,120
	(i) Electricity Intensity of EMM (kWh per tonne) (Note 4)	6,570	6,300	6,394
	(ii) Electricity Intensity of EMD (kWh per tonne) (Note 5)	2,330	1,953	1,877
	(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne) (Note 6)	4,178	4,202	3,888
	Total Water Consumption (Tonnes) (Note 7)	2,865,271	2,690,309	3,076,751
	(i) Water Intensity of EMM (m ³ per tonne) (Note 8)	2.03	2.73	4.21
	(ii) Water Intensity of EMD (m ³ per tonne) (Note 9)	9.29	11.03	1.37
	(iii) Water Intensity of silicomanganese alloy (m ³ per tonne) (Note 10)	4.81	3.44	0.92
	Exhaust Gas Emission (Tonnes) (Note 11)	5	24	48
	Greenhouse Gas Emission (Tonnes) (Note 12)	19,619	78,478	104,685
	Waste Slag Volume (Tonnes)	907,505	1,191,361	819,144
	Non-hazardous Waste Produced (Tonnes) (Note 13)	532,485	460,065	532,036
	Total Packaging Material Used for Finished Products Number	195,748	613,132	1,095,626
Quality Operation System Establishment, Employment Training and Growth	Number of Suppliers	603	484	400
	Number of Complaint against our Products	0	1	1
	Number of Complaints and/or Legal Cases regarding Corrupt Practices	0	0	0
	Number of Employees	6,029	6,861	7,150
	Female Ratio (percentage)	28.1	29.0	29.5
Social Contribution, Living Environment and Culture Development	Donation (HKD)	348,000	379,500	977,000



Environmental, Social and Governance Report

Basis of preparation (continued)

Notes:

1. Fatality is the death of an employee as a result of an occupational illness/injury/disease incident in the course of employment.
2. An occupational illness/injury/disease sustained by an employee causing him/her to miss one scheduled workday/shift or more after the day of the injury.
3. The figures include the total electricity consumption for all the EMM, EMD and silicomanganese alloy processing plants.
4. The figures include the consolidated average electricity usage (kWh) per EMM (tonne) for our EMM production by our EMM plants.
5. The figures include the average electricity usage (kWh) per EMD (tonne) for EMD production by our EMD plants.
6. The figures include the average electricity usage (kWh) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants.
7. The figures include the total water consumption for the EMM, EMD and silicomanganese alloy processing plants.
8. The figures include the consolidated average water usage (m³) per EMM (tonne) for our EMM production by our EMM plants.
9. The figures include the average water usage (m³) per EMD (tonne) for our EMD production by our EMD plants.
10. The figures include the average water usage (m³) per silicomanganese alloy (tonne) for our silicomanganese alloy production by our silicomanganese alloy plants.
11. The figures include the exhaust gas emissions for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant.
12. The figures include the greenhouse gas emission for Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant.
13. The figures include the tailings produced by Daxin Mine, Tiandeng Mine, Changgou Manganese Mine and Bembélé Manganese Mine during the six months ended 30 June 2024. Since Waifu Manganese Mine has not come into formal mining production, therefore no tailings were produced in Waifu Manganese Mine during the six months ended 30 June 2024.



Environmental, Social and Governance Report

1. Safety Production and Labour Protection

Safety production and labour protection are our top priority. We insist on safety production and continue to strengthen the safety awareness of our workers.

During the six months ended 30 June 2024, our major measures are as follows:

(1) Strict Implementation of the Establishment and Execution of the Safety Production System:

In China, we continued to strictly implement the “Six Major Safety Systems” in our Daxin Mine, Tiandeng Mine and Changgou Manganese Mine.

(2) Strict Implementation of Safety Production Responsibility System:

We continued to strictly implement the safety production responsibility system, requiring each of our production units to endorse and implement the production safety responsibility commitments, which are also part of the appraisals for our employees, so as to ensure our safety system is in place.

(3) Establishment of Safety Production Standardisation System:

In China, we continued to reinforce our efforts on production safety standardisation for metallurgical and non coal enterprises, including, inter alia, the followings:

- (i) Daxin Branch maintained the qualification for second level safety standardization in respect of EMM plants and EMD plants;
- (ii) Chongzuo Branch maintained the qualification for second level safety standardization; and
- (iii) Qinzhou Ferroalloy Plant maintained the qualification for the second level safety standardization.

(4) Safety Education and Training, Reinforcement of Production Safety Concept to our employees:

In China, we continued to reinforce the production safety concept to our employees, including, inter alia, the following:

- (i) We continued to carry out safety inspection activities;
- (ii) We commenced “Safety Production Month” activities, safety knowledge trainings, safety knowledge competition and first aid rescue etc. series of activities regarding safety production; and
- (iii) We organized subsidiaries to carry out education and training on working accident prevention.



Environmental, Social and Governance Report

1. Safety Production and Labor Protection (continued)

(5) Strict Compliance with Labour Standards:

Our employment policies strictly followed the prevailing laws and regulations regarding the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

We prohibited the employment of child, forced or compulsory labour in any of our operations. During the six months ended 30 June 2024, we did not identify any operation or supplier as having significant risk of child labour, young workers exposed to hazardous work, or forced or compulsory labour.

