

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



GLOBAL NEW MATERIAL INTERNATIONAL HOLDINGS LIMITED

环球新材国际控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6616)

MAJOR TRANSACTION

ACQUISITION OF CERTAIN CQV SHARES AND ALL CQV TREASURY SHARES

FOR CASH CONSIDERATION AND CONSIDERATION SHARES TO BE ISSUED UNDER GENERAL MANDATE

CQV Sale Shares Agreements and CQV Treasury Shares Agreement

The Board is pleased to announce that, on 27 January 2023 (after trading hours of the Stock Exchange), (a) the Purchaser entered into the CQV Sale Shares A Agreement and the CQV Sale Shares B Agreement and (b) the Company entered into the CQV Treasury Shares Agreement for the Acquisition.

Pursuant to these three agreements, the Purchaser has conditionally agreed to purchase, and each of CQV Vendor A and CQV Vendor B has conditionally agreed to sell, the CQV Sale Shares A and the CQV Sale Shares B, respectively, and the Company has conditionally agreed to purchase, and CQV has conditionally agreed to sell, the CQV Treasury Shares.

The aggregate consideration for the Acquisition is KRW85.9 billion (equivalent to RMB465.7 million or HK\$531.6 million) which will be settled upon the Closing by way of (a) cash payment of KRW25.0 billion (equivalent to RMB135.5 million or HK\$154.8 million) out of the internal financial resources of the Group and (b) allotment and issue of 47,106,546 Consideration Shares at the Issue Price under the General Mandate.

Upon the Closing, the Company will hold directly and indirectly 42.45% of the issued shares of CQV and will be the single largest shareholder of CQV. CQV will then become a non-wholly owned subsidiary of the Company with the financial performance and position to be consolidated into the accounts of the Group by reason of the Company having gained control over CQV and the composition of the board of directors of CQV.

Implications under the Listing Rules

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement in aggregate is more than 25% and less than 100%, the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement in aggregate constitute a major transaction (as such term is defined under the Listing Rules) for the Company under Rule 14.06 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

General Mandate

The issue of the Consideration Shares is not subject to any additional specific approval by the Shareholders. As of the date of this announcement, no portion of the General Mandate has been utilised. Having taking into consideration the Shares that may be issued in the future under the Convertible Bond Issue, the General Mandate is still sufficient for the allotment and issuance of the Consideration Shares.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

EGM

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder. A circular containing, among other things, (a) further information on the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder; (b) the financial information of the Group and CQV; (c) the unaudited pro forma financial information on the Enlarged Group; and (d) a notice of the EGM, is expected to be despatched by the Company to the Shareholders on or before 30 April 2023, as additional time is required by the Company for the preparation of certain financial information in the circular.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder. Hence, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that the Closing is subject to the satisfaction and/or, where applicable, waiver of the conditions set forth in the CQV Sale Shares Agreements and CQV Treasury Shares Agreement and may or may not proceed. Hence, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

BACKGROUND INFORMATION

The Board is pleased to announce that, on 27 January 2023 (after trading hours of the Stock Exchange), (a) the Purchaser entered into the CQV Sale Shares A Agreement and the CQV Sale Shares B Agreement and (b) the Company entered into the CQV Treasury Shares Agreement for the Acquisition.

Pursuant to these three agreements, the Purchaser has conditionally agreed to purchase, and each of CQV Vendor A and CQV Vendor B has conditionally agreed to sell, the CQV Sale Shares A and the CQV Sale Shares B, respectively, and the Company has conditionally agreed to purchase, and CQV has conditionally agreed to sell, the CQV Treasury Shares.

The aggregate consideration for the Acquisition is KRW85.9 billion (equivalent to RMB465.7 million or HK\$531.6 million) which will be settled upon the Closing by way of (a) cash payment of KRW25.0 billion (equivalent to RMB135.5 million or HK\$154.8 million) out of the internal financial resources of the Group and (b) allotment and issue of 47,106,546 Consideration Shares at the Issue Price under the General Mandate.

THE CQV SALE SHARES AGREEMENTS

Each of the CQV Sale Shares Agreements contains similar terms and conditions except for the CQV Vendors named therein, number of the CQV Sale Shares involved and the payment and the amount of the consideration made by the Purchaser. The following sets forth the principal terms and conditions of the CQV Sale Shares Agreements:

Date: 27 January 2023 (after trading hours of the Stock Exchange)

- Parties:
- (i) The Purchaser;
 - (ii) CQV Vendor A (under the CQV Sale Shares A Agreement) and CQV Vendor B (under the CQV Sale Shares B Agreement);
 - (iii) the Company; and
 - (iv) Chesir International.

