

## ANNOUNCEMENT OF OFFER PRICE AND ALLOTMENT RESULTS

### SUMMARY

#### OFFER PRICE

- The Offer Price has been determined at HK\$3.25 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

#### NET PROCEEDS FROM THE GLOBAL OFFERING

- Based on the Offer Price of HK\$3.25 per Offer Share, the net proceeds from the Global Offering to be received by the Company, after deduction of underwriting fees and other expenses payable by the Company in connection with the Global Offering and assuming that the Over-allotment Option is not exercised, are estimated to be approximately HK\$879.0 million.
- The Company intends to apply such net proceeds in accordance with the purposes as set out in the section headed “Net Proceeds from the Global Offering” in this announcement.
- If the Over-allotment Option is exercised in full, based on the Offer Price of HK\$3.25 per Offer Share, the additional net proceeds that the Company will receive will be approximately HK\$141.7 million for 43,601,000 Offer Shares to be issued upon the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, the Company will apply the net proceeds on a pro rata basis.

#### APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED

##### Hong Kong Public Offering

- The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering have been over-subscribed. At the close of the application lists at 12:00 noon on Tuesday, 6 July 2021, a total of 46,247 valid applications pursuant to the Hong Kong Public Offering on the **WHITE** and **YELLOW** Application Forms, or through the **HK eIPO White Form** service and the **CCASS EIPO** service for a total of 313,676,000 Hong Kong Offer Shares were received, representing approximately 10.79 times of the total number of 29,068,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering.

- As the Hong Kong Public Offering has been over-subscribed by less than 15 times of the total number of Offer Shares initially available under the Hong Kong Public Offering, the reallocation procedure as disclosed in the section headed “Structure and Conditions of the Global Offering — The Hong Kong Public Offering — Reallocation” in the Prospectus have not been applied. The final number of Offer Shares under the Hong Kong Public Offering is 29,068,000 Offer Shares, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

### **International Offering**

- The Offer Shares initially offered under the International Offering have been slightly over-subscribed. A total number of 302,764,400 Shares have been subscribed under the International Offering, representing approximately 1.16 times of the total number of 261,606,000 Offer Shares initially available under the International Offering, and an over-allocation of 29,068,000 Shares was made in the International Offering. The final number of Offer Shares under the International Offering is 261,606,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).
- There has been an over-allocation of 29,068,000 Shares and there were a total of 177 placees under International Offering. A total number of 104 placees have been allotted 5 board lots of Shares or less, representing approximately 58.8% of total number of placees under the International Offering. These placees have been allotted 172,000 Shares in total, representing approximately 0.07% of the Offer Shares initially available under the International Offering (before any exercise of the Over-allotment Option) and 0.06% of the Offer Shares under the Global Offering (before any exercise of the Over-allotment Option).

### **CORNERSTONE INVESTORS**

- Based on the Offer Price of HK\$3.25 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and pursuant to the Cornerstone Investment Agreements as disclosed in the section headed “Cornerstone Investments” in the Prospectus, the Cornerstone Investors have subscribed for 27,065,000 Offer Shares at the final Offer Price, representing approximately 9.31% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option) and approximately 2.32% of the Shares in issue immediately following completion of the Global Offering (before any exercise of the Over-allotment Option).

- Shanghai Huijin, one of the Cornerstone Investors, has agreed to participate in the International Offering and has appointed the QDII Manager, who is a connected client of the Sole Global Coordinator under Paragraph 13(7) of the Placing Guidelines, to subscribe for and hold the International Offer Shares allocated to it (or its nominee) on a discretionary basis on behalf of Shanghai Huijin.
- The Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company a consent under Paragraph 5(1) of the Placing Guidelines to permit the Company to allocate Offer Shares in the Global Offering to the QDII Manager. Please refer to the section headed “Cornerstone Investments” in the Prospectus.
- Please refer to the section headed “Cornerstone Investors” in this announcement for details relating to the subscription by the Cornerstone Investors.