(6) Continuous Investment to the Safety Measures:

We committed to invest in our safety measures for labor protection, including protection accessories, dust prevention and noise removal facilities. During the six months ended 30 June 2024, we have conducted a review in respect of our workplaces regarding the existing adverse effect of occupational diseases and occupational diseases testing and enhanced the protection equipments with those dangerous positions so as to protect the health of our employees.

We strongly believe that our carefully designed safety production system, thoroughly implemented and continuous reassessment, can provide sufficient protection to protect the health and safety of our employees.

As a result of our continuous stringent control in respect of the production safety, we continued to keep relatively low fatalities and the number of injuries in respect of our employees continued to remain at a relatively low level.

Set out below is a summary of the fatalities, number of injuries, fatality rate and loss of days caused by injuries during the six months ended 30 June 2024:

Number of Fatalities (by Location)	Six months ended 30 June		
	2024	2023	2022
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
Total	0	0	0

Number of Injuries (by Location)	Six months ended 30 June		
	2024	2023	2022
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
Total	0	0	0



Environmental, Social and Governance Report

1. Safety Production and Labor Protection (continued)

Fatality Rate (%) (by Location)	Six months ended 30 June		
	2024	2023	2022
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
Total	0	0	0

Number of Lost Days Caused by Injuries (by Location)	Six months ended 30 June		
	2024	2023	2022
Hong Kong	0	0	0
Mainland China	0	0	0
Gabon	0	0	0
Total	0	0	0

We maintained zero number of lost days caused by injuries during the six months ended 30 June 2024 due to our efforts in the enhancement of safety production measures.

We will continue to the training towards our workers and actively implemented and reinforced our production safety measures, in order to protect the safety and health of our employees.

Compliance with Safety Production Rules and Regulations and Labour Standards

During the six months ended 30 June 2024, we continued to strictly follow all the prevailing laws and regulations regarding safety production and labour standards in Hong Kong, Mainland China and Gabon. To the best of our information and knowledge, there are no material non-compliance with the prevailing laws and regulations regarding safety production and labour standards by the Group during the six months ended 30 June 2024.

2. Energy Savings and Environmental Protection

Strict Supervision of Resource Consumption

Our electricity are provided by the local electricity companies or generated by our electricity generators. Our water are either extracted from the rivers or provided by the water supplies authority of the local regions which we operate. The supply of electricity and water are fit for our operation or production purposes and are provided in a stable and effective manner.

We continued to strictly monitor our resources consumption on an ongoing basis and take effective measures to increase energy efficiency. The electricity consumption and water consumption (including electricity and water intensity) are our top priorities. During the six months ended 30 June 2024, we collected the figures for total electricity consumption and water consumption for all the EMM, EMD and silicomanganese alloy processing plants. Details are set out in the following table:

	Six months ended 30 June		
	2024	2023	2022
Electricity Consumption (MWh)	769,696	951,691	832,120
(i) Electricity Intensity of EMM (kWh per tonne)	6,570	6,300	6,394
(ii) Electricity Intensity of EMD (kWh per tonne)	2,330	1,953	1,877
(iii) Electricity Intensity of silicomanganese alloy (kWh per tonne)	4,178	4,202	3,888
Water Consumption (Tonnes)	2,865,271	2,690,309	3,076,751
(i) Water Intensity of EMM (m ³ per tonne)	2.03	2.73	4.21
(ii) Water Intensity of EMD (m ³ per tonne)	9.29	11.03	1.37
(iii) Water Intensity of silicomanganese alloy (m ³ per tonne)	4.81	3.44	0.92



Environmental, Social and Governance Report

2. Energy Savings and Environmental Protection (continued)

Reduction of Waste Production

Waste is a by-product during the process of our production operation. Due to the different operation processes in our mining and downstream production, different types of waste are generated. Throughout the whole production process from our upstream mining up to downstream operations, the biggest volume of hazardous wastes generated are greenhouse gas, waste water, and waste slag while the biggest volume of non-hazardous wastes generated are tailings. Beyond that, the volume of solid and liquid waste we generate is small and the risk of significant environmental spills or leakages is low. We are committed to reducing our various kinds of waste production through technical innovation, so as to reduce their impact on the natural environment.

(1) Exhaust Gas and Greenhouse Gas Emissions

The exhaust gas and greenhouse gas emissions are mainly caused during the silicomanganese alloy production by Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant. Beyond that, the exhaust gas and greenhouse gas emissions by our other segment of business is relatively not significant and therefore we have not taken into account. We improved the production technology, reduced energy consumption and continuously and regularly detected exhaust gas and greenhouse gas emissions, so as to reduce the total amount of exhaust gas and greenhouse gas emissions and its impact on the natural environment, and meet the environmental impact assessment implementation standards. Details of our exhaust gas and greenhouse gas emissions are set out as follows:

	Six months ended 30 June		
	2024	2023	2022
Exhaust Gas			
Nitrogen oxides (NOx) (Tonnes)	4	17	34
Sulfur oxides (SOx) (Tonnes)	1	7	14
Total Amount (Tonnes)	5	24	48
Greenhouse Gas			
Scope 1 emissions (Tonnes)	18,170	72,681	98,677
Scope 2 emissions (Tonnes)	1,449	5,797	6,008
Total Amount (Tonnes)	19,619	78,478	104,685

The decrease in exhaust gas and greenhouse gas emissions during the six months ended 30 June 2024 was due to the fact that Qinzhou Ferroalloy Plant and Xingyi Ferroalloy Plant were suspended for most of such period.