Subject matter: An aggregate of 3,128,352 CQV Sale Shares, representing 30.85% of the issued shares of CQV as of the date of this announcement.

The number of the CQV Sale Shares sold by each of the CQV Vendors is set forth below:

<u>CQV Vendors</u>	<u>CQV Sale Shares</u>	<u>Shareholding (%)</u>
CQV Vendor A	2,255,189 (CQV Sale Shares A)	22.24
CQV Vendor B	873,163 (CQV Sale Shares B)	8.61
Total	<u>3,128,352</u>	<u>30.85</u>

Following the Closing, the CQV Vendors will cease to hold any issued shares of CQV.

Cash consideration payable by the Company and Consideration Shares:

The amount of cash consideration payable by the Company and the number of the Consideration Shares to be issued to each of the CQV Vendors are set forth below:

<u>CQV Vendors</u>	<u>Cash consideration</u>	<u>Consideration Shares</u>
CQV Vendor A. . . .	KRW25.0 billion (equivalent to RMB135.5 million or HK\$154.8 million)	15,475,085 (equivalent to HK\$123.8 million at the Issue Price)
CQV Vendor B. . . .	0	13,481,181 (equivalent to HK\$107.8 million at the Issue Price)
Total	KRW25.0 billion (equivalent to RMB135.5 million or HK\$154.8 million)	28,956,266 (equivalent to HK\$231.6 million at the Issue Price)

The consideration for the CQV Sale Shares in the form of cash consideration payable by the Company and the Consideration Shares has been negotiated and agreed between the Company, CQV Vendor A and CQV Vendor B on an arm's length basis, having regard to, among others, to the net assets value of CQV, the prevailing market prices of the shares of CQV quoted on the KOSDAQ and the liquidity of the shares of CQV.

Cash consideration: The cash consideration will be funded by the internal financial resources of the Group.

Consideration Shares: The 28,956,266 Consideration Shares will be allotted and issued to the CQV Vendors, representing 2.43% of the Shares in issue as of the date of this announcement and 2.37% of the Shares in issue as enlarged by the Consideration Shares (assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the issue of the Consideration Shares), at the Issue Price representing:

- (i) a premium of 59.4% over the closing price per Share of HK\$5.020 as quoted on the Stock Exchange on the date of the CQV Sale Shares Agreements;
- (ii) a premium of 68.0% of the average of the closing price per Share of HK\$4.762 as quoted on the Stock Exchange for the period of five (5) consecutive trading days ending on the trading day immediately preceding the date of the CQV Sale Shares Agreements; and
- (iii) a premium of 88.9% of the average of the closing price per Share of HK\$4.235 as quoted on the Stock Exchange for the period of twenty (20) consecutive trading days ending on the trading day immediately preceding the date of the CQV Sale Shares Agreements.

The 28,956,266 Consideration Shares will be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

Payment terms:

The consideration for the CQV Sale Shares will be payable in the following manner:

- (a) in cash in the amount of KRW25.0 billion (equivalent to RMB135.5 million or HK\$154.8 million) to CQV Vendor A on the Closing Date and
- (b) by in-kind consideration in the form of allotment and issue of 15,475,085 Consideration Shares and 13,481,181 Consideration Shares to CQV Vendor A and CQV Vendor B, respectively, on the Closing Date.

Conditions precedent:

The Closing is conditional upon the fulfilment (or waiver, if applicable) of the following conditions:

- (a) the representations and warranties given by the Purchaser Parties to be true and correct in all material respects as of the date of each of the CQV Sale Shares Agreements and as of the Closing Date;
- (b) the Purchaser Parties having performed, satisfied and complied with all obligations in all material respects under the relevant CQV Sale Shares Agreements on or before the Closing Date;
- (c) the representations and warranties given by the relevant CQV Vendors to be true and correct in all material respects as of the date of each of the CQV Sale Shares Agreements and as of the Closing Date, provided that (i) other than for the CQV Vendor Fundamental Representations, if the amount of losses incurred by CQV prior to the Closing Date due to any such breach in the aggregate does not exceed KRW4.0 billion, the relevant CQV Vendors shall be deemed to have satisfied this condition and (ii) the Purchaser shall not be entitled to claim any breach of representations and warranties against the relevant CQV Vendors or CQV in relation to obtaining the required consents from the relevant third party counterparties to the material contracts of CQV for the consummation of the relevant CQV Sale Shares Agreements and the transactions contemplated thereunder;
- (d) the relevant CQV Vendors having performed, satisfied and complied with all its obligations in all material respects under the relevant CQV Sale Shares Agreements on or before the Closing Date;

