
IMPORTANT

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **South Manganese Investment Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)

PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the AGM of South Manganese Investment Limited to be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 4 June 2021 at 2:30 p.m. is set out on pages 18 to 22 of this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Please see page 23 of this document for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the Annual General Meeting, including:

- **compulsory body temperature checks and health declarations**
- **compulsory wearing of a surgical face mask**
- **no distribution of corporate gift or refreshment**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 4 June 2021 at 2:30 p.m.
“Audit Committee”	audit committee of the Company
“associate(s)”	has the same meaning as ascribed in the Listing Rules
“Board”	the board of directors of the Company
“Bye-laws”	the bye-laws of the Company as amended, supplemented or modified from time to time
“CITIC Group”	中國中信集團有限公司 (CITIC Group Corporation), a company incorporated under the laws of the PRC on 4 October 1979, and, except where the context may otherwise require, all of its subsidiaries, which is a shareholder of our Company
“Company”	South Manganese Investment Limited formerly known as CITIC Dameng Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1091.HK)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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 wholly-owned by the People’s Government of Guangxi Zhuang Autonomous Region, PRC, which is a substantial shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	nomination committee of the Company
“PRC”	the People’s Republic of China
“Remuneration Committee”	remuneration committee of the Company
“Repurchase Resolution”	the proposed ordinary resolution No. 5B set out in the notice of the AGM contained in this circular in respect of the approval of Share Repurchase Mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of Shares
“Share Issue Mandate”	the general mandate proposed to be granted to the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the proposed resolution
“Share Repurchase Mandate”	the general mandate proposed to be granted to the Directors to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the proposed resolution
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with a primary listing on the Stock Exchange of their own securities on the Stock Exchange
“South Manganese Group”	南方錳業集團有限責任公司 (South Manganese Group Limited), formerly known as 中信大錳礦業有限責任公司 (CITIC Dameng Mining Co., Ltd.), an indirect wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



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

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

Executive Directors:

Mr. Li Weijian *(Chairman and Chief Executive Officer)*
Mr. Zhang He
Mr. Zhang Zongjian

Non-executive Directors:

Mr. Lyu Yanzheng
Mr. Cheng Zhiwei
Ms. Cui Ling

Independent Non-executive Directors:

Mr. Lin Zhijun
Mr. Zhang Yupeng
Mr. Yuan Mingliang

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Headquarter in Hong Kong:

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

4 May 2021

To Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM and information regarding resolutions to be proposed at the AGM relating to the approval of: (i) the re-election of Directors; (ii) the Share Issue Mandate and (iii) the Share Repurchase Mandate.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the executive Directors are Mr. Li Weijian, Mr. Zhang He and Mr. Zhang Zongjian; the non-executive Directors are Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang.

Pursuant to articles 84 of the Bye-laws, at each annual general meeting, one-third of the Directors shall retire from office by rotation provided that every director is subject to retirement at least once every three years, and a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. In addition, pursuant to articles 83(2) of the Bye-laws, any Director appointed by the Board to fill a causal vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Zhang He, Mr. Zhang Zongjian, Mr. Lyu Yanzheng, Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang will retire by rotation at the AGM. All retiring Directors are eligible and will offer themselves for re-election at the AGM. The details and brief biography of each of Mr. Zhang He, Mr. Zhang Zongjian, Mr. Lyu Yanzheng, Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang is set out in Appendix I to this circular.

The Nomination Committee has recommended to the Board for the re-election of Directors including the independent non-executive directors, Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang in accordance with the following selection criteria:

1. Character and integrity;
2. Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
3. Willingness to devote sufficient time to discharge duties as a member of the Board and its relevant committees and undertake significant commitments;
4. The number of existing directorships and other commitments that may demand his attention;
5. Requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether such director would be considered independent with reference to the independence guidelines set out in the Listing Rules;
6. Board diversity policy of the Company and any measurable objectives adopted by the Board for achieving diversity on the Board, details of the board diversity policy are set out in the website of Company (www.dameng.citic.com); and
7. Perspectives provided to the management and operation of the Group as well as other contributions to the Group during the tenure of directorship.

LETTER FROM THE BOARD

The Nomination Committee has assessed the independence of each of the independent non-executive Directors including Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang based on reviewing their annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules and considered that all of them remain independent.