#### **PLACING OF OFFER SHARES WITH CONSENT UNDER THE PLACING GUIDELINES**

- Under the International Offering, 6,092,000 Shares (representing 2.10% of the total number of Offer Shares initially available under the Global Offering, and 0.52% of the total number of Shares in issue immediately following completion of the Global Offering, both assuming that the Over-allotment Option is not exercised) were placed to Dena Well, which is an existing Shareholder prior to the Global Offering. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company a consent under paragraph 5(2) of the Placing Guidelines to permit the Company to allocate Offer Shares in the International Offering to Dena Well. The Shares placed to Dena Well are in compliance with all the conditions under the consent granted by the Stock Exchange. Please refer to the section headed “Placing of Offer Shares with Consent under the Placing Guidelines” in this announcement for further details.
- Save as disclosed in the sections headed “Cornerstone Investors” and “Placing of Offer Shares with Consent under the Placing Guidelines” in this announcement, to the best knowledge of the Directors, no Offer Shares placed by or through the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Underwriters under the Global Offering have been placed with any core connected person (as defined in the Listing Rules) of the Company, or to any connected clients (as set out in paragraph 5(1) of the Placing Guidelines), or persons set out in paragraph 5(2) of the Placing Guidelines, whether in their own names or through nominees. The International Offering is in compliance with the Placing Guidelines.

- The Directors confirm that, to the best of their knowledge, (a) no placee will, individually, hold more than 10% of the enlarged issued share capital of the Company immediately after the Global Offering; there will not be any new substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Global Offering; (b) the number of Shares to be held by the public will satisfy the minimum percentage prescribed by Rule 8.08(1)(a) of the Listing Rules; (c) the three largest public shareholders of the Company do not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) and 8.24 of the Listing Rules; and (d) there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.
- None of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or their respective affiliated companies and connected clients of the lead broker or of any distributors (as defined in the Placing Guidelines) has been placed with any Offer Shares for its own benefit under the Global Offering.
- The Directors also confirm that (i) none of the Offer Shares subscribed by the placees or the public has been financed directly or indirectly by any of the Directors, chief executives of the Company, the Controlling Shareholders, substantial Shareholders, existing Shareholders of the Company or any of its subsidiaries or their respective close associates, and (ii) none of the placees or the public who has subscribed for the Offer Shares is accustomed to taking instructions from any of the Directors, chief executives of the Company, the Controlling Shareholders, substantial Shareholders, existing Shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it.

## **PUBLIC FLOAT**

- The Directors confirm that there will not be any new substantial Shareholder immediately after the Global Offering within the meaning of the Listing Rules and the number of Shares to be held by the public will satisfy the minimum percentage prescribed under Rule 8.08 of the Listing Rules.
- The Directors confirm that immediately following the completion of the Global Offering, (i) at least 25% of the Company's total number of issued shares will be held by the public, satisfying Rule 8.08(1) of the Listing Rules; (ii) the three largest public Shareholders do not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) and 8.24 of the Listing Rules; and (iii) there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.

## **OVER-ALLOTMENT OPTION**

- In connection with the Global Offering, the Company has granted the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters), at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering (the last day for exercise of the Over-allotment Option being Thursday, 5 August 2021), pursuant to which the Company may be required to allot and issue up to an aggregate of 43,601,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.
- There has been an over-allocation of 29,068,000 Shares under the International Offering and such over-allocation will be settled by using Shares to be borrowed under the Stock Borrowing Agreement between the Stabilizing Manager and Hongzun International, such borrowed Shares will be covered by purchasing by the Stabilizing Manager (or any person acting for it) in the secondary market, exercising the Over-allotment Option, or by a combination of these means. The Over-allotment Option may be exercised to require the Company to allot and issue up to 29,068,000 new Shares to cover the over-allocation of 29,068,000 Shares in the International Offering. In the event the Over-allotment Option is exercised, an announcement will be made on the Company's website and the website of the Stock Exchange at [www.chesir.net](http://www.chesir.net) and [www.hkexnews.hk](http://www.hkexnews.hk), respectively. As at the date of this announcement, the Over-allotment Option has not been exercised.

## LOCK-UP UNDERTAKINGS

- The Company, the Controlling Shareholders, GX Land & Sea, Guidong Electric, the Cornerstone Investors and 17 other Shareholders are subject to certain lock-up undertakings as set out in the section headed “Lock-up Undertakings” in this announcement.

