

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE

Reference is made to the announcement of Ximei Resources Holding Limited (the “**Company**”) dated 18 November 2021 (the “**Announcement**”) in relation to a connected transaction regarding the formation of a joint venture. Unless otherwise defined, capitalised terms used herein shall have the same meaning as defined in the Announcement.

The Company wishes to provide further information in relation to the Joint Venture Agreement:

The capital injection to the Joint Venture

As disclosed in the Announcement, it was agreed that Ximei Hong Kong shall make its capital injection of approximately RMB37.3 million to the Joint Venture by 31 December 2021, and each of the other Parties shall make their respective capital injection by 31 December 2022. The arrangement of Ximei Hong Kong making its capital injection earlier than the other Parties is a result of arm’s length negotiation between the Company and the local government in Sichuan province, the PRC (the “**Local Government**”). In order to obtain support from the Local Government in relation to the Joint Venture, it was agreed that Ximei Hong Kong as a wholly-owned subsidiary of a company listed on the Stock Exchange, will take the lead to make its capital injection to the Joint Venture by 31 December 2021.

As disclosed in the Announcement, 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. As at the date of this announcement, it is expected that the other Parties will make their capital injections before 31 December 2022 given the expected progress of the Joint Venture.

Expected use of funds for the year ending 31 December 2022

As at the date of this announcement, it is expected that approximately RMB250 million will be required by the Joint Venture for the year ending 31 December 2022, where RMB200 million will be contributed by the Parties as capital injections, and RMB50 million will be funded by other external

resources. It is intended that approximately RMB3.4 million will be used for the planning, design and evaluation of the Joint Venture, including but not limited to payment of various feasibility reports in respect of the environment, safety and energy usage; approximately RMB122.5 million will be used for acquisition of machinery and equipment; approximately RMB32.6 million will be used for land acquisition; approximately RMB70.0 million will be used for construction of production facilities, and the remaining approximately RMB21.5 million will be used for working capital and other general corporate purposes.

Consequences if the other Parties decide not to proceed with their capital injections

Pursuant to applicable PRC laws, equity holders of a limited liability company are obliged to make their respective capital contributions in accordance with the capital injection schedule set out in the relevant company's articles of association, failure of which may subject the defaulting equity holder to corresponding criminal and civil liabilities. The capital injection schedule set out in the Joint Venture Agreement is included in the articles of association of Joint Venture Company. Accordingly, if any of the other Parties decides not to proceed with its capital injections, the defaulting Party may be subject to criminal and civil liabilities.

Further, pursuant to the Joint Venture Agreement, if any Party fails to make their respective capital injection in accordance with the capital injection schedule set out in the Joint Venture Agreement, each of the other Parties shall have the right to require the defaulting Party for liquidated damages of RMB20 million to rectify such breach, and if the sum of the liquidated damages is insufficient to rectify the breach by the defaulting party, each of the other Parties shall have the right to recover further damages in order to rectify such breach.

The Directors consider that the capital injection arrangement is in the best interest of the Company and its Shareholders as a whole as (i) such arrangement is a result of arm's length negotiation between Ximei Hong Kong and the Local Government; (ii) it is expected that the other Parties will be required to make their respective capital injections before 31 December 2022 given the expected progress of the Joint Venture; and (iii) if any of the other Parties decides not to proceed with the capital injection, such default Party may be subject to criminal and civil liabilities under the applicable PRC laws, and will be penalised under the Joint Venture Agreement. Given the serious consequences, it is unlikely that any of the other Parties will decide not to proceed with the capital injection.

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

Hong Kong, 1 December 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.