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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and Capitalisation Issue, and without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, Jiawei Resources Seychelles will hold approximately 52.5% of the issued share capital of our Company, where Jiawei Resources Seychelles is wholly owned by Mr. Wu. As Jiawei Resources Seychelles and Mr. Wu directly or indirectly are entitled to exercise or control the exercise of 30% or more of the voting power at our Company's general meeting, each of Jiawei Resources Seychelles and Mr. Wu is regarded as our Controlling Shareholder under the Listing Rules.

Jiawei Resources Seychelles is an investment holding company as at the Latest Practicable Date and Mr. Wu was its sole director. Mr. Wu is the founder of our Group, the chairman of our Board, an executive Director and our chief executive officer. For details of Mr. Wu's background and experience, please refer to the paragraph headed "Directors and Senior Management — Directors — Executive Directors" in this prospectus.

Each of our Controlling Shareholders, Directors and their respective close associates does not have any interest apart from the business of our Group which competes or is likely to compete, directly or indirectly, with the business of our Group and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

#### *Interest in other businesses held by Mr. Wu as at the Latest Practicable Date*

As at the Latest Practicable Date, Mr. Wu had interests in some investment holding companies and the following company (collectively, the "Other Businesses"):

#### **Guangdong Jiana**

Guangdong Jiana is a limited liability company established in the PRC on 24 October 2003. As at the Latest Practicable Date, the entire equity interest in Guangdong Jiana was held by Guangdong Dows, a company listed on the Shenzhen Stock Exchange. Mr. Wu held the entire equity interest in Guangdong Yuanwei, which in turn held approximately 8.33% of the issued share capital of Guangdong Dows. As at the Latest Practicable Date, to the best knowledge of our Directors, Guangdong Jiana and its subsidiaries were principally engaged in the production and trading of various metallurgical products other than tantalum- and niobium-based metallurgical products, investment, and new energy resources.

As at the Latest Practicable Date, Mr. Wu is the chairman of the board of directors of Guangdong Jiana. Other than Mr. Wu, the board of directors of Guangdong Jiana consists of four directors. Mr. Wu confirmed that he is only responsible for the strategic development and human resources of Guangdong Jiana and he does not participate in the day-to-day management and administrative matters of Guangdong Jiana and its subsidiaries.

Our Directors confirm that: (i) as at the Latest Practicable Date, the Other Businesses are outside the principal scope of business of our Group, which is the production and sale of tantalum- and niobium-based metallurgical products, and does not compete with our business, and we do not depend on the Other Businesses with respect to supplies for our business operations; and (ii) we have our own management and operational staff and production facilities which are independent of the Other

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Businesses. In light of the foregoing, our Directors are of the view that there is a clear delineation between the businesses of our Group and the Other Businesses which do not compete with our Group's business. As such, our Directors believe it is inappropriate to include any part of the Other Businesses into our Group.

Mr. Wu confirmed that he does not and will not have on-going day-to-day executive duties in the Other Businesses. As a result, the Board is of the view that Mr. Wu is able to devote adequate time and attention to manage our Company as the chairman of our Board, chief executive officer and our executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of our Controlling Shareholders or Directors or senior management controls or conducts any business which competes, or is likely to compete, either directly or indirectly, with our business.

### *Management, operational, administrative and financial independence of our Group*

Our Directors consider that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates based on the following particulars:

#### **Management independence**

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Wu, the chairman of our Board, an executive Director and our chief executive officer, is one of our Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted as the quorum.

Save as disclosed, we have our senior management team to carry out the business decisions of our Group independently. Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

#### **Operational, administrative and financial independence**

Our Group has our own independent administrative and corporate governance structure comprising separate individual departments, each with specific areas of responsibilities, including financial and accounting management, business development. During the Track Record Period, our Group was operationally and administratively independent of our Controlling Shareholders and their associates as we have our own operational personnel and administrative personnel. Our Board believes that we have been operating independently from our Controlling Shareholders and their associates and will continue to do so after Listing.

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Although our Group had certain transactions with associates of one of our Controlling Shareholders during the Track Record Period in relation to tenancy agreements, we make business decisions independently and have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We do not rely on our Controlling Shareholders for access to suppliers and customers, as we manage our sourcing independently to whom we have independent access. Save as the tenancy agreements disclosed in the section headed “Connected Transactions” in this prospectus, our Directors currently do not expect there will be other transactions between our Group and our Controlling Shareholders following Listing.

During the Track Record Period, certain bank borrowings were secured/guaranteed by personal guarantee of Mr. Wu, our Controlling Shareholder and his close associates, and/or corporate guarantee of MACRO-LINK Holding, one of our substantial Shareholders upon Listing. For further details of the guarantees, please refer to paragraph headed “Financial Information — Description of certain line items in the consolidated statements of financial position — Bank borrowings” in this prospectus and Notes 22 and 28 to the Accountants’ Report. As at 31 August 2019, all the guarantees provided by MACRO-LINK Holding were released. Our Directors confirm that all the guarantees provided by Mr. Wu and his close associates will be released before Listing and we will not rely on our Controlling Shareholders for financing after Listing. Our Directors confirmed that, save as disclosed in this prospectus, our Controlling Shareholders have not provided any guarantees, loans or pledges in favour of our Group during the Track Record Period and up to the Latest Practicable Date.

Save as the above, our source of funding is independent from our Controlling Shareholders and neither our Controlling Shareholders nor its respective associates had financed our operations during the Track Record Period. Our Directors also believe that we are able to obtain financing independently from our Controlling Shareholders. During the Track Record Period and up to the Latest Practicable Date, we had our own finance department and independent accounting systems.

Based on the above, our Directors believe that our Group’s business operation does not rely on our Controlling Shareholders and our Group is capable of operating independently without financial reliance on our Controlling Shareholders.