You should carefully consider each of the risks described below and all of the other information contained in this prospectus, including the Accountants' Report, before deciding to invest in the Offer Shares. Our Company's business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks. You should pay particular attention to the fact that our subsidiary in China is governed by legal and regulatory environments that in some respects differ significantly from that of other countries. The trading price of the Offer Shares could decline due to any of these risks, as well as additional risks and uncertainties not presently known to us, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our sales are dependent, among other things, on the conditions of the global and PRC economy, and any downturn in the global and PRC economy could adversely affect our business, financial condition, results of operations and prospects

As our products are the raw materials for the downstream manufacture of many products used in high-tech industries, such as special alloy, chemical, electronic ceramics, aeronautics, aerospace, high-end electronics, defence and hard alloy, the demand for our products is therefore dependent on the demand from downstream industries. During the Track Record Period, we generated our revenue primarily from the production and sale of pentoxide products and potassium heptafluorotantalate in the PRC. We also exported our products to overseas markets, including the United States, Japan, South Korea and European countries. The performance and growth of the downstream industries and thus the demand for our products is dependent on, among other things, the conditions of the global market and, in particular, the PRC economy. For instance, the demand for niobium pentoxide in the PRC is significantly affected by the market demand for special alloys because niobium pentoxide has been widely used as raw materials to produce special alloys. However, as the growth of the PRC's overall economy has slowed down in recent years, the development of the heavy industries, including the metallurgy industry, has experienced fluctuations. Any further significant slowdown in economic growth in the PRC and fluctuations in our downstream industries may reduce the demand for our products and materially and adversely affect our business, financial condition, results of operations and profitability. The demand for our products outside the PRC is dependent on, among other things, the growth of the heavy industries, including the metallurgy industry, in the overseas markets, which in turn is closely correlated with the growth of the global economy.

In addition, factors such as general economic conditions, interest rates, inflation and unemployment rates as well as GDP growth in the PRC and the global market will also affect the growth of industries where our products are widely used and applied. As a result, a downturn in the relevant industries in the PRC or in the overseas markets could impact our sales, resulting in downward pressure on the prices, volume and profit margins, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our growth during the Track Record Period may not be indicative of our future growth

Our revenue increased from approximately RMB217.4 million for FY2016 to approximately RMB307.4 million for FY2017, and further increased to approximately RMB514.7 million for FY2018. For 8M2019, our revenue amounted to approximately RMB400.8 million, representing an increase of approximately RMB53.0 million from approximately RMB347.8 million for 8M2018. However, there is no assurance that our revenue will continue to grow at the same rate, or at all. Our business operations are subject to various factors, many of which are beyond our control. For instance, the changing regulatory, economic and competitive environment, and many other factors cannot be fully predicted and may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, our future business growth depends on the success of our business expansion, in particular, the extension of our production and sales to downstream products. For details of our business strategies, please refer to the paragraph headed "Business — Our business strategies" in this prospectus. As a result, our past results may not be indicative of our future performance.

Increased import tariffs imposed by the United States could adversely affect the demand for our products from customers in the United States and customers in the PRC who export their products to the United States

During the Track Record Period, we generated revenue from customers in the United States. Our revenue generated from customers in the United States amounted to approximately RMB20.0 million, RMB21.9 million, RMB20.0 million and RMB22.3 million for FY2016, FY2017, FY2018 and 8M2019, respectively, representing approximately 9.2%, 7.1%, 3.9% and 5.5% of our total revenue, respectively.

Throughout 2018, there had been reports from the United States and the PRC regarding the potential imposition of tariffs on goods manufactured in each of these countries and exported for sale to the other country. In particular, the Office of the United States Trade Representative announced that the United States was imposing tariffs of 10% effective from 24 September 2018, which were officially increased to 25% on 10 May 2019, on various products imported from the PRC to the United States. A number of tantalum- and niobium-based metallurgical products were listed among the products that may be subject to these import tariffs, including some of the products we sell to the United States. To the extent that our products are subject to these tariffs, it could make our products more expensive in the United States, which could adversely impact the demand for our products in the United States. On 15 January 2020, the United States and the PRC signed an economic and trade agreement on a phase one trade deal. However, the United States and the PRC may have further negotiations on the unresolved differences between them, there remains much uncertainty as to whether the further trade negotiations between the United States and the PRC will be successful and how the trade war between the United States and the PRC will progress. This in turn may adversely impact the price competitiveness of the products we sell to the United States, and reduce demand from customers in the United States for our products, if the parties paying tariffs would pass these costs on to customers or otherwise increase the sale prices. If these consequences are realised, it may materially and adversely affect our sales volume and revenue generated from customers in the United States, which may adversely affect our overall business and financial conditions.

At the same time, it is possible that our customers in the PRC may export their products to the United States. As a producer of tantalum- and niobium-based metallurgical products, the demand for our products would depend on the demand for our customers' products, which may be adversely affected if the United States imposes any trade restrictions on our customers' products. If any such tariffs are imposed on our customers' products, the sales of our customers' products may be affected and they may in turn reduce their orders to us for our products, which may adversely affect our overall business and financial conditions.

We sold a substantial volume of our products to a limited number of customers, and any reduction in size or number of the orders they place with us may adversely affect our business, financial condition and results of operations

During the Track Record Period, we generated a substantial portion of our revenue from a limited number of customers due to the nature of our products and business. For FY2016, FY2017, FY2018 and 8M2019, revenue generated from our five largest customers amounted to approximately RMB97.5 million, RMB161.7 million, RMB321.0 million and RMB233.2 million, respectively, constituting approximately 44.9%, 52.6%, 62.4% and 58.2% of our total revenue for the same years/period, respectively. Our revenue generated from a limited number of customers may expose us to concentration risks. There is no assurance that our existing customers, in particular, our five largest customers during the Track Record Period, will continue to purchase our products, or that we will be able to maintain or improve our relationships with these customers, or that we will be able to continue to supply products to these customers at the current levels, or at all. If any of our key customers were to reduce substantially the size or number of the orders they place with us, or were to terminate their business relationships with us entirely, we may not be able to obtain orders from other customers to replace any lost sale on comparable terms or at all. As a result, our business, financial condition and results of operations could be adversely affected.

Fluctuation or changes in price, availability and quality of raw materials could adversely affect our business, reputation, financial condition and results of operations

Our continuing success depends on our ability to obtain adequate supplies of high-quality raw materials on commercially acceptable terms and in a timely manner to support our operations and future plans. Tantalum ores and niobium ores, which are scarce resources, are the principal raw materials used to produce pentoxide products and potassium heptafluorotantalate. For details, please refer to the paragraph headed "Business — Raw materials, utilities and suppliers" in this prospectus. For FY2016, FY2017, FY2018 and 8M2019, purchases from our five largest suppliers constituted approximately 72.1%, 52.9%, 53.7% and 65.3% of our total purchases for the same years/period, respectively. During the Track Record Period, we primarily sourced our tantalum ores and niobium ores from suppliers located in the PRC, Hong Kong, Luxembourg, Sierra Leone and Brazil, which were either mining companies or trading companies, and the ores supplied were mainly from mines in the PRC, Brazil, Nigeria and Sierra Leone. The prices and availability of our raw materials depend on a variety of factors beyond our control, for example, the economy of the countries where we procure the raw materials, their domestic government policies and their political relationship with the PRC, and whether our suppliers are located in non-conflict regions with a lower level of political risk. We therefore cannot guarantee that our raw material prices will remain stable at current levels or that we will not experience difficulties obtaining supplies of raw materials in the future. According to the CIC Report, the average market price for imported tantalum ores decreased significantly from approximately RMB1.2 million per tonne in 2014 to approximately RMB0.8 million per tonne in 2016, and started to rebound to approximately RMB1.0 million per tonne in 2017 and reached approximately RMB1.3 million per tonne in 2018. We expect that the price of tantalum ores and niobium ores will continue to fluctuate in the future.

