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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: 06616)

PROPOSED ISSUE OF
9.0% CONVERTIBLE BONDS OF UP TO US\$80,000,000
UNDER GENERAL MANDATE

Convertible Bond Issue

On 5 November 2023, the Company entered into the Purchase Agreement, pursuant to which, (i) the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the 9.0% Initial Bonds in the principal amount of up to US\$50,000,000 due 2025, which are convertible into ordinary shares of the Company; and (ii) the Company may, during the Option Bond Period, exercise the option to conditionally issue to the Option Bond Subscriber(s) the 9.0% Option Bonds in the principal amount of up to US\$30,000,000 due 2025, which are convertible into ordinary shares of the Company.

Completion of the First Tranche Initial Bonds is expected to take place on the First Initial Issue Date, and completion of the Second Tranche Initial Bonds is expected to take place on the Second Initial Issue Date.

The Convertible Bonds are convertible into the Conversion Shares in the circumstances set forth in the Conditions at the initial Conversion Price, which is subject to the Adjustment Events. Based on the initial Conversion Price of HK\$7.6 per Share and assuming full conversion of the maximum aggregate principal amount of US\$80,000,000 of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds would be convertible into 81,578,947 Conversion Shares, representing (a) 6.58% of the total issued Shares as of the date of this announcement and (b) 6.18% of the total issued Shares as enlarged by the allotment and issue of the Conversion Shares.

Proposed use of the net proceeds from the Convertible Bond Issue

The estimated net proceeds from the Convertible Bond Issue, after deduction of the estimated expenses, amount to approximately US\$78,800,000 assuming that the maximum aggregate principal amount of US\$80,000,000 of the Convertible Bonds is issued and completed. The net proceeds will be used for general working capital requirement of the Group.

General Mandate

The Conversion Shares will be allotted and issued pursuant to the General Mandate and will rank pari passu in all respects with the Shares then in issue on the date of allotment and issue of such Conversion Shares. The issue of the Conversion Shares is not subject to any additional specific approval by the Shareholders.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares, which may be issued and allotted upon the conversion of the Convertible Bonds.

Completion of the Purchase Agreement is subject to the satisfaction, and/or waiver, of certain conditions precedent therein. Accordingly, the Purchase Agreement may or may not proceed to completion, and the Convertible Bonds and/or the Conversion Shares may or may not be issued. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On 5 November 2023, the Company entered into the Purchase Agreement, pursuant to which, (i) the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for the Initial Bonds, which are convertible into ordinary shares of the Company; and (ii) the Company may, during the Option Bond Period, exercise the option to conditionally issue to the Option Bond Subscribers the 9.0% Option Bonds, which are convertible into ordinary shares of the Company.

Further information on the terms of the Purchase Agreement is summarised as follows:

PRINCIPAL TERMS OF THE PURCHASE AGREEMENT

Date: 5 November 2023

Parties: (i) the Company, as the issuer of the Convertible Bonds; and
(ii) the Subscriber, as the sole subscriber of the Initial Bonds as at the date of the Purchase Agreement.

The Subscriber is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of ARTE Special Situation Fund L.P., a limited partnership of the Cayman Islands that acts through ARTE Capital I GP Limited as its general partner. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties.

Conditions precedent to the issuance of each tranche of the Initial Bonds:

Completion of each tranche of the Initial Bonds is conditional upon the fulfilment and/or waiver (where applicable) of the following:

- (a) the Subscriber having performed and completed to its satisfaction 'know your customer', anti-money laundering or similar identification procedures in respect of the Company;
- (b) the Subscriber having completed to their satisfaction all financial, business and legal due diligence in relation to the Group;
- (c) the Stock Exchange having granted the listing of and permission to deal in all relevant Conversion Shares on the Stock Exchange;
- (d) the Subscriber having received all of the relevant documents and evidence as set out in the Purchase Agreement in form and substance satisfactory to them;

- (e) the representations and warranties of the Company in the relevant transaction documents to which it is a party being true, accurate and correct and not misleading during the period on the date of the Purchase Agreement and ending on the relevant Issue Date, by reference to the circumstances then existing; and
- (f) no Event of Default is continuing or would result from the proposed issue by the Company of the Initial Bonds to the Subscriber.