The Nomination Committee has considered Mr. Lin Zhijun's extensive experience in finance and accounting, his working profile and other experience and factors as set out in Appendix I to this circular. The Nomination Committee is satisfied that at all times during the period of directorship with the Company since 2016 being the year of his first appointment, Mr. Lin has properly discharged his duties and responsibilities as an independent non-executive Director and has made positive contribution to the development to the Company through independent, constructive and informed comments and participation at the business and other affairs relating to the Group. Mr. Lin has the required character, integrity and experience to continuously fulfil his role as an independent non-executive Director effectively.

Mr. Zhang Yupeng has been appointed by the Board as an independent non-executive Director with effect from 22 December 2020 after the Nomination Committee of the Company recommended him to the Board. The Nomination Committee identified him through its assessment with reference to the criteria in the nomination policy and a range of diversity perspectives in the diversity policy of the Company including Mr. Zhang's extensive experience in operation of investment and financing business, market analysis and modern enterprise management, his working profile and other experience and factors as set out in Appendix I to this circular. The Nomination Committee is satisfied that Mr. Zhang has the required character, integrity and experience to continuously fulfil his role as an independent non-executive Director effectively.

Mr. Yuan Mingliang has been appointed by the Board as an independent non-executive Director with effect from 31 March 2021 after the Nomination Committee of the Company recommended him to the Board. The Nomination Committee identified him through its assessment with reference to the criteria in the nomination policy and a range of diversity perspectives in the diversity policy of the Company including Mr. Yuan's profound scientific research experience in the processing of inorganic materials and mineral materials, his working profile and other experience and factors as set out in Appendix I to this circular. The Nomination Committee is satisfied that Mr. Yuan has the required character, integrity and experience to continuously fulfil his role as an independent non-executive Director effectively.

The Board believed that re-election of Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang as independent non-executive Directors would be in the best interests of the Company and its Shareholders as a whole.

Accordingly, with the recommendation of the Nomination Committee, the Board has proposed that Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang stand for re-election as Director at the AGM.

Further information about the Board's composition and diversity as well as the attendance record at the meetings of the Board and/or its committees and the general meetings of the Directors (including the retiring Directors) are disclosed in the corporate governance report of the 2020 annual report of the Company.

LETTER FROM THE BOARD

3. GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant to the Directors a general mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the proposed resolution to approve this Share Issue Mandate.

The Share Issue Mandate will, if granted, remain effective until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held; or
- (iii) its revocation, variation or renewal by an ordinary resolution of the Shareholders in general meeting of the Company.

In addition, if the Share Issue Mandate and Share Repurchase Mandate are granted, a separate ordinary resolution will be proposed at the AGM to increase the number of Shares which may be allotted and issued under the Share Issue Mandate by the number of Shares repurchased under the Share Repurchase Mandate (up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the grant of the Share Issue Mandate).

As at the Latest Practicable Date, there were 3,428,459,000 Shares in issue. Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the date of AGM, the Company would be authorised under the Share Issue Mandate to issue up to a maximum of 685,691,800 Shares.

4. GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant to the Directors a general mandate to repurchase Shares up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the proposed resolution to approve this Share Repurchase Mandate.

The Share Repurchase Mandate will, if granted, remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held; or
- (iii) its revocation, variation or renewal by an ordinary resolution of the Shareholders in general meeting of the Company.

An explanatory statement in relation to the Share Repurchase Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

5. AGM

At the AGM, resolutions will be proposed to Shareholders in respect of ordinary business to be considered at the AGM. A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so wish.

6. VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

7. CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members will be closed from Monday, 31 May 2021 to Friday, 4 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 28 May 2021.

8. RECOMMENDATION

The Directors believe that the re-election of the Directors and the granting to the Directors of the Share Issue Mandate and the Share Repurchase Mandate are in the best interests of the Company and Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolutions set out in the notice of the AGM contained in this circular.