## RESULTS OF ALLOCATIONS

- The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares are posted on the Company’s website at [www.chesir.net](http://www.chesir.net) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk).
- The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set forth below:
  - in the announcement to be posted on the Company’s website at [www.chesir.net](http://www.chesir.net) and the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Thursday, 15 July 2021;
  - from the designated results of allocations website at [www.tricor.com.hk/IPO/result](http://www.tricor.com.hk/IPO/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) or “IPO Results” function in the IPO App with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 15 July 2021 to 12:00 midnight on Wednesday, 21 July 2021; and
  - by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 15 July 2021 to Tuesday, 20 July 2021 on a business day.
  - in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 15 July 2021 to Monday, 19 July 2021 at the receiving bank’s designated branches at the addresses as set out in the paragraph headed “Results of Allocations” below.
  - This announcement contains a list of identification document numbers. Identification document numbers shown in the section headed “Results of Applications Made by **WHITE** Application Forms or **HK eIPO White Form**” and “Results of Applications Made by **YELLOW** Application Forms (Through Designated CCASS Clearing/Custodian Participants)” refer to Hong Kong identity card numbers provided by the applicants whereas those displayed in the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS” are provided by brokers via CCASS. Therefore, the identification document numbers shown in the two sections are different in nature.



- Since applications are subject to personal information collection statements, beneficial owner identification codes displayed in the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS” are redacted and not all details of applications are disclosed in this announcement.

## **DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES**

- Applicants who have applied for 1,000,000 or more Hong Kong Offer Shares on **WHITE** Application Forms or through the **HK eIPO White Form** service and who have been wholly or partially successful, may collect their Share certificate(s) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 15 July 2021 or such other date as notified by us in the newspapers.
- Share certificates for Hong Kong Offer Shares allotted to applicants who applied on **WHITE** Application Forms or through the **HK eIPO White Form** service, which are either not available for personal collection, or which are available but are not collected in person within the time specified for collection, are expected to be despatched by ordinary post to those entitled to the addresses specified in their application instructions at their own risk on or before Thursday, 15 July 2021.
- Wholly or partially successful applicants who applied on **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS will have their Share certificate(s) issued in the name of HKSCC Nominees via CCASS and deposited directly into CCASS for credit to their Investor Participant stock account or their designated CCASS Participant’s stock account on Thursday, 15 July 2021 or on any other date determined by HKSCC or HKSCC Nominees.
- Applicants who applied through a designated CCASS Participant (other than a CCASS Investor Participant) should check the number of Hong Kong Offer Shares allocated to them with that CCASS Participant.
- Applicants who applied for 1,000,000 Hong Kong Offer Shares or more on **WHITE** or **YELLOW** Application Forms and have provided all information required by their **WHITE** or **YELLOW** Application Forms may collect their refund cheque(s) (where applicable) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Thursday, 15 July 2021.

- Refund cheque(s) (where applicable) in respect of wholly or partially successful or unsuccessful applicants who have applied for less than 1,000,000 Hong Kong Offer Shares using **WHITE** or **YELLOW** Application Forms, which are either not available for personal collection or which are available but are not collected in person, are expected to be despatched by ordinary post to those entitled at their own risk on or before Thursday, 15 July 2021.
- For applicants who applied for the Hong Kong Offer Shares through the **HK eIPO White Form** service and paid the application monies through a single bank account, refund monies (if any) will be despatched to their application payment bank account in the form of e-Auto Refund payment instructions on Thursday, 15 July 2021. For applicants who have applied for the Hong Kong Offer Shares through the **HK eIPO White Form** service and paid the application monies through multiple bank accounts, refund monies (if any) will be despatched to the addresses specified in their application instructions in the form of refund cheque(s) by ordinary post and at their own risk on or before Thursday, 15 July 2021.
- Refund monies (if any) for applicants who applied by giving **electronic application instructions** to HKSCC via CCASS are expected to be credited to the relevant applicants' designated bank accounts or the designated bank accounts of their broker or custodian on Thursday, 15 July 2021.
- Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, 16 July 2021 provided that the Global Offering has become unconditional and the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in the Prospectus has not been exercised. For more information, please refer to the section headed "How to Apply for Hong Kong Offer Shares" in the Prospectus.
- The Company will not issue any temporary document of title in respect of the Offer Shares. No receipt will be issued for sums paid on application.

## **COMMENCEMENT OF DEALINGS**

- Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 16 July 2021, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 16 July 2021.
- The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares is 6616.



