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XIMEI RESOURCES HOLDING LIMITED

稀美資源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 9936)

DISCLOSEABLE TRANSACTION COOPERATION ARRANGEMENT

THE COOPERATION AGREEMENT

The Board is pleased to announce that on 26 March 2021 (after trading hours), Ximei Guangdong, a wholly-owned subsidiary of the Company, and China Nuclear Huachuang entered into the Cooperation Agreement in relation to the Cooperation.

Pursuant to the Cooperation Agreement, Ximei Guangdong and China Nuclear Huachuang shall inject capital to the Cooperation Company in proportion to their respective equity holding in the Cooperation Company, representing 45% and 55% of the registered equity capital of the Cooperation Company, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined in the Listing Rules exceeds 5% but less than 25%, the transaction contemplated under the Cooperation Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into the Cooperation Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE COOPERATION AGREEMENT

The Board is pleased to announce that on 26 March 2021 (after trading hours), Ximei Guangdong, a wholly-owned subsidiary of the Company, and China Nuclear Huachuang entered into the Cooperation Agreement in relation to the Cooperation.

The principal terms of the Cooperation Agreement are as follows:

Date: 26 March 2021

Parties: (1) Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司), a wholly-owned subsidiary of the Company; and
(2) China Nuclear Huachuang Rare Materials Co., Ltd. (中核華創稀有材料有限公司), an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China Nuclear Huachuang and its ultimate beneficial owner are Independent Third Parties.

Shareholding structure and capital contribution

Pursuant to the Cooperation Agreement, the Cooperation Company shall be held as to 45% by Ximei Guangdong and 55% by China Nuclear Huachuang.

Pursuant to the Cooperation Agreement, the registered capital of the Cooperation Company is RMB100 million, of which RMB45 million and RMB55 million will be contributed by Ximei Guangdong and China Nuclear Huachuang in cash respectively. It is further agreed that Ximei Guangdong and China Nuclear Huachuang shall inject a capital amount of RMB4.5 million and RMB5.5 million respectively within 60 days upon formation of the Cooperation Company, the remaining capital contribution shall be paid subsequently with reference to the capital requirements of the Cooperation.

The amount of capital contribution of the Parties in the Cooperation Company was determined after arm's length negotiations with reference to the capital requirements of the Cooperation Company. The capital contributions to be made by Ximei Guangdong will be funded by the Group's internal resources.

Purpose of the Cooperation Company

The purpose of the establishment of the Cooperation Company is to develop a project in relation to the production of tantalum-and niobium-based products in Hunan Province, the PRC.

Management of the Cooperation Company

The board of directors of the Cooperation Company will comprise five directors, of whom two directors will be nominated by Ximei Guangdong, and three directors will be nominated by China Nuclear Huachuang, among whom one shall be the chairman of the board of directors. The legal representative of the Cooperation Company shall be the chairman of the board of directors.

Restrictions on equity transfer and encumbrances

Each of the Parties may transfer all or part of their respective equity holding interests in the Cooperation Company to the other Party. In the event of a Party proposes to transfer its equity holding interests in the Cooperation Company to a third party, the other Party shall have the right of first refusal to such equity holding interests.

Dividend rights

Pursuant to the Cooperation Agreement, any dividends available for distribution shall be distributed to the Parties pro-rata to their respective equity holding in the Cooperation Company.

FINANCIAL IMPACT

Since Ximei Guangdong does not have the right to appoint a majority of the board of directors of the Cooperation Company and has no majority control over the voting rights in the Shareholders' meeting of the Cooperation Company, the Cooperation Company shall not become a subsidiary of the Company. As a result, the financial results, assets and liabilities of the Cooperation Company shall not be consolidated into the financial statements of the Group.

INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENT

China Nuclear Huachuang is a limited liability company established in the PRC and an Independent Third Party which is principally engaged in mining and further processing and comprehensive recycling of rare metals. The ultimate beneficial owner of China Nuclear Huachuang is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC* (中國國務院國有資產監督管理委員會).

Ximei Guangdong is a wholly-owned subsidiary of the Company which is principally engaged in the production and sale of tantalum- and niobium-based metallurgical products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

The Group is principally engaged in the production and sale of tantalum- and niobium-based metallurgical products.

The Group would benefit from entering into the Cooperation Agreement as the Cooperation will be beneficial to the Group's comprehensive recycling and utilisation of tantalum- and niobium-based and other strategic metals, promote the transformation and upgrading of the Group, and enhance the Group's production capacity and overall competitiveness and enhance the overall corporate development of the Group, and maximise return to the Company and its shareholders in the long run.

The terms of the Cooperation Agreement have been arrived at after arm's length negotiation between the parties. The Directors are of the view that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

“Cooperation”	a project in relation to production of tantalum- and niobium-based products in Hunan Province, the PRC
“Cooperation Agreement”	the Cooperation agreement dated 26 March 2021 entered into between Ximei Guangdong and China Nuclear Huachuang in relation to the Cooperation
“Cooperation Company”	China Nuclear Huazhong New Materials Co., Ltd.* (中核華中新材料有限公司), a company to be established in the PRC and owned as to 45% by Ximei Guangdong and 55% by China Nuclear Huachuang pursuant to the Cooperation Agreement
“Board”	the board of Directors
“China Nuclear Huachuang”	China Nuclear Huachuang Rare Materials Co., Ltd. (中核華創稀有材料有限公司), a limited liability company established in the PRC and an Independent Third Party as at the date of this announcement
“Company”	Ximei Resources Holding Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9936)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons within the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	Ximei Guangdong and China Nuclear Huachuang, and a “Party” shall be construed as any of them

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ximei Guangdong”	Ximei Resources (Guangdong) Limited* (稀美資源(廣東)有限公司), a wholly-owned subsidiary of the Company
“%”	per cent.

* *For identification purposes only*

By Order of the Board
Ximei Resources Holding Limited
Wu Lijue
Chairman and executive Director

Hong Kong, 26 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu Lijue and Ms. Wu Shandan; and three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Mr. Yin Fusheng.