(2) Waste Water

Water is mainly used for our upstream mining operation and downstream EMM and EMD production. The largest volume of water we withdraw from water bodies is used for grinding of our manganese ores and electrolysis process of our EMM and EMD. However, the majority of the water is discharged back to their sources after appropriate treatment in accordance with local environmental laws and regulations to ensure no adverse environmental impact is introduced. Depending on site-specific conditions, operational situations and age, some of these were introduced in the design stage, and some were initiated after production.



Environmental, Social and Governance Report

2. Energy Savings and Environmental Protection (continued)

Reduction of Waste Production (continued)

(3) Waste Slag

Waste slags are by products of our various downstream productions. We are committed to reducing our waste slag emissions by strict monitoring and management to ensure such waste slags are processed with proper treatments before disposal. Details of our waste slags are set out as follows:

	Six months ended 30 June		
	2024	2023	2022
Waste Slags Volumes (Tonnes)	907,505	1,191,361	819,144

(4) Non-hazardous Wastes-Tailings

Tailings are produced during the ore processing process of our upstream mining operation. All these tailings are non hazardous and are directed into our designated tailings dams and tailings storage facilities and when full, replantation will be carried out thereof in order to restore their original ecological structure. Details of tailings produced are set out as follows:

	Six months ended 30 June		
	2024	2023	2022
Tailings Production (Tonnes)	532,485	460,065	532,036

(5) Packaging Materials used for our finished products

Packaging bags are used to contain our finished products in accordance with the need of our customers. Details of our packaging bags used are set out as follows:

	Six months ended 30 June		
	2024	2023	2022
Packaging bags	195,748	613,132	1,095,626

We will continue to monitor the environmental effect in respect of our production, continuing to reduce our waste production, so as to minimise the impact on the surrounding ecosystem.

Environmental Regulation: Compliance and Beyond

In China, the implementation of rules and regulations such as 2008-2015 National Mineral Resources Plan, Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Management Rules (Trial Version), Guangxi Zhuang Autonomous Region Green and Harmonious Mines Construction Implementation Program and National Land Remediation Plan (2016-2020), have enhanced the green mine constructions regulations and requirements regarding the legal operation, comprehensive utilization, environmental protection, land reclamation, etc. for the mining companies including the Group.

In Gabon, the local government also enhanced the rules and requirements regarding the environmental protection matters.



Environmental, Social and Governance Report

2. Energy Savings and Environmental Protection (continued)

Environmental Regulation: Compliance and Beyond (continued)

Notwithstanding that, during the six months ended 30 June 2024, we continued our investment in environmental protection measures in compliance with the relevant rules and regulations. We have not breached any environmental rules or regulations which resulted in material fines or prosecutions. We believe that rule compliance is only the minimum standard – we treat it as the floor to our environmental performance. We are committed to the responsible management of both the short and long-term impacts of our business on the environment. This commitment goes beyond compliance and applies to all stages of our business – from planning, building, operation, maintenance to the decommissioning of our facilities and equipment.

Energy Savings and Reduction: Continuous Research and Implementation

By strengthening our management method, improving our production facilities and streamlining our production process, we continued our research upon and implement various energy savings and reduction measures. During the six months ended 30 June 2024, we have implemented the following measures:

- (1) Our upstream mining business:
 - (i) We continued to optimize production layout, ensure raw material supply and improve the mining methods, thereby reducing the mining costs;
 - (ii) Through technical improvement, we fully tap the potential of equipment, improve production efficiency and achieve energy saving; and
 - (iii) We continued to strengthened the safety management of underground mining, thereby preventing and reducing production safety accidents and ensuring production efficiency.
- (2) Our downstream business:
 - (i) EMM business:
 - (a) We improved the metal recovery rate during our EMM production process, thereby reducing the unit consumption rate;
 - (b) We carried out safety rectification works in respect of safety and environmental risks for our EMM plants, thereby preventing the happening of safety and environmental accidents; and
 - (c) Our technical center and the production management department jointly held an electrolytic metal manganese technology exchange meeting at Tiandeng Mine, so as to strengthen communication and improve the technical level.
 - (ii) EMD business:
 - (a) We effectively reduced the rinsing times during our EMD production process, and used the recycled rinse water in a systematic manner, thereby reducing the energy consumption; and
 - (b) We increased the chemical leaching efficiency to ensure our quality of electrolysis.