**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could move substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**

## **OFFER PRICE**

The Offer Price has been determined at HK\$3.25 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

## **NET PROCEEDS FROM THE GLOBAL OFFERING**

Based on the Offer Price of HK\$3.25 per Offer Share, the net proceeds from the Global Offering to be received by the Company, after deduction of underwriting fees and other expenses payable by the Company in connection with the Global Offering, assuming that the Over-allotment Option is not exercised, are estimated to be approximately HK\$879.0 million. The Company currently intends to apply such net proceeds for the following purposes:

- approximately HK\$488.8 million, representing approximately 55.6% of the Net Proceeds, will be used for partial financing of the construction of our Phase 2 Production Plant, of which (a) HK\$244.4 million will be used for the construction of various buildings and facilities for our Phase 2 Production Plant and (b) HK\$244.4 million will be used for the purchase and installation of production plant and machinery, installation of intelligent control system, equipment installation, testing and commission;
- approximately HK\$299.8 million, representing approximately 34.1% of the Net Proceeds, will be used for partial financing of the construction of our Luzhai Synthetic Mica Plant, of which (a) HK\$156.5 million will be used for the construction of various building and facilities for our Luzhai Synthetic Mica Plan and (b) HK\$143.3 million will be used for the purchase and installation of 60 synthetic mica melting furnaces and the intelligent control system;
- approximately HK\$62.4 million, representing approximately 7.1% of the Net Proceeds, will be used to increase our investment in research and development facilities and testing equipment of our research and development centre; and
- approximately HK\$28.0 million, representing approximately 3.2% of the Net Proceeds, will be used for sales and marketing activities and building sales network to enhance our brand recognition in the PRC and overseas.

Please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus for further details of the Company’s intended use of the net proceeds from the Global Offering.

If the Over-allotment Option is exercised in full, based on the Offer Price of HK\$3.25 per Offer Share, the additional net proceeds that the Company will receive will be approximately HK\$141.7 million for 43,601,000 Offer Shares to be issued upon the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, the Company will apply the net proceeds on a pro rata basis.

## **APPLICATIONS AND INDICATIONS OF INTEREST RECEIVED**

### **Hong Kong Public Offering**

The Company announces that the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering have been over-subscribed. At the close of the application lists at 12:00 noon on Tuesday, 6 July 2021, a total of 46,247 valid applications pursuant to the Hong Kong Public Offering (including applications on **WHITE** and **YELLOW** Application Forms, by giving **electronic application instructions** to HKSCC via CCASS and through the **HK eIPO White Form** service) for a total of 313,676,000 Hong Kong Offer Shares were received, representing approximately 10.79 times of the total number of 29,068,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering, among which:

- 46,215 valid applications in respect of a total of 215,608,000 Hong Kong Offer Shares were for the Hong Kong Public Offering with an aggregate subscription amount based on the maximum Offer Price of HK\$4.22 per Offer Share (excluding brokerage of 1.0%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) of HK\$5 million or less, representing approximately 14.83 times of the 14,534,000 Hong Kong Offer Shares initially comprised in Pool A; and
- 32 valid applications in respect of a total of 98,068,000 Hong Kong Offer Shares were for the Hong Kong Public Offering with an aggregate subscription amount based on the maximum Offer Price of HK\$4.22 per Offer Share (excluding brokerage of 1.0%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) of more than HK\$5 million, representing approximately 6.75 times of the 14,534,000 Hong Kong Offer Shares initially comprised in Pool B.

134 multiple or suspected multiple applications have been identified and rejected. No applications has been rejected due to dishonored payments. No application has been rejected due to invalid application. No application for more than 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering (that is, more than 14,534,000 Hong Kong Offer Shares) has been identified.

As the Hong Kong Public Offering has been over-subscribed by less than 15 times, the reallocation procedures as disclosed in the section headed “Structure and Conditions of the Global Offering — The Hong Kong Public Offering — Reallocation” in the Prospectus have not been applied. The final number of Offer Shares under the Hong Kong Public Offering is 29,068,000 Offer Shares, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering (without taking into account any Shares which may be issued by the Company pursuant to the exercise of the Over-allotment Option).

The Hong Kong Offer Shares offered under the Hong Kong Public Offering were conditionally allocated on the basis set out in the section headed “Basis of Allocation under the Hong Kong Public Offering” in this announcement.

### **International Offering**

The Offer Shares initially offered under the International Offering have been slightly over-subscribed. A total number of 302,764,000 Shares have been subscribed under the International Offering, representing approximately 1.16 times of the total number of 261,606,000 Offer Shares initially available under the International Offering, and an over-allocation of 29,068,000 Shares was made in the International Offering. The final number of Offer Shares under the International Offering is 261,606,000 Offer Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

There has been an over-allocation of 29,068,000 Shares and there were a total of 177 placees under International Offering. A total number of 104 placees have been allotted 5 board lots of Shares or less, representing approximately 58.8% of total number of placees under the International Offering. These placees have been allotted 172,000 Shares in total, representing approximately 0.06% of the Offer Shares initially available under the International Offering (before any exercise of the Over-allotment Option) and 0.07% of the Offer Shares under the Global Offering (before any exercise of the Over-allotment Option).

