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South Manganese Investment Limited
南方錳業投資有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK\$13,210.5 million for 2024, representing a decrease of 22.9% from HK\$17,134.0 million for 2023.
- Gross profit amounted to HK\$406.4 million for 2024, representing a decrease of 56.5% from HK\$934.1 million for 2023. Gross profit margin was 3.1% for 2024, representing a decrease of 2.4 percentage points from 5.5% for 2023.
- Operating loss amounted to HK\$375.7 million for 2024 (2023: profit of HK\$123.7 million).
- Impairment losses on financial assets, net, amounted to HK\$353.5 million for 2024 (2023: HK\$8.9 million).
- Loss attributable to owners of the Company amounted to HK\$725.1 million for 2024 (2023: profit of HK\$64.1 million).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
REVENUE	3	13,210,519	17,133,960
Cost of sales		<u>(12,804,154)</u>	<u>(16,199,813)</u>
Gross profit		406,365	934,147
Other income and gains	3	144,192	232,671
Selling and distribution expenses		(132,953)	(135,504)
Administrative expenses		(523,905)	(644,767)
Impairment losses on non-financial assets		(17,750)	–
Impairment losses on financial assets, net		(353,540)	(8,931)
Finance costs	4	(144,826)	(243,156)
Other expenses, net		(124,598)	(19,723)
Share of profits and losses of associates		<u>(10,058)</u>	<u>(4,807)</u>
(LOSS)/PROFIT BEFORE TAX	5	(757,073)	109,930
Income tax expense	6	<u>(44,893)</u>	<u>(37,544)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(801,966)</u>	<u>72,386</u>
OTHER COMPREHENSIVE INCOME:			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>			
– Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		539	1,154
– Exchange differences on translation of foreign operations		<u>(49,748)</u>	<u>(77,464)</u>
		<u>(49,209)</u>	<u>(76,310)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(851,175)</u>	<u>(3,924)</u>

	2024	2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the year attributable to:		
Owners of the Company	(725,070)	64,144
Non-controlling interests	<u>(76,896)</u>	<u>8,242</u>
	<u>(801,966)</u>	<u>72,386</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	(789,511)	(23,145)
Non-controlling interests	<u>(61,664)</u>	<u>19,221</u>
	<u>(851,175)</u>	<u>(3,924)</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		
	7	
Basic	<u>HK\$(0.2115)</u>	<u>HK\$0.0187</u>
Diluted	<u>HK\$(0.2115)</u>	<u>HK\$0.0187</u>

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,015,985	4,007,729
Investment properties		92,758	99,208
Right-of-use assets		493,385	490,541
Intangible assets		206,907	214,033
Investments in associates		99,403	109,713
Deferred tax assets		40,962	11,908
Prepayments and other assets		114,174	92,457
		<hr/>	<hr/>
Total non-current assets		5,063,574	5,025,589
CURRENT ASSETS			
Inventories		1,000,707	1,681,920
Trade and notes receivables	9	947,166	1,532,329
Prepayments, other receivables and other assets		1,062,130	1,832,353
Due from related companies		–	2,130
Tax recoverable		441	451
Restricted deposits		27,835	26,494
Pledged deposits		282,421	289,175
Cash and cash equivalents		402,329	975,579
		<hr/>	<hr/>
Total current assets		3,723,029	6,340,431

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and notes payables	<i>10</i>	1,207,900	1,448,874
Other payables and accruals		1,213,223	1,537,702
Interest-bearing bank and other borrowings		2,910,076	4,162,856
Due to related companies		5,152	1,062
Tax payables		46,069	81,200
		<u>5,382,420</u>	<u>7,231,694</u>
Total current liabilities		5,382,420	7,231,694
NET CURRENT LIABILITIES		<u>(1,659,391)</u>	<u>(891,263)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,404,183</u>	<u>4,134,326</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,035,504	957,761
Deferred tax liabilities		221,583	198,842
Other long-term liabilities		127,042	104,325
Deferred income		42,867	45,036
		<u>1,426,996</u>	<u>1,305,964</u>
Total non-current liabilities		1,426,996	1,305,964
NET ASSETS		<u>1,977,187</u>	<u>2,828,362</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		342,846	342,846
Reserves		2,018,764	2,799,304
		<u>2,361,610</u>	<u>3,142,150</u>
Non-controlling interests		<u>(384,423)</u>	<u>(313,788)</u>
TOTAL EQUITY		<u>1,977,187</u>	<u>2,828,362</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

During the year ended 31 December 2024, the Group recorded a consolidated net loss of HK\$801,966,000 (2023: profit of HK\$72,386,000) and generated net cash inflows from operating activities of HK\$1,597,774,000 (2023: outflows of HK\$319,820,000). As at 31 December 2024, the Group had net current liabilities of HK\$1,659,391,000 (2023: HK\$891,263,000).

The directors of the Company have carefully considered the Group’s future liquidity, operational performance, and available sources of finance in assessing whether the Group has sufficient financial resources to continue as a going concern. In order to improve the Group’s liquidity and cash flows and sustain its operations as a going concern, the Group has implemented or is in the process of implementing the following measures:

- (a) The Group continues to restructure the mix of manganese products processing, aiming to increase the proportion of high-margin products to achieve profitable operations and positive cash flows. Specifically, the Group is ramping up the mining and processing capacity of existing mines. Additionally, in response to the recent trend of commodity prices for manganese ore and non-manganese metals and the declining operating results of the Group’s trading businesses in 2024, the Group is gradually adjusting the sales strategies of its trading operations in 2025.
- (b) The Group is implementing measures to tighten cost controls over administrative and other operating expenses, with the objective of improving its working capital and cash flow position, including closely monitoring daily operating expenditures.
- (c) The Group is actively following up with debtors to accelerate the collection of outstanding receivables.
- (d) The net loss for the year includes significant non-cash items, such as an impairment loss of HK\$320,998,000 on an amount due from an associate, which is considered one-off in nature. Consequently, the impact of this impairment on future cash flows is expected to be minimal.

- (e) Contract liabilities of HK\$367,036,000 represent non-financial liabilities that do not require immediate cash outflows and will be recognised as revenue in the subsequent year upon fulfilment of performance obligations.
- (f) The Group maintains strong, long-term relationship with its core banks, which provide continued support. To manage upcoming debt maturities, management is actively engaged in refinancing negotiations for borrowings due in the year ending 31 December 2025. Between 1 January 2025 and the date of authorisation of these financial statements, the Group has successfully renewed existing borrowings and obtained new bank borrowings totalling HK\$323,970,000. Together with the availability of unutilised bank facilities, which are subject to final bank approval upon drawdown, the directors are of the opinion that the Group will be able to renew existing or secure new banking facilities, ensuing sufficient liquidity to support its operations throughout the year ending 31 December 2025.
- (g) Certain existing high-value assets, including leasehold land, investment properties, property, plant and equipment, and mining rights, can be offered as security for further financing, if necessary.
- (h) The directors of the Company have prepared a cash flow forecast for the Group, which covers a period of twelve months from the end of the reporting period. The forecast indicates that the Group is able to generate sufficient operating cash inflows to meet its current and future obligations.
- (i) The Group is actively exploring alternative financing options, including equity issuance and other forms of financing, to strengthen its financial position and reduce reliance on short-term borrowings.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to sustain its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra- group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Changes in accounting policies and disclosures

The Group has applied the following amendments to HKFRSs and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“ HK Int 5 ”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Adoption of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting HKAS 1 Amendments.

