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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 DEEMED DISPOSAL REGARDING CAPITAL INJECTION IN A SUBSIDIARY

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 14 November 2024, (i) the Company; (ii) Ximei Hong Kong, an indirect wholly-owned subsidiary of the Company; (iii) Ximei Guangdong, a direct wholly-owned subsidiary of Ximei Hong Kong; (iv) Mr. Wu, the chairman of the Board, an executive Director, the chief executive officer of the Company and a Controlling Shareholder; and (v) Jinshi Manufacturing LP, an Independent Third Party, entered into the Investment Agreement in relation to the Capital Injection in Ximei Guangdong.

Pursuant to the Investment Agreement, Jinshi Manufacturing LP conditionally agreed to contribute capital of RMB60 million to Ximei Guangdong and subscribe for 4.41% of the equity interest in Ximei Guangdong. RMB10.56 million will be contributed to the registered capital of Ximei Guangdong and RMB49.44 million will be contributed to the capital reserve of Ximei Guangdong.

After the Capital Injection, Ximei Guangdong will be owned as to 95.59% and 4.41% by Ximei Hong Kong and Jinshi Manufacturing LP respectively, and the registered capital of Ximei Guangdong will be increased from RMB228.80 million to RMB239.36 million.

LISTING RULES IMPLICATIONS

Pursuant to the Investment Agreement, the Group's equity interest in Ximei Guangdong will be diluted from 100.00% to 95.59%. Accordingly, the transaction contemplated under the Investment Agreement will be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios as defined in the Listing Rules in respect of the Investment Agreement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Investment Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE INVESTMENT AGREEMENT

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The principal terms of the Investment Agreement are as follows:

- Date : 14 November 2024
- Parties : (i) the Company;
- (ii) Ximei Hong Kong, an indirect wholly-owned subsidiary of the Company;
- (iii) Ximei Guangdong, a direct wholly-owned subsidiary of Ximei Hong Kong;
- (iv) Mr. Wu, the chairman of the Board, an executive Director, the chief executive officer of the Company and a Controlling Shareholder; and
- (v) Jinshi Manufacturing LP, an Independent Third Party.

Capital Injection

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Equity holding structure of Ximei Guangdong

The equity holding of Ximei Guangdong as at the date of this announcement is set out below:

Equity holder	Registered capital (RMB)	Equity holding (%)
Ximei Hong Kong	<u>228,800,000</u>	<u>100.00</u>
Total	<u>228,800,000</u>	<u>100.00</u>

As at the date of this announcement, 100.00% of the equity interest in Ximei Guangdong was indirectly owned by the Company through Ximei Hong Kong.

The equity holding of Ximei Guangdong immediately after the Capital Injection is set out below:

Equity holder	Registered capital (RMB)	Equity holding (%)
Ximei Hong Kong	228,800,000	95.59
Jinshi Manufacturing LP	<u>10,560,000</u>	<u>4.41</u>
Total	<u>239,360,000</u>	<u>100.00</u>

After the Capital Injection, 95.59% of the equity interest in Ximei Guangdong will be indirectly owned by the Company through Ximei Hong Kong; and 4.41% of the equity interest in Ximei Guangdong will be directly owned by Jinshi Manufacturing LP.

Basis of determination of the amount of Capital Injection

The terms of the Investment Agreement and the amount of the Capital Injection were determined after arm's length negotiations between the parties to the Investment Agreement on normal commercial terms, taking into consideration of, among other things, (i) the total audited shareholders' equity of Ximei Guangdong of RMB882 million as at 31 December 2023, and the valuation of Ximei Guangdong before the Capital Injection, being RMB1,300 million, which was determined after arm's length negotiations between the parties; (ii) the Company's share price and valuation metrics such as price-to-earning ratio and price-to-book ratio; (iii) the reasons and benefits of the Capital Injection as stated under the paragraph headed "Reasons for and benefits of entering into the Investment Agreement" in this announcement; and (iv) the capital requirements of Ximei Guangdong. Jinshi Manufacturing LP shall make one-off cash payment for the entire amount of the Capital Injection to Ximei Guangdong.