Conditions precedent to the issuance of the Option Bonds:

Completion of the Option Bonds is conditional upon the fulfilment and/or waiver (where applicable) of the following:

- (a) the Subscriber having provided its prior written consent to the issue of the Option Bonds and the Incoming Investor;
- (b) such Option Bond Subscriber having performed and completed to its satisfaction 'know your customer', anti-money laundering or similar identification procedures in respect of the Company;
- (c) such Option Bond Subscriber having completed to their satisfaction all financial, business and legal due diligence in relation to the Group;
- (d) the Stock Exchange having granted the listing of and permission to deal in all relevant Conversion Shares on the Stock Exchange;
- (e) such Option Bond Subscriber having received all of the relevant documents and evidence as set out in the Purchase Agreement in form and substance satisfactory to them;

- (f) the representations and warranties of the Company in the relevant transaction documents to which it is a party being true, accurate and correct and not misleading during the period on the date of the Purchase Agreement and ending on the Option Bond Issue Date, by reference to the circumstances then existing; and
- (g) no Event of Default is continuing or would result from the proposed issue by the Company of the Option Bonds to such Option Bond Subscriber.

Completion:

Completion of the First Tranche Initial Bonds shall take place on the First Initial Issue Date as notified by the Company to the Subscriber, or such other time as the Issuer and the Subscriber may agree, subject to the satisfaction/waiver of the above relevant conditions precedent.

Completion of the Second Tranche Initial Bonds shall take place on the Second Initial Issue Date as notified by the Company to the Subscriber, or such other time as the Issuer and the Subscriber may agree, subject to the satisfaction/waiver of the above relevant conditions precedent.

Notwithstanding any waiver that may be given by the Subscriber, the Company shall obtain the approval of the Stock Exchange for the listing of, and permission to deal in, the relevant Conversion Shares in any event no later than 15 Business Days after the First Initial Issue Date.

Completion of the Option Bonds shall take place on the Option Bond Issue Date as notified by the Company to the relevant Option Bond Subscriber, or such other time as the Issuer and such Option Bond Subscriber may agree, subject to the satisfaction/waiver of the above relevant conditions precedent.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer:	The Company
Aggregate principal amount of the Convertible Bonds:	Up to US\$50,000,000 to be issued as Initial Bonds, and up to US\$30,000,000 to be issued as Option Bonds.
Form and denomination:	The Convertible Bonds are in registered form only in the denominations of US\$200,000 and integral multiples thereof.
Maturity Date:	The second anniversary of the First Initial Issue Date, which may be, if approved by the Bondholders in their sole and absolute discretion, extended to the third anniversary of the First Initial Issue Date.
Issue Price:	100% of the aggregate principal amount of the Convertible Bonds.
Interest rate:	The Convertible Bonds shall bear interest from and including the respective Issue Date, as the case may be, to the Maturity Date at the rate of 9.0% per annum, payable on a semi-annual basis with all accrued and unpaid interest.
Default interest rate:	If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable, interest shall accrue on the overdue sum (both before and after judgment) at the rate of 30% per annum.
Status:	The Convertible Bonds constitute direct, unsubordinated and unconditional obligations of the Company and rank <i>pari passu</i> and rateably without preference or priority among themselves.
Conversion Price:	The initial Conversion Price is fixed at HK\$7.6, but it will be subject to adjustment for any Adjustment Events, provided that no adjustment shall result in the Conversion Price to fall below the par value of such Share.