2. OPERATING SEGMENT INFORMATION

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

(a) Manganese mining segment (PRC and Gabon)

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

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

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

(c) Battery materials production segment (PRC)

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

(d) Other business segment (PRC and HK)

The other business segment comprises, principally, the trading of various commodities such as manganese ores, EMM, manganese alloys and non-manganese metals, sales of scraps and rental of investment properties and leasehold land and investments in companies engaged in the 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 operations. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs 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 bank 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 are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

	Manganese mining PRC HK\$'000	Gabon HK\$'000	EMM and alloying materials production PRC HK\$'000	Battery materials production PRC HK\$'000	Other business PRC and HK HK\$'000	Total HK\$'000
Year ended 31 December 2024						
Segment revenue (note 3)						
Sales to external customers	144,497	1,030,761	2,162,924	1,508,556	8,363,781	13,210,519
Intersegment sales	-	274,078	-	-	-	274,078
Other revenue	3,341	41,252	60,090	27,331	5,202	137,216
	<u>147,838</u>	<u>1,346,091</u>	<u>2,223,014</u>	<u>1,535,887</u>	<u>8,368,983</u>	<u>13,621,813</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(274,078)</u>
Revenue from operations						<u>13,347,735</u>
Segment results	13,320	157,827	(393,691)	386,506	(669,185)	(505,223)
<i>Reconciliation:</i>						
Interest income						6,976
Corporate and other unallocated expenses						(134,949)
Finance costs (other than interest on lease liabilities)						<u>(123,877)</u>
Loss before tax						<u>(757,073)</u>
Income tax expense						<u>(44,893)</u>
Loss for the year						<u><u>(801,966)</u></u>
Assets and liabilities						
Segment assets	591,941	561,404	2,724,598	2,276,836	1,470,937	7,625,716
<i>Reconciliation:</i>						
Corporate and other unallocated assets						<u>1,160,887</u>
Total assets						<u><u>8,786,603</u></u>
Segment liabilities	389,741	420,146	668,233	334,611	719,971	2,532,702
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						<u>4,276,714</u>
Total liabilities						<u><u>6,809,416</u></u>
Other segment information:						
Depreciation and amortisation	12,079	37,115	223,937	137,646	5,781	416,558
Unallocated depreciation and amortisation						<u>16,446</u>
Total depreciation and amortisation						<u><u>433,004</u></u>
Capital expenditure [#]	73,891	28,194	228,383	210,499	1,511	542,478
Unallocated capital expenditure						<u>51,454</u>
Total capital expenditure						<u><u>593,932</u></u>
Impairment losses recognised/(reversed) in profit or loss	<u>(13)</u>	<u>7,616</u>	<u>345,451</u>	<u>(4,841)</u>	<u>23,077</u>	<u>371,290</u>
Losses on disposal of items of property, plant and equipment	<u>434</u>	<u>-</u>	<u>6,879</u>	<u>1,240</u>	<u>910</u>	<u>9,463</u>
Investments in associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,403</u>	<u>99,403</u>
Share of losses of associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,058)</u>	<u>(10,058)</u>

[#] Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

	Manganese mining PRC HK\$'000	Gabon HK\$'000	EMM and alloying materials production PRC HK\$'000	Battery materials production PRC HK\$'000	Other business PRC and HK HK\$'000	Total HK\$'000
Year ended 31 December 2023						
Segment revenue (note 3)						
Sales to external customers	131,203	1,182,462	2,754,029	1,718,223	11,348,043	17,133,960
Intersegment sales	–	335,259	–	–	–	335,259
Other revenue	28,828	38,317	60,766	43,089	37,968	208,968
	<u>160,031</u>	<u>1,556,038</u>	<u>2,814,795</u>	<u>1,761,312</u>	<u>11,386,011</u>	<u>17,678,187</u>
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(335,259)</u>
Revenue from operations						<u>17,342,928</u>
Segment results	13,888	146,106	45,758	334,249	(78,736)	461,265
<i>Reconciliation:</i>						
Interest income						23,703
Corporate and other unallocated expenses						(150,319)
Finance costs (other than interest on lease liabilities)						<u>(224,719)</u>
Profit before tax						109,930
Income tax expense						<u>(37,544)</u>
Profit for the year						<u><u>72,386</u></u>
Assets and liabilities						
Segment assets	650,428	591,352	3,347,640	2,318,819	2,775,665	9,683,904
<i>Reconciliation:</i>						
Corporate and other unallocated assets						<u>1,682,116</u>
Total assets						<u><u>11,366,020</u></u>
Segment liabilities	433,424	418,113	853,945	336,920	866,614	2,909,016
<i>Reconciliation:</i>						
Corporate and other unallocated liabilities						<u>5,628,642</u>
Total liabilities						<u><u>8,537,658</u></u>
Other segment information:						
Depreciation and amortisation	9,315	26,514	275,619	125,835	1,432	438,715
Unallocated depreciation and amortisation						<u>12,055</u>
Total depreciation and amortisation						<u><u>450,770</u></u>
Capital expenditure [#]	12,751	31,978	285,633	195,315	6,360	532,037
Unallocated capital expenditure						<u>27,024</u>
Total capital expenditure						<u><u>559,061</u></u>
Impairment losses recognised in profit or loss	<u>506</u>	<u>–</u>	<u>1,068</u>	<u>5,839</u>	<u>1,518</u>	<u>8,931</u>
Gains/(losses) on disposal of items of property, plant and equipment	<u>(355)</u>	<u>–</u>	<u>6,781</u>	<u>(4,362)</u>	<u>(60)</u>	<u>2,004</u>
Investments in associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>109,713</u>	<u>109,713</u>
Share of losses of associates	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(4,807)</u>	<u>(4,807)</u>

[#] Capital expenditure consists of additions to property, plant and equipment, right-of-use assets and intangible assets.

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	12,523,377	16,581,604
Asia (excluding Mainland China)	644,141	462,770
Europe	37,337	23,100
North America	5,664	66,486
	<u>13,210,519</u>	<u>17,133,960</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Mainland China	4,906,644	4,904,365
Africa	100,414	109,316
	<u>5,007,058</u>	<u>5,013,681</u>

The non-current asset information above is based on the locations of assets and excludes financial assets and deferred tax assets.