## CORNERSTONE INVESTORS

Based on the Offer Price of HK\$3.25 per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and pursuant to the Cornerstone Investment Agreements as disclosed in the section headed “Cornerstone Investments” in the Prospectus, the number of Offer Shares subscribed for by the Cornerstone Investors has now been determined as set out below:

Cornerstone Investor	Investment amount <sup>(1)</sup>	Number of International Offer Shares to be subscribed for (rounded down to nearest whole board lot of 1,000 Shares)	Percentage to the initial number of our Offer Shares		Percentage to the initial number of our Shares in issue immediately upon completion of the Global Offering and the Capitalisation Issue	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised <sup>(2)</sup>	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised <sup>(2)</sup>
Shanghai Huijin (through Shanghai Huijin No. 3 Fund )	RMB32.0 million <sup>(3)</sup>	11,681,000	4.02%	3.65%	1.00%	0.98%
YBN Investments	HK\$50.0 million <sup>(4)</sup>	15,384,000	5.29%	4.81%	1.32%	1.29%
<b>Total</b>	<b>HK\$88.0 million</b>	<b>27,065,000</b>	<b>9.31%</b>	<b>8.46%</b>	<b>2.32%</b>	<b>2.27%</b>

### Notes:

- (1) The actual investment amount of Shanghai Huijin in Hong Kong dollars is based on the exchange rate as disclosed in the Prospectus.
- (2) Assuming exercise of the Over-allotment Option of 29,068,000 additional Shares to cover an over-allocation of 29,068,000 Shares under the International Offering.
- (3) The investment amount is inclusive of brokerage, transaction levy and trading fee, as well as the fee payable to Essence Securities Asset Management Co., Ltd., which Shanghai Huijin will pay in respect of such International Offer Shares.
- (4) The investment amount is exclusive of brokerage, transaction levy and trading fee which YBN Investments will pay in respect of such International Offer Shares.

Shanghai Huijin, one of the Cornerstone Investors, has agreed to participate in the International Offering and has appointed Essence Securities Asset Management Co., Ltd. (the “**QDII Manager**”), who is a connected client of the Sole Global Coordinator under Paragraph 13(7) of the Appendix 6 to the Listing Rules (the “**Placing Guidelines**”), to subscribe for and hold the International Offer Shares allocated to it (or its nominee) on a discretionary basis on behalf of Shanghai Huijin.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted to the Company a consent under Paragraph 5(1) of the Placing Guidelines to permit the Company to allocate Offer Shares in the Global Offering to the QDII Manager. Please refer to the section headed “Cornerstone Investments” in the Prospectus.

To the best knowledge of our Directors, (a) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (b) none of the Cornerstone Investors is accustomed to take instructions from our Company, our Directors, our Controlling Shareholders, chief executive, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in its name or otherwise held by it; and (c) none of the subscription for our International Offer Shares by any of the Cornerstone Investors is financed by our Company, our Directors, our Controlling Shareholders, chief executive, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

As confirmed by each of the Cornerstone Investors, its subscription for the Cornerstone Investment Shares would be financed by its own internal financial resources. There are no side agreements or arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to their subscription for our International Offer Shares, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

The Cornerstone Investors will not subscribe for any Offer Shares other than pursuant to the Cornerstone Investment Agreements. Immediately following completion of the Global Offering and the Capitalisation Issue, the Cornerstone Investors will not have any Board representation in our Company, nor will the Cornerstone Investors become a substantial shareholder (as defined under the Listing Rules) of our Company. Hence, the Cornerstone Investors are independent of our Company, our connected persons and their respective associates. No special rights have been granted to the Cornerstone Investors pursuant to the investment made by the Cornerstone Investors. Please refer to the section headed “Cornerstone Investor” in the Prospectus for further details relating to the Cornerstone Investors.