- (e) there being no material adverse effect on the general affairs, business, operations, rights, assets, liabilities, condition (financial or otherwise), or results of operations of CQV or any circumstance that prevents the ability of the relevant CQV Vendors or the Purchaser, as applicable, to consummate the relevant CQV Sale Shares Agreements or any of their respective obligations contemplated thereunder;
- (f) the relevant CQV Vendors shall have caused CQV to convene a general meeting of the shareholders of CQV to appoint the respective persons designated by the Purchaser as the directors of CQV effective from the Closing Date;
- (g) in respect of the CQV Sale Shares Agreement A only, CQV Vendor A shall have delivered a confirmation letter to the Purchaser, which shall state that CQV Vendor A will not claim any compensation based on the golden parachute clause by resigning from his office as the representative director of CQV under the articles of incorporation of CQV;
- (h) CQV shall have amended its articles of incorporation to the effect that CQV may have six (6) directors;
- (i) no law or order shall have been enacted, entered, promulgated, issued or enforced by any governmental authority of competent jurisdiction that prohibits the consummation of the relevant CQV Sale Shares Agreements and the transactions contemplated thereunder;

- (j) all requisite approval from any government authority (including by not limited to the Securities & Futures Commission of Hong Kong, the Stock Exchange and The Korea Exchange) for the consummation of the relevant CQV Sale Shares Agreements and the transactions contemplated thereunder shall have been obtained;
- (k) each of the Company and CQV having obtained all necessary consents from and provided all notices to, its respective shareholders as may be required under the applicable laws, constitutional documents or otherwise in connection with the relevant CQV Sale Shares Agreements and the transactions contemplated thereunder, including but not limited to the Shareholders having approved the CQV Sale Shares Agreements and the transactions contemplated thereunder at the EGM;
- (l) each of the Company and CQV having obtained all necessary approvals from and provided all notices to, the Stock Exchange and The Korea Exchange, respectively, as may be required under the applicable laws and regulations in connection with the consummation of the CQV Sale Shares Agreements and the transactions contemplated thereunder, including but not limited to the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the Closing Date; and

(m) all requisite approval from any government authority required with respect to the delivery by each of the Purchaser Parties, and the acquisition by the respective CQV Vendors of the relevant Consideration Shares, including, but not limited to, the filing or reporting requirements with the Bank of Korea, shall have been obtained.

The conditions precedent set forth in (a) to (b) above may be waived by the relevant CQV Vendors and the conditions precedent set forth in (c) to (h) may be waived by the Purchaser. The conditions precedent set forth in (i) to (m) above may be waived by the parties to the relevant CQV Sale Shares Agreements.

Closing:

Upon the fulfilment (or waiver, if applicable) of the conditions precedent, completion of the transactions under the relevant CQV Sale Shares Agreements shall take place on the Closing Date, which is expected to be on or before the Long-Stop Date.

The Closing under the CQV Sale Shares A Agreement and the CQV Sale Shares B Agreement is not inter-conditional and is not conditional upon the Closing under the CQV Treasury Shares Agreement.

Termination:

The relevant CQV Sale Shares Agreements may be terminated at any time prior to the Closing:

- (a) by mutual written agreement of the parties thereto;
- (b) by either the relevant CQV Vendor or the Purchaser, if the Closing has not occurred on or before the Long-Stop Date by reason of failure of satisfaction (or waiver, if applicable) of any conditions precedent if for any reason other than the fault of such terminating party;
or

(c) by any party thereto, upon written notice to the other parties, in case of a material breach of, any of its representations, warranties, agreements, covenants or obligations under the relevant CQV Sale Shares Agreement and the defaulting party has failed to cure such breach within thirty (30) days following the receipt of written notice from the terminating party, provided that the terminating party is not otherwise in material breach of the relevant CQV Sale Shares Agreement.

Upon termination of the relevant CQV Sale Shares Agreement pursuant to the above, no party thereto shall have any further obligation or liabilities thereunder, save in respect of any antecedent breaches and claims.

Share Pledge Loans:

Immediately following the Closing but no later than by the end of the Closing Date, the relevant CQV Vendors shall cause the Share Pledge Loans to be repaid with written evidence satisfactory to the Purchaser.