Information about a major customer

The turnover from the Group's largest customer accounted for less than 10% of the Group's total turnover.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers	<u>13,210,519</u>	<u>17,133,960</u>

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the year ended 31 December 2024

Segments

	Manganese mining <i>HK\$'000</i>	EMM and alloying materials production <i>HK\$'000</i>	Battery materials production <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Sale of goods	<u>1,175,258</u>	<u>2,162,924</u>	<u>1,508,556</u>	<u>8,363,781</u>	<u>13,210,519</u>
Geographical markets					
Mainland China	631,486	2,044,471	1,499,622	8,347,798	12,523,377
Asia (excluding Mainland China)	543,772	81,073	8,699	10,597	644,141
Europe	–	31,716	235	5,386	37,337
North America	–	5,664	–	–	5,664
Total revenue from contracts with customers	<u>1,175,258</u>	<u>2,162,924</u>	<u>1,508,556</u>	<u>8,363,781</u>	<u>13,210,519</u>
Timing of revenue recognition					
Goods transferred at a point in time with customers	<u>1,175,258</u>	<u>2,162,924</u>	<u>1,508,556</u>	<u>8,363,781</u>	<u>13,210,519</u>

For the year ended 31 December 2023

Segments

	Manganese mining <i>HK\$'000</i>	EMM and alloying materials production <i>HK\$'000</i>	Battery materials production <i>HK\$'000</i>	Other business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Sale of goods	<u>1,313,665</u>	<u>2,754,029</u>	<u>1,718,223</u>	<u>11,348,043</u>	<u>17,133,960</u>
Geographical markets					
Mainland China	943,967	2,598,918	1,707,177	11,331,542	16,581,604
Asia (excluding Mainland China)	369,698	68,194	11,046	13,832	462,770
Europe	–	20,431	–	2,669	23,100
North America	–	66,486	–	–	66,486
Total revenue from contracts with customers	<u>1,313,665</u>	<u>2,754,029</u>	<u>1,718,223</u>	<u>11,348,043</u>	<u>17,133,960</u>
Timing of revenue recognition					
Goods transferred at a point in time with customers	<u>1,313,665</u>	<u>2,754,029</u>	<u>1,718,223</u>	<u>11,348,043</u>	<u>17,133,960</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>390,459</u>	<u>206,790</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within one to three months from the invoice date, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	<u>367,036</u>	<u>390,459</u>

An analysis of other income and gains is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank and other interest income	6,976	23,703
Gains on disposal of items of property, plant and equipment	–	2,004
Subsidy income*	34,515	84,467
Sale of scraps	33,629	20,193
Gross rental income for operating leases in relation to:		
Investment properties	14,002	17,278
Others	–	445
	<u>14,002</u>	<u>17,723</u>
Foreign exchange gains, net	4,193	–
Others	<u>50,877</u>	<u>84,581</u>
	<u>144,192</u>	<u>232,671</u>

* The amount mainly represents government grants of subsidy and compensation for electricity costs, research and development costs and sustainable development in Mainland China. Conditions or contingencies relating to these grants are fulfilled and they are not deducted from related costs which they are intended to compensate, but recorded in other income.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on loans and other payables	96,585	183,049
Finance costs for discounted notes receivable	24,843	39,426
Interest on lease liabilities	20,949	18,437
Interest on discounted provision for rehabilitation	2,449	2,226
Other finance costs	–	18
	<u>144,826</u>	<u>243,156</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold#***	11,685,627	16,099,731
Depreciation of property, plant and equipment	396,065	410,541
Depreciation of right-of-use assets	35,469	36,037
Amortisation of intangible assets	1,470	4,192
Research and development costs	76,969	116,799
Loss on contractual compensation*	88,812	–
Lease payments not included in the measurement of lease liabilities	7,586	8,875
Auditor's remuneration:		
Current	4,900	5,831
Under-provision	–	2,384
	<u>4,900</u>	<u>8,215</u>
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	473,480	577,551
Pension scheme contributions	76,774	92,048
Other employee welfare	74,494	77,322
	<u>624,748</u>	<u>746,921</u>
Losses/(gains) on disposal of items of property, plant and equipment**	9,463	(2,004)
Foreign exchange differences, net**	(4,193)	10,123
Share of losses of associates	10,058	4,807
Provision for inventories, net#	34,376	3,939
Impairment losses on non-financial assets		
Impairment of property, plant and equipment	5,692	–
Impairment of right-of-use assets	12,058	–
	<u>17,750</u>	<u>–</u>
Impairment losses on financial assets, net:		
Impairment of trade receivables, net	5,238	8,134
Impairment of financial assets included in prepayments, other receivables and other assets	27,304	797
Impairment of amounts due from associates	320,998	–
	<u>353,540</u>	<u>8,931</u>
Fair value losses on investment properties**	<u>4,393</u>	<u>2,328</u>

- # Included in “Cost of sales” in the consolidated statement of profit or loss and other comprehensive income.
- * Losses totalling HK\$88,812,000 arising from disposal of goods by suppliers for the non-performance of manganese ore procurement contracts, which are included in “Other Expenses” in the consolidated statement of profit or loss and other comprehensive income.
- ** HK\$4,193,000 (2023: HK\$2,004,000) included in “Other income and gains” and HK\$13,856,000 (2023: HK\$12,451,000) included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income.
- *** Cost of inventories sold included HK\$699,098,000 (2023: HK\$804,912,000) relating to depreciation, amortisation, lease charges and employee benefit, which are included in the amount disclosed separately above for each of these types of expenses.

6. INCOME TAX EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Charge for the year		
– PRC	56,956	21,406
– Hong Kong	4,006	10,102
– Gabon	24,590	20,981
Over-provision in prior years*	(36,837)	(45,660)
Deferred	<u>(3,822)</u>	<u>30,715</u>
Total tax expense for the year	<u><u>44,893</u></u>	<u><u>37,544</u></u>

- * For the year ended 31 December 2024, a reversal of income tax expense amounting to HK\$36,837,000 (2023: HK\$45,660,000), mainly related to the statute of limitation, has been recognised in the profit and loss for the year.

Hong Kong profits tax

Provision for Hong Kong profits tax for 2024 and 2023 is calculated at 16.5% of the estimated assessable profit for the year.

PRC corporate income tax (“CIT”)

Pursuant to the PRC income Tax Law and the respective regulations, South Manganese Group, Qinzhou New Materials and Huiyuan Manganese are recognised as High and New Technology Enterprises and are entitled to a preferential CIT rate of 15% up to 2025, 2025 and 2026 respectively.

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

Huiyuan New Energy is entitled to an exemption of 40% CIT for Developing Guangxi North Bay for which the policy will expire 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.

Tax charges on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

7. (Loss)/earnings per share attributable to owners of the Company

The calculation of the basic earnings per share is based on the loss/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of 3,428,459,000 (2023: 3,428,459,000) in issue during the year.

No diluted earnings per share has been presented as the Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

The calculations of basic loss/earnings per share are based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss/earnings		
(Loss)/earnings attributable to owners of the Company, used in the basic loss/earnings per share calculation	<u>(725,070)</u>	<u>64,144</u>

Number of shares

Shares

Weighted average number of ordinary shares in issue during the year used in the basic loss/earnings per share calculation	<u>3,428,459,000</u>	<u>3,428,459,000</u>
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8. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: HK\$Nil).

