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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)**

**DISCLOSEABLE TRANSACTION**  
**DEEMED DISPOSAL OF EQUITY INTEREST IN**  
**CHESIR LUZHAI**

**THE CAPITAL INCREASE AGREEMENT**

The Board is pleased to announce that on 24 May 2025, Chesir Luzhai, a non-wholly owned indirect subsidiary of the Company, and Chongqing International (acting for and on behalf of the Trust) entered into the Capital Increase Agreement, pursuant to which Chongqing International has agreed to inject RMB500,000,000 into Chesir Luzhai, of which RMB13,115,885 will be contributed to the increase in its registered capital and RMB486,884,115 will be contributed to its capital reserve. Upon Completion, the registered capital of Chesir Luzhai will be increased from RMB131,158,845 to RMB144,274,730, and Chesir Luzhai will be held as to approximately 90.91% by its existing equity interest holders as at the date of this announcement and approximately 9.09% by Chongqing International.

Immediately upon Completion, the effective equity interest of the Group in Chesir Luzhai will be diluted from approximately 52.22% to approximately 47.48%. However, by reason of the fact that the Group will maintain over the board composition and management of the affairs of Chesir Luzhai, Chesir Luzhai will upon Completion remain as a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the financial statements of the Group.

**LISTING RULES IMPLICATIONS**

Upon Completion, the effective equity interest of the Group in Chesir Luzhai will be diluted from approximately 52.22% to approximately 47.48%. Therefore, the Capital Injection will constitute a deemed disposal by the Group of its equity interest in Chesir Luzhai pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection and the Deemed Disposal is more than 5% but less than 25%, the Capital Injection and the Deemed Disposal constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Capital Increase Agreement is subject to the satisfaction or waiver (as the case may be) of conditions precedent. Accordingly, the Capital Increase Agreement may or may not proceed to Completion. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE CAPITAL INCREASE AGREEMENT**

The principal terms of the Capital Increase Agreement are summarised below:

**Date:** 24 May 2025

**Parties:** (i) Chongqing International (acting for and on behalf of the Trust);  
(ii) Chesir Pearl; and  
(iii) Chesir Luzhai.  
(each a “**Party**”, and collectively, the “**Parties**”)

### **Capital Injection**

As at the date of this announcement, the existing equity interest holders of Chesir Luzhai hold the entire registered capital of RMB131,158,845 of Chesir Luzhai.

Pursuant to the Capital Increase Agreement, Chongqing International has agreed to inject RMB500,000,000 into Chesir Luzhai, of which RMB13,115,885 will be contributed to the increase in its registered capital and RMB486,884,115 will be contributed to its capital reserve. Upon Completion, the registered capital of Chesir Luzhai will be increased from RMB131,158,845 to RMB144,274,730, and Chesir Luzhai will be held as to approximately 90.91% by its existing equity interest holders as at the date of this announcement and approximately 9.09% by Chongqing International.

The table below sets out the respective percentages of registered capital of Chesir Luzhai held by its equity interest holders as at the date of this announcement and immediately following Completion:

Equity interest holders	As at the date of this announcement		Immediately following Completion	
	Registered capital subscribed		Registered capital subscribed	
	(RMB)	(Approximate) %	(RMB)	(Approximate) %
Chesir Pearl <sup>#</sup>	70,475,572	53.73	70,475,572	48.85
Other Equity Interest Holders	60,683,273	46.27	60,683,273	42.06
Chongqing International	N/A	N/A	13,115,885	9.09
<b>Total</b>	<b><u>131,158,845</u></b>	<b><u>100.00</u></b>	<b><u>144,274,730</u></b>	<b><u>100.00</u></b>

<sup>#</sup> As at the date of this announcement, Chesir Pearl is interested by the Group as to approximately 97.19%. Accordingly, the respective effective equity interest of the Group in Chesir Luzhai are approximately 52.22% as at the date of this announcement and approximately 47.48% immediately following Completion.