Each of the Cornerstone Investor has agreed that unless it has obtained prior written consent of each of the Company and the Sole Global Coordinator, it will not whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), among other things, (i) dispose of the Cornerstone Investment Shares and any Shares or other securities of or interests in the Company which are derived from our Shares (pursuant to any rights issue, capitalisation issue or other form of capital reorganisation) (the “**Relevant Shares**”) or any interest in any company or entity holding any of the Relevant Shares, save for certain limited circumstances as set out in the Cornerstone Investment Agreements; (ii) undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner; or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

## **PLACING OF OFFER SHARES WITH CONSENT UNDER THE PLACING GUIDELINES**

Under the International Offering, 6,092,000 Shares (representing 2.10% of the total number of Offer Shares initially available under the Global Offering, and 0.52% of the total number of Shares in issue immediately following completion of the Global Offering, both assuming that the Over-allotment Option is not exercised) were placed to Dena Well Investment Limited (“**Dena Well**”), which is an existing Shareholder prior to the Global Offering. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company a consent under paragraph 5(2) of Appendix 6 to the Listing Rules (the “**Placing Guidelines**”) to permit the Company to allocate Offer Shares in the International Offering to Dena Well. The Shares placed to Dena Well are in compliance with all the conditions under the consent granted by the Stock Exchange.

Save as disclosed in the sections headed “Cornerstone Investors” and “Placing of Offer Shares with Consent under the Placing Guidelines” in this announcement, to the best knowledge of the Directors, no Offer Shares placed by or through the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Underwriters under the Global Offering have been placed with any core connected person (as defined in the Listing Rules) of the Company, or to any connected clients (as set out in paragraph 5(1) of the Placing Guidelines), or persons set out in paragraph 5(2) of the Placing Guidelines, whether in their own names or through nominees. The International Offering is in compliance with the Placing Guidelines.

The Directors confirm that, to the best of their knowledge, (a) no placee will, individually, hold more than 10% of the enlarged issued share capital of the Company immediately after the Global Offering; there will not be any new substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Global Offering; (b) the number of Shares to be held by the public will satisfy the minimum percentage prescribed by Rule 8.08(1)(a) of the Listing Rules;



(c) the three largest public shareholders of the Company do not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) and 8.24 of the Listing Rules; and (d) there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.

None of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or their respective affiliated companies and connected clients of the lead broker or of any distributors (as defined in the Placing Guidelines) has been placed with any Offer Shares for its own benefit under the Global Offering.

The Directors also confirm that (i) none of the Offer Shares subscribed by the placees or the public has been financed directly or indirectly by any of the Directors, chief executives of the Company, the Controlling Shareholders, substantial Shareholders, existing Shareholders of the Company or any of its subsidiaries or their respective close associates, and (ii) none of the placees or the public who has subscribed for the Offer Shares is accustomed to taking instructions from any of the Directors, chief executives of the Company, the Controlling Shareholders, substantial Shareholders, existing Shareholders of the Company or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in his/her/its name or otherwise held by him/her/it.

## **PUBLIC FLOAT**

The Directors confirm that there will not be any new substantial Shareholder immediately after the Global Offering within the meaning of the Listing Rules and the number of Shares to be held by the public will satisfy the minimum percentage prescribed under Rule 8.08 of the Listing Rules.

The Directors confirm that immediately following the completion of the Global Offering, (i) at least 25% of the Company's total number of issued shares will be held by the public, satisfying Rule 8.08 of the Listing Rules; (ii) the three largest public Shareholders do not hold more than 50% of the Shares held in public hands at the time of the Listing in compliance with Rules 8.08(3) and 8.24 of the Listing Rules; and (iii) there will be at least 300 Shareholders at the time of the Listing in compliance with Rule 8.08(2) of the Listing Rules.

## OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company has granted the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters), at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue and allot up to an aggregate of 43,601,000 additional Offer Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

There has been an over-allocation of 29,068,000 Shares under the International Offering and such over-allocation will be settled by using Shares to be borrowed under the Stock Borrowing Agreement between the Stabilizing Manager and Hongzun International, such borrowed Shares will be covered by purchasing by the Stabilizing Manager (or any person acting for it) in the secondary market, exercising the Over-allotment Option, or by a combination of these means. The Over-allotment Option may be exercised to require the Company to allot and issue up to 29,608,000 new Shares to cover the over-allocation of 29,068,000 Shares in the International Offering. In the event the Over-allotment Option is exercised, an announcement will be made. As at the date of this announcement, the Over-allotment Option has not been exercised.