Non-competition and non-solicitation:

For three (3) years from the Closing Date, the relevant CQV Vendor shall not, directly or indirectly through its affiliates, without the prior written consent of the Purchaser: (a)(i) engage in the businesses operated by CQV (the “**Competing Business**”) in any geographic area in which the business of CQV is carried on, (ii) own any equity interest, or operate, control or participate (including as a joint venture partner, agent, representative, consultant or lender) in any entity that engages directly or indirectly in the Competing Business, (iii) solicit any customers of CQV or (iv) intentionally interfere with the business relationships between CQV and any of its key business relations including customers and suppliers; and (b)(i) hire or solicit for employment any officer or employee of CQV, the Purchaser and their respective affiliates or (ii) induce or encourage any such officer or employee to no longer be employed by CQV, the Purchaser and their respective affiliates.

Joint and several liability: Each of the Purchaser Parties shall be liable to the relevant CQV Vendors on a joint and several basis for the obligations of one another under the relevant CQV Sale Shares Agreements.

Governing law: The relevant CQV Sale Share Agreements are governed by, construed and enforceable in accordance with the laws of the Republic of Korea.

CQV TREASURY SHARES AGREEMENT

The following sets forth the principal terms and conditions of the CQV Treasury Shares Agreement:

Date: 27 January 2023 (after trading hours of the Stock Exchange)

Parties: (i) The Company and
(ii) CQV.

Subject matter: All 1,175,576 CQV Treasury Shares held by CQV, representing 11.60% of the issued shares of CQV as of the date of this announcement. Following the Closing, CQV will have no treasury shares held by it.

Consideration Shares: The basis of the consideration for the purchase of the CQV Treasury Shares in the form of the Consideration Shares is the same as the Acquisition and has been negotiated and agreed between the Company and CQV on an arm's length basis, having regard to, among others, to the net assets value of CQV, the prevailing market prices of the shares of CQV quoted on the KOSDAQ and the liquidity of the shares of CQV.

The 18,150,280 Consideration Shares (equivalent to HK\$145.2 million at the Issue Price) will be allotted and issued to CQV for the purchase of the CQV Treasury Shares, representing 1.52% of the Shares in issue as of the date of this announcement and 1.50% of the Shares in issue as enlarged by the Consideration Shares (assuming that there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the issue of the Consideration Shares), at the Issue Price representing:

- (i) a premium of 59.4% over the closing price per Share of HK\$5.020 as quoted on the Stock Exchange on the date of the CQV Treasury Shares Agreement;
- (ii) a premium of 68.0% of the average of the closing price per Share of HK\$4.762 as quoted on the Stock Exchange for the period of five (5) consecutive trading days ending on the trading day immediately preceding the date of the CQV Treasury Shares Agreement; and
- (iii) a premium of 88.9% of the average of the closing price per Share of HK\$4.235 as quoted on the Stock Exchange for the period of twenty (20) consecutive trading days ending on the trading day immediately preceding the date of the CQV Treasury Shares Agreement.

The 18,150,280 Consideration Shares will be allotted and issued pursuant to the General Mandate, credited as fully paid, and shall rank *pari passu* in all respects among themselves and with the Shares in issue on the date of such allotment and issue.

Payment terms:

The consideration for the CQV Treasury Shares will be payable by the allotment and issue of 18,150,280 Consideration Shares to CQV on the Closing Date.

Conditions precedent:

The Closing is conditional on the fulfilment (or waiver, if applicable) of the following conditions:

- (a) the representations and warranties given by the Company to be true and correct in all material respects as of the date of the CQV Treasury Shares Agreement and as of the Closing Date;
- (b) the Company having performed, satisfied and complied with all obligations in all material respects under the CQV Treasury Shares Agreement on or before the Closing Date;
- (c) the representations and warranties given by CQV to be true and correct in all material respects as of the date of the CQV Treasury Shares Agreement and as of the Closing Date, provided that (i) other than for the CQV Fundamental Representations, if the amount of losses incurred by CQV prior to the Closing Date due to any such breach in the aggregate does not exceed KRW4.0 billion, CQV shall be deemed to have satisfied this condition and (ii) the Company shall not be entitled to claim any breach of representations and warranties against CQV in relation to obtaining the required consents from the relevant third party counterparties to the material contracts of CQV for the consummation of the CQV Treasury Shares Agreement and the transactions contemplated thereunder;
- (d) CQV having performed, satisfied and complied with all its obligations in all material respects under the CQV Treasury Shares Agreement on or before the Closing Date;