Transferability:	Subject to the Conditions, the Convertible Bonds may be transferred by the Bondholder to any third party, except that where the proposed transferee is a connected person (as defined in the Listing Rules) of the Company, such transfer will have to fully comply with the relevant provisions under the Listing Rules then prevailing.
Conversion Period:	Subject to the Conditions, the Bondholder shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into the Conversion Shares at any time from the later of (a) the date on or after the relevant Issue Date and (b) the date on which the listing of, and permission to deal in, the Conversion Shares falling to be issued upon exercise of the conversion rights attached to the applicable Convertible Bonds having been granted by the Listing Committee of the Stock Exchange, to the date falling seven days prior to the Maturity Date or, if such Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then to the date no later than seven days prior to the date fixed for redemption thereof (both dates inclusive).
Ranking of the Conversion Shares:	The Conversion Shares will be fully paid and will in all respects rank <i>pari passu</i> with the fully paid Shares in issue on the date of allotment and issue of such Conversion Shares.
Redemption upon maturity:	Unless previously redeemed, converted, purchased or cancelled, the Company will redeem the applicable Convertible Bonds on the Maturity Date at (a) the principal amount outstanding on that Convertible Bond; (b) the outstanding interest up to the date of redemption; (c) any default interest; and (d) any other outstanding amount due but unpaid under that Convertible Bond and the other transaction documents (collectively the “ Applicable Redemption Amount ”).

Redemption at the option of the Company

On giving not less than 30 nor more than 60 days' notice, the Convertible Bonds may be redeemed by the Company in whole or in part at (a) the Applicable Redemption Amount; (b) an amount equal to the aggregate interest that would have been payable up to and including the date falling 12 months from the relevant Issue Date of such Convertible Bonds (the "**Make-Whole End Date**"), had such Convertible Bonds not been redeemed prior to the Make-Whole End Date (the "**Make-Whole Amount**"); plus (c) any interest accrued but unpaid to such date (if any) at any time.

Events of Default:

On occurrence of any of the following events (each an "**Event of Default**"), Bondholders holding no less than 40% in principal amount of the Convertible Bonds then outstanding can give notice to the Company that the Bond is immediately due and repayable at its Applicable Redemption Amount plus the Make-Whole Amount:

- (1) any default in the payment of any principal or interest due in respect of the Convertible Bonds or any of them; or
- (2) failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of Convertible Bonds; or
- (3) failure to perform or observe any of its other obligations under the Conditions, the Purchase Agreement or any other transaction documents to which the Company is a party and those of which the Bondholders consider the failure to be incapable of remedy; or
- (4) any representation, statement or warranty made or deemed to be made or repeated in any transaction document is or proves to have been incorrect or misleading, which if capable of remedy, is not remedied within a prescribed timeframe; or

- (5) a breach of any other transaction documents or a cross-default of financial indebtedness of any member of the Group; or
- (6) an order is made by any competent court which is not discharged or overruled within 14 days by a non-appealable order by a competent court, or any resolution is passed for the winding up, bankruptcy or dissolution of any member of the Group;
- (7) if any member of the Group stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts as they fall due or is deemed unable to pay its debts;
- (8) if (A) proceedings are initiated against any member of the Group under any applicable liquidation, insolvency, bankruptcy, judicial management, composition, reorganisation or other similar laws or an application is made for the appointment of, or an appointment of, an administrative or other receiver, manager, judicial manager, administrator or other similar official, in relation to any member of the Group or in relation to the whole or any part of the undertaking, assets or revenues of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them; and (B) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, is not discharged within 14 days (or such longer period as may be agreed by the Bondholders);

- (9) any member of the Group (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation, judicial management or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally and such meeting is not cancelled within 14 days (or such longer period as may be agreed by the Bondholders) from its announcement; or occurrence of any event which has an analogous effect to any of the events referred to at paragraphs (6) to (9);
- (10) repudiation or purported repudiation of a relevant transaction document to which the Company is a party;
- (11) any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings, requisitions or disputes are commenced or threatened in relation to the Convertible Bonds and the relevant transaction documents or against the Group or in relation to its assets which has or may have a material adverse effect;
- (12) any governmental agency seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Group or makes an order therefor;