Although we plan to explore avenues to further secure the supply of raw materials to us, such as setting up an office in Brazil to enhance relationship with the local small and medium mining companies or suppliers, there is no assurance that we could successfully implement these plans. Any delays in delivery or supply disruptions may significantly affect our production schedule and our ability to deliver our products to customers in a timely manner. If the prices of our raw materials increase significantly and we are unable to pass on such price increases to our customers, and/or to obtain alternative sources of raw materials at acceptable prices, or at all, our cost of sales may increase and our profit margins may decrease, which would materially and adversely affect our business, financial condition and results of operations.

Further, the quality of our raw materials is key to our overall product quality. We typically set forth our product specifications in our purchase orders, and retain a percentage of contract prices until we receive the required ore sample testing report issued by an independent testing company to our satisfaction. However, we may not be able to discover quality defects or flaws because it is not realistic to test the entire batch of tantalum ores and niobium ores, and the quality of the remaining untested portion of tantalum ores and niobium ores may not be consistent with the quality of the tested ore sample. Any major quality defects in our raw materials may affect the purity levels of our products, or that we are unable to meet our customers' specific requirements on such products, which in turn, would affect the selling prices of such products and adversely affect our business, reputation, financial condition and results of operations.

Fluctuations in the market prices of our tantalum- and niobium-based metallurgical products may adversely affect our business, financial condition and results of operations

Fluctuations in global and domestic prices of our tantalum- and niobium-based metallurgical products may be attributable to various factors which are beyond our control. Such factors include changes in prices of raw materials, global and domestic supply and demand, general market conditions, government policies and regulations, the bargaining power of our customers and exchange rates. There is no assurance that the prices of our tantalum- and niobium-based metallurgical products will increase or stay at the current level. Any significant decrease in prices of our tantalum- and niobium-based metallurgical products could have a material adverse effect on our business, financial condition and results of operations.

Our production capacity may not be fully utilised due to insufficient or unstable demand and might not achieve the intended economic results or commercial viability

We maintain separate production lines and production capacity for pentoxide products and potassium heptafluorotantalate. As such, if one of our products faces insufficient or unstable demand, the utilisation of the production capacity for such product will be affected. We constructed four new production lines in April 2017 to expand our production capacity of pentoxide products. As a result of our expansion, our sales volume of pentoxide products increased from approximately 627.4 tonnes for 8M2018 to approximately 906.8 tonnes for 8M2019. There is no assurance that such level of demand will maintain in the future. As such, there may be an insufficient demand for our products, resulting in low utilisation rate of our production facilities. Our actual production volume may vary depending on the demand for our products, which in turn may be affected by the market trend, customers' preferences or other factors beyond our control. If the orders from our existing customers are not sufficient to fully utilise our production capacity and there is a lack of new customers, our production lines might be operated at a utilisation rate lower than our desired rate, which may adversely affect our business, financial condition and results of operations.

Our sales were primarily denominated in RMB whereas our purchases of tantalum ores and niobium ores were primarily denominated in USD. Fluctuations on exchange rates between RMB and USD may have a material and adverse impact on our financial condition and profitability

Our sales were primarily denominated in RMB, whereas our purchases of tantalum ores and niobium ores were primarily denominated in USD. For FY2016, FY2017, FY2018 and 8M2019, our sales that were made in RMB amounted to approximately RMB173.9 million, RMB260.5 million, RMB462.8 million and RMB361.4 million, respectively, representing approximately 80.0%, 84.8%, 89.9% and 90.2% of our total revenue of the same years/period, respectively. For FY2016, FY2017, FY2018 and 8M2019, our purchases that were made in USD amounted to approximately RMB119.9 million, RMB170.8 million, RMB325.6 million and RMB156.3 million, respectively, representing approximately 80.2%, 67.9%, 74.4% and 71.4% of our total purchases of the same years/period, respectively. For FY2016, FY2017, FY2018 and 8M2019, our net foreign exchange differences arising from purchases denominated in USD amounted to approximately RMB0.2 million, RMB0.1 million, RMB6.4 million and RMB1.4 million, respectively. If USD strengthens against RMB, we would need to incur a higher amount of RMB to settle our purchases denominated in USD, which may in turn materially and adversely affect our financial condition and profitability.

Our future capital expenditure may lead to increase in depreciation and amortisation expenses

We intend to acquire a parcel of land, construct new production facilities and acquire machinery to extend our production to downstream products. For details of our business strategies, please refer to the paragraph headed "Business — Our business strategies" in this prospectus. It is expected that the depreciation and amortisation expenses for the abovementioned new production facilities will be approximately RMB7.4 million per annum. Therefore, we expect our depreciation and amortisation expenses will increase after the implementation of our business strategies. This may affect our operating results and financial performance.

Our product portfolio is limited. In the event that the sales volume, pricing levels or profit margins of our products decline, our revenue and profitability could be materially and adversely affected

We generated a majority of revenue from sale of tantalum pentoxide and niobium pentoxide. For FY2016, FY2017, FY2018 and 8M2019, sale of these two principal products contributed approximately 77.0%, 76.6%, 66.2% and 80.0% of our total revenue, respectively. We expect that the sale of these two products will continue to contribute a substantial portion of our total revenue in the near future, and we may be particularly susceptible to factors adversely affecting the sales volume, pricing levels or profitability of any of these two principal products, as compared to companies with more diversified product offerings. In addition, our limited product diversification could inhibit the opportunities for growth of our business, revenue and profits. If we are unable to maintain our current sales volume, pricing levels and profit margins of these two principal products, our revenue and profitability could be materially and adversely affected.

We are exposed to risks of obsolete and slow-moving inventory which may adversely affect our cash flow and liquidity

Our inventories comprised raw materials, work in progress and finished goods. As at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019, our inventories amounted to approximately RMB25.9 million, RMB75.7 million, RMB162.7 million and RMB90.1 million, respectively, representing approximately 14.7%, 30.3%, 44.5% and 26.4% of our total current assets, respectively. Our average inventory turnover days were approximately 65.2 days, 84.3 days, 124.5 days and 105.8 days for FY2016, FY2017, FY2018 and 8M2019, respectively. For details, please refer to the paragraph headed "Financial Information — Description of certain line items in the consolidated statements of financial position — Inventories" in this prospectus. If we cannot manage our inventory level effectively or if our actual output is significantly more than our expected sales volume, we may not achieve an optimal level of inventory, resulting in overstocking of raw materials, work in progress or finished goods, or if the market price for the raw materials or finished goods decreases significantly, we may need to sell such inventories at lower prices or write off such inventories.

We are exposed to credit risks with respect to the settlement by our customers. Any significant delay in payment or defaults by our customers may materially and adversely affect our financial conditions and results of operations

We generally grant a credit term of one month, extending up to three months, to our customers. As at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019, our trade and bills receivables amounted to approximately RMB55.1 million, RMB71.2 million, RMB68.7 million and RMB148.1 million, respectively, representing approximately 31.2%, 28.5%, 18.8% and 43.4% of our total current assets, respectively. As at 31 December 2019, approximately RMB139.4 million, or 94.1%, of our trade and bills receivables as at 31 August 2019 were subsequently settled. Our average turnover days of trade and bills receivables were approximately 65.6 days, 75.0 days, 49.6 days and 65.8 days for FY2016, FY2017, FY2018 and 8M2019, respectively. For details, please refer to the paragraph headed "Financial Information — Description of certain line items in the consolidated statements of financial position — Trade and bills receivables" in this prospectus. We cannot assure you that we will be able to collect all or any of our trade and bills receivables within the credit period that we granted to our customers. If our customers delay and/or default on payment, our liquidity may be materially and adversely affected, and furthermore we may have to make provision for impairment which in turn may materially and adversely affect our results of operations.