Completion and conditions precedent

Completion will take place on the day when Jinshi Manufacturing LP transfers the amount of Capital Injection to Ximei Guangdong, which is subject to the following conditions precedent:

- (i) Jinshi Manufacturing LP having completed and being satisfied with the results of its legal and financial due diligence on Ximei Guangdong Group;
- (ii) Jinshi Manufacturing LP having completed its internal investment committee approval process regarding the Capital Injection, and such approval being valid on the date of completion;
- (iii) all relevant transaction documents having been duly executed by all relevant parties other than Jinshi Manufacturing LP, in form and substance satisfactory to all parties to the Investment Agreement, and the original of each transaction document having been delivered to Jinshi Manufacturing LP;
- (iv) notifications to, and approvals from, any third party(ies) in respect of the Capital Injection having been made or obtained, including any consents or waivers to be obtained in advance from financial institutions regarding the Capital Injection, and the originals of all such notifications and approvals having been provided to Jinshi Manufacturing LP;

- (v) the representations and warranties made by each of Mr. Wu, the Company, Ximei Hong Kong and Ximei Guangdong under the Investment Agreement having been true, accurate, complete and not misleading at the time being made and shall be true, accurate, complete and not misleading as of the date of completion, and shall have the same force and effect as if made as of the date of the Investment Agreement;
- (vi) each of Mr. Wu, the Company, Ximei Hong Kong and Ximei Guangdong not being in default of the Investment Agreement and the transaction documents or, if being in default, such defaults have been promptly ratified to the satisfaction of Jinshi Manufacturing LP; and
- (vii) there not having been any event or circumstance that should or may have any material adverse effect on the legal existence, business licences, business operations, financial condition, business reputation or other material aspects of Ximei Guangdong Group, and there not having been matters that are out of the ordinary course of business of Ximei Guangdong Group since the date of signing of the Investment Agreement.

Use of proceeds

Ximei Guangdong will utilise the funds received from the Capital Injection for the business development of Ximei Guangdong Group, which will be mainly utilised for the construction of tantalum projects and as working capital.

Management of Ximei Guangdong after the Capital Injection

Ximei Hong Kong continues to have the sole right to nominate directors and the management personnel of Ximei Guangdong after the Capital Injection.

Profit distribution policy after the Capital Injection

Any profits available for distribution shall be distributed to Ximei Hong Kong and Jinshi Manufacturing LP pro-rata to their respective equity holdings in Ximei Guangdong.

Rights of Jinshi Manufacturing LP

Pre-emptive and anti-dilution rights

Jinshi Manufacturing LP shall have pre-emptive right and anti-dilution right for new equity interests issued by Ximei Guangdong as stipulated under the Investment Agreement.

Restriction on equity transfer, first-refusal right and tag-along right

Without the prior written consent of Jinshi Manufacturing LP, each of Mr. Wu, the Company and Ximei Hong Kong shall not (i) transfer, grant, pledge, encumber or otherwise dispose, directly or indirectly, of the equity interests in Ximei Guangdong; (ii) change the beneficial owner of Ximei Guangdong by any means; and (iii) change the control of Ximei Guangdong directly or indirectly through issuance of new shares or any other means. In the event that each of Mr. Wu, the Company and Ximei Hong Kong (each being an “**Intending Party**”) proposes to transfer his/its direct or indirect equity interests (as the case may be) in Ximei Guangdong, the Intending Party shall give a written notice to Jinshi Manufacturing LP specifying the amount of equity transfer, transfer price, and other terms and conditions of the proposed transfer. Apart from its first-refusal right to acquire such equity interests proposed to be transferred, Jinshi Manufacturing LP shall have the right to transfer equity interests in Ximei Guangdong together with the Intending Party.

FINANCIAL IMPACT

As at the date of this announcement, 100.00% of the equity interest in Ximei Guangdong was indirectly owned by the Company through Ximei Hong Kong. After the Capital Injection, 95.59% of the equity interest in Ximei Guangdong will be indirectly owned by the Company through Ximei Hong Kong; and 4.41% of the equity interest in Ximei Guangdong will be directly owned by Jinshi Manufacturing LP. The Group’s interest in Ximei Guangdong will be diluted from 100.00% to 95.59% and the transaction contemplated under the Investment Agreement will thus be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules.

Ximei Guangdong will remain as an indirect subsidiary of the Company and the financial results of which will continue to be consolidated into the financial statements of the Company. It is expected that the deemed disposal will not result in any material gain or loss in the Company’s consolidated statement of profit or loss and other comprehensive income and there will be no material financial impact on the assets and liabilities of the Group resulting from the deemed disposal.

INFORMATION OF THE PARTIES TO THE INVESTMENT AGREEMENT

The Company, Ximei Hong Kong and Ximei Guangdong

The Company is principally engaged in the manufacturing and sale of tantalum- and niobium-based products. Ximei Hong Kong is an indirect wholly-owned subsidiary of the Company which is principally engaged in the sale of tantalum- and niobium-based metallurgical products. Ximei Guangdong is a direct wholly-owned subsidiary of Ximei Hong Kong which is principally engaged in manufacture, sale and trading sale of non-ferrous metal products.