- (13) it is or become unlawful for the Company to perform any of its obligations under any of the relevant transaction documents to which it is a party; any obligation under any of the relevant transaction documents to which it is a party is not or ceases to be legal, valid, binding or enforceable and the cessation individually or cumulatively adversely affects the interests of the Bondholders under the relevant transaction documents; or any transaction document ceases to be in full force and effect or ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Bondholders) to be ineffective;
- (14) occurrence of any event or circumstance which in the opinion of the Bondholders has or may have a material adverse effect;
- (15) any undertaking in relation to sale, leasing, transfer or otherwise disposal of assets of the Group as set out in the Purchase Agreement is not being satisfied;
- (16) the Shares of the Company are delisted or suspended from trading on the Stock Exchange for more than 30 consecutive trading days;
- (17) either (a) the Company fails to file any of its financial statements by the Listing Rules, or (b) the Company's audited financial statements are qualified to an extent which results in or may result in a material adverse effect;
- (18) any member of the Group ceases or threatens to cease to carry on the whole or a substantial part of its business or changes or threatens to change the nature or scope of its business; or

(19)if the Controlling Shareholder loses (a) the ability to direct the appointment or removal of Directors having a majority of the voting rights exercisable at Board meetings of the Company on all or substantially all matters; (b) the ownership (or ultimate beneficial ownership (through discretionary trust or otherwise)) of, or the ability to direct the exercise of, a majority of the voting rights exercisable at general meetings of the Shareholders; or (c) the direct or indirect possession of the power to direct or cause the direction of its financial and operational management and policies of the Company (whether through the ownership of voting shares or ultimate beneficial interest (through discretionary trusts or otherwise), by a management or advisory agreement, by contract, or otherwise), or ceases to be a controlling shareholder (as defined in the Listing Rules).

Voting:

The Bondholder will not be entitled to attend or vote at any general meeting of the Company in the capacity as the holder of the Convertible Bonds.

Listing:

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares, which may be issued and allotted upon the conversion of the Convertible Bonds.

No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

CONVERSION PRICE

The initial Conversion Price of HK\$7.6 represents:

- (a) a premium of 99.48% over the closing price of HK\$3.81 per Share as quoted on the Stock Exchange on 3 November 2023 (being the last trading day immediately prior to entering into the Purchase Agreement, as the date of entering into the Purchase Agreement is not a trading day); and
- (b) a premium of approximately 100.32% over the average closing price of HK\$3.794 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date on which the Purchase Agreement has been entered into.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into consideration, among others, the initial conversion price of the 2022 Convertible Bond, the prevailing market prices of the Shares, the business prospects of the Group in the medium term following the use of the net proceeds from the Convertible Bond Issue, the terms and conditions of the Purchase Agreement and the Convertible Bonds (including the interest and the adjustments for any Adjustment Events).

The Directors consider that the Conversion Price and the terms and conditions of the Purchase Agreement and the Convertible Bonds are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

EFFECT OF THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF THE CONVERSION

Based on the initial Conversion Price of HK\$7.6 per Share and assuming full conversion of the maximum aggregate principal amount of US\$80,000,000 of the Convertible Bonds at the initial Conversion Price, the Convertible Bonds would be convertible into 81,578,947 Conversion Shares, representing (a) 6.58% of the total issued Shares as of the date of this announcement and (b) 6.18% of the total issued Shares as enlarged by the allotment and issue of the Conversion Shares.

The following table illustrates (a) the existing shareholding structure of the Company as of the date of this announcement; (b) the shareholding structure of the Company assuming no issuance of the Option Bonds and full conversion of Initial Bonds at the initial Conversion Price of HK\$7.6 per Share; and (c) the shareholding structure of the Company assuming full conversion of Convertible Bonds at the initial Conversion Price of HK\$7.6 per Share, on the assumption that there will be no other changes to the share capital of the Company from the date of this announcement until the conversion of the Initial Bonds or Convertible Bonds in full (as the case may be), save for the allotment and issue of the shares as a result of (a) the Conversion Shares

as a result of the conversion of the Initial Bonds or Convertible Bonds in full (as the case may be); and (b) the Subscriber and the Option Bond Subscriber(s) do not and will not hold any Shares other than the Conversion Shares as a result of the conversion of the Initial Bonds or Convertible Bonds in full (as the case may be).