Yours faithfully,
For and on behalf of the Board
South Manganese Investment Limited
Mr. Li Weijian
Chairman and Chief Executive Officer

The following are the particulars (as required by the Listing Rules) of the Directors who will be eligible and offer themselves for re-election at the AGM:

Mr. Zhang He (張賀), aged 34, joined in 2020 and is an executive Director and vice president of the Company. Mr. Zhang He is a member of the Remuneration Committee and Nomination Committee of the Company. He is also a director of South Manganese Group. Mr. Zhang He obtained a master's degree in accounting from Jilin University in 2012. He has held various positions including assistant to the general manager of the seventh business development department in Huarong Securities Co., Ltd. and China Huarong International Holdings Limited (both are subsidiaries of China Huarong Asset Management Co., Ltd. ("**China Huarong**")). From 2016 to 2018, he served as the general manager of the risk management department of Huarong International Financial Holdings Limited (Stock Code: 0993.HK) (a subsidiary of China Huarong). Mr. Zhang He is familiar with the rules of domestic and overseas securities markets and the standardized operations of listed companies and has extensive company management work experience.

There is a service contract between the Company and Mr. Zhang He. His appointment is for a term of three years commencing from 22 December 2020 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. Currently Mr. Zhang He is entitled to receive an annual sum of salaries amounting to RMB1.28 million, an annual director's fee of HK\$300,000 and a discretionary year-end bonus with reference to, among other factors, the operating results and requirements of the Group and his contribution to the performance of the Group. Apart from the aforesaid, Mr. Zhang He is also eligible to participate in the Company's share option scheme (if any). Mr. Zhang He's remuneration is proposed by the Remuneration Committee according to his experience, responsibility, market conditions and the Company's remuneration policy, and is approved by the Board.

As at the Latest Practicable Date, Mr. Zhang He does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Zhang He does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Zhang He has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Zhang He that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

Mr. Zhang Zongjian (張宗建), aged 44, joined in 2020 as an executive Director of the Company, is currently the general manager of Shandong Rongyuan Power Technology Co., Ltd. He obtained a bachelor's degree in journalism from Shandong University in 2002. He has held as the general manager of Jinan Houde Hanzhang Economic and Trade Co., Ltd. He has extensive experience in corporate management of electricity power industry.

There is a service contract between the Company and Mr. Zhang Zongjian. His appointment is for a term of three years commencing from 22 December 2020 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. Currently Mr. Zhang Zongjian is entitled to receive a director's fee of HK\$300,000 per annum. The fee is in line with that paid by the Company to the other executive Directors. Apart from the aforesaid, Mr. Zhang Zongjian is also eligible to participate in the Company's share option scheme (if any). Mr. Zhang Zongjian's remuneration is proposed by the Remuneration Committee according to his experience, responsibility, market conditions and the Company's remuneration policy, and is approved by the Board.

As at the Latest Practicable Date, Mr. Zhang Zongjian does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Zhang Zongjian does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Zhang Zongjian has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Zhang Zongjian that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

Mr. Lyu Yanzheng (吕衍蒸), aged 53, joined in 2016 as a non-executive Director of the Company. He is the vice president of CITIC Metal Group Limited, a director of CITIC Kazakhstan Limited Liability Partnership and an independent director of JSC Karazhanbasmunai (all these companies are subsidiaries of CITIC Limited (Stock Code: 267.HK) (a subsidiary of CITIC Group)). He is also a director and vice chairman of CITIC Jinzhou Metal Co., Ltd. and a director and vice chairman of CITIC Titanium Industry Co., Ltd. (all these companies are subsidiaries of CITIC Group). Mr. Lyu holds a Master Degree in Economics at Capital University of Economics and Business. He has held various positions in CITIC Group and his last position was a division director and assistant general manager of Strategic and Development Department of CITIC Group. Mr. Lyu has extensive experience in management.

There is a service contract between the Company and Mr. Lyu. His appointment is for a term of three years commencing from 30 November 2020 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. He is entitled to receive a director's fee in the sum of HK\$300,000 per annum. The fee is in line with that paid by the Company to other non-executive Directors. Apart from the aforesaid, Mr. Lyu is also eligible to participate in the Company's share option scheme (if any). Mr. Lyu's remuneration was proposed by the Remuneration Committee according to his experience, responsibility, market conditions and the Company's remuneration policy, and was approved by the Board.