## LOCK-UP UNDERTAKINGS

The Company, the Controlling Shareholders, the pre-IPO Investors, the Cornerstone Investors and other Shareholders have given certain undertakings in relation to the issue or disposal of Shares (the “**Lock-up Undertakings**”). The major terms of the Lock-up Undertakings are set out as follows:

Name	Number of Shares to be held in the Company subject to the Lock-up Undertakings upon the Listing	Percentage of shareholding in the Company subject to the Lock-up Undertakings upon the Listing <sup>(1)</sup>	Last day subject to the Lock-up Undertakings
<b>The Company</b> <i>(subject to lock-up obligations pursuant to the Listing Rules and the Hong Kong Underwriting Agreement)</i>	N/A	N/A	15 January 2022 <sup>(2)</sup>

<b>Name</b>	<b>Number of Shares to be held in the Company subject to the Lock-up Undertakings upon the Listing</b>	<b>Percentage of shareholding in the Company subject to the Lock-up Undertakings upon the Listing<sup>(1)</sup></b>	<b>Last day subject to the Lock-up Undertakings</b>
<b>Controlling Shareholders</b> <i>(subject to lock-up obligations pursuant to the Listing Rules and the Hong Kong Underwriting Agreement)</i>	426,210,948	36.67%	15 January 2022 <sup>(3)</sup> 15 July 2022 <sup>(4)</sup>
<b>GX Land &amp; Sea and Guidong Electric</b> <i>(subject to lock-up obligations pursuant to the agreement in respect of the Pre-IPO Investment)</i>	184,726,344	15.89%	15 January 2022 <sup>(5)</sup>
<b>The Cornerstone Investors</b> <i>(subject to lock-up obligations pursuant to the Cornerstone Investment Agreement)</i>	27,065,000	2.32%	15 January 2022 <sup>(5)</sup>
<b>17 Other Shareholders</b> <i>(subject to lock-up obligations pursuant to their respective deed of undertaking)</i>	267,176,294	22.98%	15 January 2022 <sup>(6)</sup>

*Notes:*

- (1) Without taking into account any Shares which may be issued by the Company pursuant to the exercise of the Over-allotment Option.
- (2) The Company may issue Shares without any lock-up obligations after the indicated date.
- (3) Each of the Controlling Shareholders may dispose of or transfer Shares after the indicated date provided that he/it will not cease to be a Controlling Shareholder.
- (4) Each of the Controlling Shareholders may dispose of or transfer Shares without any lock-up obligation after the indicated date.
- (5) GX Land & Sea, Guidong Electric and the Cornerstone Investors may dispose of or transfer Shares without any lock-up obligation after the indicated date.

- (6) The 17 Other Shareholders comprises China Banyan Capital INT Holdings Ltd, CHUANFU INT CAPITAL GROUP LTD (川富國際資本集團有限公司), WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD, LINGTAO Capital INT Group Limited (凌濤資本國際集團有限公司), Zhejiang Venture Capital Group Co., Ltd, Xuanhai Capital INT Group Limited, Dice Hongze Ltd (迪策鴻澤有限公司), Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿創信(廈門)新興產業投資合夥企業(有限合夥)), Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) (珠海格金廣發信德智能製造產業投資基金(有限合夥)), Capital Pearls International Investment Ltd, Ronghui Longma Capital Ltd, China Huazhen Equity Investment Co., Ltd. (中風投華臻股權投資有限公司), JINYI Technology & Innovation Investment Management Co., Ltd., GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司), LIU Zhihe (劉志和), Dena Well Investment Limited, GUOLING CAPITAL MANAGEMENT LTD (國瓚資本管理有限公司), and each of them may dispose of or transfer Shares without any lock-up obligations after the indicated date.
- (7) The number of Shares to be held in the Company by the 17 Other Shareholders subject to the Lock-up Undertakings upon the Listing are inclusive of the 6,092,000 Shares placed to Dena Well.

## BASIS OF ALLOCATION UNDER THE HONG KONG PUBLIC OFFERING

Subject to the satisfaction of the conditions set out in the section headed “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in the Prospectus, 46,247 valid applications made by the public on **WHITE** and **YELLOW** Application Forms and through giving **electronic application instructions** to HKSCC via CCASS and the **HK eIPO White Form** service will be conditionally allocated on the basis set out below:

Number of shares applied for	Number of valid applications	Basis of allocation/ballot	Approximate percentage allotted of the total number of shares applied for
<b>POOL A</b>			
1,000	31,509	7,878 out of 31,509 applicants to receive 1,000 shares	25.00%
2,000	8,225	2,191 out of 8,225 applicants to receive 1,000 shares	13.32%
3,000	1,062	292 out of 1,062 applicants to receive 1,000 shares	9.17%
4,000	472	133 out of 472 applicants to receive 1,000 shares	7.04%
5,000	732	220 out of 732 applicants to receive 1,000 shares	6.01%