Shareholder	As of the date of this announcement		Assuming no issuance of the Option Bonds and full conversion of the Initial Bonds		Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$7.6	
	Number of Shares	% of the issued Shares	Number of Shares	% of the issued Shares	Number of Shares	% of the issued Shares
Directors						
Mr SU (<i>Note 1</i>)	422,376,948	34.09	422,376,948	32.75	422,376,948	31.99
Mr BAI Zhihuan ("Mr BAI") (<i>Note 2</i>)	694,000	0.05	694,000	0.05	694,000	0.05
Mr HU Yongxiang ("Mr HU") (<i>Note 3</i>)	19,285,200	1.56	19,285,200	1.50	19,285,200	1.46
Substantial Shareholder						
Guangxi Investment Group Co., Ltd. (<i>Note 4</i>)	166,656,344	13.45	166,656,344	12.92	166,656,344	12.62
Public Shareholders	629,857,640	50.85	629,857,640	48.83	629,857,640	47.70
The Subscriber						
- First Tranche Initial Bonds	—	—	40,789,474	3.16%	40,789,474	3.09
- Second Tranche Initial Bonds	—	—	10,197,368	0.79%	10,197,368	0.77
The Option Bond Subscriber(s)						
	—	—	—	—	30,592,105	2.32
Total	<u>1,238,870,132</u>	<u>100.00</u>	<u>1,289,856,974</u>	<u>100.00</u>	<u>1,320,449,079</u>	<u>100.00</u>

Notes:

- (1) Mr SU is the Chairman and the Chief Executive Officer of the Group and an executive Director. As of the date of this announcement, Mr SU is the beneficial owner of 3,053,000 Shares and deemed to be interested in 419,323,948 Shares through certain corporations. Mr JIN Zengqin, an executive Director, is deemed to be interested in 44,492,148 Shares through two corporations controlled by Mr SU and him as of the date of this announcement.
- (2) Mr BAI is an executive Director. As of the date of this announcement, Mr BAI owns 694,000 Shares.
- (3) Mr HU is a non-executive Director. As of the date of this announcement, Mr HU is deemed to be interested in 19,285,200 Shares through a corporation.
- (4) As of the date of this announcement, Guangxi Investment is deemed to be interested in 166,656,344 Shares through certain corporations.

PROPOSED USE OF THE NET PROCEEDS FROM THE CONVERTIBLE BOND ISSUE

Assuming that the maximum aggregate principal amount of the Convertible Bonds is issued and completed, the gross proceeds from the Convertible Bond Issue will be US\$80,000,000. The estimated net proceeds from the Convertible Bond Issue, after deduction of the estimated expenses, amount to approximately US\$78,800,000. The net proceeds will be used for general working capital requirement of the Group.

REASONS FOR THE CONVERTIBLE BOND ISSUE

The Directors consider that the Convertible Bond Issue is appropriate to raise additional equity as it will provide the Company with additional funds without increasing its leverage for the Group's general working capital purposes. The Directors consider that the terms of the Purchase Agreement and the Conditions are entered into on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned, and the Convertible Bond Issue is in the interest of the Company and the Shareholders as a whole.

The group of the Subscriber manages capital for institutional investors in the Middle East, Mainland China and Hong Kong, and could help secure strategic investment for the Company. It could enhance the Group's relationship with the public and private sectors in the region, and could facilitate the Group to potentially explore further synergies in both business development and investments for the Group.

INFORMATION ABOUT THE GROUP

The Company is an investment holding company. The Group is principally engaged in the business of production and sales of pearlescent pigment products and synthetic mica powder in the PRC.