We had net cash used in operating activities for FY2017, and we may have difficulty meeting our payment obligations if we continue to record net cash used in operating activities in the future

We had net cash used in operating activities of approximately RMB19.6 million for FY2017, and we may experience cash flow mismatch in our business. Our net cash used in operating activities were primarily due to an increase in inventories, an increase in prepayments, deposits and other receivables and a decrease in amount due to related parties. For detailed analysis of our cash flows, please refer to the paragraph headed "Financial Information — Liquidity and capital resources — Cash flows" in this prospectus. We may continue to experience net cash used in operating activities in the future. Our operating cash flows may be adversely affected by a number of factors beyond our control, including but not limited to, market condition and the macroeconomic environment. Our future liquidity, the payment of trade payables, prepayments, deposits and other payables, and repayment of any debt obligations, as they become due, will primarily depend on our ability to maintain adequate cash inflows from operating activities. If we are unable to maintain adequate cash inflows from operating activities, we may default on our payment obligations, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We may experience operational disruption or significant downtime for repair and maintenance at our production facilities, which may result in reduction of our total output

We have a single production plant in Yingde, Guangdong Province. Yingde, which is a city in the coastal region, may experience tropical cyclones from time to time, which may interrupt the daily operation of our production facilities. There is no assurance that any incident of inclement weather or natural disasters in the future will not have a negative impact on our operations.

We anticipate downtime for routine repairs and maintenance at our production facilities. However, the time and cost required for repairs and maintenance could exceed our expectations depending on a number of factors. These factors include whether we can perform a required repair on-site, the extent of damage, the availability of replacement components and the capacity of our third-party repair and maintenance service providers. In addition to routine repair and maintenance, we may need to make extraordinary or extensive repairs to our facilities due to catastrophic events, substantial damage or other unexpected events or component failures. Generally, we suspend our production for several days every year to conduct repairs and maintenance at our production facilities. For 8M2019, we suspended our production for 25 days for our routine repair and maintenance. Since we needed to test the machinery acquired during the expansion of our production facilities and our total production volume for pentoxide products and potassium heptafluorotantalate increased by approximately 28.1% from approximately 1,031.0 tonnes for FY2017 to approximately 1,321 tonnes for FY2018, our Directors considered that it was necessary to have a longer downtime than the past years for testing and routine repair and maintenance in February 2019.

Going forward, if we require longer time for routine repair and maintenance in future, our production facilities could experience prolonged or significant downtime or reduction in capacity, and our operations would be materially disrupted. For certain damage to equipment, the relevant equipment may need to be transported to the original supplier for repair and specialised components may need to be commissioned, which may take several months.

Any significant downtime at our facilities may reduce our total output and utilisation, or result in termination of agreements with our customers. Any of these outcomes could adversely affect our business, results of operations, financial condition and prospects.

We plan to set up overseas offices, which may expose us to various risks associated with conducting business in overseas jurisdictions

As part of our long-term objective of (i) expanding overseas customers base and (ii) gaining stable and priority access to high-quality tantalum ores and niobium ores at favourable prices and diversifying our sources of raw materials, we plan to set up an office in the United Kingdom to capture business opportunities in Europe; and set up an office in Brazil to enhance relationship with local small and medium mining companies and suppliers, which in return enable us to secure stable supplies of raw materials in Brazil. However, there can be no assurance that we will be able to identify, negotiate and establish such relationship with potential customers, local mining companies and suppliers. In addition, we will be exposed to various risks associated with conducting business in foreign countries and territories that include, among others:

- risks of business interruption and property loss due to political risks, including civil unrest, acts of terrorism, acts of war, regional and global political or military tensions and strained or altered foreign relations;
- risk of incurring significant debt;
- economic, financial and market instability and credit risks;
- unfamiliarity with foreign business environments and market conditions;
- non-compliance with foreign laws, regulatory requirements and local industry standards;
- exposure to penalties, liabilities, litigation or third-party claims outside China;
- abrupt changes in foreign government regulations, policies or preferential treatment;
- foreign currency controls and fluctuations;
- cultural and language difficulties;
- tax increases or adverse tax policies;
- trade restrictions;
- discrimination, protectionism or unfavourable policies against companies from China for national security or other purposes;
- economic sanctions;
- potential disputes with foreign partners or customers; and
- lack of well-developed or independent legal systems in certain foreign countries in which we establish these alliances, which may create difficulties in the enforcement of legal rights.

We could be adversely affected as a result of our purchase from certain countries that are, or become subject to, economic sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities

We could be adversely affected as a result of any purchase we make from certain countries that are, or become subject to, sanctions administered by the United States, the EU, the United Nations, Australia and other relevant sanctions authorities. The U.S. and other jurisdictions or organisations, including the EU, the United Nations and Australia, have, through issuing executive orders, passing legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organisations within such countries.

During the Track Record Period, our Group purchased tantalum ores and niobium ores originating from Burundi, the Democratic Republic of the Congo and Zimbabwe, and these countries are subject to various targeted sanctions programme. The costs of purchasing tantalum ores and niobium ores originating from Burundi, the Democratic Republic of the Congo and Zimbabwe amounted to approximately RMB7.0 million, RMB13.9 million, RMB67.2 million, RMB54.9 million and RMB4.9 million for FY2016, FY2017, FY2018, 8M2018 and 8M2019, respectively, representing approximately 4.6%, 5.5%, 15.4%, 18.5% and 2.2% of our Group's total purchases for the same years/periods, respectively. As advised by Hogan Lovells, our Company's legal advisers as to International Sanctions law, our Group's business activities during the Track Record Period would not expose us to material sanctions risk and consequently, and no filings in respect of non-compliance with International Sanctions are required.

However, International Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated International Sanctions. Our business and reputation could be adversely affected if the authorities of the U.S., the EU, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for them to impose sanctions against our Group. In such events, our financial results may be materially and adversely affected.

Any of the above factors could lead to, among others, business disruptions and loss of sales, which could have a material and adverse effect on our business operations and overall growth strategies.

Our taxable profits may be subject to transfer pricing adjustments by tax authorities

During the Track Record Period, Zhiyuan New Material purchased raw materials from its immediate holding company, Xite Hong Kong. For FY2016, FY2017, FY2018 and 8M2019, the purchases by Zhiyuan New Material from Xite Hong Kong amounted to nil, nil, approximately HK$61.4 million and HK$114.2 million, respectively. As advised by our Tax Adviser, the net tax exposure of Hong Kong profits tax of our Group amounted to approximately HK$21,000 and HK$50,000 for the 18-month period ended 31 December 2018 and 8M2019, respectively, in respect of the transactions between Zhiyuan New Material and Xite Hong Kong from the transfer pricing perspective.

In the event that our Group's tax position is subject to review and possible challenge by the Hong Kong and/or PRC tax authorities or there is a change in the tax policies and relevant tax laws in Hong Kong and/or the PRC, it may adversely affect our Group's financial position and results of operation. In preparing our Group's consolidated financial statements, our Directors have reviewed and assessed our Group's transfer pricing risk as it is possible that the tax authorities may challenge our Group's transfer pricing policy. We cannot assure that we will not be found to be in breach of the relevant transfer pricing-related laws, or that such laws will not be modified, which, as a result, may require changes to our Group's transfer pricing practices or operating procedures. Any determination of income reallocations or modifications of the relevant transfer pricing-related laws could result in an income tax assessment and other relevant charges on the portion of income deemed to be derived from the taxing jurisdiction that so reallocates the income or modifies its relevant transfer pricing-related laws. For further details of our transfer pricing arrangements and the advice given by the Tax Adviser on transfer pricing, please refer to the paragraph headed "Business — Transfer pricing arrangement between Zhiyuan New Material and Xite Hong Kong" in this prospectus.