9. TRADE AND NOTES RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	847,879	736,663
Less: Impairment	<u>(269,719)</u>	<u>(267,877)</u>
	578,160	468,786
Notes receivable	<u>369,006</u>	<u>1,063,543</u>
	<u>947,166</u>	<u>1,532,329</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	253,245	232,695
One to two months	149,377	113,945
Two to three months	80,613	60,973
Over three months	94,925	61,173
	<u>578,160</u>	<u>468,786</u>

10. TRADE AND NOTES PAYABLES

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one month	501,529	571,437
One to two months	118,681	139,896
Two to three months	1,288	96,379
Over three months	586,402	641,162
	<u>1,207,900</u>	<u>1,448,874</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

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	2024	2023	Increase/(decrease)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
Revenue	<u>13,210,519</u>	<u>17,133,960</u>	<u>(3,923,441)</u>	<u>(22.9)</u>
Gross profit	406,365	934,147	(527,782)	(56.5)
Gross profit margin	<u>3.1%</u>	<u>5.5%</u>	<u>N/A</u>	<u>(2.4)</u>
Operating (loss)/profit	(375,725)	123,668	(499,393)	(403.8)
Impairment losses on non-financial assets	(17,750)	–	(17,750)	N/A
Impairment losses on financial assets, net	(353,540)	(8,931)	(344,609)	3,858.6
Share of profits and losses of associates	<u>(10,058)</u>	<u>(4,807)</u>	<u>(5,251)</u>	<u>109.2</u>
(Loss)/profit before tax	(757,073)	109,930	(867,003)	(788.7)
Income tax expense	<u>(44,893)</u>	<u>(37,544)</u>	<u>(7,349)</u>	<u>19.6</u>
(Loss)/profit for the year	<u>(801,966)</u>	<u>72,386</u>	<u>(874,352)</u>	<u>(1,207.9)</u>
(Loss)/profit for the year attributable to owners of the Company	(725,070)	64,144	(789,214)	(1,230.4)
(Loss)/profit for the year attributable to non-controlling interests	<u>(76,896)</u>	<u>8,242</u>	<u>(85,138)</u>	<u>(1,033.0)</u>
	<u>(801,966)</u>	<u>72,386</u>	<u>(874,352)</u>	<u>(1,207.9)</u>

Overview

In 2024, the global economy showed signs of cautious optimism, though challenges such as elevated borrowing costs and rising production costs continued to weigh on growth. Production costs remained elevated due to persistent supply chain disruptions and geopolitical tensions, particularly in Europe and the Middle East, which kept energy and raw material prices volatile. Despite these headwinds, the latter half of the year saw some relief as easing financial conditions and improved consumer confidence provided a modest boost to economic activity. However, the pace of recovery remained uneven, with emerging markets struggling under the dual burden of high debt and production costs, while developed economies cautiously navigated the path toward stability. Overall, 2024 marked a year of tentative progress, though the global economy remained vulnerable to external shocks and the lingering effects of high borrowing and production costs.

Steel sector is our major downstream industry, with its demand for our EMM Products largely arising from consumptions within China. In 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 2024. As a result, average selling price of our EMM Products for 2024 decreased by 9.3% to HK\$12,289 per tonne (2023: HK\$13,556 per tonne). Gross profit margin of EMM Products decreased by 4.2 percentage points to 8.2% for 2024 (2023: 12.4%) and gross profit contribution of EMM Products decreased by 36.0% to HK\$166.0 million for 2024 (2023: HK\$259.4 million).

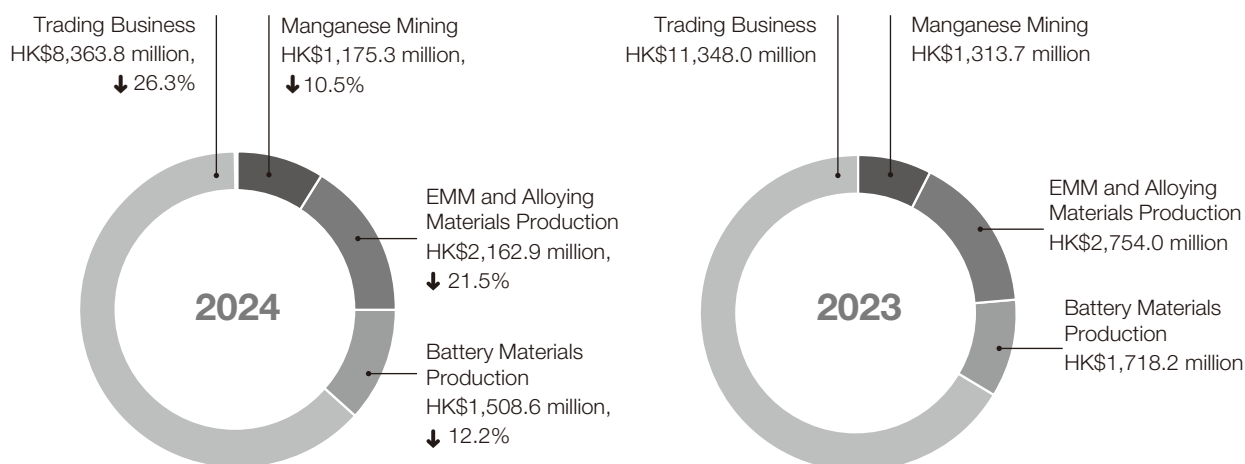
In 2024, our production of battery materials including EMD continued to achieve encouraging results. Despite tariffs were imposed by certain Western countries on electric vehicles manufactured in China, China possesses its well-established supply chain for electric vehicle production including battery materials production in China, thereby upholding the strong sales performance of electric vehicles and 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. For 2024, average selling price of EMD remained relatively stable at HK\$15,272 per tonne (2023: HK\$15,725 per tonne), gross profit margin was maintained at 43.4% (2023: 44.4%) and gross profit contribution of EMD recorded a decrease of 11.6% to HK\$486.1 million (2023: HK\$549.7 million).

For 2024, the Group recognised an impairment loss on amount due from our 33.00%-owned associate Dushan Jinneng of HK\$321.0 million. Since the year 2015, the Group had provided a corporate guarantee for bank facilities granted to Dushan Jinneng. The associate’s banking facilities amounted to RMB800.0 million (equivalent to HK\$877.0 million) and the portion guaranteed by the Group amounted to RMB264.0 million (equivalent to HK\$289.4 million). During 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\$289.4 million) and accrued interest of RMB28.8 million (equivalent to HK\$31.6 million) to the bank. As a result, an impairment loss of HK\$321.0 million was provided for the above settlement sum of HK\$321.0 million for 2024.