INFORMATION ABOUT THE SUBSCRIBER

According to the information provided by the Subscriber and to the best knowledge, information and belief of the Directors having made reasonable enquiries:

- (1) the Subscriber is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of ARTE Special Situation Fund L.P., a limited partnership of the Cayman Islands with a wide investor base that acts through ARTE Capital I GP Limited as its general partner;
- (2) the Subscriber and its ultimate beneficial owner(s) are Independent Third Parties; and

- (3) before entering into the Purchase Agreement, except as disclosed above, neither the Subscriber nor its associates have any other interests in the Shares or any business dealings with the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately preceding the date of this announcement:

Date of initial announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual of use of net proceeds
28 December 2022	The issue of the 2022 Convertible Bond	CNH300.0 million	Investment opportunities within the pearlescent pigments and synthetic mica industry	Not yet utilised. As of the date of this announcement, they are deposited in a licensed bank

In addition, on 22 August 2023, a total of 47,106,546 Shares at HK\$8.0 per Share have been allotted to Mr CHANG Kil Wan, Mr LIN Kwang Su and CQV Co. Ltd. (a company incorporated in the Republic of Korea) as consideration shares in respect of the acquisition of certain shares of CQV Co. Ltd., as disclosed in the announcement of the Company dated 27 January 2023.

Save for the aforesaid, the Company did not raise funds on any issue of equity securities raising activities during the past 12 months immediately preceding the date of this announcement.

GENERAL MANDATE

The Conversion Shares will be allotted and issued pursuant to the General Mandate.

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 27 June 2023, the Shareholders approved the General Mandate granted to the Directors to allot and issue up to 20% of the total number of Shares in issue on 27 June 2023. The number of Shares that may be allotted and issued under the General Mandate is 238,352,717 Shares.

As disclosed in the announcement of the Company dated 23 August 2023, on 22 August 2023, a total of 47,106,546 Shares at HK\$8.0 per Share have been allotted under the General Mandate to Mr CHANG Kil Wan, Mr LIN Kwang Su and CQV Co. Ltd. by the Company. As of the date of this announcement, up to 191,246,171 Shares remain available to be allotted and issued under the General Mandate.

Based on the initial Conversion Price of HK\$7.6 per Share and assuming full conversion of the maximum aggregate principal amount of US\$80,000,000 of the Convertible Bonds, 81,578,947 Shares will be allotted and issued by the Company, representing 42.66% of the numbers of Shares that remain available to be issued under the General Mandate.

Accordingly, the General Mandate is sufficient for the allotment and issuance of the Conversion Shares. The issue of the Conversion Shares is not subject to any additional specific approval by the Shareholders.

Completion of the Purchase Agreement is subject to the satisfaction, and/or waiver, of certain conditions precedent therein. Accordingly, the Purchase Agreement may or may not proceed to completion, and the Convertible Bonds and/or the Conversion Shares may or may not be issued. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

- “2022 Convertible Bond”** the convertible bond issued by the Company in the principal amount of CNH300.0 million to Hong Kong Boyue International Investment Fund Co., Limited on 30 December 2022;
- “Adjustment Event(s)”** any of the following events: consolidation, subdivision or reclassification; capitalisation of profits or reserves; distributions; rights issues of Shares or options over Shares; rights issues of other securities of the Company; issues at less than current market price; other issues at less than current market price; modification of rights of conversion; other offers to Shareholders; and other events as determined by the Company;
- “Board”** board of Directors;
- “Bond Instrument”** a bond instrument constituting the Convertible Bonds and comprising the Conditions;
- “Bondholder(s)”** holder(s) of the Convertible Bonds;