We may fail to compete effectively in our industry

We actively compete with companies producing the same or similar products with respect to quality, price, timely delivery and service. Some of our competitors are established enterprises with longer operating histories, greater financial resources, larger customer bases, more renowned brand or name recognition and a broader range of products and services than us. As a result, these competitors may be better at adapting to the changes in conditions within the markets where we operate, such as fluctuation in raw material prices or negative trends in the economy as a whole. Failure to compete effectively with our competitors may adversely affect our business and prospects.

In addition, we may in the future face more sophisticated competitions, including those from international competitors operating in China. Further, our overseas raw material suppliers may enter the tantalum and niobium metallurgy industry by establishing production plants in China or overseas, and have competitive advantages against us relating to raw material supplies. Competitive pressure may require us to reduce our prices and force us to reduce research and development expenses, and therefore may adversely affect our business, financial condition, results of operations and market position.

We may not be able to obtain sufficient funding on acceptable terms or at all for our intended future plans and daily operations, and our prospect could be materially adversely affected

The tantalum and niobium metallurgy industry is capital intensive. We require additional capital resources to pursue our business strategy of growing our business and to remain competitive by responding timely to technological changes or market demand. In particular, we require significant capital to: (i) implement our future plans; (ii) maintain, operate and improve our production facilities; (iii) bring our production facilities to the planned levels of production; and (iv) enhance and improve our production capabilities. We expect to meet our funding needs using proceeds from the Global Offering, cash flow from operations, bank borrowings and other external financing sources. However, our ability to obtain additional financing will depend on a number of factors, including general economic conditions in China, prevailing conditions in capital markets, regulatory requirements, our financial condition, results of operations and cash flows, and costs of financing including changes in interest rates. There can be no assurance that we will generate sufficient cash flows or be able to obtain external funds on acceptable terms for our intended future plans and our daily operation. If we are unable to obtain sufficient funding on acceptable terms or at all, we may not be able to successfully implement our business strategy, and our prospects could be materially adversely affected.

Our reputation, business and results of operation could be adversely affected if we fail to keep pace with the evolving industry standards or our customers' requirements

We are principally engaged in the production and sale of tantalum pentoxide, niobium pentoxide and potassium heptafluorotantalate, all of which are subject to established industry standards in China as well as specification requirements of our customers. For example, by purity, tantalum pentoxide and niobium pentoxide are further classified into industrial grade tantalum pentoxide and high-purity tantalum pentoxide, and industrial grade niobium pentoxide and high-purity niobium pentoxide, respectively. There are established industry standards regarding the purity levels that each of these products shall meet. In addition, we are required to provide products that meet the specification requirements stipulated in our sales agreements. However, we can give no assurance that our existing or future products will always meet the evolving industry standards or our customers' requirements, or that we will not incur significant costs in ensuring our compliance with these standards or requirements. If we fail to comply with such standards or requirements, we may be required to incur additional expenditures to improve our production processes or change product compositions, or we may be subject to penalties for breach of the sales agreements, any of which would adversely affect our reputation, business, results of operations and growth prospects.

We did not obtain land use right certificates for part of our self-used land and building ownership certificates for four of our self-used buildings in the PRC as at the Latest Practicable Date and we may be subject to penalties

As at the Latest Practicable Date, we did not obtain land use right certificates for the land with a total site area of approximately 21,863 sq.m. and representing approximately 19.3% of the total site area of our self-used land in the PRC. Our PRC Legal Advisers have advised us that the relevant competent authorities may impose fines or penalties on us. Obtaining land use right certificates is also a prerequisite for applying for subsequent construction related permits and building ownership certificates. For details, please refer to the paragraph headed "Business — Compliance and legal proceedings — Non-compliance" in this prospectus. We cannot assure you that our titles to or uses of the relevant land and buildings will not be further challenged in the future or that we will obtain the land use right certificates as planned. Any of these would adversely affect our business, financial condition and results of operations.

As at the Latest Practicable Date, we had not obtained the building ownership certificates for four buildings with a gross floor area of approximately 7,615 sq.m. and representing approximately 27.2% of the gross floor area of our self-used buildings in the PRC. We have applied for the building ownership certificates. As such, our rights to these buildings may be limited or challenged by relevant competent authorities and we may also be subject to administrative fines or other penalties, which may materially and adversely affect our business operations, divert management attention and other resources and incur significant costs. For details, please refer to the paragraph headed "Business — Compliance and legal proceedings — Non-compliance" in this prospectus.

If our rights to, or uses of, the relevant land and buildings were to be limited, or if we are restricted from occupying and using such land and buildings, or if any fines are imposed on us, our operations may be disrupted and our business, financial condition and results of operations may be materially and adversely affected.

Our business depends on our key senior management members, and we may not be able to find suitable replacement in case of loss of service of any of them

Our growth and success depend to a significant extent on the continued service of our key senior management, including our executive Director and chief executive officer, Mr. Wu, as well as members of our senior management, Mr. Zhong Yuelian and Mr. Shi Bo, who have over 30, 25 and 20 years of experience working in the tantalum and niobium metallurgy industry, respectively. With their knowledge and experience, the continuous service of our key senior management members is important to our future prospects and development. If any of our key senior management members ceases their employment, we may have difficulty in finding suitable replacements with similar industry experience. The loss of service of any of our key senior management, or failure to find suitable replacements, could adversely affect our business operations, financial condition, results of operations and prospects.

Our strategy to increase sale of our products overseas is subject to uncertainties and risks

During the Track Record Period, we sold a majority of our products to customers in China. We directly sold our products to overseas customers, most of which are trading companies and in turn resell our products to overseas companies, which are the end-users of our products. We also directly sold our products to a limited number of overseas end-use customers. We do not consider the overseas trading companies as our sales agents because they do not sell our products to their customers on our behalf. As a result, there are no significant differences in pricing terms, actual sales arrangement and actual payment arrangement for sales to overseas trading companies and overseas end-use customers. For details, please refer to the paragraph headed "Business — Customers, sales and marketing — Sales and marketing" in this prospectus. It is our strategy to increase our sales to our overseas end-use customers and increase our coverage and penetration in the overseas markets. However, we have limited experience in direct sales to overseas end-use customers and currently do not have the international distribution channels to directly sell our products to overseas end-use customers. Furthermore, direct sales to overseas end-use customers will subject us to different regulatory schemes and trade controls with which we may not be familiar. Therefore, implementing this strategy could be costly and time-consuming, and there is no assurance that we will be successful in increasing our sales to overseas end-use customers with our own sales force. Failure to do so could adversely affect our business operations and prospects.

We may experience interruption or shortage of utilities, which may adversely affect our ability to meet obligations under sales agreements with our customers

Our production process requires a stable and sufficient supply of utilities, primarily electricity and water. Electricity plays a crucially important role in our production process, as our production facilities generally run 24 hours every day. As such, our entire production process may be forced to be suspended if there is an insufficient supply of utilities or a suspension of such supplies. We also anticipate that our reliance on such supplies would further increase as we seek to expand our production capacity from time to time. The local government may impose power supply limits, which will lead to power shortages.

Any shortage or disruption of supply of these utilities may therefore adversely affect our production process and prevent us from meeting obligations under sales agreements with our customers during the affected period, and, in turn, adversely affect our business, financial condition and results of operations.