Environmental, Social and Governance Report

2. Energy Savings and Environmental Protection (continued)

Energy Savings and Reduction: Continuous Research and Implementation (continued)

(2) Our downstream business: (continued)

(iii) Silicomanganese alloy business:

- (a) We strengthened the rectification management of equipment hidden dangers and reduce the occurrence of equipment accidents; and
- (b) We continued to reform and innovate, optimize the current production process, and actively explore new process technologies to reduce electricity consumption.

3. Quality Operation System Establishment, Employment Training and Growth

(1) Quality Operation System Establishment

We continued to enhance our quality operation system, so as to increase our operational efficiency and effectiveness.

(i) Supply Chain Management

Our suppliers and contractors provide us a wide range of products and services, including fuel and equipment for our upstream mining operations; electricity and other raw materials for our downstream operations; packaging bags and other related accessories for the sales of our final products as well as underground technology innovation construction service and subcontracting processing services, etc. When selecting suppliers, we will encourage them to use as many environmentally friendly products and services as possible, and we have made relevant green procurement policies.

Details of the number of our suppliers are set out as follows:

Number of our suppliers	Six months ended 30 June		
	2024	2023	2022
Hong Kong	1	1	1
Mainland China	597	477	392
Gabon	5	6	7
Total	603	484	400

All our suppliers are required to be assessed for their capabilities to fulfill our business needs and such assessment is based on a combination of different and various factors such as their track record, reputation, production capacity as applicable.

In addition, we continued to keep close supervision in respect of procurement practice of normal operation. Save and except for those special suppliers, all other suppliers and contractors are selected based on public auction with strict comparison and assessment.

Furthermore, we also continued to carry out assessment and internal audit in respect of our suppliers on a regular basis, so as to assess whether such suppliers continue to meet our request.



Environmental, Social and Governance Report

3. Quality Operation System Establishment, Employment Training and Growth (continued)

(1) Quality Operation System Establishment (continued)

(ii) Product Quality Supervision

The whole production process, commencing from procurement, production up to after sales services, are strictly complied with ISO9001:2015 quality management requirement.

We continued our improvements and researches on our production technique and have applied and were granted various patents licenses thereof. All our products (including but not limited to our product advertisements and labels) strictly meet the national and our sector standards and our client's requirements. Among which, our major products, EMM, EMD and manganese sulfate are rewarded with recognition of "Quality products of Guangxi" since 2015 and have passed the inspection by the relevant PRC quality assessment bureau.

We continued to provide our clients with quality after sales service and comply with our stringent products quality and safety control system, e.g. "Customers Satisfaction and Complaints Assessment Procedure" and "Products Recall Procedures" etc.

As a result of our continuous stringent control in respect of the quality of our products, the complaints and/or recalls we received in respect of our products continued to remain at a low level. During the six months ended 30 June 2024, the complaints and/or recalls we received in respect of our products are as follows:

	Six months ended 30 June		
	2024	2023	2022
Number of products related complaints and/or recalls received	0	1	1

(iii) Probity Operating System Establishment

We continued to establish a clean and efficient business environment, including, inter alia, establishment of anti bribery regulation, inclusion of probity system as annual object responsibility audit, execution of probity agreement with our suppliers, and provision of notification letters of reporting channels etc. We enhanced the responsibility assessment of the department heads and established rational and effective management mechanism to prevent our employees from being engaged in illegal activities such as bribery, extortion, fraud and money laundering, etc.

During the six months ended 30 June 2024, the complaints or legal cases regarding corruption we received are as follows:

	Six months ended 30 June		
	2024	2023	2022
Number of Complaints and/or Legal Cases regarding Corrupt Practices	0	0	0



Environmental, Social and Governance Report

3. Quality Operation System Establishment, Employment Training and Growth (continued)

(1) Quality Operation System Establishment (continued)

(iv) Our Code of Conduct and Personal Privacy Protection

All our management and staff are subject to our code(s) of conduct which we implement and review from time to time and such code(s) places them under specific obligations as to the ethics and principles by which our business is conducted. Non-compliance with the code(s) of conduct results in disciplinary action. Disciplinary measures are decided by the relevant line management. These measures are then subject to review and endorsement by the board of directors, in order to ensure the consistency and fairness of treatment.

We monitor and periodically document any complaints related to breaches of customer privacy and loss of customer data. No customer privacy and data loss cases have been reported or noted during the six months ended 30 June 2024.

(2) Employment Training and Growth

We arranged trainings at all levels of our employees through multi-channels, multi-formats and multi-levels. In summary, various different training courses were held during the six months ended 30 June 2024, effectively improving the quality of staff, and promoting development of our employees.

During the six months ended 30 June 2024, our major training activities and projects are as follows:

- (i) Training on “Strengthening Intellectual Property Protection and Development of High-Quality Enterprises”;
- (ii) Special training on “Interpretation of Hot Topics and Key Points of the Newly Revised Company Law”;
- (iii) Symposium on “Establishing both breakthroughs and accelerating the construction of a unified national market”;
- (iv) Training on “Process, Methods and Skills for Internal Audit of National Laboratories and Inspection and Testing Institutions”;
- (v) “Civil Code Publicity and Training” of the Open Course of South Manganese;
- (vi) 2024 “Safety Production Month” and safety production, environmental protection management knowledge training;
- (vii) Special training on “Labor Relations and Employment Management, Standardized Management of Personnel Files”; and
- (viii) Online video training on “Legal Direct Action for the Benefit of Enterprises”.