As at the Latest Practicable Date, Mr. Lyu does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lyu does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Lyu has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Lyu that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

Mr. Lin Zhijun (林志軍), aged 66, joined in 2016 as an independent non-executive Director of the Company. Mr. Lin is the chairman of the Audit Committee as well as a member of the Nomination Committee and Remuneration Committee. He has served the Company for 5 years. Mr. Lin is the dean of the School of Business and vice president in Macau University of Science and Technology. He is also an independent non-executive Director of China Everbright Limited (Stock Code: 0165.HK), Dali Foods Group Company Limited (Stock Code: 3799.HK), Sinotruk (Hong Kong) Limited (Stock Code: 3808.HK) and Bocom International Holdings Company Limited (Stock Code: 3329.HK). Mr. Lin holds a master's degree in Science in Accounting from University of Saskatchewan in Canada and a doctor's degree in Economics (Accounting) from Xiamen University. Mr. Lin is also a member of the American Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants and the Australian Institute of Certified Management Accountants. He is a member of various educational accounting associations including the American Accounting Association, the International Association for Accounting Education and Research and the Hong Kong Association for Accounting Education.

There is a service contract between the Company and Mr. Lin. His appointment is for a term of two years commencing from 26 October 2020 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. He is entitled to receive a director's fee in the sum of HK\$300,000 per annum. The fee is in line with that paid by the Company to other independent non-executive Directors. Apart from the aforesaid, Mr. Lin is also eligible to participate in the Company's share option scheme (if any). Mr. Lin's remuneration is proposed by the Remuneration Committee according to his experience, responsibility, market conditions and the Company's remuneration policy, and was approved by the Board.

Mr. Lin met the independence guidelines as set out in Rule 3.13 of the Listing Rules and the Company has received his annual written independence confirmation and considered him to be independent. Therefore, the Board considers Mr. Lin is still independent and should be re-elected.

As at the Latest Practicable Date, Mr. Lin does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Lin does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Lin has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Lin that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

Mr. Zhang Yupeng (張宇鵬), aged 41, joined in 2020 as an independent non-executive Director of the Company. Mr. Zhang Yupeng is the chairman of the Nomination Committee and a member of the Remuneration Committee and Audit Committee. He has served the Company for less than 1 year. He obtained a bachelor's degree in civil engineering from China University of Petroleum (East China) in 2003 and a master's degree in engineering from the International School of Software of Wuhan University in 2006. Mr. Zhang Yupeng has held various positions in the General Office of the People's Government of Shandong Province, PRC. He is familiar with Chinese government operation procedures as well as the procedures and operations of capital operation projects. He is also conversant with the operation of investment and financing business, and is skillful at market analysis and modern enterprise management.

There is a service contract between the Company and Mr. Zhang Yupeng. His appointment is for a term of two years commencing from 22 December 2020 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. He is entitled to receive a director's fee of HK\$300,000 per annum. The fee is in line with that paid by the Company to other independent non-executive Directors. Apart from the aforesaid, Mr. Zhang Yupeng is also eligible to participate in the Company's share option scheme (if any). Mr. Zhang Yupeng's remuneration was proposed by the Remuneration Committee according to his experience, responsibility, market conditions and the Company's remuneration policy, and was approved by the Board.

Mr. Zhang Yupeng met the independence guidelines as set out in Rule 3.13 of the Listing Rules and the Company has received his annual written independence confirmation and considered him to be independent. Therefore, the Board considers Mr. Zhang Yupeng is still independent and should be re-elected.

As at the Latest Practicable Date, Mr. Zhang Yupeng does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Zhang Yupeng does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Zhang Yupeng has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Zhang Yupeng that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

Mr. Yuan Mingliang (袁明亮), aged 53, joined in 2021 as an independent non-executive Director of the Company. Mr. Yuan is the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit Committee. He has served the Company for less than 1 year. Mr. Yuan has been a professor of materials science and doctoral supervisor of Central South University since 2003. From 2004 to 2005, Mr. Yuan also worked as a senior visiting scholar at the University of Alberta in Canada for collaborative scientific research. From 2012 to 2017, he has served as a technical consultant successively for Nuokai Chemical Trading (Shanghai) Co., Ltd. (諾凱化工貿易(上海)有限公司), Guangxi Yuanchen New Energy Materials Co., Ltd. (廣西遠辰新能源材料有限責任公司) and Lingshan Jiaofeng Chemical Co., Ltd. (靈山縣驕豐化工有限公司). He was also responsible for the new product development, technology service and technology management as a project leader in partnership with many large domestic manganese processing enterprises such as Chenzhou Jinyitai Manganese Industry Co., Ltd. (郴州金怡泰錳業有限公司), Anhui Xinmengdu Technology Co., Ltd. (安徽新錳都科技有限公司). Mr. Yuan holds a doctor's degree and has post-doctoral research experience in engineering from Central South University, majoring in mineral processing engineering. Mr. Yuan has profound scientific research experience in the processing of inorganic materials and mineral materials.