We may not be able to successfully manage our future growth

We experienced growth during the Track Record Period due to the expansion of our operating scale and improvement of our technologies. We expect our business to continue to grow. Our ability to manage our growth effectively depends on whether we can: (i) improve our operational, financial and management systems; (ii) further develop the skills of our management team; (iii) hire additional qualified personnel; (iv) train, motivate, manage and retain our employees; (v) maintain adequate facilities and equipment; and (vi) continue to expand our research and development, sales and marketing, and technological capabilities. However, we cannot assure you that our systems, procedures, personnel and expertise will be adequate to support our future growth. If we fail to sustain our profitability or manage our growth effectively, our business, financial condition and results of operations could be materially and adversely affected.

Furthermore, as we continue to develop and expand our business and operating scale, we expect our financing and operating costs to increase. Consequently, our long-term success is also dependent on our ability to secure sufficient capital. If we fail to manage any or all of these critical factors, including our internal control systems and procedures, qualified personnel and required expertise as well as our increased costs, our ability to develop our overall business and operating scale could be undermined.

We rely on third-party logistics service providers to deliver our products, any delay in delivery, damage to products or any other issues could adversely affect our reputation

We rely on a number of third-party logistics service providers for the transportation and delivery of our products to our domestic and overseas customers. Disputes or termination of our relationships with the logistics service providers could result in delayed delivery of our products, increased transportation costs or customer dissatisfaction. In addition, the services provided by these logistics service providers could be interrupted due to various unforeseeable factors, such as adverse weather conditions and accidents that may obstruct the transportation channels, which may in turn result in delay in delivery and damage to products. Further, as we do not have any direct control over the logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue, we may lose our customers and our reputation may be damaged.

Our business operations are subject to risks relating to hazardous chemicals and potential accidents arising from our operations, and other unforeseen risks

The production process of tantalum- and niobium-based metallurgical products involves the handling and processing of hazardous chemicals, such as sulphuric acid and hydrofluoric acid. Improper handling of these chemical materials or wastes can result in pollution. Any accidents resulting from improper handling of these chemicals may cause serious environmental, health and safety issues for our employees or others, cause damage to our production facilities and result in production interruptions.

Furthermore, our business involves the operation of machinery, which, if operated improperly, may result in health and safety issues for our employees, such as physical injury or even fatalities. If work-related accidents resulting in employee injuries or deaths occur, we may be liable for medical and other payments to the employees and their families, in addition to possible fines or penalties. We cannot assure you that all risks have been covered adequately by our existing insurance policies. If we incur substantial liabilities and they are not covered by our insurance policies, our business, financial condition and results of operations may be adversely affected. Our operations are also subject to unforeseen risks, such as political unrest and natural disasters. We cannot assure you that we are insured for any of these risks or that, if insured, we will be successful in making claims under our insurance policies or that the insurance proceeds will be sufficient to compensate the actual damage suffered, or at all. Any of these events may also lead to litigation, government fines or penalties, which in turn may adversely affect our business, reputation, financial condition and results of operations.

We may not be able to protect our intellectual property rights

We have proprietary intellectual property rights and know-how with respect to techniques for the production of tantalum pentoxide and niobium pentoxide and waste recycling. We rely on patents to protect our intellectual property rights. As at the Latest Practicable Date, we owned 24 patents in China. In addition, we registered one trademark in Hong Kong and one trademark in China. For details, please refer to the paragraph headed "Further information about the business of our Company — 8. Intellectual property rights of our Group" in Appendix VI to this prospectus. However, our protective measures may not be sufficient to prevent the misappropriation or unauthorised disclosure of our intellectual property or information. There can be no assurance that we will be successful in bringing enforcement actions against parties who we believe have infringed upon our intellectual property rights. In addition, intellectual property laws in China, where substantially all of our business was carried out during the Track Record Period, are still evolving and may not afford the same level of protection as the intellectual property laws of other jurisdictions. If we are unable to adequately protect our intellectual property rights to prevent misuse or misappropriation by any of our competitors, the value of our brand and other intangible assets may be diminished and our business may be materially adversely affected.

In addition, seeking patent protection can be costly and time-consuming. There can be no assurance that pending or future patent applications will be granted or that, if such patents are granted, they will provide meaningful protection or other commercial advantages to us. Moreover, there can be no assurance that any patent rights will be upheld by the courts in the future.

We may experience labour shortage or increased labour costs

Our direct labour costs accounted for approximately 2.2%, 2.2%, 1.8% and 1.9% of our cost of sales for FY2016, FY2017, FY2018 and 8M2019, respectively. In the future, labour costs in the PRC are expected to increase and additional legislations and regulations on labour protection, such as an increase in statutory minimum wages, may be enacted by the PRC Government. We cannot assure you that we will not experience any shortage of labour or that labour costs will not increase in the future. If we experience any labour shortages, we may not be able to maintain our production volume. Moreover, increases in our labour costs could result in increases in our production costs, which may not be passed on to our customers. Accordingly, if we experience labour shortages or increased labour costs, our business, financial condition and results of operations could be adversely affected.

Our insurance coverage might not be adequate to cover all the risks

We take out property insurance for our equipment and machinery, as well as automobile insurance for our vehicles. These insurance policies cover the risk of damage arising from natural disasters and certain accidents, such as fire and explosion, as well as vehicle damage due to accidents. However, most of our insurance policies are subject to standard deductions, exclusions and limitations. We believe these insurance policies are generally in accordance with customary industry practices, including deductibles and limits of coverage, but we cannot be fully insured against all potential hazards incidental to our business, including losses resulting from business interruptions, or all potential losses, including damage to our reputation. If we were to incur significant liabilities for which we are not fully insured, it may have an adverse effect on our results of operations. As a result of market conditions, premiums and deductibles for certain insurance policies may increase substantially and, in some instances, certain insurance policies may become unavailable at a reasonable cost or available only for certain risks. If we were for any reason no longer covered by our existing insurance policies, we may not be able to obtain replacement insurance policies on acceptable terms or at all, which may have an adverse effect on our results of operations.

We may incur additional costs in complying with future changes in various environmental, health and safety laws

We are subject to applicable national and local laws and regulations relating to environment protection and work safety, such as the Environment Protection Law, the Work Safety Law and the Regulations on the Safety Management of Hazardous Chemicals. The production process of tantalum- and niobium-based metallurgical products involves the handling and processing of hazardous chemicals, such as sulphuric acid and hydrofluoric acid. Improper handling of these hazardous chemicals can result in pollution. Any accidents resulting from improper handling of these chemicals may cause serious environmental, health and safety issues. In addition, our operations generate acid gas, waste water, noise and solid waste, which could potentially be harmful to the environment and health of local residents as well as our employees in case of improper handling.

As these laws and regulations continue to evolve, we cannot guarantee that we will continue to be in compliance with all applicable laws and we may incur additional costs in complying with such laws and regulations. Failure to comply with any of these laws and regulations could hinder our production activities and operations, thereby resulting in the untimely delivery of products, delayed receipt of revenue, loss of income, the incurrence of substantial costs and fines, and the suspension or termination of our sales agreements. Any limitations or costs incurred as a result of our non-compliance with environmental, health and safety laws and regulations may have a material adverse effect on our business, financial condition and results of operations.

Negative publicity or damage to our reputation may adversely affect our business and results of operations

We value and rely on our reputation to maintain and grow our business operations. Negative publicity associated with our operations could cause loss of business, divert management attention and other resources and incur litigation costs. We conduct business with a number of counterparties, including customers and suppliers. If any of such counterparties, or any of our former employees, is dissatisfied with us, whether or not justified, and raises any complaints or allegations relating to our operations and/or our Directors or employees, our business may be adversely affected. Any negative publicity on any form of media following such complaints or allegations, regardless of whether the court has ruled in our favour or otherwise, may also damage our reputation and impact customers' perceptions of our brand, which may in turn materially and adversely affect our business and results of operations.

