
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT OF OUR GROUP

We are a producer of tantalum- and niobium-based metallurgical products in China. Our history started on 9 May 2006, when Zhiyuan New Material (previously known as Yingde Jiata New Material Co., Ltd.* (英德佳特新材料有限公司)) was established in Yingde, Guangdong Province, the PRC as a limited liability company by Fogang Jiata and Jiata International. Zhiyuan New Material was principally engaged in the production and sale of tantalum- and niobium-based metallurgical products and had an initial registered capital of RMB12,000,000, which was contributed by Fogang Jiata and Jiata International, both of which were beneficially owned as to 100% by Mr. Wu at the time of the establishment of Zhiyuan New Material. The registered capital of Fogang Jiata and Jiata International was initially financed by the personal financial resources of Mr. Wu, who has started his career in the tantalum and niobium metallurgy industry since 1980s, and his family resources.

In 2007, Mr. Wu decided to expand the operations of Zhiyuan New Material, and therefore formed a joint venture with MACRO-LINK Cayman as a strategic investor in Zhiyuan New Material and several other companies in which Mr. Wu had interests. MACRO-LINK Cayman is an investment holding company under the control of the MACRO-LINK Group. MACRO-LINK Group included three investment holding companies, namely, MACRO-LINK International, MACRO-LINK Industrial and MACRO-LINK Holding, and several companies located in the PRC, Indonesia, Zambia and the Republic of Peru which were principally engaged in the mining industry. MACRO-LINK Group is controlled by Mr. Fu Kwan and Ms. Xiao Wenhui. For FY2018, the consolidated total revenue and total assets of MACRO-LINK Holding amounted to approximately RMB48.5 billion and RMB130.6 billion, respectively. Our Directors confirm that, to the best of their knowledge and belief after having made all reasonable enquiries, MACRO-LINK Group had complied with all material applicable laws and regulations in the relevant jurisdictions in all material respects during the Track Record Period and up to the Latest Practicable Date.

To form this joint venture of Zhiyuan New Material, Seraphim BVI, an investment holding company, was incorporated in the BVI on 26 October 2007, which acquired all the equity interest in Zhiyuan New Material from Fogang Jiata and Jiata International on 24 March 2008. The joint venture agreement in relation to the establishment of Seraphim BVI provided for the capital contribution by MACRO-LINK Cayman and stipulated, among other things, that (a) the shareholders shall share the profits and losses according to their respective shareholding percentages in Seraphim BVI; (b) MACRO-LINK Cayman was entitled to designate three directors, and Mr. Wu was entitled to designate two directors (one being chairman of the board); and (c) if any shareholder intends to sell its shares in Seraphim BVI, such selling shareholder should obtain the prior consent of the other shareholder, and the other shareholder shall have the pre-emptive right to purchase such shares from such selling shareholder. From its date of incorporation and up to August 2015, Seraphim BVI had been owned as to 40% by Mr. Wu (via two BVI investment holding companies beneficially wholly owned by him), and 60% by MACRO-LINK Cayman.

Zhiyuan New Material commenced production in 2010. In August 2015, MACRO-LINK Group decided to divest its investment in Seraphim BVI, which then held the 100% equity interest in Zhiyuan New Material, as MACRO-LINK Holding intended to focus its resources on its tourism business. On 10 August 2015, following such decision, MACRO-LINK Cayman transferred its 90,000,000 shares in Seraphim BVI to Goldwei BVI, one of the BVI companies wholly owned by Mr. Wu, at a consideration

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

of HK\$191,983,686.39, which was determined by reference to the net asset value of Seraphim BVI as of 30 June 2015. Following such transfer, Seraphim BVI has been owned as to 70% and 30% by Goldwei BVI and MACRO-LINK Cayman, respectively.