Mr. Wu

Mr. Wu is the chairman of the Board, an executive Director, the chief executive officer of the Company and a Controlling Shareholder.

Jinshi Manufacturing LP

Jinshi Manufacturing LP is a limited partnership established in the PRC with limited liability. It is principally engaged in equity investments and related consulting services. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Jinshi Manufacturing LP was held by National Manufacturing Industry Transformation and Upgrading Fund Company Limited* (國家製造業轉型升級基金股份有限公司) (approximately 75.4%), Jinshi New Materials Industry Parent Fund (Zibo) Partnership (Limited Partnership)* (金石新材料產業母基金(淄博)合夥企業(有限合夥)) (approximately 24.3%) and Jinshi Investment Company Limited* (金石投資有限公司) (approximately 0.3%), their respective largest ultimate beneficial owners were the Ministry of Finance of the People's Republic of China* (中華人民共和國財政部), the Zibo Municipal Bureau of Finance* (淄博市財政局) and CITIC Securities Co. Ltd. (中信證券股份有限公司), a company listed on the Shanghai Stock Exchange and the Stock Exchange (SSE:600030; SEHK:06030). As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Jinshi Manufacturing LP and its ultimate beneficial owner(s) are Independent Third Parties.

FINANCIAL INFORMATION OF XIMEI GUANGDONG

The unaudited net assets value of Ximei Guangdong as at 30 June 2024 was approximately RMB947 million.

The audited consolidated financial information of Ximei Guangdong for the two years ended 31 December 2023 is set out below:

	For the year ended	
	31 December	
	2023	2022
	(RMB'000)	(RMB'000)
Net profit (before taxation)	116,642	65,640
Net profit (after taxation)	105,189	61,790

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Company considers that the Investment Agreement will optimise the Group's financial structure, enhance the Group's overall competitiveness in the industry, promote the overall corporate development of the Group and maximise return to the Company and the Shareholders in the long run. Jinshi Manufacturing LP is managed by Jinshi Investment Company Limited*(金石投資有限公司). With the core purpose of serving the upgrading of national manufacturing industry, Jinshi Manufacturing LP mainly invests in six areas, including special metal functional materials, high-end metal structural materials, advanced polymer materials, high-performance composite materials, new inorganic and non-metallic materials, and cutting-edge new materials, etc.. Rare metals have always been its key investment area. The Company believes that the Capital Injection will give impetus to the rapid development of Ximei Guanggong and deepen the strategic co-operation between the parties in the metal industry in terms of industrial synergy, integration of industrial chain and market development.

Accordingly, the Directors consider that the terms of the Investment Agreement are fair and reasonable, and the entering into the Investment Agreement is beneficial to and in the interests of the Group and the Shareholders as a whole.

None of the Directors have a material interest in the Investment Agreement or were required to abstain from voting in respect of the Board resolutions to approve the Investment Agreement.

LISTING RULES IMPLICATIONS

Pursuant to the Investment Agreement, the Group's equity interest in Ximei Guangdong will be diluted from 100.00% to 95.59%. Accordingly, the transaction contemplated under the Investment Agreement will be regarded as a deemed disposal for the Company pursuant to Rule 14.29 of the Listing Rules. As one of the applicable percentage ratios as defined in the Listing Rules in respect of the Investment Agreement exceeds 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the entering into of the Investment Agreement is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“Capital Injection”	the capital injection of RMB60 million to be made by Jinshi Manufacturing LP pursuant to the Investment Agreement
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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
“Investment Agreement”	the investment agreement dated 14 November 2024 entered into among (i) the Company; (ii) Ximei Hong Kong; (iii) Ximei Guangdong; (iv) Mr. Wu; and (v) Jinshi Manufacturing LP in relation to the Capital Injection
“Jinshi Manufacturing LP”	Jinshi Manufacturing Transformation and Upgrading New Material Fund (Limited Partnership)* (金石製造業轉型升級新材料基金(有限合伙)), a limited partnership established in the PRC with limited liability and an Independent Third Party as at the date of this announcement
“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
“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 company established in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Ximei Guangdong Group”	Ximei Guangdong, the subsidiaries of Ximei Guangdong and China Nuclear Huazhong New Materials Co., Ltd.* (中核華中新材料有限公司), a company established in the PRC and owned as to 45% by Ximei Guangdong
“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 an indirect 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, 14 November 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wu Lijue, Mr. Mao Zili and Ms. Huang Jieli; one non-executive Director, namely Ms. Ouyang Ming; and three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Ms. Shi Ying.