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XIMEI RESOURCES HOLDING LIMITED

稀美資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9936)

FRAMEWORK SUBSCRIPTION AGREEMENT IN RELATION TO THE PROPOSED SUBSCRIPTION

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under the SFO.

THE FRAMEWORK SUBSCRIPTION AGREEMENT

On 19 May 2022, the Company, the Subscriber and China Galaxy entered into the Framework Subscription Agreement, pursuant to which the Subscriber intends to subscribe for and the Company intends to allot and issue 60,000,000 new Shares at the Proposed Subscription Price of HK\$4.0 per Proposed Subscription Share. The Framework Subscription Agreement is legally-binding and setting out the intention of the Company and the Subscriber in respect of the Proposed Subscription. Pursuant to the Framework Subscription Agreement, after the Subscriber has obtained the approval for ODI Registration, the Company and China Galaxy shall enter into the Execution Agreement which is expected to set out the detailed terms of the execution of the Proposed Subscription, including but not limited to the details of settlement and procedures for completion of the Proposed Subscription.

Shareholders and potential investors are reminded that the Proposed Subscription is subject to, among other things, the entering into of the Execution Agreement, the terms of which are yet to be finalised. Accordingly, the Proposed Subscription may or may not materialise. The Company may consider other fundraising activities, including but not limited to placing or subscription of Shares from time to time. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

THE PROPOSED SUBSCRIPTION

The Framework Subscription Agreement

On 19 May 2022, the Company, the Subscriber and China Galaxy entered into the Framework Subscription Agreement, pursuant to which the Subscriber intends to subscribe for and the Company intends to allot and issue 60,000,000 new Shares at the Proposed Subscription Price of HK\$4.0 per Proposed Subscription Share. The Framework Subscription Agreement is legally-binding and setting out the intention of the Company and the Subscriber in respect of the Proposed Subscription. Pursuant to the Framework Subscription Agreement, after the Subscriber has obtained the approval for ODI Registration, the Company and China Galaxy shall enter into the Execution Agreement which is expected to set out the detailed terms of the execution of the Proposed Subscription, including but not limited to the details of settlement and procedures for completion of the Proposed Subscription.

Date: 19 May 2022

Parties:

- (1) the Company;
- (2) the Subscriber, an Independent Third Party; and
- (3) China Galaxy, an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber, China Galaxy, and their respective ultimate beneficial owner are Independent Third Parties.

The Proposed Subscription Shares

The Proposed Subscription Shares represent 20.0% of the existing issued share capital of the Company as at the date of this announcement. Upon completion of the Proposed Subscription, the Proposed Subscription Shares shall represent approximately 16.7% of the then issued share capital of the Company as enlarged by the Proposed Subscription Shares.

The Proposed Subscription Shares, when allotted and issued, will rank *pari passu* in all aspects with, and having the same rights in all aspects with the other Shares in issue on the date of allotment and issue of the Proposed Subscription Shares.

The Proposed Subscription Price

The Proposed Subscription Price of HK\$4.0 represents:

- (a) a discount of approximately 9.7% to the closing price of HK\$4.43 per Share as quoted on the Stock Exchange on 19 May 2022, being the date of the Framework Subscription Agreement; and
- (b) a discount of approximately 5.3% to HK\$4.224, being the average closing price as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 19 May 2022, being the date of the Framework Subscription Agreement.

The Proposed Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account of various factors including but not limited to the macroeconomic environment, the industry outlook and prospect of the Group. At the time of signing of the Execution Agreement, the Company and the Subscriber may further negotiate on the terms of the Proposed Subscription, including but not limited to the Proposed Subscription Price for the necessary compliance with the relevant Listing Rules (if applicable).

Conditions precedent to the Proposed Subscription

In accordance with the Framework Subscription Agreement, completion of the Proposed Subscription is conditional upon fulfillment of the following conditions:

- (a) the Company and the Subscriber having obtained all necessary consents, approvals, authorisations and/or filings as may be required to be obtained from the relevant regulatory authorities in respect of the Proposed Subscription in accordance with the PRC law and regulations, including but not limited to obtaining the Board approval for the entering into of the Framework Subscription Agreement and the Proposed Subscription; and
- (b) listing of and permission to deal in the Proposed Subscription Shares being granted by the Listing Committee of the Stock Exchange, and such permission not subsequently being revoked prior to completion of the Proposed Subscription.

If the above conditions precedent are not fulfilled on or before 22 July 2022 (or such other date as may be agreed by the parties in writing), the Framework Subscription Agreement shall terminate and cease to have any force or effect unless otherwise agreed in writing by the parties. Except as otherwise provided in the terms of the Framework Subscription Agreement, the parties shall not have any continuing responsibilities and obligations for the performance of the Framework Subscription Agreement except for any antecedent breach of any obligation and any liabilities under the Framework Subscription Agreement.