We may not continue to enjoy preferential tax treatments or receive government grants

Our results of operations and profitability are affected by changes in tax rates in the PRC. Our PRC subsidiary, Zhiyuan New Material, was accredited as a High-tech Enterprise since 2012 and enjoyed a preferential EIT rate at 15% during the Track Record Period. For details, please refer to the paragraph headed "Financial Information — Principal components of the consolidated statements of profit or loss — Income tax expense" in this prospectus. As a result, for FY2016, FY2017, FY2018 and 8M2019, our effective tax rates were approximately 15.1%, 17.3%, 14.4% and 17.7%, respectively. Our effective tax rates may change from year to year due to the availability or expiration of any preferential tax treatments. We cannot assure you that the PRC policies with respect to the preferential tax treatments we currently enjoy would not be unfavourably changed, or that the approval for such preferential tax treatments would be granted to us in a timely manner, or at all.

In addition, as a High-tech Enterprise, we enjoy certain favourable regulatory treatments, particularly government grants, which are offered by relevant government authorities. For FY2016, FY2017, FY2018 and 8M2019, we recognised government grants of approximately RMB2.0 million, RMB1.4 million, RMB2.6 million and RMB3.7 million in our consolidated statements of profit or loss, respectively. For details, please refer to the paragraph headed "Financial Information — Principal components of the consolidated statements of profit or loss — Other income and gains" in this prospectus. However, it is in the relevant government authorities' sole and absolute discretion, subject to relevant PRC laws, regulations and policies, to determine whether and when to provide government grants to us, if at all. We cannot assure you that we will be able to receive government grants in the future.

The termination or expiration of our preferential tax treatments or the imposition of additional taxes on us may lead to an increase in our expenses, and the unavailability or reduction in the amount of government grants or other favourable treatments received by us may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results

Valuations of our property interests as at 31 December 2019 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, are set out in the property valuation report in Appendix IV to this prospectus. The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ from actual results. Some of the key assumptions include:

- our properties were sold on the market without the benefit of deferred term contracts, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property interests;

- no allowance had been made for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale; and

- our properties were free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Accordingly, these valuations are not a prediction of the actual value expected to be achieved by us. Unanticipated results of, or changes in, general or local economic conditions or other relevant factors could affect such valuations.

We may not successfully mitigate our exposure to foreign exchange risks through forward currency contracts

During the Track Record Period, we entered into forward currency contracts to mitigate our exposures to risks relating to the fluctuations of exchange rates of Renminbi against the U.S. dollar. According to the terms of such forward currency contracts, we are obliged to buy a certain amount of U.S. dollars based on the exchange rates of Renminbi against U.S. dollar specified in each forward currency contract, which may be lower or higher than the exchange rates of Renminbi against U.S. dollar at the time when such forward currency contracts were executed. For FY2016, we recognised approximately RMB1.7 million of fair value gains on such forward currency contracts. For FY2017, FY2018 and 8M2019, we recognised approximately RMB2.5 million, RMB0.6 million and RMB0.4 million of fair value loss on such forward currency contracts, respectively.

There is no assurance we may successfully mitigate our exposure to foreign currency fluctuation risks through these forward currency contracts in the future. In addition, we may incur loss on these forward currency contracts in the future if the exchange rates of Renminbi against U.S. dollar move in a different direction than we expected, which may in turn adversely affect our cash flows and financial position.

If we hold derivative financial instruments in the future, such derivative financial instruments may materially and adversely affect our financial condition and results of operations

As at 31 December 2016, we held derivative financial assets of approximately RMB0.9 million, and as at 31 December 2017 and 31 December 2018, we held derivative financial liabilities of approximately RMB0.8 million and RMB0.1 million, respectively. We cannot negate the possibility that we will continue to hold derivative financial instruments in the future to hedge any significant financial risks when the need arises.

According to HKFRS 9 and our Group's accounting policies, derivative financial instruments are remeasured at fair value at the end of each reporting period, and the resulting gain or loss on fair value is recognised in profit or loss immediately. As a result, if we continue to hold derivative financial instruments in the future, the recognition of gain or loss from derivative financial instruments may cause significant volatility in or materially and adversely affect our period-to-period earnings, financial condition and results of operations. For details of our accounting policy on derivative financial instruments, please refer to Note 2.4 to the Accountants' Report.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

The national and regional economies in China and our business may be adversely affected by factors beyond our control such as natural disasters, acts of war or terrorism and epidemics, including the Novel Coronavirus

Our business is subject to general economic and social conditions in China. Certain factors beyond our control may adversely affect the economy, infrastructure and livelihood of people in the region where we conduct our business operations. Some regions in China may be susceptible to the threat of natural disasters, potential wars, terrorist attacks or epidemics such as Ebola, Severe Acute Respiratory Syndrome (SARS), H1N1 influenza, H5N1 influenza, H7N9 influenza and H3N2 influenza. Serious natural disasters and acts of war or terrorism may result in, among others, power shortages or failures, loss of life, injuries, destruction of assets and disruption of our business operations. Severe communicable disease outbreaks may cause a widespread health crisis that materially and adversely affects economic systems and financial markets. Any of these factors and others beyond our control could have an adverse effect on the overall business sentiment and environment, create uncertainties in the region where we conduct our business operations, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition and results of operations.

Since January 2020, there is an outbreak of the Novel Coronavirus in the PRC, in particular in the Wuhan City. The Novel Coronavirus is highly infectious and has resulted in a number of deaths in the PRC. In order to reduce the risk of widespread of the Novel Coronavirus, the government of the PRC imposed a lockdown in the Wuhan City since 23 January 2020 and announced to extend the Chinese New Year holiday and delay the resumption of work in the PRC. Different local governments of the PRC have imposed temporary restrictions or bans on passenger traffic to control the spread of the Novel Coronavirus. On 31 January 2020, the World Health Organisation declared the outbreak of the Novel Coronavirus as a public health emergency of international concern but the World Health Organisation did not recommend any travel or trade restriction based on the information available. As at the Latest Practicable Date, some foreign countries had also imposed restrictions or bans on passenger traffic from China to control the spread of the Novel Coronavirus. Our production was temporarily suspended from 31 January 2020 to 10 February 2020 in accordance with the extension of the Chinese New Year holiday announced by the government of the PRC. A prolonged outbreak of the Novel Coronavirus in the PRC could have a material adverse impact on our business operations, including further suspension of our production and restriction on delivery of our products to our customers and raw materials from our suppliers due to travel and shipment restrictions. Our business operations could be disrupted if any of our staff had or is suspected to have the Novel Coronavirus as we would be required to quarantine some or all of our staff and/or disinfect our production facilities. The duration of such epidemic cannot be predicted or controlled by our Group and may have significant and adverse impact on our business operations and operating results.

We are vulnerable to adverse changes in economic, political and social conditions and government policies in China

Substantially all of our operations and all of our assets are located in China. Accordingly, our financial condition, results of operations and prospects are, to a significant degree, subject to the economic, political, social and legal conditions in China. The PRC economy differs from that of most developed countries in many respects, including the extent of government involvement, level of economic development, investment control, resource allocation, growth rate and control over foreign exchange. Before its adoption of reform and open-door policies beginning in 1978, China was primarily a planned economy. Since then, the PRC economy has been transferring into a market economy with socialist characteristics.

For approximately four decades, the PRC Government has implemented economic reform measures to utilise market forces in the PRC economy. Many of the reform measures are unprecedented or experimental and are expected to be modified from time to time. Other political, economic and social factors may lead to further readjustment or introduction of other reform measures. This reform process and any changes in laws and regulations or the interpretation or implementation thereof in China may have a material impact on our operations or may adversely affect our financial condition and results of operations.