### Conditions precedent

Completion is subject to and conditional upon the satisfaction in full or the waiver by Chongqing International of the following conditions:

- (a) the Capital Increase Agreement and the revised and amended articles of association of Chesir Luzhai have been duly executed by each of the Parties and becoming effective;
- (b) the following documents have been provided to Chongqing International:
  - (i) a copy of the executed decision and/or resolution made by Chesir Pearl approving the Capital Injection and the execution and performance of the transaction documents by Chesir Pearl; and
  - (ii) a copy of the executed shareholders' resolution unanimously agreed and signed by all shareholders of Chesir Luzhai (1) approving the Capital Injection and the execution and performance of the transaction documents by Chesir Luzhai; and (2) waiving the pre-emptive right and any other preferential rights in relation to the Capital Injection;
- (c) all necessary approval, filing and authorisation in relation to the execution and performance of each transaction document by Chesir Pearl and Chesir Luzhai have been obtained or made, and have been provided to Chongqing International (if any);

- (d) the Trust has been established and all registration and filing have been completed in accordance with relevant applicable requirements;
- (e) an account has been opened with a designated bank by the Trust, and relevant custody agreements has been entered into between the Trust and such designated bank;
- (f) an account has been opened with a designated bank by Chesir Luzhai for the purpose of receiving the consideration for the Capital Increase Agreement and other purposes;
- (g) no occurrence of any event which constitutes a material adverse effect on Chesir Pearl and/or Chesir Luzhai from the date of the Capital Increase Agreement to the date where payment of the Capital Injection amount has been completed;
- (h) the representations, warranties and undertakings made by Chesir Pearl and Chesir Luzhai under the Capital Increase Agreement have been true, complete, accurate, not misleading and no omission from the date of the Capital Increase Agreement until the date where payment of the Capital Injection amount has been completed;
- (i) each respective undertaking, obligation and agreement as agreed by Chesir Pearl and Chesir Luzhai to be performed prior to the date where payment of the Capital Injection amount has been completed has been performed, and there is no breach of the transaction documents; and
- (j) the delivery of payment notice in writing by Chesir Luzhai to Chongqing International in respect of the Capital Injection.

In the event that any of the conditions precedent is not satisfied (or waived as the case may be) within 3 months from the date of the Capital Increase Agreement, Chongqing International shall be entitled to terminate the Capital Increase Agreement, and shall be under no obligation in paying the Capital Injection amount.

### **Consideration and Completion**

The consideration for the Capital Increase Agreement is RMB500,000,000, which shall be payable by Chongqing International within sixty (60) Business Days from (and exclusive of) the date of satisfaction or waiver of all conditions precedent.

The consideration for the Capital Increase Agreement was determined after arm's length negotiations between the parties based on the agreed pre-investment valuation of Chesir Luzhai in the amount of RMB5 billion, which was determined using the prevailing market price approach after taking into account of the following:

(a) the future prospects of Chesir Luzhai with reference to:

- its historical financial performance, including the historical growth rate of revenue and net profit after tax between the financial years ended 31 December 2023 and 2024 at approximately 19.2% and 63.9% respectively;
- the steady development of the PRC mica product market, being the market which Chesir Luzhai is principally engaged in, in view of the wide usage of synthetic mica; and
- the leading and prominent market position of Chesir Luzhai in the production of synthetic mica and pearlescent pigment products; and

(b) the due diligence conducted on Chesir Luzhai by Chongqing International.

Within twenty (20) Business Days from the Completion Date, Chesir Luzhai shall complete the relevant business registration and filing procedures in relation to the Capital Injection with the relevant authorities.

### **Use of proceeds from the Capital Injection**

The proceeds from the Capital Injection will be used by Chesir Luzhai for its principal business operations, project construction, related investments, loan repayment, daily operations, and other purposes as approved by Chongqing International.

### **Representations and warranties**

Certain customary warranties, including but not limited to those in relation to capacity, authorisations, enforceability, licences and approvals, disclosure of information, have been given by each of Chesir Luzhai and Chongqing International to each other pursuant to the Capital Increase Agreement.