There is a service contract between the Company and Mr. Yuan. His appointment is for a term of two years commencing from 31 March 2021 but is subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-laws. He is entitled to receive a director's fee of HK\$300,000 per annum. The fee is in line with that paid by the Company to other independent non-executive Directors. Apart from the aforesaid, Mr. Yuan is also eligible to participate in the Company's share option scheme (if any). Mr. Yuan's remuneration was proposed by the Remuneration Committee of the Company according to his experience, responsibility, market conditions and the Company's remuneration policy, and was approved by the Board.

Mr. Yuan met the independence guidelines as set out in Rule 3.13 of the Listing Rules and the Company has received his annual written independence confirmation and considered him to be independent. Therefore, the Board considers Mr. Yuan is still independent and should be re-elected.

As at the Latest Practicable Date, Mr. Yuan does not have any other interests in Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Yuan does not hold, and has not held, any other positions within the Group and is not connected with any Directors, substantial or controlling Shareholders, or senior management of the Company.

Save as disclosed above, Mr. Yuan has not in the last three years held any directorship in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, there is no information relating to Mr. Yuan that is required to be disclosed pursuant to rules 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of Shareholders in connection with his re-election.

This Appendix II serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the Repurchase Resolution, the approval of which will grant a general mandate to the Directors to exercise the power of the Company during the period as set out in the Repurchase Resolution to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution.

1. SHARE REPURCHASE RULES

The Share Repurchase Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' Approval

The Share Repurchase Rules provide that all on-market share repurchase by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase.

(b) Source of Funds

Share repurchase must be made out of funds which are legally available for the purpose and in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(c) Maximum Number of Shares to be Repurchased and Subsequent Issue

The shares to be repurchased by a company must be fully-paid up. A maximum of 10% of the existing issued share capital of a company as at the date of passing of the relevant resolution may be repurchased on the Stock Exchange and a company may not, without the prior approval of the Stock Exchange, issue new shares or announce a proposed new issue of shares for a period of 30 days immediately following a share repurchase whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities, which were outstanding prior to the repurchase).

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,428,459,000 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued and no Shares are repurchased prior to the AGM, the Company will be allowed, if the Repurchase Resolution is approved, to repurchase a maximum of 342,845,900 Shares representing not more than 10% of the issued share capital of the Company as at the date of passing of the Repurchase Resolution.

3. REASONS FOR REPURCHASE

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and Shareholders as a whole. Share repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and Shareholders as a whole.

4. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws and the applicable law of Bermuda.

5. IMPACT OF REPURCHASE

There might be an adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the audited consolidated financial statements of the Company as at 31 December 2020, in the event that the share repurchase under the Share Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors will not propose to exercise the Share Repurchase Mandate to an extent where it would, in the circumstances, have a material adverse effect on the working capital requirements or gearing levels of the Company or which in the opinion of the Directors are from time to time inappropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which Shares have traded on the Stock Exchange during each of the twelve complete months prior to the Latest Practicable Date and for the month of April 2021 up to the Latest Practicable Date are as follows:

		Share price (HK\$)	
		Highest	Lowest
2020	April	0.224	0.193
	May	0.231	0.200
	June	0.230	0.202
	July	0.470	0.209
	August	0.360	0.310
	September	0.315	0.260
	October	0.450	0.265
	November	0.510	0.335
	December	0.520	0.370
2021	January	0.530	0.415
	February	0.800	0.350
	March	0.620	0.365
	April (up to the Latest Practicable Date)	0.600	0.415

7. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make the share repurchase pursuant to the Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates have any present intention to sell any Shares to the Company or its subsidiaries under the Share Repurchase Mandate if such mandate is approved by Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Share Repurchase Mandate is approved by Shareholders.

8. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (within the meaning under the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, Youfu Investment Co., Ltd., was interested in 994,260,000 Shares, representing approximately 29.00% of the issued Shares. Youfu Investment Co., Ltd. is wholly owned by Mr. Sun Mingwen. In the event that the Directors exercise in full to repurchase Shares under the Share Repurchase Mandate, the shareholding of Youfu Investment Co., Ltd. would be increased to approximately 32.22% of the issued Shares. As a result, such an increase of shareholding would give rise to an obligation for Youfu Investment Co., Ltd. and Mr. Sun Mingwen to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Share Repurchase Mandate. The Directors have no intention to exercise the Share Repurchase Mandate which may result in a possible mandatory offer being made under the Takeovers Code. The Directors will use their best endeavours to ensure that the Share Repurchase Mandate will not be exercised to the extent that the number of Shares held by the public would be reduced to less than 25% of the issued share capital of the Company.

9. SHARE REPURCHASE BY THE COMPANY

Neither the Company nor any of its subsidiaries has repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



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

(incorporated in Bermuda with limited liability)

(Stock Code: 1091)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**AGM**”) of South Manganese Investment Limited (the “**Company**”) will be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 4 June 2021 at 2:30 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of the directors and the independent auditors’ report for the year ended 31 December 2020.
2. To re-elect directors.
3. To authorise the board of directors to fix the directors’ remuneration.
4. To re-appoint Ernst & Young as auditors of the Company and authorise the board of directors to fix the auditors’ remuneration.
5. As special business to consider and, if thought fit, pass with or without amendment, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c) below and in substitution for all previous authorities, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into shares of the Company, which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company during the Relevant Period pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) the exercise of any option under any share option scheme or similar arrangement for the time being adopted for the grant or issue to option holders of shares in the Company; or
 - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company; or
 - (iv) any adjustment, after the date of grant or issue of any options, rights to subscribe or other securities referred to above, in the price at which shares in the Company shall be subscribed, and/or in the number of shares in the Company which shall be subscribed, on exercise of relevant rights under such options, warrants or other securities, such adjustment being made in accordance with, or as contemplated by, the terms of such options, rights to subscribe or other securities;

shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; or
- (iii) the revocation, variation or renewal of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“**Rights Issue**” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares in the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

B. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to make repurchase of its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange (as the case may be) and the Code on Takeovers and Mergers of the Securities and Futures Commission of Hong Kong be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution and the authority pursuant to paragraph (a) above shall be limited accordingly; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiry of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; or
- (iii) the revocation, variation or renewal of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

- C. “**THAT** conditional upon the passing of resolution nos. 5A and 5B, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted by the resolution set out as resolution no. 5B, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

By Order of the Board
South Manganese Investment Limited
Mr. Li Weijian
Chairman and Chief Executive Officer

Hong Kong, 4 May 2021

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

Notes:

- (1) Any member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person at the AGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
- (2) A form of proxy for use at the AGM is enclosed.
- (3) To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be returned to Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so wish.
- (4) The transfer books and register of members will be closed from Monday, 31 May 2021 to Friday, 4 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 28 May 2021.

NOTICE OF ANNUAL GENERAL MEETING

- (5) If there are joint registered holders of a Share, any one of such joint holders may vote at the AGM, either personally or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders is present at the AGM personally or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.
- (6) In accordance with the Listing Rules, voting on the above ordinary resolutions will be taken by poll.
- (7) With regard to resolution no. 2 set out in the notice convening this meeting, the board of directors of the Company proposes that the retiring Directors who will offer themselves for re-election, namely, Mr. Zhang He, Mr. Zhang Zongjian, Mr. Lyu Yanzheng, Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang, be re-elected as Directors of the Company. The details of the directors to be re-elected are set out in Appendix I to the circular to shareholders of the Company dated 4 May 2021.

As at the date hereof, the executive Directors of the Company are Mr. Li Weijian, Mr. Zhang He and Mr. Zhang Zongjian; the non-executive Directors are Mr. Lyu Yanzheng, Mr. Cheng Zhiwei and Ms. Cui Ling; and the independent non-executive Directors are Mr. Lin Zhijun, Mr. Zhang Yupeng and Mr. Yuan Mingliang.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the AGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee is required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee will be asked whether (a) he/she has traveled outside of Hong Kong within the 14-day period immediately before the AGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on each of the resolutions at the meeting instead of attending the meeting in person, by completing and returning the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our registered office or by email to us at ir@southmn.com.

If any shareholder has any question relating to the meeting, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Website: www.computershare.com/hk/contact
Tel: 2862 8555
Fax: 2865 0990