While the PRC economy has grown significantly in the past 40 years, this growth has been geographically uneven among various sectors of the economy and during different periods. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform. Any economic slowdown may have a negative effect on our business. In the past, the PRC Government has periodically implemented a number of measures intended to slow down certain segments of the economy, which the PRC Government believed were exhibiting exuberant market behaviour. We cannot assure you that the various macroeconomic measures and monetary policies adopted by the PRC Government to guide economic growth and the allocation of resources will be effective in improving the growth rate of the PRC economy. In addition, such measures, even if they benefit the overall PRC economy in the long term, may materially and adversely affect us if they reduce demand for our products.

Uncertainties with respect to the PRC legal system could limit the legal protection available to you

The legal system in China has inherent uncertainties that could limit the legal protection available to our Shareholders. As substantially all of our business operations are conducted in China, we are principally governed by PRC laws, rules and regulations. The PRC legal system is based on the civil law system. Unlike the common law system, the civil law system is established on the written statutes and their interpretation by the Supreme People's Court (最高人民法院), while prior legal decisions and judgments have limited significance for guidance. The PRC Government has been developing a commercial law system, and has made significant progress in promulgating laws and regulations relating to economic affairs and matters, such as corporate organisation and governance, foreign investments, commerce, taxation and trade.

However, many of these laws and regulations are relatively new, and because of the limited volume of published decisions, their implementation and interpretation involve uncertainties and may not be as consistent and predictable as in other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect. As a result, we may not be aware of any violation of these policies and rules until some time after such violation has occurred. Furthermore, the legal protection available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and result in substantial costs and diversion of resources and management attention.

You may experience difficulties in effecting service of process or enforcing foreign judgments against us, our Directors or senior management residing in China

Our Company was incorporated in the Cayman Islands. All of our assets are located in China and all of our Executive Directors and senior management reside in China. Therefore, it may not be possible to effect service of process within Hong Kong or elsewhere outside of China upon us or our Directors or senior management. Moreover, China has not entered into treaties for the reciprocal recognition and enforcement of court judgments with Japan, the United Kingdom, the United States and many other countries. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions may be difficult or impossible.

In addition, on 14 July 2006, China and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Arrangement**"). Pursuant to the Arrangement, a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between the parties after the effective date of the arrangement in which a Hong Kong or PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to enforce a Hong Kong court judgment against our assets or our Directors or senior management in China.

On 18 January 2019, the Supreme People's Court of the PRC and Department of Justice of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"). The 2019 Arrangement sets forth the scope, applicable rulings, procedures and manners to apply for recognition and enforcement examination on jurisdiction of the original court, conditions to refuse to recognise and enforce, and remedies of reciprocal recognition and enforcement of judgments in civil and commercial matters. Following the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant procedures in Hong Kong, both sides shall announce a date on which the 2019 Arrangement shall become effective. The 2019 Arrangement shall apply to judgments made by a PRC or Hong Kong court on or after the effective date. When the 2019 Arrangement becomes effective, the Arrangement shall be terminated. However, the Arrangement remains applicable to a choice of court agreement in writing within the meaning of the Arrangement and signed before the effective date of the 2019 Arrangement.

Therefore, although the 2019 Arrangement has been signed, it remains unclear when such agreement will come into effect and effectiveness and outcome of any action brought under the 2019 Arrangement may still be uncertain.

The PRC Government's control over foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

Currently, the Renminbi cannot be freely converted into any foreign currency, and the conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There can be no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the requisite licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Under existing foreign exchange regulations, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, there can be no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue to be in force in the future. In addition, any insufficiency of foreign currencies for us may restrict our ability to obtain sufficient foreign currencies for dividend payments to our Shareholders or satisfy any other foreign exchange requirements.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our global income

Pursuant to the EIT Law, which came into effect on 1 January 2008 and was last amended on 29 December 2018, an enterprise established outside China whose "de facto management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform EIT rate, or EIT rate, of 25% on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organisational body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On 22 April 2009, SAT released the Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as PRC Tax Resident Enterprises on the Basis of Their Body of Actual Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) ("**Circular 82**"), which sets out the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following are present: (i) the senior management and core management departments in charge of daily business operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. In addition, Circular 82 also requires that the determination of "de facto management body" shall be governed by the principle that substance is more important than form. Further to Circular 82, SAT issued the Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (境外註冊中資控股居民企業所得稅管理辦法(試行)) ("**Bulletin 45**"), which took effect on 1 September

2011 and was amended, supplemented or otherwise modified from time to time, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." Bulletin 45 provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises, which are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If we are treated as a PRC resident enterprise, the EIT rate of 25% on our global taxable income may materially and adversely affect our financial position and results of operations.

You may be subject to PRC income tax on dividends from us or on any gain realised on the transfer of our Shares under PRC law

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such investors is subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% whilst gains from PRC sources realised by such investors on the transfer of shares are generally subject to a 20% PRC income tax, and in each case, such dividends or gains are subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although substantially all of our business operations are conducted in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC Government, including restrictions on our PRC subsidiary's ability to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary

SAFE promulgated Circular 37 in July 2014, which abolished and superseded the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round Trip Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知). Pursuant to Circular 37 and its implementation rules, PRC residents, including PRC institutions and individuals, must register with local branches of

SAFE in connection with their direct or indirect offshore investments in an overseas special purpose vehicle ("**SPV**"), directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests or any inbound investment through SPVs. Such PRC residents are also required to amend their registrations with SAFE when there is a change to the required information of the registered SPV, such as changes to its PRC resident individual shareholder, name, operation period or other required information, or the PRC individual resident's increase or decrease in its capital contribution in the SPV, or any share transfer or exchange, merger or division of the SPV. In accordance with Circular 13, the foreign exchange registration aforesaid has been directly reviewed and handled by banks since 1 June 2015, and SAFE and its branches perform indirect regulation over such foreign exchange registration through local banks. Under this regulation, failure to comply with the registration procedures set forth in Circular 37 may result in restrictions being imposed on the foreign exchange activities of our PRC subsidiary, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and its settlement of foreign exchange capital, and may also subject the relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

We are committed to complying with and ensuring that our Shareholders who are subject to the regulations will comply with the relevant rules. Any future failure by any of our Shareholders who is a PRC resident, or controlled by a PRC resident, to comply with relevant requirements under this regulation could subject us to penalties or sanctions imposed by the PRC Government. However, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to compel our Shareholders to comply with the requirements of Circular 37. Moreover, there is no assurance that the PRC Government will not have a different interpretation of the requirements of Circular 37 in the future.

PRC laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it difficult for us to pursue growth through acquisitions in China

A number of PRC laws and regulations, including the M&A Provisions, the Anti-Monopoly Law (反壟斷法), and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (商務部實施外國投資者併購境內企業安全審查制度的規定) promulgated by MOFCOM on 25 August 2011 and effective from 1 September 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make the review of certain merger and acquisition activities by foreign investors in China more time consuming and complex. These include requirements in some instances to notify MOFCOM in advance of any transaction in which foreign investors take control of a PRC domestic enterprise, or to obtain approval from MOFCOM before overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control or security review.

The Security Review Rules were formulated to implement the Notice of the General Office of the State Council on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知), which was promulgated in 2011. Under these rules, a security review is required for mergers and acquisitions of domestic enterprises by foreign investors involved in the military industry, enterprises located near key and sensitive military facilities and other units related to national defence and security or by which foreign investors may acquire "de facto control" of domestic enterprises that implicate "national defence and security" or "national security" concerns. For example, these may be enterprises involved in key agricultural products, key energy and resources, vital infrastructure, important transportation services, core technologies and significant equipment manufacturing. In addition, when deciding whether a specific merger or acquisition is subject to the security review, MOFCOM will look into the substance and actual impact of the transaction.