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 2024 was HK\$375.7 million (2023: profit of HK\$123.7 million). Also, as a result of the impairment loss recognised from the settlement of abovementioned guarantee liability, the earnings before interest, taxes, depreciation and amortisation (“EBITDA”) for 2024 decreased by 123.9% to a negative EBITDA of HK\$186.2 million (2023: EBITDA of HK\$780.2 million) and the loss attributable to owners of the Company for 2024 was HK\$725.1 million (2023: profit of HK\$64.1 million).

Comparison with 2023

Revenue by segment



For 2024, the Group’s revenue was HK\$13,210.5 million (2023: HK\$17,134.0 million), representing a decrease of 22.9% as compared with 2023. The decrease was mainly due to significant decreases in sales revenue from trading business, and EMM and alloying materials production segment, together with the mild decreases in sales revenue from manganese mining and battery materials production segments.

For 2024, revenue of our EMM Products accounted for 15.4% (2023: 12.3%) of our total revenue.

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 (%)
Year 2024							
Gabon ore	1,330,646	775	1,030,761	647	861,151	169,610	16.5
Manganese concentrate	313,813	356	111,572	329	103,119	8,453	7.6
Natural discharging manganese powder and sand	<u>14,780</u>	<u>2,228</u>	<u>32,925</u>	<u>535</u>	<u>7,913</u>	<u>25,012</u>	<u>76.0</u>
Total	<u>1,659,239</u>	<u>708</u>	<u>1,175,258</u>	<u>586</u>	<u>972,183</u>	<u>203,075</u>	<u>17.3</u>
Year 2023							
Gabon ore	1,379,676	857	1,182,462	743	1,025,556	156,906	13.3
Manganese concentrate	288,739	379	109,375	316	91,347	18,028	16.5
Natural discharging manganese powder and sand	<u>8,374</u>	<u>2,607</u>	<u>21,828</u>	<u>609</u>	<u>5,103</u>	<u>16,725</u>	<u>76.6</u>
Total	<u>1,676,789</u>	<u>783</u>	<u>1,313,665</u>	<u>669</u>	<u>1,122,006</u>	<u>191,659</u>	<u>14.6</u>

For 2024, revenue of manganese mining segment decreased by 10.5% to HK\$1,175.3 million (2023: HK\$1,313.7 million) mainly attributable to decrease in average selling price of Gabon ore as the economic growth in China was slowing down and the consumption for steels remained stagnant in 2024. Despite the decrease in average selling price, sales volume remained relatively stable for 2024 as compared to 2023 and unit cost of sales of Gabon ore were better managed in 2024. Accordingly, gross profit of manganese mining segment amounted to HK\$203.1 million for 2024 (2023: HK\$191.7 million).

For 2024, manganese mining segment recorded a profit of HK\$171.1 million (2023: HK\$160.0 million).

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 (%)
Year 2024							
EMM	157,832	12,296	1,940,744	11,269	1,778,545	162,199	8.4
Manganese briquette	<u>7,892</u>	<u>12,135</u>	<u>95,769</u>	<u>11,648</u>	<u>91,924</u>	<u>3,845</u>	<u>4.0</u>
	165,724	12,289	2,036,513	11,287	1,870,469	166,044	8.2
Alloy Products	13,805	6,971	96,240	6,583	90,884	5,356	5.6
Others	<u>65,021</u>	<u>464</u>	<u>30,171</u>	<u>294</u>	<u>19,137</u>	<u>11,034</u>	<u>36.6</u>
Total	<u>244,550</u>	<u>8,845</u>	<u>2,162,924</u>	<u>8,099</u>	<u>1,980,490</u>	<u>182,434</u>	<u>8.4</u>
Year 2023							
EMM	141,577	13,495	1,910,649	11,840	1,676,225	234,424	12.3
Manganese briquette	<u>13,323</u>	<u>14,196</u>	<u>189,129</u>	<u>12,318</u>	<u>164,117</u>	<u>25,012</u>	<u>13.2</u>
	154,900	13,556	2,099,778	11,881	1,840,342	259,436	12.4
Alloy Products	80,782	7,820	631,676	8,136	657,238	(25,562)	(4.0)
Others	<u>65,000</u>	<u>347</u>	<u>22,575</u>	<u>345</u>	<u>22,426</u>	<u>149</u>	<u>0.7</u>
Total	<u>300,682</u>	<u>9,159</u>	<u>2,754,029</u>	<u>8,381</u>	<u>2,520,006</u>	<u>234,023</u>	<u>8.5</u>

Revenue of EMM and alloying materials production segment decreased by 21.5% to HK\$2,162.9 million for 2024 (2023: HK\$2,754.0 million) mainly attributable to the followings:

- (a) EMM Products continued to be our major products in terms of revenue and its average selling price recorded a decrease of 9.3% to HK\$12,289 per tonne for 2024 (2023: HK\$13,556 per tonne). Sales volume of EMM Products increased by 7.0% to 165,724 tonnes for 2024 (2023: 154,900 tonnes). The decrease in average selling price of EMM Products was mainly attributable to the decline in the price of manganese ore in 2024; and
- (b) Revenue of Alloy Products decreased by 84.8% to HK\$96.2 million for 2024 (2023: HK\$631.7 million) mainly attributable to (i) the decrease in sales volume by 82.9% to 13,805 tonnes for 2024 (2023: 80,782 tonnes) as productions were halted since first half of 2024; and (ii) the decrease in average selling price of Alloy Products by 10.9% to HK\$6,971 per tonne for 2024 (2023: HK\$7,820 per tonne).

As a result of the decrease in average selling prices of EMM Products and Alloy Products, gross profit contribution of EMM and alloying materials production segment decreased by 22.1% to HK\$182.4 million for 2024 (2023: HK\$234.0 million). After taking into consideration the impairment losses on financial assets of HK\$321.0 million recognised for the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jinneng, the Group's EMM and alloying materials production segment recorded a loss of HK\$393.7 million for 2024 (2023: profit of HK\$45.8 million).

Battery materials production segment

	Sales Volume (tonnes)	Average Selling Price (HK\$/tonne)	Revenue (HK\$'000)	Unit Cost of Sales (HK\$/tonne)	Cost of Sales (HK\$'000)	Gross Profit/ (Loss) (HK\$'000)	Gross Profit/ (Loss) Margin (%)
Year 2024							
EMD	73,407	15,272	1,121,037	8,650	634,960	486,077	43.4
Manganese sulfate	48,157	3,099	149,246	3,142	151,292	(2,046)	(1.4)
Lithium manganese oxide	6,510	34,731	226,100	34,404	223,971	2,129	0.9
NCM	0.7	62,857	44	75,714	53	(9)	(20.5)
Trimanganese tetraoxide	1,009	12,021	12,129	12,053	12,161	(32)	(0.3)
Total	129,084	11,687	1,508,556	7,921	1,022,437	486,119	32.2
Year 2023							
EMD	78,779	15,725	1,238,795	8,747	689,084	549,711	44.4
Manganese sulfate	30,054	3,119	93,728	2,391	71,847	21,881	23.3
Lithium manganese oxide	5,618	68,654	385,700	83,018	466,396	(80,696)	(20.9)
NCM	-	-	-	-	-	-	-
Trimanganese tetraoxide	-	-	-	-	-	-	-
Total	114,451	15,013	1,718,223	10,724	1,227,327	490,896	28.6