Environmental, Social and Governance Report

4. Social Contribution, Living Environment and Culture Development

Our community investment activities complement the way in which our core business contributes to society, by improving the quality of life for communities through donation of our skills, expertise and resources. The three focus areas of our community investment initiatives are: social contribution, living environment and cultural development, details of which are as follows:

- (1) In China, we treasured our social contribution in particular the surrounding community of our mines and the improvement of the living environment of our employees as well as the cultural development, including the followings:
 - (i) We continued to carry out various charitable activities and offer series of poverty alleviation works through employment, education, training, etc. and to the villages or associations surrounding our mines and production plants, including:
 - (a) We actively purchased agricultural and sideline products from poverty-stricken counties as employee benefits to help poverty-stricken areas get rid of Poverty; and
 - (b) Our subsidiaries organized our employees to actively visit nursing centres and orphanages and carry out various charity poverty alleviation activities.
 - (ii) We continued to offer our help and assistance to our employees particularly those in need, including the followings:
 - (a) We have established a file of employees with difficulties and carried out “one-on-one” precision poverty alleviation, that is, each company’s management personnel corresponded to a poor employee of the company, and visited it regularly to help;
 - (b) We are determined to carry out “send warmth” event and we always understand and pay attention to the employees in difficulty, so as assist them to solve their problems; and
 - (c) We provided cooking oil, rice and other welfare materials as well as red banners to our employees during Chinese New Year festival and we offered our condolence to the patients, employees in need and elderly.
 - (iii) We continued to host or organise various cultural or sports activities to our employees or the surrounding villagers, including the followings:
 - (a) We held New Year Garden Activities on the eve of the Spring Festival; and
 - (b) We built cinema, soccer field and purchased treadmills for our employees, so as to enrich the life of the employees.



Environmental, Social and Governance Report

4. Social Contribution, Living Environment and Culture Development (continued)

- (2) In Gabon, we continued to focus on the local community development and actively participate in various social activities in Gabon and to support the local government in building schools and hospitals.

We treasure serving our community and therefore, we spent money into the community where our businesses are situated. During the six months ended 30 June 2024, our cash donations to charities amounted to HK\$348,000. Details are as follows:

	Six months ended 30 June		
	2024	2023	2022
Donation (HKD)	348,000	379,500	977,000

Given the geographical diversity of our business, we take a site-specific or tailored approach to our various social engagements or construction works. As with any investment that the Company makes, we need to be careful that our resources are allocated to community initiatives in a disciplined and systematic way and that this leads to positive, sustainable outcomes as opposed to having a disruptive effect on a community or the local environment. We are confident that selected community initiatives, carefully chosen, thoroughly implemented and carefully monitored, do enhance the Company's reputation and relationships and do enjoy the support of our shareholders and other stakeholders.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Below is the information on our mineral resources and ore reserves as of 30 June 2024:

Summary of our manganese mineral resources

Mining Block	Ownership Percentage	JORC Resource Category	Average Manganese		Million Tonnes	Average Manganese Grade (%)
			Million Tonnes	Grade (%)		
			As of 30.6.2024	As of 31.12.2023		
Daxin Mine	100%	Measured	3.32	26.05	3.32	26.05
		Indicated	55.01	22.04	55.38	22.07
		Subtotal	58.33	22.27	58.70	22.30
		Inferred	0.43	21.23	0.43	21.23
		Total	58.76	22.26	59.13	22.29
Tiandeng Mine	100%	Measured	0.53	18.43	0.53	18.43
		Indicated	2.23	17.63	2.17	17.74
		Subtotal	2.76	17.78	2.70	17.88
		Inferred	3.43	14.32	3.43	14.29
		Total	6.19	15.90	6.13	15.87
Waifu Manganese Mine	100%	Measured	-	-	-	-
		Indicated	-	-	-	-
		Subtotal	-	-	-	-
		Inferred	1.54	17.52	1.54	17.52
		Total	1.54	17.52	1.54	17.52
Changgou Manganese Mine	64%	Measured	3.06	20.45	3.06	20.45
		Indicated	14.65	20.32	14.69	20.32
		Subtotal	17.71	20.34	17.75	20.34
		Inferred	3.24	20.50	3.24	20.50
		Total	20.95	20.37	20.99	20.37
Bembélé Manganese Mine	51%	Measured	-	-	-	-
		Indicated	3.27	34.26	5.56	36.15
		Subtotal	3.27	34.26	5.56	36.15
		Inferred	12.37	32.74	12.37	32.74
		Total	15.64	33.06	17.93	33.80
Total			103.08		105.72	



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Summary of our manganese ore reserves