## **Rights and obligations of equity holders upon Completion**

With effect from Completion Date:

- (a) certain customary reserved matters shall be approved by equity holders of Chesir Luzhai holding more than two third of the equity interest in Chesir Luzhai, including but not limited to any approval of profit distribution plan of Chesir Luzhai, any increase or decrease of registered capital of Chesir Luzhai, any amendment of the Chesir Luzhai's constitutional document, merger or dissolution of Chesir Luzhai;
- (b) unless otherwise agreed in writing by Chongqing International, Chesir Pearl shall not be entitled to transfer directly or indirectly its equity interest in Chesir Luzhai, nor impose any charge or encumbrance on such equity interest;
- (c) Chongqing International shall have a pre-emptive right to subscribe for the proposed additional registered capital in the event of a proposed increase of registered capital in Chesir Luzhai;
- (d) in the event that Chesir Pearl transfers any of its equity interest in Chesir Luzhai to a third party, Chongqing International shall have (i) a right of first refusal to acquire such equity interest; or (ii) a tag-along right to participate in such transfer and sell its equity interest in Chesir Luzhai to such third party; and
- (e) prior written consent of Chongqing International shall be required in the event of the consummation of a qualified listing of Chesir Luzhai.

## **Termination**

The Capital Increase Agreement may be amended or terminated in writing under the following circumstances:

- (a) where the amendment or termination of Capital Increase Agreement has been agreed by the parties, provided that it shall not harm the state interest or the public interest;
- (b) the occurrence of any force majeure event which renders the performance of all obligations under the Capital Increase Agreement impossible; or
- (c) where the circumstances for amendment or termination of the Capital Increase Agreement as specified therein arise.

In the event that the Capital Increase Agreement is terminated, (i) Chesir Pearl and Chesir Luzhai shall jointly and severally return any Capital Injection amount being

paid by Chongqing International within five (5) Business Days after termination of the Capital Increase Agreement; and (ii) (where relevant) business registration shall be made upon Chesir Luzhai's request to the effect that Chongqing International shall cease to be interested in Chesir Luzhai.

## **INFORMATION OF CHESIR LUZHAI**

Chesir Luzhai is a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement. It is principally engaged in the production and sales of synthetic mica and pearlescent products in the PRC.

Set out below is certain financial information of Chesir Luzhai as extracted from its unaudited management accounts for the financial years ended 31 December 2023 and 31 December 2024:

	<b>For the year ended 31 December 2024</b>	<b>For the year ended 31 December 2023</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximate)</i>	<i>(approximate)</i>
Revenue	242,333	203,303
Net profit before tax	97,163	59,224
Net profit after tax	84,395	51,493

As at 31 December 2024, the unaudited net asset value of Chesir Luzhai was approximately RMB1,543 million.

## **FINANCIAL EFFECTS OF THE DEEMED DISPOSAL TO THE GROUP**

Immediately upon Completion, the equity interest of the Group in Chesir Luzhai will be diluted from approximately 52.22% to approximately 47.48%. However, by reason of the fact that the Group will maintain over the board composition and management of the affairs of Chesir Luzhai, Chesir Luzhai will upon Completion remain as a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated in the financial statements of the Group. The Deemed Disposal will be accounted for as an equity transaction and no gain or loss will be recognised from the Deemed Disposal for the Group.

## **USE OF PROCEEDS FROM THE CAPITAL INJECTION**

The Company intends to apply the net proceeds of the Capital Injection for its future business expansion and use of investment opportunities at the pearlescent pigments and synthetic mica and related industry.

## **REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION AND THE DEEMED DISPOSAL**

The Directors consider that the carrying out of the Capital Injection is suitable and appropriate as it would be able to raise additional funds for the Group without increasing its leverage, for the purpose of financing the Group's future business expansion and its exploration of investment opportunities at the industry at which the Group is currently principally engaged. It could be able to facilitate the growth of its current business stream, including by way of marketing activities initiative, improving product and service quality, broadening sales channel, constructing new production facilities, as well as consolidating its leading and prominent position in the synthetic mica industry in the PRC.

