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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)**

### **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

#### **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement of the Company dated 19 May 2022 in relation to, among others, the Framework Subscription Agreement entered into between the Company, the Subscriber and China Galaxy, pursuant to which the Subscriber intended to subscribe for and the Company intended to allot and issue 60,000,000 new Shares at the Proposed Subscription Price of HK\$4.0 per Proposed Subscription Share. As disclosed in the Announcement, 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 sets 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. It was also agreed that 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, which has been agreed to 29 July 2022).

As the Subscriber has obtained the approval for ODI Registration and has given written notice to the Company and China Galaxy in accordance with the Framework Subscription Agreement, on 22 July 2022, the Company and China Galaxy entered into the Execution Agreement to proceed with the Subscription.

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

## **GENERAL**

The Subscription Shares will be issued under the general mandate to allot, issue and deal in Shares granted to the Directors by a resolution of the Shareholders passed at the Company's annual general meeting held on 31 May 2022. Under such general mandate, the Company is authorised to issue up to 60,000,000 Shares (representing 20.0% of the issued share capital in the Company as at the date of the said annual general meeting). Up to the date of this announcement, such general mandate has not been utilised. The issue of the Subscription Shares is not subject to Shareholders' approval. Upon completion of the Subscription, the relevant general mandate will be fully utilised and Shareholders' approval will be required if the Company proposes to issue further Shares.

The gross proceeds from the Subscription are expected to be approximately HK\$240.0 million in aggregate. After deducting related professional fees and all related expenses of about HK\$7 million which will be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$233 million. The net proceeds from the Subscription will be used for the Group's investment in fixed assets and general working capital purposes.

**As the Subscription may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

### **The Execution Agreement**

Reference is made to the announcement of the Company dated 19 May 2022 in relation to, among others, the Framework Subscription Agreement entered into between the Company, the Subscriber and China Galaxy, pursuant to which the Subscriber intended to subscribe for and the Company intended to allot and issue 60,000,000 new Shares at the Proposed Subscription Price of HK\$4.0 per Proposed Subscription Share. As disclosed in the Announcement, 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 sets 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. It was also agreed that 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, which has been agreed to 29 July 2022).

As the Subscriber has obtained the approval for ODI Registration and has given written notice to the Company and China Galaxy in accordance with the Framework Subscription Agreement, on 22 July 2022, the Company and China Galaxy entered into the Execution Agreement to proceed with the Subscription.

**Date:** 22 July 2022

**Parties:** (1) the Company; and  
(2) China Galaxy, an Independent Third Party.

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

The Company has conditionally agreed to allot and issue 60,000,000 new Shares at the Subscription Price of HK\$4.0 per Subscription Share to the Subscriber, with an aggregate consideration of approximately HK\$240.0 million. Such consideration, net of (i) the commission of 3% on the aggregate consideration payable to China Galaxy; and (ii) the relevant fees for the Subscription including SFC transaction levy, Stock Exchange's trading fee and Financial Reporting Council (FRC) transaction levy, shall be satisfied by fund transferred by China Galaxy to the Company upon completion of Subscription.

### **The Subscription Shares**

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

The aggregate nominal value of share capital for the Subscription Shares is HK\$600,000. The 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 Subscription Shares.

## **The Subscription Price**

The Subscription Price is HK\$4.0 per Share and represents:

- (a) a discount of approximately 12.1% to the closing price of HK\$4.55 per Share as quoted on the Stock Exchange on 22 July 2022, being the date of the Execution Agreement;
- (b) a discount of approximately 11.5% to HK\$4.52, being the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 22 July 2022, being the date of the Execution Agreement;
- (c) 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
- (d) a discount of approximately 5.3% to HK\$4.224, being the average closing price per Share 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 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.

After deducting related professional fees and all related expenses, the net Subscription Price is approximately HK\$3.88 per Subscription Share.

## **Conditions precedent to the Subscription**

In accordance with Execution Agreement, completion of the 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 Subscription in accordance with the PRC law and regulations, including but not limited to obtaining the Board approval for the entering into of the Execution Agreement and the Subscription; and
- (b) listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange, and such permission not subsequently being revoked prior to completion of the Subscription.

