PhillipCapital

XIMEI RESOURCES (9936.HK)

With the high growth in demand for tantalum and niobium in the market, the company is poised to embark on a long-term growth trajectory

China | Industrial metals

26 Feb 2026

Overview

The company is a manufacturer of tantalum and niobium metallurgical products in China. These products are essential for downstream manufacturing used in various high-tech industries such as specialty alloys, chemicals, electronic ceramics, aerospace, high-end electronic consumer goods, national defense, and cemented carbide. The company's main products are tantalum oxide and niobium oxide. The company also produces and sells potassium flutantalate. The company processes its products to different purities and specifications to meet the demands of various end products. Additionally, the company sells processed products such as tantalum bars, carbon oxide, niobium bars, and niobium powder by either commissioning third-party metallurgical companies to process its pentoxide products and potassium fluotantalate, or by purchasing these processed goods from third-party metallurgical companies. Furthermore, the company provides processing services to convert tantalum and niobium ores provided by customers into pentoxide products and potassium fluotantalate.

Analysis of the Tantalum and Niobium Industry Chain

Highly Concentrated Upstream Resources with Heavy Reliance on Imports

The upstream segment of the tantalum and niobium industry involves ore mining and processing, with global resource distribution being highly concentrated. The supply of raw materials consists of four parts: tantalum and niobium concentrates, tin slag, lithium ore by-products, and tantalum and niobium recycled materials. According to data from Antaike, from 2020 to 2024, global tantalum mine production increased from 1,700 metric tons (metal content) to 2,500 metric tons (metal content), representing an average annual growth rate of 4.5%. The Great Lakes Region in Central Africa (including the Democratic Republic of the Congo, Rwanda, Ethiopia, Mozambique, and other countries) has become a significant global source of tantalum raw materials. Relying on surface outcrop ores and manual operations, this region holds a 68% market share. In 2024, the world's largest tantalum mine producer was the Democratic Republic of the Congo (DRC), accounting for 40% of global output, followed by Rwanda (22%), Brazil (18.4%), and Nigeria (6.2%). The combined production share of these four countries reached as high as 86.6%. In China, the only tantalum mine currently achieving large-scale mining is the Yichun Tantalum-Niobium Mine. During the same period, global niobium mine production increased from 68,000 metric tons (metal content) to 87,000 metric tons (metal content), with an average annual growth rate of 5.1%. Brazil is the world's largest niobium mine producer, with its output rising from 60,000 metric tons (metal content) in 2020 to 78,000 metric tons (metal content) in 2024, an average annual increase of 4.5%. As a major consumer of tantalum and niobium, China's supply remains highly dependent on imports. According to statistics, by 2024, China's import value in the tantalum and niobium industry was 8.976 billion RMB yuan, while the export value was 1.366 billion RMB yuan.

Midstream Full-Industry-Chain Layout Becomes Key, with Technological Barriers Building Competitive Advantage

The midstream sector encompasses hydrometallurgy (extracting oxides), pyrometallurgy (preparing alloys), and the processing of high-end products. Leading domestic companies have formed a technological monopoly (closed-loop system), resulting in an oligopolistic market structure. Key players include OTIC (the largest production base for tantalum and niobium products in China and a technology- leading research center for these metals), CMOC Group (a globally leading producer of copper, cobalt, molybdenum, tungsten, and niobium, which indirectly holds a 100% interest in the Brazil NML niobium mine; this mine's operations cover the exploration, mining, extraction, processing, and sale of niobium ore, with its main product being ferroniobium), and XIMEI RESOURCES.

Accumulate

CMP HK$ 14.22
(Closing price as of 25 Feb)
Target 15.55 HKD (+9.4%)

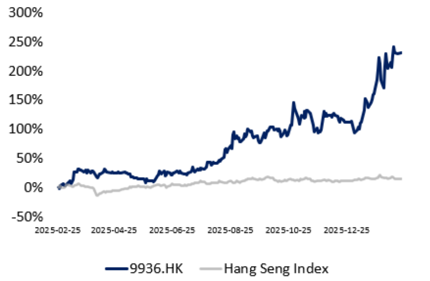
COMPANY DATA

O/S SHARES (MN) :	380
MARKET CAP (HKD bn) :	5404
52 - WK HI/LO (HKD):	14.5/3.06

SHARE HOLDING PATTERN, %

Jiawei Resources Holding Limited	53.95%

PRICE VS. HSI



Source: Phillip Securities (HK) Research

KEY FINANCIALS

RMB mn	FY24	FY25E	FY26E	FY27E
Revenue	1822	1943	2159	2340
Net profit	124	204	216	237
EPS (RMB)	0.35	0.54	0.57	0.62
P/B ratio, x	26.27	16.96	16.03	14.56
Dividend Yield,%	0.6%	0.9%	0.9%	1.0%

Source: Company reports, Phillip Securities Est.