The Directors consider that the terms of the Capital Increase Agreement were made on normal commercial terms and are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **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 CHONGQING INTERNATIONAL AND THE TRUST**

Chongqing International is a company established under the laws of the PRC with limited liability, and is principally engaged in provision of institutional financial services in relation to capital trust, property trust, special purpose trust, securities underwriting, investment bank, fund business, and other services, as well as loans, guarantees, inter-bank lending, and bond trading services. Approximately 66.99% of the shares of Chongqing International are being held by Tongfang Guoxin Investment Holding Co., Ltd.\* (同方國信投資控股有限公司), being the largest shareholder of Chongqing International, whose largest shareholder is Tongfang Innovation Investment (Shenzhen) Co., Ltd.\* (同方創新投資(深圳)有限公司) holding approximately 26.32% of its shares, which in turn is a wholly-owned subsidiary of Tsinghua Tongfang Co., Ltd.\* (同方股份有限公司), whose shares are listed on the Shanghai Stock Exchange.

The Trust is a single fund trust, whose trustee is Chongqing International, and the beneficiary of which is a PRC onshore private equity investment entity firm.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Chongqing International, the Trust and their respective ultimate beneficial owners are Independent Third Parties.



## LISTING RULES IMPLICATIONS

Upon Completion, the effective equity interest of the Group in Chesir Luzhai will be diluted from approximately 52.22% to approximately 47.48%. Therefore, the Capital Injection will constitute a deemed disposal by the Group of its equity interest in Chesir Luzhai pursuant to Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection and the Deemed Disposal is more than 5% but less than 25%, the Capital Injection and the Deemed Disposal constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion of the Capital Increase Agreement is subject to the satisfaction or waiver (as the case may be) of conditions precedent. Accordingly, the Capital Increase Agreement may or may not proceed to Completion. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Board”	board of Directors;
“Business Day”	any calendar day other than Saturdays or Sundays and any other holidays under the laws of the PRC;
“Capital Increase Agreement”	the agreement dated 24 May 2025 entered into between Chongqing International, Chesir Pearl and Chesir Luzhai in relation to, among other things, the Capital Injection;
“Capital Injection”	the capital contribution of RMB500,000,000 by Chongqing International into Chesir Luzhai under the terms and conditions of the Capital Increase Agreement;
“Chesir Luzhai”	Luzhai Chesir Pearl Mica Material Co., Ltd.* (鹿寨七色珠光雲母材料有限公司), a company established under the laws of the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company;

“Chesir Pearl”	Guangxi Chesir Pearl Material Co., Ltd.* (廣西七色珠光材料股份有限公司), a joint stock company established under the laws of the PRC with limited liability, and an indirect non-wholly owned subsidiary of the Company and one of the existing equity interest holders of Chesir Luzhai as at the date of this announcement;
“Chongqing International”	Chongqing International Trust Inc.* (重慶國際信託股份有限公司), a company established under the laws of the PRC with limited liability;
“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);
“Completion”	the completion of the Capital Injection pursuant to the Capital Increase Agreement;
“Completion Date”	the date of Completion;
“Deemed Disposal”	the deemed disposal through the dilution of the Group’s equity interest in Chesir Luzhai as a result of the Capital Injection by Chongqing International pursuant to the Capital Increase Agreement;
“Director(s)”	director(s) of the Company;
“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 the Company and any of the connected persons (as defined in the Listing Rules) of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“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);
“RMB”	Renminbi, the lawful currency of the PRC
“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;
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Trust”	Chongqing Trust — Luzhai Chesir Singular Fund Trust* (重慶信託 • 鹿寨七色單一資金信託); and
“%”	per cent.

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

Hong Kong, 24 May 2025

*As at 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, Ms ZENG Zhu and Mr LIM Kwang Su as executive Directors, Mr HU Yongxiang as non-executive Director, and Mr HUI Chi Fung, Professor HAN Gaorong, Mr LEUNG Kwai Wah Alex and Professor CHEN Fadong as independent non-executive Directors.*

*\* For identification purposes only*