During the Track Record Period, other than Zhiyuan New Material, the businesses held by Seraphim BVI included Guangdong Jiana (up to 11 October 2016), Fogang Jiata (up to 16 January 2019), Jiayuan Metal (up to 16 January 2019), Jiaya Group (dissolved on 31 May 2019) and MJM (up to 30 November 2017). For the year ended 31 December 2017, according to the unaudited management accounts of Seraphim BVI, the consolidated revenue and total assets of Seraphim BVI amounted to approximately RMB997.7 million and RMB442.8 million, respectively. As at the Latest Practicable Date, Seraphim BVI did not carry on any business. Our Directors confirm that, to the best of their knowledge and belief after having made all reasonable enquiries, Seraphim BVI had complied with all material applicable laws and regulations in the relevant jurisdictions in all material respects during the Track Record Period and up to the Latest Practicable Date.

To the best of our Directors' knowledge and belief after having made all reasonable enquiries, apart from our Group, none of our Controlling Shareholders and MACRO-LINK Group or any of their respective associates has substantial interest in any company or business which is similar to, or competes or is likely to compete directly or indirectly with, the business of our Group. During the Track Record Period, none of our customers was referred by Seraphim BVI or MACRO-LINK Group, and there was no overlap of customers or suppliers between our Group and Seraphim BVI or MACRO-LINK Group. As at the Latest Practicable Date, except for Mr. Zeng Min, our non-executive Director, who served as the only board representative of MACRO-LINK Cayman in our Group, there was no sharing of resources between our Group and Seraphim BVI or MACRO-LINK Group.

BUSINESS MILESTONES

The following sets out our business development milestones:

- | | |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2006 | <ul style="list-style-type: none">● Zhiyuan New Material was established as a limited liability company in the PRC |
| 2010 | <ul style="list-style-type: none">● We commenced production of industrial grade tantalum pentoxide, industrial grade niobium pentoxide and potassium heptafluorotantalate |
| 2012 | <ul style="list-style-type: none">● We obtained the first high-tech accreditation for our products● We commenced production of high-purity tantalum pentoxide and high-purity niobium pentoxide● We were accredited as a High-tech Enterprise (高新技術企業) by Guangdong Science and Technology Department* (廣東省科學技術廳), Guangdong Finance Department* (廣東省財政廳), Guangdong National Taxation Bureau* (廣東省國家稅務局) and Guangdong Local Taxation Bureau* (廣東省地方稅務局) |
| 2015 | <ul style="list-style-type: none">● We renewed our accreditation as a High-tech Enterprise by Guangdong Science and Technology Department, Guangdong Finance Department, Guangdong National Taxation Bureau and Guangdong Local Taxation Bureau |

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- 2016 ● We were accredited as a Guangdong Innovative Enterprise (PILOT)* (廣東省創新型企業(試點)) by Guangdong High-tech Enterprise Association* (廣東省高新技術企業協會)
- 2017 ● We commenced the construction of four new production lines for pentoxide products, which expanded our production capacity for pentoxide products and expansion of our capabilities for producing two types of recycled products
- 2018 ● We were accredited as a High-tech Enterprise by Guangdong Science and Technology Department, Guangdong Finance Department and the State Taxation Administration, Guangdong Provincial Taxation Bureau
- 2019 ● We were accredited as 2018 Guangdong Provincial Excellent Enterprise* (2018年度廣東省優秀企業) by Guangdong Provincial Enterprise Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會)

OUR CORPORATE HISTORY

Zhiyuan New Material

On 9 May 2006, Zhiyuan New Material (previously known as Yingde Jiata New Material Co., Ltd.) was established in Yingde, Guangdong Province, PRC as a limited liability company by Fogang Jiata and Jiata International.

It is principally engaged in the production and sale of tantalum- and niobium-based metallurgical products. Zhiyuan New Material had an initial registered capital of RMB12,000,000, which was contributed by Fogang Jiata and Jiata International, both of which were beneficially owned as to 100% by Mr. Wu at the time of Zhiyuan New Material's establishment.

On 24 March 2008, Seraphim BVI acquired all the equity interest in Zhiyuan New Material from Fogang Jiata and Jiata International and, from then until 31 August 2017, Zhiyuan New Material had been owned as to 100% by Seraphim BVI. The registered capital of Zhiyuan New Material increased from RMB12,000,000 to RMB33,000,000 on 12 January 2010, and further increased to RMB33,800,000 on 18 April 2013. Both registered capital increases were contributed by Seraphim BVI.