“Business Day”	a day, other than a Saturday, Sunday and public holiday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours;
“CNH”	Offshore Chinese Yuan, the lawful currency of the PRC traded outside the PRC;
“Company”	Global New Material International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 06616);
“Conditions”	the terms and conditions to the Convertible Bonds;
“Conversion Period”	subject to the Conditions, the period commencing from the later of (i) the date on or after the relevant Issue Date and (ii) the date on which the listing of, and permission to deal in, the Conversion Shares falling to be issued upon exercise of the conversion rights attached to the applicable Convertible Bonds having been granted by the Listing Committee of the Stock Exchange, to the date falling seven days prior to the Maturity Date or, if such Convertible Bonds shall have been called for redemption by the Company before the Maturity Date, then to the date no later than seven days prior to the date fixed for redemption thereof (both dates inclusive);
“Conversion Price”	the price per Conversion Share at which the Conversion Shares will be issued upon conversion of the Convertible Bonds which will initially be HK\$7.6 per Share and will be subject to adjustment in the manner provided for in the Conditions, including for any Adjustment Events;
“Conversion Shares”	new Shares to be allotted and issued by the Company upon conversion of the Convertible Bonds;

“Convertible Bond Issue”	the issue of the Convertible Bonds by the Company pursuant to the Purchase Agreement;
“Convertible Bonds”	the Initial Bonds and the Option Bonds;
“Director(s)”	director(s) of the Company;
“Event of Default”	any event or circumstance specified as such in a Bond Instrument;
“First Initial Issue Date”	the date of issuance of the First Tranche Initial Bonds;
“First Tranche Initial Bonds”	the 9.0% convertible bonds in the aggregate principal amount of up to US\$40,000,000 due 2025 to be issued by the Company pursuant to the Purchase 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 27 June 2023 to allot and issue up to 20% of the total number of the Shares in issue at the time;
“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;
“Incoming Investor(s)”	a subscriber of the Option Bonds other than the Subscriber;
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons (as defined in the Listing Rules) of the Company;
“Initial Bonds”	the First Tranche Initial Bonds and/or the Second Tranche Initial Bonds (as the case may be);
“Issue Date”	the First Initial Issue Date, the Second Initial Issue Date and/or the Option Bond Issue Date (as the case may be);
“Listing Committee”	has the meaning as defined in the Listing Rules;

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Maturity Date”	the second anniversary of the First Initial Issue Date or, if extended pursuant to the Conditions, the third anniversary of the First Initial Issue Date;
“Mr SU” or “the Controlling Shareholder”	Mr SU Ertian, the Chairman and the Chief Executive Officer of the Group and an executive Director;
“Option Bonds”	the 9.0% convertible bonds in the aggregate principal amount of up to US\$30,000,000 due 2025 to be issued by the Company pursuant to the Purchase Agreement;
“Option Bond Issue Date”	the date of issuance of the Option Bonds;
“Option Bond Period”	the period of 120 calendar days commencing from (and inclusive of) the First Initial Issue Date;
“Option Bond Subscriber”	the Subscriber and/or any Incoming Investor(s);
“PRC”	the People’s Republic of China (for the purpose of this announcement and for geographical reference only does not include Hong Kong, The Macau Special Administrative Region of the People’s Republic of China and Taiwan);
“Purchase Agreement”	the purchase agreement dated 5 November 2023 entered into between the Company and the Subscriber in relation to the Convertible Bond Issue;
“Second Initial Issue Date”	the date of issuance of the Second Tranche Initial Bonds;
“Second Tranche Initial Bonds”	the 9.0% convertible bonds in the aggregate principal amount of up to US\$10,000,000 due 2025 to be issued by the Company pursuant to the Purchase Agreement;
“Shareholder”	holder(s) of the Share(s);
“Shares”	ordinary share(s) of HK\$0.10 each in the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber”	Billion New Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of ARTE Special Situation Fund L.P., a limited partnership of the Cayman Islands that acts through ARTE Capital I GP Limited as its general partner;
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“US\$”	US dollars, the lawful currency of the United States of America;
“%”	per cent.

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

Hong Kong, 5 November 2023

For the purpose of this announcement, translations of US\$ into HK\$ or vice versa have been calculated by using an exchange rate of HK\$7.75 equal to US\$1.00. 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.