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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)**

### **CONNECTED TRANSACTION FORMATION OF JOINT VENTURE**

#### **THE JOINT VENTURE AGREEMENT**

The Board is pleased to announce that on 18 November 2021 (after trading hours), Ximei Hong Kong, a wholly-owned subsidiary of the Company entered into the Joint Venture Agreement with Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda, in relation to the Joint Venture.

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB200 million. Ximei Hong Kong, Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda shall make capital injection of approximately RMB37.3 million, RMB99.5 million, RMB 50.0 million, RMB12.2 million and RMB1.0 million respectively to the Joint Venture Company, in proportion to their respective equity holding in the Joint Venture Company, representing approximately 18.66%, 49.75%, 25.0%, 6.09% and 0.5% of the registered capital of the Joint Venture Company, respectively.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Guangdong Yuanwei is wholly owned by Mr. Wu, the chairman of the Board, an executive Director, the chief executive officer of the Company and a Controlling Shareholder. In addition, Hainan Jingxingda is owned as to 99.0% by Guangdong Yuanwei, which is wholly owned by Mr. Wu. Accordingly, each of Guangdong Yuanwei and Hainan Jingxingda is an associate of Mr. Wu, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Thus, the transaction contemplated under the Joint Venture Agreement would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE JOINT VENTURE AGREEMENT**

The Board is pleased to announce that on 18 November 2021 (after trading hours), Ximei Hong Kong, a wholly-owned subsidiary of the Company entered into the Joint Venture Agreement with Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda, in relation to the Joint Venture.

The principal terms of the Joint Venture Agreement are as follows:

**Date:** 18 November 2021

**Parties:** (1) Ximei Hong Kong;  
(2) Guangdong Yuanwei;  
(3) Hainan Aosi;  
(4) Mr. Gao; and  
(5) Hainan Jingxingda.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as each of Guangdong Yuanwei and Hainan Jingxingda being a connected person of the Company under Chapter 14A of the Listing Rules, each of the Parties and its ultimate beneficial owner are Independent Third Parties.

### **Equity holding structure and capital injections**

Pursuant to the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB200 million. Ximei Hong Kong, Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda shall make capital injection of approximately RMB37.3 million, RMB99.5 million, RMB 50.0 million, RMB12.2 million and RMB1.0 million respectively to the Joint Venture Company, in proportion to their respective equity holding in the Joint Venture Company, representing approximately 18.66%, 49.75%, 25.0%, 6.09% and 0.5% of the registered capital of the Joint Venture Company, respectively.

It is agreed that Ximei Hong Kong shall make its capital injection by 31 December 2021, and each of the other Parties shall make their respective capital injection by 31 December 2022. In case of capital funds required to be used in advance due to the advancement of the Joint Venture, the general manager of the Joint Venture Company shall submit a specific fund use plan (including a unified schedule for the Parties to make capital injections in advance), whereby the Parties shall make their respective capital injection in advance of the original capital injection schedule according to such plan.

The amount of capital injections of the Parties in the Joint Venture Company was determined after arm's length negotiations with reference to the capital requirements of the Joint Venture Company. The capital contribution to be made by Ximei Hong Kong will be funded by the Group's internal resources.

## **Purpose of the Joint Venture Company**

The purpose of the Joint Venture Company is to develop a project in relation to the operation of a circular economy industrial park (循環經濟產業園) for production of 50,000 tons of battery grade lithium salt per annum, in Sichuan Province, the PRC. The project is divided into two phases. The first phase of the project refers to the production target of 23,000 tons of battery grade lithium salt per annum, and the second phase of the project refers to a production target of additional 27,000 tons of battery grade lithium salt per annum.

## **Management of the Joint Venture Company**

The board of directors of the Joint Venture Company will comprise five directors, of whom one director will be nominated by Ximei Hong Kong, two directors by Guangdong Yuanwei, one director by Hainan Aosi and one director by Mr. Gao. The chairman of the board of directors of the Joint Venture Company will be co-nominated by Ximei Hong Kong and Guangdong Yuanwei, and the legal representative of the Joint Venture Company will be nominated by Guangdong Yuanwei.

## **Restrictions on equity transfer and encumbrances**

### ***Pre-emptive rights***

Each of the Parties has a pre-emptive right (but not obliged) to acquire all or part of any new equity interests issued by the Joint Venture Company on a pro-rata basis, except in the event of the initial public offering of shares of the Joint Venture Company.

### ***Rights of first refusal***

In the event a Party proposes to transfer its equity holding interests in the Joint Venture Company to a third party (except pursuant to the equity interest incentive plan(s) of the Joint Venture Company (if any)), the other Parties shall have the rights of first refusal to acquire such equity holding interests.

### ***Restriction on equity transfers***

Before the production target of the first phase of the Joint Venture has been reached, without the consent of all the other Parties, no Party shall transfer its equity holding interests in the Joint Venture Company to a third party (except pursuant to the equity interest incentive plan(s) of the Joint Venture Company (if any)).

Within five years of the establishment of the Joint Venture Company, regardless of whether the right of first refusal is exercised, any Party transferring, in aggregate, 50% or more of its equity holding interests in the Joint Venture Company must obtain the consent of other Parties.

### ***Tag-along rights***

In the event a Party (the “**Intending Party**”) proposes to transfer its equity holding interests in the Joint Venture Company to a third party (except pursuant to the equity interest incentive plan(s) of the Joint Venture Company (if any)), the Intending Party shall give a written notice to the other Parties specifying the transfer price, terms and conditions of the proposed transfer. The other Parties shall have the rights (but not obliged) to transfer their respective equity holding interests to the third party together with the Intending Party at the same price, terms and conditions as proposed by the Intending Party, and in the same proportion as proposed to transfer by the Intending Party. If the third party does not agree to acquire the equity holding interests from the other Parties, the Intending Party shall not proceed with the proposed transfer, unless the Intending Party acquires the equity holding interests from the other Parties under the same conditions at the same time.