On 31 August 2017, as part of the Reorganisation, Xite Hong Kong acquired all the equity interest in Zhiyuan New Material from Seraphim BVI, at a consideration of RMB33,800,000, which was determined with reference to the then registered capital of Zhiyuan New Material. Following the Reorganisation, Zhiyuan New Material has become an indirect wholly-owned subsidiary of our Company.

On 15 September 2017, Zhiyuan New Material Guangzhou Branch was established as a branch office of Zhiyuan New Material for administrative arrangements only. The business scope of Zhiyuan New Material Guangzhou Branch is limited to the business scope of Zhiyuan New Material. As at the Latest Practicable Date, Zhiyuan New Material Guangzhou Branch had not commenced any business.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Entrustment arrangement

On 1 April 2008, following Mr. Wu's prior plan to emigrate to Canada which was subsequently discontinued, Mr. Wu transferred the legal interest in 100% equity interest in Goldwei BVI, being 50,000 ordinary shares of HK\$2,000 each, to Mr. Wu Wenjue, the elder brother of Mr. Wu, for a consideration of HK\$100,000,000, being the aggregate nominal value of the entire issued share capital of Goldwei BVI for the purpose of tax planning after completion of the emigration process. At the same time, a share entrustment agreement was entered into between Mr. Wu and Mr. Wu Wenjue, pursuant to which it was agreed that Mr. Wu Wenjue shall hold such 100% equity interest in Goldwei BVI on trust for Mr. Wu until such equity interest is transferred back to Mr. Wu. As such, from 1 April 2008 to 13 July 2016, such 100% equity interest in Goldwei BVI was legally held by Mr. Wu Wenjue on trust for Mr. Wu. To prepare for the proposed Listing comprising Zhiyuan New Material, on 14 July 2016, Mr. Wu Wenjue transferred the legal interest in the 100% equity interest in Goldwei BVI back to Mr. Wu for a consideration of HK\$100,000,000 (being the aggregate nominal value of the entire issued share capital of Goldwei BVI). There has been no change in the shareholding of Goldwei BVI since then. Mr. Wu Wenjue had not taken any part in the management and operation of our Group since 1 April 2008 and up to the Latest Practicable Date, nor had he been involved in any non-compliance incidents, litigations or claims when he held the 100% equity interest in Goldwei BVI on trust for Mr. Wu.

Acquisition and disposal of Jiayuan Metal

On 21 August 2009, Jiayuan Metal was established in Guangzhou, Guangdong Province, the PRC as a limited liability company wholly owned by Guangdong Jiana and was principally engaged in the trading of various metallurgical products and metal ores with a registered capital of RMB10,010,000.

Guangdong Jiana is a limited liability company established in the PRC and is principally engaged in the production and trading of various metallurgical products other than tantalum- and niobium-based metallurgical products. For FY2016, the total revenue and total assets of Guangdong Jiana amounted to RMB688.2 million and RMB662.7 million, respectively. Our Directors confirm that, to the best of their knowledge and belief after having made all reasonable enquiries, Guangdong Jiana had complied with all material applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date. Guangdong Jiana had not been engaged in a business which is similar to, or competes or is likely to compete directly or indirectly with, the business of our Group during the Track Record Period and up to the Latest Practicable Date.

On 1 August 2015, Zhiyuan New Material entered into an equity transfer agreement with Guangdong Jiana, pursuant to which Zhiyuan New Material agreed to purchase all the equity interest in Jiayuan Metal from Guangdong Jiana at a consideration of RMB10,010,000. Such consideration was determined with reference to the then registered capital of Jiayuan Metal. The equity transfer was in view of Mr. Wu's decision to streamline Guangdong Jiana's assets for its prior plan to apply for listing on the Shanghai Stock Exchange or Shenzhen Stock Exchange. The decision was supported by the other indirect shareholder of Guangdong Jiana, namely MACRO-LINK Cayman, in recognition of Mr. Wu's investment vision and management experience. However, Guangdong Jiana subsequently did not submit the listing application primarily because an Independent Third Party, Guangdong Dows, subsequently acquired the majority interest of Guangdong Jiana in 2017. Guangdong Dows was a limited liability company established in the PRC on 21 September 2007, which was listed on the Shenzhen Stock Exchange (stock code: 300409) and was principally engaged in the production and trading of various

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

inorganic non-metallic materials products. As confirmed by our PRC Legal Advisers, such acquisition was properly and legally completed and settled. During the Track Record Period and up to the Latest Practicable Date, there had been no trust or other arrangement among Mr. Wu, Guangdong Dows and MACRO-LINK Cayman in relation to their respective ownership in various common investments including Guangdong Jiana.