- (e) there being no material adverse effect on the general affairs, business, operations, rights, assets, liabilities, condition (financial or otherwise), or results of operations of CQV or any circumstance that prevents the ability of CQV or the Company, as applicable, to consummate the CQV Treasury Shares Agreement or any of their respective obligations contemplated thereunder;
- (f) CQV shall have convened a general meeting of the shareholders of CQV to appoint the respective persons designated by the Company as the directors of CQV effective from the Closing Date;
- (g) CQV shall have amended its articles of incorporation to the effect that CQV may have six (6) directors;
- (h) no law or order shall have been enacted, entered, promulgated, issued or enforced by any governmental authority of competent jurisdiction that prohibits the consummation of the CQV Treasury Shares Agreement and the transactions contemplated thereunder;
- (i) all requisite approval from any government authority (including by not limited to the Securities & Futures Commission of Hong Kong, the Stock Exchange and The Korea Exchange) for the consummation of the CQV Treasury Shares Agreement and the transactions contemplated thereunder shall have been obtained;

- (j) each of the Company and CQV having obtained all necessary consents from and provided all notices to, its respective shareholders as may be required under the applicable laws, constitutional documents or otherwise in connection with the CQV Treasury Shares Agreement and the transactions contemplated thereunder, including but not limited to the Shareholders having approved the CQV Treasury Shares Agreement and the transactions contemplated thereunder at the EGM;
- (k) each of the Company and CQV having obtained all necessary approvals from and provided all notices to, the Stock Exchange and The Korea Exchange, respectively, as may be required under the applicable laws and regulations in connection with the consummation of the CQV Treasury Shares Agreement and the transactions contemplated thereunder, including but not limited to the approval for the listing of, and permission to deal in the Consideration Shares by the Stock Exchange having been obtained by the Company, and such approval not having been revoked or withdrawn prior to the Closing Date; and
- (l) all requisite approval from any government authority required with respect to the delivery by the Company, and the acquisition by CQV of the relevant Consideration Shares, including, but not limited to, the filing or reporting requirements with the Bank of Korea, shall have been obtained.

The conditions precedent set forth in (a) and (b) above may be waived by CQV and the conditions precedent set forth in (c) to (g) above may be waived by the Company. The conditions precedent set forth in (h) to (l) above may be waived by the parties to the CQV Treasury Shares Agreement.

Closing: Upon the fulfilment (or waiver, if applicable) of the conditions precedent, completion of the transactions under the CQV Treasury Shares Agreement shall take place on the Closing Date, which is expected to be on or before the Long-Stop Date.

The Closing under the CQV Treasury Shares Agreement is not conditional on the Closing of any of the CQV Sale Shares Agreements.

Termination: The CQV Treasury Shares Agreement may be terminated at any time prior to the Closing:

(i) by mutual written agreement of the parties thereto;

(ii) by either CQV or the Company, if the Closing has not occurred on or before the Long-Stop Date by reason of failure of satisfaction (or waiver, if applicable) of any conditions precedent if for any reason other than the fault of such terminating party; or

(iii) by any party thereto, upon written notice to the other parties, in case of a material breach of, any of its representations, warranties, agreements, covenants or obligations under the CQV Treasury Shares Agreement and the defaulting party has failed to cure such breach within thirty (30) days following the receipt of written notice from the terminating party, provided that the terminating party is not otherwise in material breach of the CQV Treasury Shares Agreement.

Upon termination of the CQV Treasury Shares Agreement pursuant to the above, no party thereto shall have any further obligation or liabilities thereunder, save in respect of any antecedent breaches and claims.

Governing law: The CQV Treasury Shares Agreement is governed by construed and enforceable in accordance with the laws of the Republic of Korea.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It has been a business strategy of the Group to seek overseas investment opportunities by engaging in merger and acquisition activities which provide growth potential and enhance the value for the Shareholders. The Directors believe that the Acquisition offers a good opportunity for the Group to tap on opportunities in and expand its business presence in the international pearlescent pigments industry. The Acquisition is also consistent with the Group's business strategy and could enhance the synergy between CQV and the Group. Through the acquisition and control of CQV, the Group can leverage on the experience, know-how and market presence of CQV, increase its market share, enhance its product offerings and thereby increase the overall competitiveness of the Group.