### **Profit distribution**

Pursuant to the Joint Venture Agreement, the profit distribution policy shall be formulated by the board of directors of the Joint Venture Company. The Parties intended that any profits available for distribution shall be distributed to the Parties pro-rata to their respective equity holdings in the Joint Venture Company.

### **FINANCIAL IMPACT**

Since Ximei Hong Kong does not have the right to appoint a majority of the board of directors of the Joint Venture Company and has no majority control over the voting rights in the equity holders’ meeting of the Joint Venture Company, the Joint Venture Company shall not become a subsidiary of the Company. As a result, the financial results, assets and liabilities of the Joint Venture Company shall not be consolidated into the financial statements of the Group.

### **INFORMATION OF THE PARTIES TO THE JOINT VENTURE AGREEMENT**

#### **Ximei Hong Kong**

Ximei Hong Kong is a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company which is principally engaged in the sale of tantalum- and niobium-based metallurgical products.

#### **Guangdong Yuanwei**

Guangdong Yuanwei Investment Co., Ltd.\* (廣東遠為投資有限公司) is a company established in the PRC with limited liability and is wholly owned by Mr. Wu as at the date of this announcement. It is an investment company which is principally engaged in the development, investment and international trade of non-ferrous metals and mineral products.

## **Hainan Aosi**

Hainan Aosi Energy Technology Co., Ltd.\* (海南澳斯能源科技有限公司) is a company established in the PRC with limited liability and is an Independent Third Party as at the date of this announcement. 30.0% of its equity interest is held by Chengdu Jingxingda Enterprise Management Partnership (Limited Partnership)\* (成都市景行達企業管理合夥企業(有限合夥)), which is ultimately owned by Qin Ling (秦玲), Tang Houhui (唐厚輝), Mr. He and Mr. Gao. The remaining 70.0% of its equity interest is held by Wang Juan (王娟), Mr. He and Mr. Gao. It is principally engaged in the trading, processing and resource integration of lithium salt products.

## **Mr. Gao**

Mr. Gao Haiyue (高海月) is an Independent Third Party as at the date of this announcement.

## **Hainan Jingxingda**

Hainan Jingxingda Enterprise Management Partnership\* (海南景行達企業管理合夥企業) is a partnership established in the PRC with limited liability. 99.0% of its equity interest is held by Guangdong Yuanwei, which is wholly owned by Mr. Wu. The remaining 1.0% of its equity interest is held by Mr. Gao. Hainan Jingxingda is an equity holding platform established for the purpose of motivating the management and core employees of the Joint Venture Company by equity rewards and incentives.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE 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 Joint Venture Agreement as the Joint Venture will expand the business scope of the Group, enhance the Group's overall competitiveness in the industry and enhance the overall corporate development of the Group, which will maximise return to the Company and its shareholders in the long run with the promising prospect of the battery grade lithium salt industry.

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

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Guangdong Yuanwei is wholly owned by Mr. Wu, the chairman of the Board, an executive Director, the chief executive officer of the Company and a Controlling Shareholder. In addition, Hainan Jingxingda is owned as to 99.0% by Guangdong Yuanwei, which is wholly owned by Mr. Wu. Accordingly, each of Guangdong Yuanwei and Hainan Jingxingda is an associate of Mr. Wu, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Thus, the transaction contemplated under the Joint Venture Agreement would constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the Joint Venture Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Guangdong Yuanwei and Hainan Jingxingda is wholly owned and owned as to 99.0% by Mr. Wu respectively. Accordingly, Mr. Wu was considered to have a material interest in the transaction contemplated under the Joint Venture Agreement, and had abstained from voting on the board resolutions approving the transaction contemplated under the Joint Venture Agreement.

## DEFINITIONS

“Board”	the board of Directors
“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)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Yuanwei”	Guangdong Yuanwei Investment Co., Ltd.* (廣東遠為投資有限公司), a company established in the PRC with limited liability and wholly owned by Mr. Wu as at the date of this announcement
“Hainan Aosi”	Hainan Aosi Energy Technology Co., Ltd.* (海南澳斯能源科技有限公司), a company established in the PRC with limited liability, an Independent Third Party

“Hainan Jingxingda”	Hainan Jingxingda Enterprise Management Partnership* (海南景行達企業管理合夥企業), a partnership established in the PRC with limited liability, and owned as to 99.0% by Guangdong Yuanwei and 1.0% by Mr. Gao as at the date of this announcement
“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
“Joint Venture”	a project in relation to the operation of a circular economy industrial park (循環經濟產業園) for the production of 50,000 tons of battery grade lithium salt per annum, in Sichuan Province, the PRC
“Joint Venture Agreement”	the joint venture agreement dated 18 November 2021 entered into between Ximei Hong Kong, Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda in relation to the Joint Venture
“Joint Venture Company”	a company to be established in the PRC pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Lijue (吳理覺), the chairman of the Board, an executive Director, the chief executive officer of the Company, and a Controlling Shareholder
“Mr. Gao”	Mr. Gao Haiyue (高海月), an Independent Third Party
“Mr. He”	Mr. He Chuan (何川), an Independent Third Party
“Parties”	Ximei Hong Kong, Guangdong Yuanwei, Hainan Aosi, Mr. Gao and Hainan Jingxingda, 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 Hong Kong”

Ximei Resources (Hong Kong) Limited\* (稀美資源(香港)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the date of this announcement

“%”

per cent.

\* *For identification purposes only*

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

Hong Kong, 18 November 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.*