The Security Review Rules further prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defence and security" or "national security" concerns. As there is a lack of clear statutory interpretation on the implementation of the Security Review Rules, there can be no assurance that MOFCOM will not apply these national security review-related rules to the acquisition of equity interest in our PRC subsidiary. If we are found to be in violation of the Security Review Rules and other PRC laws and regulations with respect to the merger and acquisition activities in China, or fail to obtain any of the required approvals, the relevant regulatory authorities would have broad discretion in dealing with such violations, including levying fines, confiscating our income, revoking our PRC subsidiary's business and operating licences, requiring us to restructure or unwind the relevant ownership structure or business operations. Any of these actions could cause significant disruption to our business operations and may materially and adversely affect our business, financial condition and results of operations. Furthermore, if the business of any target company we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company either by equity or asset acquisition, capital contribution or any contractual arrangement. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the relevant regulations to complete such transactions could be time consuming, and any required approval processes, including approval from MOFCOM, may delay or inhibit our ability to complete such transactions, thus affecting our ability to expand our business or maintain our market share.

We rely on dividends paid by our PRC subsidiary for our cash needs, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business operations

We conduct substantially all of our business operations through Zhiyuan New Material, our PRC subsidiary. Therefore, we rely on the dividends received from our PRC subsidiary for funds necessary to pay dividends to our Shareholders. PRC regulations currently permit dividends to be paid only out of distributable profits determined in accordance with the PRC GAAP. Our PRC subsidiary is required to set aside at least 10% of its after-tax profit calculated based on the PRC GAAP to its general reserve fund, until the aggregate amount of such reserve reaches 50% of its registered capital. This statutory reserve is unavailable for distribution as loans, advances, or cash dividends. We expect that such limitations on the ability of our PRC subsidiary to transfer funds to us may in turn materially and adversely restrict our ability to pay dividends to our Shareholders or otherwise fund and conduct our business operations. Additional limitations may include, but are not limited to, restrictive covenants in debt instruments and withholding tax.

Current PRC regulations of loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiary

Any loans or capital contributions that we, as an offshore entity, make to our PRC subsidiary are subject to PRC regulations. For example, pursuant to the Notice of People's Bank of China on Matters Concerning Macro-prudential Management on All-round Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) promulgated by PBOC on 11 January 2017 and effective from the same day, any overseas loan to our PRC subsidiary cannot exceed its upper limit of the risk-weighted balance for cross-border financing, which shall be calculated by its capital or net assets, the leverage rate of cross-border financing and the macro-prudential adjustment parameters. Such loans must be registered or filed on record. We cannot assure you that we will be able to complete the required registration and filing procedures in a timely manner or at all, with respect to future loans or capital contributions that we may make to our PRC subsidiary. Failure to do so may negatively affect our ability to use the proceeds of the Global Offering and to fund our business operations, which would in turn materially and adversely affect our liquidity and ability to expand our business.

Inflation in China could negatively affect our profitability and growth

Economic growth in China has, in the past, been accompanied by periods of high inflation. In response, the PRC Government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. While inflation has eased recently in China, the PRC Government may take similar measures in response to future inflationary pressures. Rampant inflation without the PRC Government's mitigation policies would likely increase our costs of production and sales, thereby materially reducing our profitability. There is no assurance that we will be able to pass any additional costs on to our customers. On the other hand, such control measures may also lead to slower economic activity and we may see reduced demand for our products and services.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and there can be no assurance that an active market would develop

Prior to the Global Offering, there has been no public market for our Shares. The initial Offer Price range for our Shares was the result of negotiations among us and the Joint Bookrunners for themselves and on behalf of the Underwriters and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied to list and deal in our Shares on the Stock Exchange. There is no assurance that the Global Offering will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

Fluctuations in exchange rates may have a material and adverse impact on your investment

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by, among other factors, the policies of the PRC Government and changes in international and domestic political and economic conditions. As a result of the historical and any further changes in currency, the exchange rate may be volatile, and it is difficult to predict how market forces and the PRC Government's policies will continue to impact Renminbi exchange rates going forward. The Renminbi may appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies in the long term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into full float, which may also result in significant appreciation or depreciation of the Renminbi against the Hong Kong dollar, U.S. dollar or other foreign currencies. The Hong Kong dollar is currently pegged to the U.S. dollar.

The fluctuations in exchange rates of the Renminbi against the Hong Kong dollar, U.S. dollar and other foreign currencies may depreciate the value of your investment. For example, significant appreciation of the Renminbi against the Hong Kong dollar could reduce the amount of Renminbi received from converting the proceeds from Global Offering or future financing efforts to fund our operations, thereby materially and adversely affecting our profitability. On the other hand, significant depreciation of the Renminbi may increase the cost of converting our Renminbi-denominated cash flow into Hong Kong dollars, thereby reducing the amount of any cash dividends payable to our Shareholders.

The liquidity, trading volume and market price of our Shares following the Global Offering may be volatile

The price at which our Shares will trade after the Global Offering will be determined by the market, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- fluctuations in the market prices of our products;
- announcements of new technologies;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we operate and compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and cost structures such as the views of independent research analysts, if any;
- industrial or environmental accidents, litigation or loss of key personnel suffered by us;
- general market sentiment regarding the tantalum and niobium metallurgy industry;
- our inability to compete effectively in the market;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- changes in laws and regulations in China; and

- political, economic, financial and social developments in China and worldwide.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

As the initial Offer Price per Share is higher than the net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, purchasers of our Offer Shares in the Global Offering will experience an immediate dilution in pro forma adjusted consolidated net tangible assets per Share of HK$1.56 and HK$1.72, respectively, assuming an Offer Price of HK$2.23 per Offer Share and HK$2.89 per Offer Share, respectively, and existing Shareholders will receive an increase in the pro forma adjusted and consolidated net tangible asset value per Share of their Shares. If we issue additional Shares in the future, purchasers of our Offer Shares may experience further dilution.

Substantial future sales or the expectation of substantial sale of our Shares in the public market could cause the price of our Shares to decline

Sale of substantial amounts of Shares in the public market after completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 300,000,000 Shares in issue immediately following the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon exercise of any share options granted under the Share Option Scheme. Our Controlling Shareholders agreed that any Shares held by them will be subject to lock-up after Listing. For details, please refer to the paragraph headed "Underwriting — Underwriting arrangements and expenses" in this prospectus. However, the Underwriters may release these securities from these restrictions at any time and such Shares will be freely tradable after the expiry of the lock-up period.

Our Controlling Shareholders have substantial influence over our Company and their respective interests may not be aligned with the interests of Shareholders who subscribe for Shares in the Global Offering

Immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued and allotted pursuant to the exercise of any share options to be granted under the Share Option Scheme, our Controlling Shareholders will directly and indirectly own an aggregate of 52.5% of our Shares. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins

The Offer Price is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be not less than six business days after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return to our Shareholders. We plan to use the net proceeds from the Global Offering to expand our business, improve our financing structure and fund our working capital and general corporate purpose. For details, please refer to the paragraph headed "Future Plans and Use of Proceeds — Use of proceeds" in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering.

We cannot guarantee the accuracy of facts and other statistics with respect to certain information relating to the tantalum and niobium metallurgy industry contained in this prospectus

Certain facts and statistics relating to the tantalum and niobium metallurgy industry are contained in this prospectus. We cannot, however, guarantee the quality or reliability of such facts and statistics. Such information and statistics have not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering other than CIC and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled by other sources and prospective investors should not place undue reliance on any facts and statistics derived from public sources.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate", "believe", "could", "going forward", "intend", "plan", "project", "seek", "expect", "may", "might", "ought to", "should", "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend to update or otherwise revise the forward-looking statements in this prospectus to the public, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You may face difficulties in protecting your interests under the laws of the Cayman Islands

Our corporate affairs are governed by, among other things, our Memorandum and Articles, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions.

You should read this prospectus in its entirety carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering

There may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or other media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. To the extent such information is inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying for our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.