The acquisition of the CQV Treasury Shares is intended to purchase all issued equity of CQV held by CQV. Hence, following the Closing, CQV will be owned directly and indirectly as to 42.45% by the Company and the remaining 57.55% is primarily held by the public investors of CQV. The Company's Korean legal advisor has confirmed that there is no mandatory offer requirement in the Republic of Korea to require the Company or the Purchaser to acquire all the remaining issued shares of CQV. As of the date of this announcement, the Company has no intention to acquire all the remaining issued shares of CQV from the public investors.

The Directors confirm that the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement are entered into on normal commercial terms following arm's length negotiations with the counterparties and that the terms of each of the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement (including the amount of consideration (the number of Consideration Shares and the amount of cash consideration thereunder)) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PURCHASER

The Company is an investment holding company and has been listed on the Stock Exchange since 16 July 2021 (stock code: 6616). The Group is principally engaged in the business of production and sales of pearlescent pigment products and synthetic mica powder in the PRC.

The Purchaser is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Chesir International which is in turn wholly-owned by the Company. Both Chesir International and the Purchaser are investment holding companies.

INFORMATION ON CQV

CQV is a company incorporated in the Republic of Korea with limited liability on 20 October 2000 with its common shares listed on KOSDAQ (KOSDAQ: 101240). CQV is principally engaged in the production and sales of pearlescent pigments in the Republic of Korea.

The table below sets forth a summary of certain audited consolidated financial information of CQV extracted from the published audited consolidated financial statements of CQV prepared in accordance with Korean IFRS (International Financial Reporting Standards as adopted in the Republic of Korea) for the two years ended 31 December 2021 and as of 31 December 2020 and 2021:

	Year ended 31 December	
	2021	2020
	<i>(audited)</i>	<i>(audited)</i>
	<i>(KRW' million)</i>	<i>(KRW' million)</i>
Revenue	40,002.3	36,971.7
Net profit before tax	4,279.8	3,264.7
Net profit after tax	3,514.1	3,648.1
Net asset value (as of 31 December)	59,611.5	57,081.9

The Directors expect that the updated audited consolidated financial information of CQV for the year ended 31 December 2022 will be included in the Shareholders' circular to be despatched by the Company in compliance with the Listing Rules for the purpose of seeking the approval of the Shareholders on the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, before entering into the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement and as of the date of this announcement, CQV is an Independent Third Party.

Upon the Closing, the Company will hold directly and indirectly 42.45% of the issued shares of CQV and will be the single largest shareholder of CQV. CQV will then become a non-wholly owned subsidiary of the Company with the financial performance and position to be consolidated into the accounts of the Group by reason of the Company having gained control over CQV and the composition of the board of directors of CQV.

INFORMATION ON THE CQV VENDORS

CQV Vendor A is an individual residing in the Republic of Korea and an Independent Third Party. Before entering into the CQV Sale Shares A Agreement, CQV Vendor A is the single largest shareholder of CQV. As of the date of this announcement, CQV Vendor A is a representative director of CQV but will resign from his office on or prior to the Closing Date.

CQV Vendor B is an individual residing in the Republic of Korea and an Independent Third Party. As of the date of this announcement, CQV Vendor B is an inside director of CQV and will become a new representative director of CQV following the Closing.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (a) as of the date of this announcement, each of the CQV Vendors is an Independent Third Party and (b) before entering into the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement, except as disclosed above, none of the CQV Vendors and CQV has any other interests in the Shares or any business dealings with the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets forth the shareholding structure of the Company (a) as of the date of this announcement and (b) immediately upon the allotment and issue of the Consideration Shares (assuming that there is no other change to the share capital and in the shareholding structure of the Company between the date of this announcement and the Closing Date):

Shareholders	As of the date of this announcement		Immediately upon the allotment and issue of the Consideration Shares	
	No. of Shares	% of issued Shares	No. of Shares	% of issued Shares
Directors				
Mr. SU Ertian ^(Note 1)	421,213,948	35.34	421,213,948	34.00
Mr. BAI Zhihuan ^(Note 2)	694,000	0.06	694,000	0.06
Mr. HU Yongxiang ^(Note 3)	19,285,200	1.62	19,285,200	1.55
Substantial Shareholder				
Guangxi Investment Group Co., Ltd. ^(Note 4)	176,553,344	14.81	176,553,344	14.25
Public Shareholders	574,017,094	48.17	574,017,094	46.33
CQV Vendor A	—	—	15,475,085	1.25
CQV Vendor B	—	—	13,481,181	1.09
CQV	—	—	18,150,280	1.47
Total	<u>1,191,763,586</u>	<u>100.0</u>	<u>1,238,870,132</u>	<u>100.0</u>