Consideration and completion of the Proposed Subscription

The Consideration is expected to be HK\$240.0 million. Pursuant to the Framework Subscription Agreement, the Subscriber is responsible for the ODI Registration and shall give written notice to the Company and China Galaxy within five days after obtaining the approval for ODI Registration. Upon receiving such written notice, the Company and China Galaxy shall enter into the Execution Agreement which is expected to set out the detailed terms of the execution of the Proposed Subscription. The terms and conditions to be entered into under the Execution Agreement shall comply with the terms and conditions under the Framework Subscription Agreement.

Subject to the conditions precedent under the Framework Subscription Agreement and the detailed terms to be finalised under the Execution Agreement, completion of the Proposed Subscription shall take place on or before 22 July 2022 (or such other date as may be agreed between the parties in writing).

Lock-up arrangement for the Proposed Subscription Shares

Pursuant to the Framework Subscription Agreement, the Proposed Subscription Shares shall be subject to a lock-up period of 180 days commencing from the date of completion of the relevant registration procedures of the allotment of Proposed Subscription Shares to the Subscriber, during which the Subscriber shall not transfer the Proposed Subscription Shares.

Management of the Company

After completion of the Proposed Subscription, the Subscriber shall nominate a person to be appointed as non-executive Director, and the Company shall complete the appointment procedures of such director nominated by the Subscriber in accordance with the articles of association of the Company by 31 October 2022. If any party, intentionally or because of gross negligence, breached the above obligation, the defaulting party shall pay the non-defaulting party HK\$10 million and any other consequential losses in accordance with the Framework Subscription Agreement.

GENERAL

The Proposed Subscription Shares are expected to be allotted and issued pursuant to the General Mandate and therefore the Proposed Subscription is not expected to be subject to Shareholders' approval. As at the date of this announcement, the General Mandate has not been utilised since it was granted and the maximum number of new Shares that may be issued by the Company under the General Mandate is 60,000,000 Shares.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Proposed Subscription Shares.

INFORMATION OF THE PARTIES TO THE FRAMEWORK SUBSCRIPTION AGREEMENT

The Group is principally engaged in the production and sale of tantalum and niobium-based metallurgical products.

The Subscriber is a limited liability company incorporated in Hong Kong and an Independent Third Party. It is an investment holding company and an indirect wholly-owned subsidiary of Ganfeng Lithium. Ganfeng Lithium is principally engaged in the production of lithium hydroxide, lithium compound, lithium fluoride and butyl lithium; and the production, processing and sales of non-ferrous metals, batteries, instrumentation components, machinery and equipment, chemical products, chemical raw materials and chemical products.

China Galaxy is a licensed corporation in Hong Kong to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION

The Directors consider that the Proposed Subscription represents an opportunity to raise capital for the Company while broadening the Shareholder base of the Company. Moreover, as Ganfeng Lithium is a global leading lithium ecological enterprise, the Proposed Subscription will create synergy effect and complementary advantages in terms of mineral resources, non-ferrous metal smelting and processing, and downstream customer resources. The Proposed Subscription is expected to enhance the Group's development in its tantalum and niobium business and enhance the Group's overall competitiveness. Accordingly, the Directors consider the Proposed Subscription is fair and reasonable and the Proposed Subscription is in the interests of the Company and the Shareholders as a whole.

The net proceeds from the Proposed Subscription are intended to be used for the Group's investment in fixed assets and general working capital purposes.

Shareholders and potential investors are reminded that the Proposed Subscription is subject to, among other things, the entering into of the Execution Agreement, the terms of which are yet to be finalised. Accordingly, the Proposed Subscription may or may not materialise. The Company may consider other fundraising activities, including but not limited to placing or subscription of Shares from time to time. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“China Galaxy”	China Galaxy International Securities (Hong Kong) Co., Limited, a licensed corporation in Hong Kong to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Company”	Ximei Resources Holding Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9936)

“Consideration”	the total expected consideration payable for the Proposed Subscription, i.e. HK\$240.0 million
“Director(s)”	the director(s) of the Company
“Execution Agreement”	the execution agreement to be entered into between the Company and China Galaxy which is expected to set out the detailed terms of the execution of the Proposed Subscription
“Framework Subscription Agreement”	the legally-binding framework agreement entered into between the Company, the Subscriber and China Galaxy in respect of the Proposed Subscription dated 19 May 2022
“Ganfeng Lithium”	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 002460) and the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1772)
“General Mandate”	the general mandate to issue and deal with Shares granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 31 May 2021
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons within the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“ODI Registration”	the registration for outbound direct investment in accordance with the PRC law

“PRC”	the People’s Republic of China
“Proposed Subscription”	the proposed allotment and issue of the Proposed Subscription Shares by the Company to the Subscriber pursuant to the Framework Subscription Agreement
“Proposed Subscription Price”	HK\$4.0 per Proposed Subscription Share
“Proposed Subscription Share(s)”	60,000,000 new Shares intended to be allotted and issued by the Company to the Subscriber pursuant to the Framework Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	GFL Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party as at the date of this announcement
“%”	per cent.

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

Hong Kong, 19 May 2022

As at the date of this announcement, the Board comprises an executive Director, namely Mr. Wu Lijue; and three independent non-executive Directors, namely Mr. Lau Kwok Fai Patrick, Mr. Zhong Hui and Mr. Yin Fusheng.