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Surge in Demand from Downstream High-End Sectors, Offering Structural Growth Opportunities

Application areas	Core products	Demand drivers	Market Size/Milestones
Consumer electronics, high-end industrial electronics, automotive electronics	Tantalum powder, tantalum wire (capacitor)	The rapid development of high-end application fields such as new energy vehicles (EVs), 5G communications, aerospace and medical equipment	The global tantalum electrolytic capacitor market size is estimated at approximately US$3 billion in 2024. Market growth exhibits a clear structural characteristic, with growth in the traditional consumer electronics sector slowing to 3-5%, while the high-end industrial and automotive electronics sectors maintain rapid growth of 10-15%.
Semiconductor	High-purity tantalum sputtering target	The demand for AI and high-end chips is booming	The global market for lithium niobate and lithium tantalate films reached $159 million in 2025 and is projected to reach $1.346 billion by 2032, with a compound annual growth rate (CAGR) of 36.22% (2026-2032).
Aerospace	High-temperature alloy additives	Upgrading of high-end manufacturing in aerospace and energy	Meter-sized niobium-tungsten alloy thrust chamber successfully delivered
Superconducting materials	Niobium superconducting cavity, niobium-titanium alloy	Increased investment in scientific research both domestically and internationally, the domestic substitution of MRI equipment, and the strong demand for superconducting magnets in the fields of power and materials processing.	The superconducting materials market generated $11.57 billion in 2023 and is projected to grow at a CAGR of 11.3% in 2024 and 2032. Collaboration between industry players and research institutions is a key driver of this growth.

Data Source: Pu Hua You Ce Consulting, QYResearch, Global Market Insights

Profit Efficiency Significantly Improved

In the first half of 2025, the company's revenue was 954 million RMB (similarly hereinafter), representing a year-on-year increase of 5.7%. This was primarily attributable to the company's active adjustment of its product mix, with significant year-on-year growth in metal products, especially niobium metal products, and trading business during the period. Specifically, revenue from tantalum and niobium wet-method compounds was 234 million RMB, accounting for 24.5%; revenue from tantalum and niobium metals and related products was 505 million RMB, accounting for 52.9%; and revenue from trading products, processing services, and others was 216 million RMB, accounting for 22.6%. The gross profit margin was 23.7%, a year-on-year increase of 2.6 percentage points. This improvement was mainly due to the further release of production capacity during the review period, an increase in the sales proportion of metal products, particularly high-purity metals. Additionally, the company strengthened process controls and enhanced efficiency in production, including the utilization of recycled materials and by-products, driving cost reduction and efficiency gains, thereby increasing the gross profit margin. Net profit attributable to owners of the parent was 92 million RMB, a year-on-year increase of 47.5%, reflecting a significant improvement in profit efficiency.

Decrease in Expense Ratio, Optimizing Operational Efficiency

In H1 2025, sales and distribution expenses amounted to RMB 9.725 million, a year-on-year decrease of 1.2%, primarily due to a slight reduction in employee costs. Administrative expenses totaled RMB 73.938 million, down 15.5% year-on-year, mainly attributable to the conclusion of certain R&D projects. This demonstrates the company's ability to reduce costs through refined management, further unlocking profit margins.

Sound Assets and Liabilities Position, Slight Liquidity Pressure

As of the end of June 2025, the company's total assets stood at RMB 2.387 billion, with a debt to asset ratio of 42.1%, remaining at a reasonable level. However, both the current ratio and quick ratio declined compared to the end of 2024, indicating slight pressure on short-term liquidity. The decrease in the current ratio was primarily due to an increase in inventory. The decline in the quick ratio reflects a rise in the proportion of inventory within current assets. Net cash flow from operating activities was RMB 176 million, and capital expenditure amounted to RMB 14.17 million, indicating that cash flow is sufficient to support daily operations and capacity expansion needs.

Ganfeng's Strong Backing: Resource and Technology Synergies Unlock Long-Term Growth Potential for XIMEI RESOURCES

Ganfeng Lithium currently holds a 15.79% stake in XIMEI RESOURCES, making it the second-largest shareholder. As a global leader in the lithium industry, Ganfeng Lithium has long focused on the new energy metals industry chain. Tantalum and niobium, as critical materials for high-end fields such as semiconductors and aerospace, fall within the same strategic metals category as lithium resources. Through its stake in XIMEI RESOURCES, Ganfeng Lithium likely aims to expand its footprint in strategic metals, forming a diversified resource portfolio of "lithium + tantalum/niobium," while leveraging XIMEI RESOURCES' technological expertise in tantalum and niobium metallurgy to enhance industrial chain synergies in the advanced materials sector. Furthermore, Ganfeng Lithium's shareholding endorsement helps boost market confidence.