Mine	Ownership Percentage	JORC Resource Category	Average Manganese		Million tonnes	Average Manganese Grade (%)
			Million tonnes	Grade (%)		
			As of 30.6.2024		As of 31.12.2023	
Daxin Mine	100%	Proved	3.10	20.72	3.10	20.72
		Probable	52.55	19.22	52.92	19.27
		Total	55.65	19.30	56.02	19.35
Tiandeng Mine	100%	Proved	0.49	15.86	0.49	15.86
		Probable	2.09	16.28	2.03	16.37
		Total	2.58	16.20	2.52	16.27
Waifu Manganese Mine	100%	Proved	-	-	-	-
		Probable	-	-	-	-
		Total	-	-	-	-
Changgou Manganese Mine	64%	Proved	3.06	20.45	3.06	20.45
		Probable	14.65	20.32	14.69	20.32
		Total	17.71	20.34	17.75	20.34
Bembélé Manganese Mine	51%	Proved	-	-	-	-
		Probable	3.26	25.60	5.55	30.46
		Total	3.26	25.60	5.55	30.46
Total			79.20		81.84	

Note: The figures of the aforesaid manganese resources and manganese ore resources are rounded to two decimal and those figures may show apparent addition errors.

Assumptions:

The figures of the aforesaid manganese resources and manganese ores reserves are based on the following assumptions:

- (1) (a) The manganese resources and manganese ore reserves for Daxin Mine, Tiandeng Mine and Bembélé Manganese Mine were based on the estimates per the independent technical review report as shown in the Prospectus. The decreases of the amounts of manganese resources and manganese ore reserves during the period were largely due to mining activity. The period end amounts have been confirmed by internal experts.
 - (b) The manganese resources and manganese ore reserves for Changgou Manganese Mine are based on the estimate in accordance with 《錳礦礦產資源儲量核實報告》(Manganese Resources Verification Report) dated November 2009 prepared by 中國冶金地質總局中南局南寧地質調查所 (ChinaYe Jin Di Zhi Zong Ju Zhong Nan Ju Nanning Di Zhi Diao Cha Suo). The decreases of the amounts of manganese resources and manganese ore reserves during the period were largely due to mining activity. The period end amounts have been confirmed by our internal experts.
 - (c) The manganese resources and manganese ore reserves for Waifu Manganese Mine are based on the estimate in accordance with 《靖西縣湖潤外伏錳礦礦產資源量核實地質報告評審意見書》(Accreditation Opinion of the Verified Geographical Resources Report of Waifu Manganese Mine, Jinxi) dated 17th July 2004 prepared by 南寧儲偉資源有限責任公司 (Nanning Qu Wei Resources Limited Company). The period end amounts have been confirmed by our internal experts.
- (2) All material assumptions and technical parameters underpinning the estimates in the aforesaid independent technical reports continue to apply and have not materially changed.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities

I) Exploration

Overview

There were no significant progress in respect of our exploration works and we have not conducted any exploration drilling works in the PRC. Our main focus was to continue to carry out geological exploration work at Bembele Manganese Mine in Gabon and we have achieved certain exploration results.

Daxin Mine

During the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Daxin Mine.

Tiandeng Mine

During the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Tiandeng Mine.

Waifu Manganese Mine

During the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Changgou Manganese Mine.

Bembélé Manganese Mine

During the six months ended 30 June 2024, we continued the following geological exploration work at Bembélé Manganese Mine:

- (1) further research on the metallogenetic geological characteristics and metallogenetic regularity in the underground of other parts of our 40 square kilometers mining rights areas and its surrounding region;
- (2) further exploration works focusing on the geological survey within 2,000 square kilometers exploration right areas, so as to provide geological data for the detailed survey in the next step.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of exploration work or conducted any exploration work at Bembélé Manganese Mine during the six months ended 30 June 2024.

II) Development

Daxin Mine

During the six months ended 30 June 2024, our outsourced contractor continued the 1,000,000 tonnes/year expansion project for the underground mining at southern mining zone of Daxin Mine. As at 30 June 2024, the tunnel construction works amounted to approximately 18,646 metres in length.

Save as disclosed hereinabove, during the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Daxin Mine.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

II) Development (continued)

Tiandeng Mine

During the six months ended 30 June 2024, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure construction, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Tiandeng Mine during the six months ended 30 June 2024.

Waifu Manganese Mine

During the six months ended 30 June 2024, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Waifu Manganese Mine.

Changgou Manganese Mine

During the six months ended 30 June 2024, we have purchased some mining machines and related facilities in order to replace the obsolete or damaged machines or facilities.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Changgou Manganese Mine during the six months ended 30 June 2024.

Bembélé Manganese Mine

During the six months ended 30 June 2024, we continued the following infrastructure works or projects at the Bembélé Manganese Mine:

- (1) the high-level water storage project of the processing plant was completed and put into use, thus significantly reducing electricity costs;
- (2) continue to promote the railway track extension technical transformation project of the Ndjolé transit station, so as to improve the railway transportation capacity from the mine to the Owendo port;
- (3) continue to promote the second-phase tailings expansion project so as to improve our tailings capacity.