Revenue of battery materials production segment for 2024 decreased by 12.2% to HK\$1,508.6 million (2023: HK\$1,718.2 million) and gross profit of this segment remained stable at HK\$486.1 million for 2024 (2023: HK\$490.9 million) mainly attributable to the followings:

- (a) EMD continued to be our major battery materials product. Average selling price of EMD in 2024 remained relatively stable at HK\$15,272 per tonne (2023: HK\$15,725 per tonne), while sales volume of EMD for 2024 slightly decreased by 6.8% to 73,407 tonnes (2023: 78,779 tonnes), resulting in decreases in revenue and gross profit of EMD for 2024 as compared to 2023; and

- (b) For 2024, average selling price of lithium manganese oxide decreased by 49.4% to HK\$34,731 per tonne (2023: HK\$68,654 per tonne). However, as the price of major raw material lithium carbonate became less volatile in 2024, unit cost of sales was better managed, thereby resulting in a turnaround from a gross loss for 2023 to a gross profit for 2024.

The battery materials production segment recorded a profit of HK\$386.5 million for 2024 (2023: HK\$334.2 million), representing an increase of 15.6%.

Other business segment

	Revenue <i>(HK\$'000)</i>	Cost of Sales <i>(HK\$'000)</i>	Gross (Loss)/ Profit <i>(HK\$'000)</i>	Gross (Loss)/ Profit Margin <i>(%)</i>
Year 2024				
Trading	<u>8,363,781</u>	<u>8,829,044</u>	<u>(465,263)</u>	<u>(5.6)</u>
Year 2023				
Trading	<u>11,348,043</u>	<u>11,330,474</u>	<u>17,569</u>	<u>0.2</u>

Revenue of other business segment decreased to HK\$8,363.8 million for 2024 (2023: HK\$11,348.0 million), representing a decrease of 26.3%.

The Group's other business segment principally comprises the trading of various commodities such as manganese ores, EMM, manganese alloys, purified terephthalic acid and non-manganese metals, etc. Despite gross profits from trading operations were recorded by the Group for the recent years up to 2023, the Group experienced a gross loss from trading operations for 2024 mainly due to the substantial decline in market prices of manganese ore during 2024 and the Group did not timely adjust its sales strategy and failed to sell some commodities when the market prices were high. In view of the recent trend of commodity prices of manganese ore and non-manganese metals and the declining operating results of the Group's trading businesses during 2024, the Group is gradually adjusting the sales strategies of its trading operations.

Cost of Sales

Total cost of sales decreased by 21.0% to HK\$12,804.2 million in 2024 (2023: HK\$16,199.8 million) in line with the decrease of revenue.

Gross Profit

For 2024, the Group recorded a gross profit of HK\$406.4 million (2023: HK\$934.1 million), which represented a decrease of HK\$527.8 million from 2023, or 56.5%. The Group's overall gross profit margin was 3.1%, representing a decrease of 2.4 percentage points from 5.5% for 2023. Decreased overall gross profit margin was mainly attributable to the gross loss incurred for the Group's trading business for 2024.

Other Income and Gains

Other income and gains decreased by 38.0% to HK\$144.2 million for 2024 (2023: HK\$232.7 million) mainly due to (a) decrease in subsidy income; (b) decrease in bank and other interest income; and (c) no compensation income for cancellation of purchase order from downstream customers of lithium manganese oxide was recognised for 2024.

Selling and Distribution Expenses

Selling and distribution expenses remained stable at HK\$133.0 million for 2024 (2023: HK\$135.5 million) mainly because of the increase in storage charges as a subsidiary of the Company's strategic error to hoard goods without selling, despite the decrease in revenue.

Administrative Expenses

Administrative expenses decreased by 18.7% to HK\$523.9 million for 2024 (2023: HK\$644.8 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 Non-Financial Assets

Impairment losses on non-financial assets amounted to HK\$17.8 million for 2024 (2023: HK\$Nil) which mainly represented impairment losses on certain obsolete plant and machinery of the Group's production plant of Alloy Products which has halted production since the first half of 2024.

Impairment Losses on Financial Assets, Net

The amount mainly represented impairment allowance on amount due from our 33.00%-owned associate Dushan Jinqing of HK\$321.0 million arising from the settlement of guarantee liability for a corporate guarantee provided by the Group in respect of banking facilities granted to Dushan Jinqing.

Finance Costs

For 2024, the Group's finance costs decreased by 40.4% to HK\$144.8 million (2023: HK\$243.2 million) mainly attributable to (a) a reversal of accrued interest amounted to HK\$60.4 million on social insurance contribution payables as the amount was waived under the new statutory requirements since 1 January 2024; and (b) decrease in overall borrowings.

Other Expenses, Net

Other expenses, net increased to HK\$124.6 million for 2024 (2023: HK\$19.7 million) mainly because the Group recognised losses of HK\$88.8 million arising from disposal of goods by suppliers for non-performance of manganese ore procurement contracts during 2024.

Share of Profits and Losses of Associates

In 2024, share of losses of associates of HK\$10.1 million (2023: HK\$4.8 million) mainly represents share of losses of 16.00%-owned associate Qingdao Manganese.

Income Tax Expense

For 2024, the effective tax rate was -5.9% (2023: 34.2%) which was negative because certain subsidiaries recording losses in the period did not recognise deferred tax arising from such losses for prudence.

(Loss)/Profit Attributable to Owners of the Company

For 2024, the Group's loss attributable to owners of the Company was HK\$725.1 million (2023: profit of HK\$64.1 million).

(Loss)/Earnings per Share

For 2024, loss per share attributable to owners of the Company was HK\$0.2115 (2023: earnings per share of HK\$0.0187).

Final Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: HK\$Nil).