Company valuation

As a core producer of tantalum and niobium metallurgical products in China, Framework Resources is poised to benefit from the growth in high-end downstream demand for tantalum and niobium (semiconductors, aerospace), enabling it to embark on a long-term growth trajectory and achieve performance increases. We forecast the company's revenue for 2025-2027 to be RMB 1.943 billion, RMB 2.159 billion, and RMB 2.340 billion, respectively, with EPS of RMB 0.54, RMB 0.57, and RMB 0.62. We assign a 24x P/E ratio for 2026, resulting in a target price of HKD 14.25. Initiate coverage with an “Accumulate" rating. (Current price as of February 25)

Risk factors

1) Pace of domestic substitution; 2) Risk of overseas supply chain volatility; 3) Intensifying technological competition

Financial

Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Total Revenue	1403	1822	1943	2159	2340
Cost of sales	-1093	-1425	-1482	-1647	-1785
Gross profit	311	397	461	512	555
Operating expenses	-171	-200	-192	-225	-237
Finance costs	-24	-24	-25	-28	-30
Profit before tax	118	163	260	275	303
Income tax expense	-14	-29	-37	-39	-43
Profit for the year	104	134	223	236	260
Profit for the year attributable to					
– Owners of the Company	87	124	204	216	237
EPS(RMB)	0.24	0.35	0.54	0.57	0.62
DPS(RMB)	0.00	0.05	0.08	0.09	0.09
Dividend payout ratio	0%	15%	15%	15%	15%
Weighted shares outstanding	360	359	380	380	380

Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
Valutation Ratio					
P/E ratio	37.53	26.27	16.96	16.03	14.56
Dividend Yield, %	0.0%	0.6%	0.9%	0.9%	1.0%
Per share data(RMB)					
EPS	0.24	0.35	0.54	0.57	0.62
BVPS	2.9	3.3	3.6	4.1	4.6
DPS(RMB)	0.00	0.05	0.08	0.09	0.09
Growth & Margin					
Growth					
Revenue Growth	37.6%	29.8%	6.7%	11.1%	8.4%
Gross Profit Growth	1.5%	27.8%	16.2%	11.1%	8.4%
EBITDA Growth	7.5%	29.6%	39.6%	5.5%	9.5%
Net Profit Growth	-3.6%	29.6%	66.2%	5.8%	10.1%
Margin					
Gross Profit Margin	22.1%	21.8%	23.7%	23.7%	23.7%
EBITDA Margin	12.9%	12.9%	16.9%	16.0%	16.2%
Net Profit Margin	7.4%	7.4%	11.5%	10.9%	11.1%
Key Ratios					
ROE	8.46%	10.53%	14.98%	13.95%	13.56%
ROA	4.52%	5.79%	8.53%	8.06%	8.01%

Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
Current assets					
Inventories	682	745	860	956	1035
Accounts receivable	398	406	441	491	558
Cash and cash equivalents	116	182	260	355	453
Others	175	258	264	291	313
Total current assets	1370	1591	1825	2092	2360
Non-current assets					
PPE	385	387	391	400	413
Others	173	164	172	181	189
Total current assets	558	551	563	581	601
Total Assets	1928	2142	2388	2673	2961
Current liabilities					
Accounts and bills payables	54	62	69	77	78
Short-term Bank and other loans	537	470	501	557	604
Others	125	171	169	170	171
Total current liabilities	716	704	740	804	853
Non-current liabilities					
Long-term Bank& other loans	102	129	138	153	166
Others	4	9	9	9	9
Total non-current liabilities	106	138	146	162	174
Total liabilities	822	841	886	966	1027
Equity attributable to equity holders of the Company	1030	1178	1360	1545	1750
Non-controlling interests	76	122	141	162	184
Total equity	1106	1301	1502	1707	1934
Total liabilities and equity	1928	2142	2388	2673	2961

Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
CFO	-236	85	142	147	171
Net profit before tax	118	163	260	275	303
Change in working capital&others	-409	-133	-149	-164	-169
Depreciation and Amortization	40	47	43	43	46
Others	15	7	-11	-7	-9
CFI	-84	-32	-58	-64	-70
Purchase of PP&E	-72	-21	-55	-61	-66
Others	-12	-11	-3	-3	-4
CFF	113	-26	-7	13	-3
Cash payments for distribution of dividends	0	-3	-22	-31	-32
Net Borrowings	156	-39	40	71	59
Others	-43	17	-25	-28	-30
Net increase in cash and cash equivalents	-208	32	78	95	98

Current Price as of: 25 Feb
Exchange rate: HKD/RMB = 0.88
Source： PSHK Est.

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20%upside from the current price
-5% to +5%	Neutral	3	Trade within ± 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20%downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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