Save as disclosed hereinabove, we have not entered into any contracts or commitments in respect of the infrastructure development (including infrastructure constructions, subcontracting arrangements or purchases of equipment) or conducted any infrastructure or development work at Bembélé Manganese Mine during the six months ended 30 June 2024.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities

(1) Mining Operations

Daxin Mine

	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Open pit mining		
Mine production (thousand tonnes)	–	18
Underground mining		
Mine production (thousand tonnes)	508	390
Total mine production (thousand tonnes)	508	408
Average manganese grade		
Manganese carbonate ore	11.5%	12.7%
Manganese oxide ore	–	–

Tiandeng Mine

	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Open pit mining		
Mine production (thousand tonnes)	87	326
Average manganese grade		
Manganese carbonate ore	11.6%	11.8%
Manganese oxide	13.2%	13.6%

Waifu Manganese Mine

	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Underground mining		
Mine production (thousand tonnes)	–	–
Average manganese carbonate grade	–	–

Changgou Manganese Mine

	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Underground mining		
Mine production (thousand tonnes)	15	115
Average manganese carbonate grade	16.1%	15.4%

Bembélé Manganese Mine

	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Open pit mining		
Mine production (thousand tonnes)	1,090	1,041
Average manganese oxide grade	27.6%	29.4%

Note: Figures for mining production are rounded to nearest whole number and figures for manganese grade are rounded to one decimal place and these figures may show apparent addition errors.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

III) Mining activities (continued)

- (2) Ore processing operations
- Concentrating

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin Concentration Plant Concentrate production		
Manganese carbonate ore	453	463
Manganese oxide ore	–	43
Total	453	506
Average manganese grade of concentrate		
Manganese carbonate ore	18.0%	18.4%
Manganese oxide ore	–	23.2%
Tiandeng Concentration Plant Concentrate production		
Manganese carbonate ore	–	246
Manganese oxide ore	26	24
Total	26	270
Average manganese grade of concentration		
Manganese carbonate ore	–	11.0%
Manganese oxide ore	19.3%	19.9%
Bembélé Concentration Plant		
Concentrate production	612	673
Average manganese grade of concentrate	34.8%	34.5%

- Grinding

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin Grinding Plant		
Powder produced	562	582

Note: Figures for concentrating and grinding are rounded to nearest whole number and the figures for manganese grade are rounded to nearest one decimal place and these figures may show apparent addition errors.

IV) Downstream processing operations

- (1) EMM and alloying materials
- EMM

Our existing EMM production facilities include Daxin EMM Plant, Daxin Manganese EMM Plant, Tiandeng EMM Plant and Start EMM Plant. Details of EMM production are set out below:

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin EMM Plant	49.0	53.1
Daxin Manganese EMM Plant	5.6	7.7
Tiandeng EMM Plant	19.6	22.1
Start EMM Plant	8.8	6.3
Total	83.0	89.2



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

IV) Downstream processing operations (continued)

(1) EMM and alloying materials (continued)

- Manganese briquette

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin Branch	5.6	8.5

- Silicomanganese alloy

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Qinzhou Ferroalloy Plant	1.8	28.4
Xingyi Ferroalloy Plant	11.3	30.3
Total	13.1	58.7

(2) Battery materials

- EMD

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin EMD Plant	7.9	9.5
Huiyuan Manganese	29.9	32.7
Total	37.8	42.2

- Lithium manganese oxide

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Chongzuo Branch	4.2	2.9

- Manganese sulfate

Production (thousand tonnes)	1.1.2024-30.6.2024	1.1.2023-30.6.2023
Daxin Manganese Sulfate Plant	9.0	7.0
Huiyuan Manganese	10.8	9.5
Total	19.8	16.5

Note: All our other downstream processing products are rounded to nearest one decimal place and these figures may show apparent addition errors.



Summary of Our Manganese Mineral Resources and Our Manganese Ore Reserves

Exploration, Development, and Mining Activities (continued)

V) Exploration, development and mining cost of the Group

Expenses of exploration, development, and mining activities of the Group for the six months ended 30 June 2024 are set out below:

(HK\$'000)

	Daxin Mine	Tiandeng Mine	Waifu Manganese Mine	Changgou Manganese Mine	Bembélé Manganese Mine	Total
Exploration activities						
Purchases of assets and equipment	–	–	–	–	–	–
Drilling and analysis	–	–	–	–	–	–
Transportation	–	–	–	–	–	–
Others	–	–	–	–	281	281
	–	–	–	–	281	281
Development activities (including mine construction)						
Purchases of assets and equipment	–	530	–	5,139	–	5,669
Construction of mines, tunnels and roads	–	–	–	–	–	–
Staff cost	–	–	–	–	–	–
Sub-contracting fee	–	–	–	–	–	–
Others	13	–	–	–	–	13
	13	530	–	5,139	–	5,682
Mining activities*						
Staff cost	2,010	4,161	–	1,201	–	7,372
Consumables	344	3,157	–	81	–	3,582
Fuel, electricity, water and other services	962	4,007	–	1,107	–	6,076
Transportation	4,736	–	–	–	–	4,736
Sub-contracting fee	100,328	872	–	4,135	144,310	249,645
Depreciation	19,997	2,869	–	–	5,400	28,266
Others	732	1,949	–	15	–	2,696
	129,109	17,015	–	6,539	149,710	302,373

(* Concentrating not included)



Corporate Governance Code

Throughout the six months ended 30 June 2024, save for the deviation from the code provision C.2.1, 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.