Notes:

- (1) Mr. SU Ertian is the Chairman and the Chief Executive Officer of the Group and an executive Director. As of the date of this announcement, Mr. SU Ertian is deemed to be interested in 421,213,948 Shares through certain corporations. Mr. JIN Zengqin, an executive Director, is deemed to be interested in 46,292,148 Shares through two corporations controlled by Mr. SU Ertian and him as of the date of this announcement.
- (2) Mr. BAI Zhihuan is an executive Director. As of the date of this announcement, Mr. BAI Zhihuan owns 694,000 Shares.
- (3) Mr. HU Yongxiang is a non-executive Director. As of the date of this announcement, Mr. HU Yongxiang is deemed to be interested in 19,285,200 Shares through a corporation.
- (4) As of the date of this announcement, Guangxi Investment Group Co., Ltd. is deemed to be interested in 176,553,344 Shares through certain corporations.

IMPLICATIONS UNDER THE LISTING RULES

Major transaction for the Company and General Mandate

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement in aggregate is more than 25% and less than 100%, the CQV Sale Shares Agreements and the CQV Treasury Shares Agreement in aggregate constitute a major transaction (as such term is defined under the Listing Rules) for the Company under Rule 14.06 of the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The issue of the Consideration Shares is not subject to any additional specific approval by the Shareholders. As of the date of this announcement, no portion of the General Mandate has been utilised. Having taking into consideration the Shares that may be issued in the future under the Convertible Bond Issue, the General Mandate is still sufficient for the allotment and issuance of the Consideration Shares.

Application for listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

EGM

The EGM will be convened to consider and, if thought fit, to pass the resolutions to approve the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder. A circular containing, among other things, (a) further information on the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder; (b) the financial information of the Group and CQV; (c) the unaudited pro forma financial information on the Enlarged Group; and (d) a notice of the EGM, is expected to be despatched by the Company to the Shareholders on or before 30 April 2023, as additional time is required by the Company for the preparation of certain financial information in the circular.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has any material interest in the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder. Hence, no Shareholder is required to abstain from voting at the EGM in respect of the resolutions approving the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder.

Shareholders and potential investors of the Company should note that the Closing is subject to the satisfaction and/or, where applicable, waiver of the conditions set forth in the CQV Sale Shares Agreements and CQV Treasury Shares Agreement and may or may not proceed. Hence, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS USED IN THIS ANNOUNCEMENT

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the CQV Sale Shares A, CQV Sale Shares B and the CQV Treasury Shares from CQV Vendor A, CQV Vendor B and CQV pursuant to the terms and conditions of the CQV Sale Shares A Agreement, CQV Sale Shares B Agreement and CQV Treasury Shares Agreement, respectively;
“Board”	the board of Directors;
“Business Day”	any day other than (a) any Saturday or Sunday or (b) any other day on which banks located in Seoul, the Republic of Korea, Hong Kong or Cayman Islands are required or authorised by law to be closed for business;
“BVI”	British Virgin Islands;
“CQV”	CQV Co. Ltd., a company incorporated in the Republic of Korea with limited liability on 20 October 2000 with its common shares listed on KOSDAQ (KOSDAQ: 101240);
“CQV Fundamental Representations”	certain fundamental representations given by CQV under the CQV Treasury Shares Agreement in respect of CQV;
“CQV Sale Shares”	collectively, the CQV Sale Shares A and the CQV Sale Shares B;
“CQV Sale Shares A”	2,255,189 issued shares of CQV, representing 22.24% of the issued shares of CQV;