Use of Proceeds from IPO

Up to 31 December 2024, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the Prospectus as follows:

Description	Amount designated in Prospectus (HK\$ Million)	Amount utilised up to 31.12.2024 (HK\$ Million)	% utilised	Amount utilised up to 31.12.2023 (HK\$ Million)	% utilised (HK\$ Million)
1 Expansion project at Daxin EMD Plant	79	79	100.0	79	100.0
2 Expansion project of underground mining and ore processing at Daxin Mine	278	278	100.0	278	100.0
3 Expansion and construction projects of our EMM production facilities	516	516	100.0	516	100.0
4 Construction project at Chongzuo Base	59	59	100.0	59	100.0
5 Development of Bembélé Manganese Mine and associated facilities	119	119	100.0	119	100.0
6 Technological improvement and renovation projects at our production facilities	40	40	100.0	40	100.0
7 Acquisition of mines and mining rights	397	322	81.1	315	79.3
8 Repayment on a portion of our bank borrowings	297	297	100.0	297	100.0
9 Working capital and other corporate purposes	198	198	100.0	198	100.0
Total	<u>1,983</u>	<u>1,908</u>	<u>96.2</u>	<u>1,901</u>	<u>95.9</u>

As at 31 December 2024, proceeds from IPO designated for acquisition of mines and mining rights to the extent of HK\$75.0 million was not yet utilised. According to the Prospectus, the proceeds shall be used for the acquisition of mines, mining rights in relation to mines with identified mining resources or related production facilities. During the year 2024, HK\$6.8 million was utilised and paid to the PRC government to extend the mining right of Changgou Manganese Mine. Annual progress payment of approximately RMB6.2 million from the year 2025 to 2032 are required to pay to the PRC government for the extension of Changgou Manganese Mine. Therefore, the unutilised proportion of IPO proceeds of HK\$75.0 million is expected to be fully utilised on or before the year ending 31 December 2032. The unutilised portion of IPO proceeds continues to be maintained in deposits with licensed banks.

Liquidity and Financial Resources

Cash and bank balances

As at 31 December 2024, the currency denomination of the Group's cash and bank balances including pledged deposits and restricted deposits were as follows:

Currency Denomination	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>
Denominated in:		
RMB	655.9	1,259.7
HKD	3.3	2.6
USD	48.9	25.9
XAF	4.4	2.9
EUR	0.1	0.1
	<u>712.6</u>	<u>1,291.2</u>

As at 31 December 2024, our cash and bank balances including pledged deposits and restricted deposits were HK\$712.6 million (2023: HK\$1,291.2 million) while the Group's borrowings amounted to HK\$3,945.6 million (2023: HK\$5,120.6 million). The Group's borrowings net of cash and bank balances as at 31 December 2024 amounted to HK\$3,233.0 million (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

As at 31 December 2024, prepayments, other receivables and other assets classified under current assets decreased by 42.0% to HK\$1,062.1 million (2023: HK\$1,832.4 million). It was mainly attributable to decrease in purchase deposits for manganese ores.

Net current liabilities

As at 31 December 2024, the Group's net current liabilities increased to HK\$1,659.4 million (2023: HK\$891.3 million). The increase in net current liabilities was mainly attributable to the decrease in revenue and the operating loss for 2024.

Bank and other Borrowings

As at 31 December 2024, the Group's borrowing structure and maturity profile were as follows:

Borrowing structure	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Secured borrowings (including lease liabilities)	1,300.7	813.1
Unsecured borrowings	2,644.9	4,307.5
	<u>3,945.6</u>	<u>5,120.6</u>
Maturity profile	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Repayable:		
On demand or within one year	2,910.1	4,162.8
After one year and within two years	229.3	260.4
After two years and within five years	806.2	697.4
	<u>3,945.6</u>	<u>5,120.6</u>
Currency denomination	2024	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>
Denominated in:		
RMB	3,944.1	5,117.1
USD	0.4	0.4
HK\$	1.1	3.1
	<u>3,945.6</u>	<u>5,120.6</u>

As at 31 December 2024, borrowings as to the amounts of HK\$3,719.1 million (2023: HK\$4,704.9 million) and HK\$226.5 million (2023: HK\$415.7 million), carried fixed and floating rate interest respectively. The fixed rate borrowings carried interest at rates ranging from 1.05% to 8.25%. The floating rate borrowings comprised RMB denominated loans carrying interest at a premium up to 45 basis points above the China Loan Prime Rate.

Overall, aggregate borrowings decreased to HK\$3,945.6 million as at 31 December 2024 (2023: HK\$5,120.6 million). The Group is continuing to explore various means including short-term or medium-term notes to improve borrowing structure in terms of interest rate level and repayment terms.

Charge on group assets

As at 31 December 2024, (a) right-of-use assets of HK\$1.5 million (2023: HK\$29.0 million) related to property, plant and equipment were held under leases; (b) bank balances of HK\$282.4 million (2023: HK\$289.2 million) were pledged to secure certain of the Group's bank acceptance notes payable and bank borrowings; (c) property, plant and equipment and leasehold lands of HK\$824.2 million (2023: HK\$579.9 million) and trade receivables of HK\$44.1 million (2023: HK\$45.8 million) were pledged to secure certain of the Group's bank and other borrowings; and (d) bank balances of HK\$27.8 million (2023: HK\$26.5 million) were restricted to secure certain potential claims from disputes with customers.

Key Financial Ratios of the Group

	2024	2023
Current ratio	0.69	0.88
Quick ratio	0.51	0.64
Net gearing ratio	<u>136.9%</u>	<u>121.9%</u>

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

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

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, pledged deposits and restricted deposits

As at 31 December 2024, current ratio and quick ratio decreased, and net gearing ratio increased, as compared to 31 December 2023, mainly attributable to the net loss results of the Group for 2024.

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.

During the year ended 31 December 2024, the Group recorded a consolidated net loss of HK\$802.0 million (2023: profit of HK\$72.4 million) and generated net cash inflows from operating activities of HK\$1,597.8 million (2023: outflows of HK\$319.8 million). As at 31 December 2024, the Group had net current liabilities of HK\$1,659.4 million (2023: HK\$891.3 million).

The Directors have carefully considered the Group's future liquidity, operational performance, and available sources of finance in assessing whether the Group has sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows and sustain its operations as a going concern, the Group has implemented or is in the process of implementing the following measures:

- (a) The Group continues to restructure the mix of manganese products processing, aiming to increase the proportion of high-margin products to achieve profitable operations and positive cash flows. Specifically, the Group is ramping up the mining and processing capacity of existing mines. Additionally, in response to the recent trend of commodity prices for manganese ore and non-manganese metals and the declining operating results of the Group's trading businesses in 2024, the Group is gradually adjusting the sales strategies of its trading operations in 2025.
- (b) The Group is implementing measures to tighten cost controls over administrative and other operating expenses, with the objective of improving its working capital and cash flow position, including closely monitoring daily operating expenditures.
- (c) The Group is actively following up with debtors to accelerate the collection of outstanding receivables.