On 15 June 2016, as part of our strategic efforts to focus on our core business of production and sale of tantalum- and niobium-based metallurgical products and our plan to apply for Listing, we decided to dispose of Jiayuan Metal, the principal business of which is the trading of various metallurgical products and metal ores, which is not in line with the core business of Zhiyuan New Material. Fogang Jiata entered into the Jiayuan Metal Disposal Agreement dated 30 June 2016 with Zhiyuan New Material, which was shortly after the final decision was made to apply for Listing, pursuant to which Fogang Jiata agreed to purchase all the equity interest in Jiayuan Metal at a consideration of RMB10,010,000. Such consideration was determined with reference to the then registered capital of Jiayuan Metal. Since 5 July 2016, Zhiyuan New Material has ceased to hold any equity interest in Jiayuan Metal. As confirmed by our PRC Legal Advisers, the above disposal has been properly and legally settled and completed, and all permits, licenses, authorisations, approvals and consents necessary or desirable to the validity and effectiveness of such disposal (if any) have been obtained from the relevant PRC authorities and are valid, current, subsisting and not revoked.

Given that Jiayuan Metal was principally engaged in a business that is different from our core business, our Directors are of the view that the disposal was insignificant to and had no material adverse effect on our operation and financial condition taken as a whole.

REORGANISATION

In preparation for Listing, the companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The main steps of our Reorganisation were:

(1) *Incorporation of Jiawei Resources Seychelles*

On 24 April 2017, Jiawei Resources Seychelles was incorporated in Seychelles as an investment holding company with an authorised share capital of US\$1,000,000 divided into 1,000,000 shares of US\$1.00 each, of which one share was allotted and issued as fully paid to Mr. Wu at par.

(2) *Incorporation of our Company, Xinjia Seychelles and Xite Hong Kong*

On 26 May 2017, our Company was incorporated in the Cayman Islands as an exempted company with an initial authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued as fully paid to the initial subscriber at par, and then transferred to Jiawei Resources Seychelles at par. On the same date, six Shares and three Shares were allotted and issued as fully paid to Jiawei Resources Seychelles and MACRO-LINK Cayman, respectively, at par. Since its date of incorporation, our Company has been owned as to 70% and 30% by Jiawei Resources Seychelles and MACRO-LINK Cayman, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 21 June 2017, Xinjia Seychelles was incorporated in Seychelles as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of no par value, of which one share of US\$1.00 was allotted and issued as fully paid to our Company on 23 June 2017.

On 29 June 2017, Xite Hong Kong was incorporated in Hong Kong as a limited liability company. Xite Hong Kong had an issued share capital of HK\$10,000 consisting of 10,000 shares, which were allotted and issued to Xinjia Seychelles on 29 June 2017.

Xinjia Seychelles and Xite Hong Kong would act as the intermediate holding companies of our Group.

As at the Latest Practicable Date:

- (i) our Company was principally engaged in investment holding;
- (ii) Xinjia Seychelles was principally engaged in investment holding; and
- (iii) Xite Hong Kong was principally engaged in the sale of tantalum- and niobium-related materials.

(3) Acquisition of Zhiyuan New Material by Xite Hong Kong

On 31 August 2017, Xite Hong Kong acquired all the equity interest in Zhiyuan New Material from Seraphim BVI at cash consideration of RMB33,800,000, which was determined with reference to the then registered capital of Zhiyuan New Material. Following the Reorganisation, Zhiyuan New Material has become an indirect wholly-owned subsidiary of our Company.