Code provision C.2.1

Chairman and Chief Executive Officer

During the six months ended 30 June 2024, the posts of Chairman and Chief Executive Officer were combined and Mr. Li Weijian, the Chairman of the Board has also assumed the role of the Chief Executive Officer. This arrangement is in contravention of code provision C.2.1 of the CG Code. Mr. Li has considerable knowledge of the Company’s assets and his experience is very highly valued by the Board. At a challenging time for the Company, the Board decided that Mr. Li was the best person to lead and oversee the implementation of the Company’s long and short term plans in accordance with its strategy which is determined by the Board. All major decisions are made in consultation with the Board members, appropriate Board committees or senior management of the Group. Mr. Li promotes a culture of openness and encourages the Directors to make a full and active contribution to the Board’s affairs. During the six months ended 30 June 2024, the independent non-executive Directors of the Company offered strong and independent advice. All decisions have reflected the consensus of the Board. The Board is keeping this situation under review and will separate the role of Chairman and Chief Executive Officer when it is in the Company’s best interests to do so.

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 2024.

Directors’ and Chief Executive’s Interests in Shares and Underlying Shares

As at 30 June 2024, so far as is known to any Directors, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.



Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

At 30 June 2024, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital are as follows:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held (a)	Approximate percentage of the Company's issued share capital	Number of share options held
Sun Mingwen	(b)	Through a controlled corporation	994,260,000 (L)	29.00	–
Youfu Investment Co., Ltd	(b)	Directly beneficially interested	994,260,000 (L)	29.00	–
Guangxi Dameng Manganese Industrial Co., Ltd	(c)	Through a controlled corporation	776,250,000 (L)	22.64	–
Guinan Dameng International Resources Limited	(c)	Directly beneficially interested	776,250,000 (L)	22.64	–
Ma Xuedong	(d)	Through a controlled corporation	184,740,000 (L)	5.39	–
Feng Xiang Investment Co., Ltd.	(d)	Directly beneficially interested	184,740,000 (L)	5.39	–

Notes:

- (a) The letter "L" denotes the long position in such Shares.
- (b) Youfu Investment Co., Ltd. is wholly owned by Mr. Sun Mingwen.
- (c) Guinan Dameng International Resources Limited is wholly owned by Huanan Dameng Investments Limited, which is in turn wholly owned by Guangxi Dameng.
- (d) Feng Xiang Investment Co., Ltd is wholly owned by Mr. Ma Xuedong.

Save as disclosed above, as at 30 June 2024, the Company has not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



Purchase, Redemption or Sale of Listed Securities of The Company

During the six months ended 30 June 2024, 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 2024 with the management of the Company.

Forward Looking Statements

This interim report 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.

On behalf of the Board

Li Weijian

Chairman

Hong Kong, 16 August 2024



Glossary of Terms

Alloy Products	silicomanganese alloy and ferromanganese
Audit Committee	audit committee of the Board
Bembélé Concentration Plant	the concentration plant associated with Bembélé Manganese Mine
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 interim report, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
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 Manganese Sulfate Plant	a manganese sulfate production plant located in Daxin county, Guangxi, owned and operated by a wholly owned subsidiary of the Group
Director(s)	the director(s) of our Company
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
Gabon	the Gabonese Republic
GMG	Greenway Mining Group Limited (信盛礦業集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 30 November 2009, which we hold approximately 23.99% shareholding
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC



Glossary of Terms

Guangxi Dameng	廣西大錳業集團有限公司 (Guangxi Dameng Manganese Industry Group Co., Ltd.), a state-owned limited liability company established under the laws of the PRC on 30 July 2001, which is an indirect substantial shareholder of our Company
Guangxi Start	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)
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)
JORC	the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy
JORC Code	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 edition, which is used to determine resources and reserves, and is published by JORC of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia
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
Nomination Committee	nomination committee of the Board
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 hold 16.00% equity interest
Qinzhou Ferroalloy Plant	the ferroalloy production plant located near Qinzhou port and owned and operated by 欽州大錳新材料有限公司 (Qinzhou Dameng New Materials Co., Ltd.), a company in which we indirectly hold 70% equity interest
Remuneration Committee	remuneration committee of the Board
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
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
substantial shareholder	has the meaning ascribed to it under the Listing Rules



Glossary of Terms

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
Waifu Manganese Mine	大新大錳錳業集團有限公司外伏錳礦 (Daxin Dameng Manganese Co., Ltd Waifu Manganese Mine)
XAF	Central African CFA franc
Xingyi Ferroalloy Plant	a ferroalloy production plant located in Xingyi, Guizhou, leased and operated by a wholly owned subsidiary of the Group

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.



LUCID WATERS AND LUSH MOUNTAINS ARE INVALUABLE