“CQV Sale Shares Agreement(s)”	collectively, the CQV Sale Shares A Agreement and the CQV Sale Shares B Agreement, and each of the CQV Sale Shares A Agreement and the CQV Sales Shares B Agreement;
“CQV Sale Shares A Agreement”	the share purchase agreement dated 27 January 2023 and entered into between, inter alia, the Purchaser and CQV Vendor A in relation to the acquisition of the CQV Sale Shares A;
“CQV Sale Shares B”	873,163 issued shares of CQV, representing 8.61% of the issued shares of CQV;
“CQV Sale Shares B Agreement”	the share purchase agreement dated 27 January 2023 and entered into between, inter alia, the Purchaser and CQV Vendor B in relation to the acquisition of the CQV Sale Shares B;
“CQV Treasury Shares”	1,175,576 treasury shares currently held by CQV, representing 11.60% of the issued shares of CQV, which will be purchased by the Company pursuant to the terms and conditions of the CQV Treasury Shares Agreement upon the Closing;
“CQV Treasury Shares Agreement”	the share purchase agreement dated 27 January 2023 and entered into between the Company and CQV in relation to the acquisition of the CQV Treasury Shares;
“CQV Vendor A”	Mr. CHANG Kil Wan (張吉玩), an Independent Third Party and independent from CQV Vendor B;
“CQV Vendor B”	Mr. LIN Kwang Su (林光水), an Independent Third Party and independent from CQV Vendor A;
“CQV Vendor(s)”	collectively, CQV Vendor A and CQV Vendor B, and each of CQV Vendor A and CQV Vendor B;
“CQV Vendor Fundamental Representations”	certain fundamental representations given by the relevant CQV Vendors under the relevant CQV Sale Shares Agreements in respect of the relevant CQV Vendors and CQV;
“Chesir International”	Chesir International Holdings Limited (七色国际控股有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company;

“Company”	Global New Material International Holdings Limited (环球新材国际控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 06616);
“Closing”	closing of any of the transactions under the Acquisition;
“Closing Date”	the date that is the fifth Business Day upon the fulfilment (or waiver, if applicable) of the conditions precedent to the relevant CQV Sale Shares Agreements or the CQV Treasury Shares Agreement or such later date as the parties to the relevant CQV Sale Shares Agreements or the parties to the CQV Treasury Shares Agreement may mutually agree;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Consideration Shares”	an aggregate of 47,106,546 new Shares to be allotted and issued by the Company at the Issue Price pursuant to the terms and conditions of the relevant CQV Sale Shares Agreements and the CQV Treasury Shares Agreement upon the Closing;
“Convertible Bond Issue”	the issue of the 3.50% coupon convertible bonds in the aggregate principal amount of not more than CNH500.0 million by the Company (of which an aggregate principal amount of CNH300.0 million has been issued) as disclosed in the Company’s announcements dated 28 and 30 December 2022;
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering, and if though fit, approving, among others, the CQV Sale Shares Agreements, CQV Treasury Shares Agreement and the transactions contemplated thereunder;

“Enlarged Group”	the Group and CQV following the closing of the transactions under the CQV Sales Shares Agreements and the CQV Treasury Shares Agreement;
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 24 June 2022 to allot and issue up to 20% of the total number of the Shares in issue at the time, i.e. 238,352,717 Shares;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected person(s);
“Issue Price”	HK\$8.0 for each Consideration Share, which is determined after arm’s length negotiations between the Company, CQV Vendor A, CQV Vendor B and CQV with reference to the prevailing market prices of the Shares, business prospects of the Group in the medium term and the conversion price under the Convertible Bond Issue;
“KOSDAQ”	the Korea Securities Dealers Automated Quotations, a trading board of The Korea Exchange;
“KRW”	Korean Won, the lawful currency of the Republic of Korea;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long-Stop Date”	31 July 2023;
“PRC”	The People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“Purchaser”	Star Cheer Corporation Limited (至星有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Chesir International;
“Purchaser Parties”	collectively, the Company, Chesir International and the Purchaser;
“RMB”	Renminbi yuan, the lawful currency of The People’s Republic of China;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the Company;
“Share Pledge Loans”	certain loans to CQV Vendor A and CQV Vendor B under which their respective CQV Sale Shares have been pledged in favour of Daishin Securities Co., Ltd. and Shinhan Investment Corp., both an Independent Third Party, as security respectively;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
Global New Material International Holdings Limited
SU Ertian
Chairman and Chief Executive Officer

Hong Kong, 27 January 2023

For the purpose of this announcement, translations of KRW into RMB or vice versa have been calculated by using an exchange rate of RMB1.00 equal to KRW184.46. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

For the purpose of this announcement, translations of KRW into HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to KRW161.55. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

As of the date of this announcement, the Board comprises Mr. SU Ertian (Chairman and Chief Executive Officer), Mr. JIN Zengqin, Mr. ZHOU Fangchao, Mr. BAI Zhihuan (Vice President) and Ms. ZENG Zhu as executive Directors, Mr. HU Yongxiang as non-executive Director and Mr. HUI Chi Fung, Professor HAN Gaorong and Mr. LEUNG Kwai Wah Alex as independent non-executive Directors.