- (d) The net loss for the year includes significant non-cash items, such as an impairment loss of HK\$321.0 million on an amount due from an associate, which is considered one-off in nature. Consequently, the impact of this impairment on future cash flows is expected to be minimal.
- (e) Contract liabilities of HK\$367.0 million represent non-financial liabilities that do not require immediate cash outflows and will be recognised as revenue in the subsequent year upon fulfilment of performance obligations.
- (f) The Group maintains strong, long-term relationship with its core banks, which provide continued support. To manage upcoming debt maturities, management is actively engaged in refinancing negotiations for borrowings due in the year ending 31 December 2025. Between 1 January 2025 and the date of authorisation of these financial statements, the Group has successfully renewed existing borrowings and obtained new bank borrowings totalling HK\$324.0 million. Together with the availability of unutilised bank facilities, which are subject to final bank approval upon drawdown, the directors are of the opinion that the Group will be able to renew existing or secure new banking facilities, ensuing sufficient liquidity to support its operations throughout the year ending 31 December 2025.
- (g) Certain existing high-value assets, including leasehold land, investment properties, property, plant and equipment, and mining rights, can be offered as security for further financing, if necessary.
- (h) The Directors have prepared a cash flow forecast for the Group, which covers a period of twelve months from the end of the reporting period. The forecast indicates that the Group is able to generate sufficient operating cash inflows to meet its current and future obligations.
- (i) The Group is actively exploring alternative financing options, including equity issuance and other forms of financing, to strengthen its financial position and reduce reliance on short-term borrowings.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to sustain its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Credit risk

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

As at 31 December 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. As at 31 December 2024, trade receivables due from Customer A was HK\$232.0 million (31 December 2023: HK\$232.0 million) and represented 27.4% (31 December 2023: 31.5%) of the Group's total trade receivables, which was totally overdue and fully provided as at 31 December 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.

As at 31 December 2024, the fully impaired amount due from Dushan Jinneng of HK\$321.0 million was arising from the settlement of guarantee liability in 2024 for a corporate guarantee provided by the Group on banking facilities granted to Dushan Jinneng since 2015. Dushan Jinneng'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 Jinneng does not repay the amount on or before 19 May 2027.

Interest rate risk

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

Foreign exchange risk

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

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

The Group imported manganese ores for self-use 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 expenses are denominated in RMB and XAF, which is pegged to EURO; while the freight charges are dominated 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

“Enhancing Production Capacity, Reducing Costs, Promoting Efficiency, and Strengthening Management” – these focuses form the overarching strategy guiding our 2025 agenda, propelling the company to new heights on its path toward high-quality development.

Enhancing Production Capacity

The Group will focus on its annual operational targets by introducing advanced equipment, optimising production processes, and upskilling employees to unlock potential and boost both output volume and efficiency. We will strengthen on-site management, refine cost accounting, and resolve production bottlenecks. Multiple initiatives will be implemented to incentivise employees, ensuring accountability for responsibilities, output targets, and resource consumption at the individual level.

Reducing Costs

We will adopt scientific production planning, clarify accountability across critical areas (production, procurement, tendering, and operations), and implement multi-tiered accountability mechanisms to enforce refined cost control. Audit oversight will be intensified, with strict separation of operational and oversight roles. A robust performance evaluation system will reward teams and individuals who achieve significant cost reductions.

Promoting Efficiency

A culture of thrift will be instilled across the organization, with meticulous attention to every penny, unit, and detail to eliminate waste. All employees will be encouraged to propose efficiency measures and contribute ideas to reduce costs and enhance productivity.

Strengthening Management

We will rigorously fulfill responsibilities, build stronger teams, and elevate management capabilities to ensure efficient execution of operations. Employees will be guided to “think clearly, plan meticulously, communicate effectively, and execute efficiently” – fostering a workforce that is motivated, capable, and results-driven.

With a profound sense of responsibility and mission, we will act decisively to write a bold new chapter in our development.

OTHER INFORMATION

Annual General Meeting

The annual general meeting of the Company is tentatively scheduled to be held on 6 June 2025 (“**2025 AGM**”). Notice of the 2025 AGM will be published and issued to shareholders in due course.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year.

Audit Committee

In compliance with the Listing Rules, the Audit Committee comprising six independent non-executive Directors and one non-executive Director has reviewed the accounting policies adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the consolidated results of the Group for the year ended 31 December 2024.

Financial Information

The financial information set out in this announcement does not constitute the Group’s audited accounts for the year ended 31 December 2024, but represents an extract from those accounts. The financial information has been reviewed by the Audit Committee and approved by the Board.

Scope of auditor’s work on annual results announcement

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditors, RSM Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

Corporate Governance

The Company is committed to maintaining a good and sensible framework of corporate governance and to complying with applicable statutory and regulatory requirements with a view to assuring the conduct of the management of the Company as well as protecting the interests of all shareholders. The Board assumes responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company.

Save for the deviation from code provision C.2.1 during the period from 1 January 2024 to 9 September 2024, the Board is of the view that the Company has, for the year ended 31 December 2024, applied the principles and complied with the applicable code provisions, and also complied with certain recommended best practices, of the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules.

From 22 December 2020 to 9 September 2024, the posts of Chairman and Chief Executive Officer were combined and Mr. Li Weijian, the then Chairman of the Board also assumed the role of the Chief Executive Officer. This arrangement was in contravention of code provision C.2.1 of the CG Code. Since 10 September 2024, the roles of Chairman and Chief Executive Officer is no longer performed by the same individual.

Model Code for Securities Transactions by Directors

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

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 year.

Publication of Final Results and Annual Report on the Stock Exchange

The final results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.southmn.com>). The annual report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

Our Appreciation

Finally, we would like to express our gratitude to the Shareholders, business partners, suppliers and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

Performance and results of the operations of the Company for previous years described within this announcement are historical in nature. Past performance is no guarantee of the future results of the Company. This announcement may contain forward-looking statements and opinions, and therefore risks and uncertainties are involved. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. None of the Company, the Directors, employees or agents assumes (a) any obligation to correct or update any forward looking statements or opinions contained in this announcement; and (b) any liability arising from any forward looking statements or opinions that do not materialise or prove to be incorrect.

GLOSSARY OF TERMS

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

Director(s)	the director(s) of our Company
Dushan Jinmeng	獨山金孟錳業有限公司(Dushan Jinmeng Manganese Industry Co., Ltd.)
EMD	electrolytic manganese dioxide
EMM	electrolytic manganese metal
EMM Products	EMM and manganese briquette
Gabon	the Gabonese Republic
Group, we or us	the Company and its subsidiaries
Guangxi	Guangxi Zhuang Autonomous Region, the PRC
Guangxi Start	廣西斯達特錳材料有限公司 (Guangxi Start Manganese Materials Co., Ltd.)
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)
Huiyuan New Energy	廣西大新滙元新能源科技有限責任公司 (Guangxi Daxin Huiyuan New Energy Technology Co., Ltd.)
International New Energy	廣西南錳國際新能源科技有限責任公司(Guangxi South Manganese International New Energy Technology Co., Ltd.)
IPO	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 18 November 2010
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
NCM	Lithium Nickel Cobalt Manganese Oxide
Prospectus	the prospectus of the Company dated 8 November 2010

Qingdao Manganese	青島錳系投資合夥企業(有限合夥)(Qingdao Manganese Investment Cooperative Enterprise (Limited Partnership)), a limited partnership in which we indirectly hold 16.00% equity interest
Qinzhou New Materials	欽州大錳新材料有限公司 (Qinzhou Dameng New Materials Co., Ltd.)
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
tonne	metric tonne
XAF	Central African CFA franc

Note: The English names of the PRC entities mentioned hereinabove are translated from their Chinese names. If there are any inconsistencies, the Chinese names shall prevail.

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

Hong Kong, 14 March 2025

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