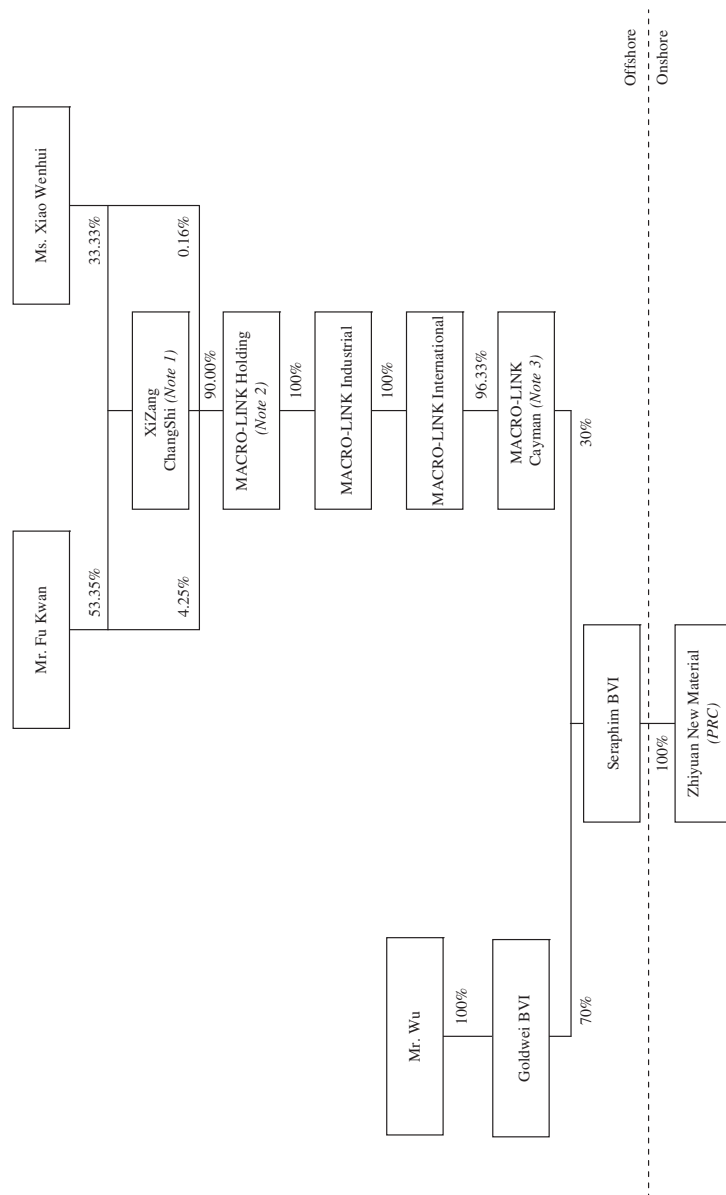
The Reorganisation of our Group (being completion of the acquisition of Zhiyuan New Material by Xite Hong Kong) was completed on 31 August 2017. Each of the share transfers regarding the Reorganisation mentioned above was properly and legally completed and settled.

As at the Latest Practicable Date, Zhiyuan New Material was principally engaged in the production and sale of tantalum- and niobium-based metallurgical products.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Group structure

Set forth below was the corporate structure of our Group immediately prior to the Reorganisation:

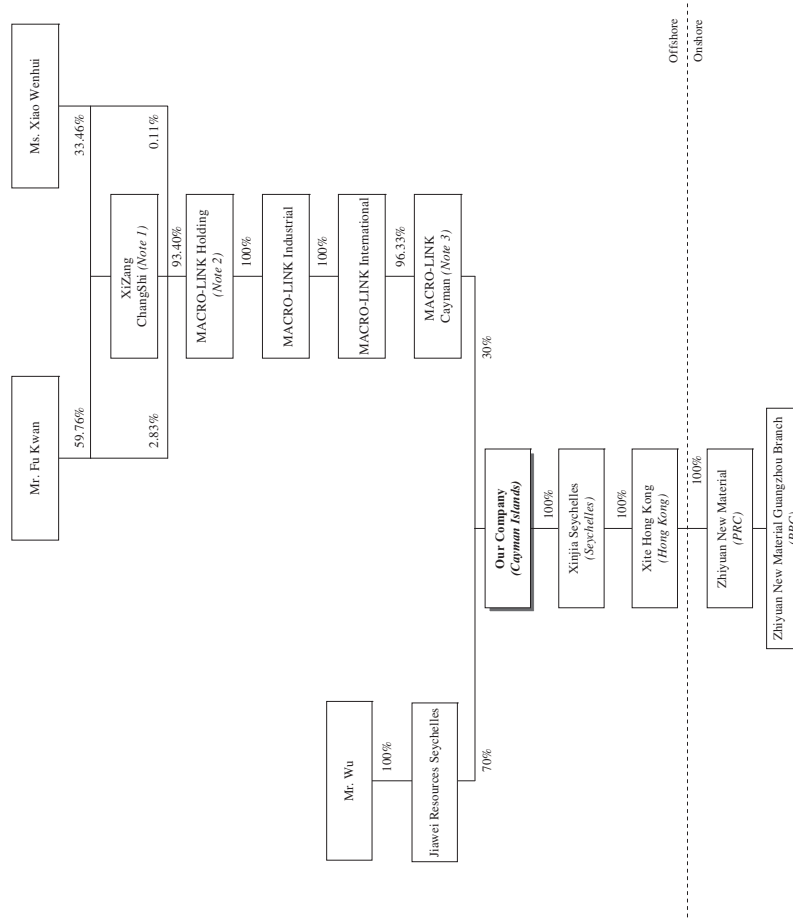


Notes:

1. The remaining 13.32% equity interest in XiZang ChangShi was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of XiZang ChangShi.
2. The remaining 5.59% equity interest in MACRO-LINK Holding was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of MACRO-LINK Holding.
3. As at the Latest Practicable Date, the remaining shareholding in MACRO-LINK Cayman was held by Ms. To Shong (2%) and Mr. Chung Shan Kwang (1.67%), each of whom is an Independent Third Party except for being a shareholder of MACRO-LINK Cayman.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set forth below is the corporate structure of our Group after the Reorganisation but immediately prior to the Capitalisation Issue and the Global Offering:

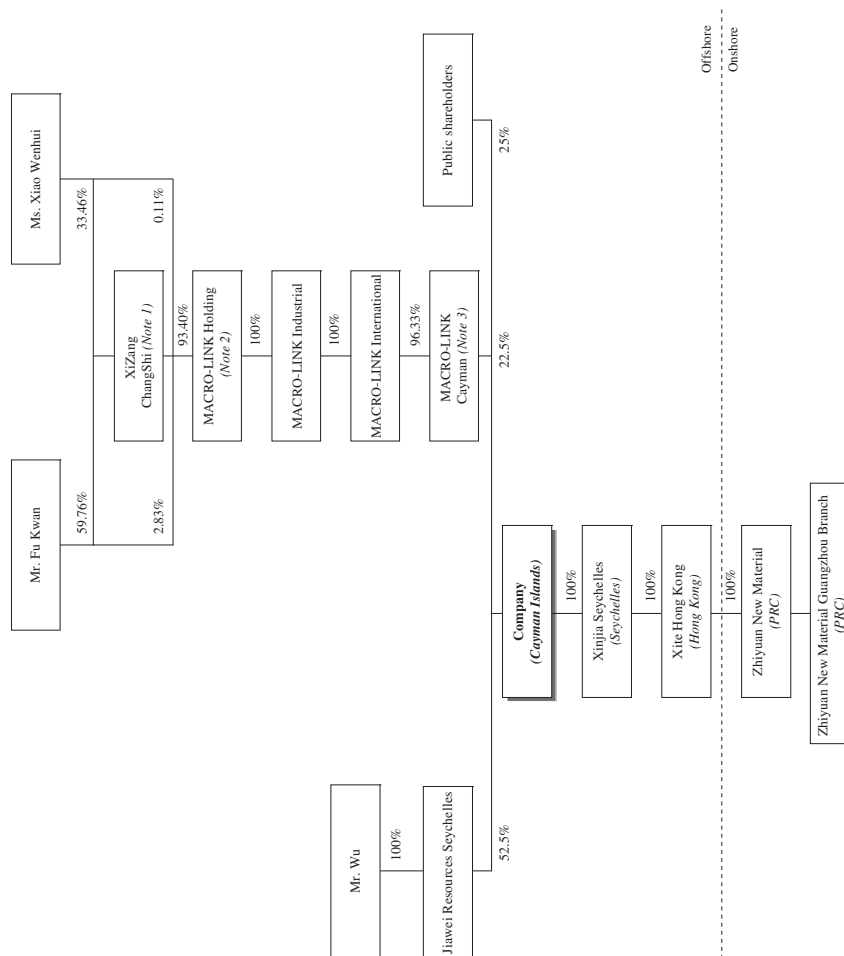


Notes:

1. The remaining 6.78% equity interest in XiZang ChangShi was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of XiZang ChangShi.
2. The remaining 3.66% equity interest in MACRO-LINK Holding was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of MACRO-LINK Holding.
3. As at the Latest Practicable Date, the remaining shareholding in MACRO-LINK Cayman was held by Ms. To Shong (2%) and Mr. Chung Shan Kwang (1.67%), each of whom is an Independent Third Party except for being a shareholder of MACRO-LINK Cayman.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set forth below is the corporate structure of our Group following completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme):



Notes:

1. The remaining 6.78% equity interest in XiZang ChangShi was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of XiZang ChangShi.
2. The remaining 3.66% equity interest in MACRO-LINK Holding was owned by other individual shareholders, each of whom held less than 10% of the equity interest as at the Latest Practicable Date who is an Independent Third Party except for being a shareholder of MACRO-LINK Holding.
3. As at the Latest Practicable Date, the remaining shareholding in MACRO-LINK Cayman was held by Ms. To Shong (2%) and Mr. Chung Shan Kwang (1.67%), each of whom is an Independent Third Party except for being a shareholder of MACRO-LINK Cayman.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

GENERAL

Pursuant to SAFE's Circular 37, special purpose vehicle (the "SPV") refers to overseas companies directly incorporated or indirectly controlled by domestic residents (including domestic institutions and individual domestic residents) using the assets or rights and interests of domestic companies that they legally possess or the overseas assets or rights and interests they legally possess for the purpose of investments and financing. Pursuant to Circular 37, the PRC domestic residents are required to register with the competent local branch of SAFE with regards to their direct establishment or indirect control of a SPV, before contributing the domestic and overseas lawful assets or interests to a SPV. Circular 37 further requires timely amendments to the registration for any major change in respect of the SPV, including, among other things, any major change in the SPV's PRC resident shareholder, name of the SPV, term of operation, or any increase or reduction of the SPV's registered capital contributed by the PRC domestic resident, share transfer or swap, and merger or division.

As advised by our PRC Legal Advisers, Circular 37 applies to the Reorganisation and the Global Offering as Mr. Wu falls within the meaning of a domestic resident in Circular 37. In accordance with Circular 37, Mr. Wu completed the registration and filing of an overseas investment by a PRC resident with Qingyuan Branch, Industrial and Commercial Bank of China on 12 May 2017 in respect of his overseas investments in our Group and has complied with all the relevant formalities for such registration and filing.

Our PRC Legal Advisers have also confirmed that we have complied with all applicable PRC rules and regulations and have obtained all relevant approvals from PRC government authorities for the Reorganisation, including the approval of the Qingyuan Bureau of Commerce and Qingyuan Administration for Industry and Commerce regarding the Xite Hong Kong's acquisition of all the equity interest in Zhiyuan New Material from Seraphim BVI as part of the Reorganisation pursuant to the Provisions for the Alteration of Investors' Equities in Foreign-funded Enterprises* (外商投資企業投資者股權變更的若干規定), the SAFE registration pursuant to Circular 37, approval of the relevant investment department pursuant to the Interim Measures for the Administration of Examination and Approval of the Overseas Investment Projects* (境外投資項目核准暫行管理辦法), approval of the relevant commerce department pursuant to the Measures for Overseas Investment Management* (境外投資管理辦法) and foreign exchange registration pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions* (境內機構境外直接投資外匯管理規定). In addition to the above-mentioned approvals and registrations, we are not required to obtain other approvals from CSRC, MOFCOM or other relevant authorities for the Reorganisation and Listing.