If the above conditions precedent are not fulfilled on or before 29 July 2022 (or such other date as may be agreed by the parties in writing), the Execution 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 Execution Agreement, the parties shall not have any continuing responsibilities and obligations for the performance of the Execution Agreement except for any antecedent breach of any obligation and any liabilities under the Execution Agreement.

### **Completion of the Subscription**

Completion of the Subscription will take place within seven business days after the date on which all the conditions of the Subscription are fulfilled (or such other date as may be agreed between the Company and China Galaxy in writing).

### **Lock-up arrangement for the Subscription Shares**

As disclosed in the Announcement, pursuant to the Framework Subscription Agreement, the 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 Subscription Shares to the Subscriber, during which the Subscriber shall not transfer the Subscription Shares.

## **GENERAL**

The Subscription Shares will be issued under the general mandate to allot, issue and deal in Shares granted to the Directors by a resolution of the Shareholders passed at the Company's annual general meeting held on 31 May 2022. Under such general mandate, the Company is authorised to issue up to 60,000,000 Shares (representing 20.0% of the issued share capital in the Company as at the date of the said annual general meeting). Up to the date of this announcement, such general mandate has not been utilised. The issue of the Subscription Shares is not subject to Shareholders' approval. Upon completion of the Subscription, the relevant general mandate will be fully utilised and Shareholders' approval will be required if the Company proposes to issue further Shares.

### **Application for listing**

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **INFORMATION OF THE PARTIES**

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 SUBSCRIPTION**

The Directors consider that the Subscription represents an opportunity to raise capital for the Company while broadening the Shareholder base of the Company. Moreover, as Ganfeng Lithium, which is a global leading lithium ecological enterprise, the Subscription will create synergy effect and complementary advantages in terms of mineral resources, non-ferrous metal smelting and processing, and downstream customer resources. The 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 Subscription is fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The gross proceeds from the Subscription are expected to be HK\$240.0 million in aggregate. After deducting related professional fees and all related expenses of about HK\$7 million which will be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$233 million. The net proceeds from the Subscription will be used for the Group's investment in fixed assets and general working capital purposes.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any issue of equity securities in the past twelve months immediately before the date of this announcement.

## EFFECT OF THE SUBSCRIPTION ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscription are as follows:

Name of Shareholder	At the date of this announcement		Immediately upon completion of the Subscription	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Jiawei Resources Holding Limited (Note)	205,000,000	68.33	205,000,000	56.94
Subscriber	–	–	60,000,000	16.67
Other public Shareholders	<u>95,000,000</u>	<u>31.67</u>	<u>95,000,000</u>	<u>26.39</u>
Total	<u>300,000,000</u>	<u>100.00</u>	<u>360,000,000</u>	<u>100.00</u>

*Note:* Jiawei Resources Holding Limited is wholly-owned by Mr. Wu Lijue, the chairman of the Board and an executive Director.

**As the Subscription may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

“Announcement”	the announcement of the Company dated 19 May 2022 in relation to, among others, the Framework Subscription Agreement entered into between the Company, the Subscriber and China Galaxy
“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)
“Director(s)”	the director(s) of the Company
“Execution Agreement”	the execution agreement entered into between the Company and China Galaxy setting out the detailed terms of the execution of the Subscription dated 22 July 2022
“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 2022
“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 under 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
“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 Shares(s)”	60,000,000 new Shares intended to be allotted and issued to the Subscriber pursuant to the Framework Subscription Agreement
“PRC”	the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“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

“Subscription”	the conditional allotment and issue of the Subscription Shares by the Company to the Subscriber pursuant to the Execution Agreement
“Subscription Price”	HK\$4.0 per Subscription Share
“Subscription Shares(s)”	60,000,000 new Shares to be allotted and issued to the Subscriber pursuant to the Execution Agreement
“%”	per cent.

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

Hong Kong, 22 July 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.*