<b>Number of shares applied for</b>	<b>Number of valid applications</b>	<b>Basis of allocation/ballot POOL A</b>	<b>Approximate percentage allotted of the total number of shares applied for</b>
6,000	321	106 out of 321 applicants to receive 1,000 shares	5.50%
7,000	116	41 out of 116 applicants to receive 1,000 shares	5.05%
8,000	149	55 out of 149 applicants to receive 1,000 shares	4.61%
9,000	95	37 out of 95 applicants to receive 1,000 shares	4.33%
10,000	1,972	789 out of 1,972 applicants to receive 1,000 shares	4.00%
20,000	464	353 out of 464 applicants to receive 1,000 shares	3.80%
30,000	238	1,000 shares plus 20 out of 238 applicants to receive an additional 1,000 shares	3.61%
40,000	179	1,000 shares plus 58 out of 179 applicants to receive an additional 1,000 shares	3.31%
50,000	172	1,000 shares plus 95 out of 172 applicants to receive an additional 1,000 shares	3.10%
60,000	48	1,000 shares plus 33 out of 48 applicants to receive an additional 1,000 shares	2.81%
70,000	41	1,000 shares plus 34 out of 41 applicants to receive an additional 1,000 shares	2.61%
80,000	26	1,000 shares plus 24 out of 26 applicants to receive an additional 1,000 shares	2.40%
90,000	10	2,000 shares	2.22%
100,000	195	2,000 shares plus 20 out of 195 applicants to receive an additional 1,000 shares	2.10%

<b>Number of shares applied for</b>	<b>Number of valid applications</b>	<b>Basis of allocation/ballot POOL A</b>	<b>Approximate percentage allotted of the total number of shares applied for</b>
200,000	90	3,000 shares plus 72 out of 90 applicants to receive an additional 1,000 shares	1.90%
300,000	31	5,000 shares plus 4 out of 31 applicants to receive an additional 1,000 shares	1.71%
400,000	19	6,000 shares	1.50%
500,000	9	6,000 shares plus 5 out of 9 applicants to receive an additional 1,000 shares	1.31%
600,000	6	7,000 shares plus 2 out of 6 applicants to receive an additional 1,000 shares	1.22%
700,000	5	8,000 shares plus 1 out of 5 applicants to receive an additional 1,000 shares	1.17%
800,000	5	8,000 shares plus 4 out of 5 applicants to receive an additional 1,000 shares	1.10%
900,000	5	9,000 shares plus 3 out of 5 applicants to receive an additional 1,000 shares	1.07%
1,000,000	<u>19</u>	10,000 shares	1.00%

**TOTAL:** 46,215

#### **POOL B**

2,000,000	28	296,000 shares plus 14 out of 28 applicants to receive an additional 1,000 shares	14.83%
3,000,000	1	445,000 shares	14.83%
10,000,000	1	1,482,000 shares	14.82%
14,534,000	2	2,152,000 shares plus 1 out of 2 applicants to receive an additional 1,000 shares	14.81%

**TOTAL** 32



The final number of Offer Shares under the Hong Kong Public Offering is 29,068,000 Offer Shares, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

## RESULTS OF ALLOCATIONS

- The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares are posted on the Company's website at [www.chesir.net](http://www.chesir.net) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on Thursday, 15 July 2021.
- The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set forth below:
  - in the announcement to be posted on the Company's website at [www.chesir.net](http://www.chesir.net) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Thursday, 15 July 2021;
  - from the designated results of allocations website at [www.tricor.com.hk/IPO/result](http://www.tricor.com.hk/IPO/result) or [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult) or "IPO Results" function in the IPO App with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 15 July 2021 to 12:00 midnight on Wednesday, 21 July 2021; and
  - by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 15 July 2021 to Tuesday, 20 July 2021 on a business day.
  - in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 15 July 2021 to Monday, 19 July 2021 at the receiving bank's designated branches at the addresses as set out below:

### Bank of China (Hong Kong) Limited

District	Branch	Address
Hong Kong	Bank of China Tower Branch	1 Garden Road, Hong Kong

<b>District</b>	<b>Branch</b>	<b>Address</b>
<b>Kowloon</b>	Taikoo Shing Branch	Shop G1006, Hoi Shing Mansion, Taikoo Shing, Hong Kong
	Telford Plaza Branch	Shop Unit P2-P7, Telford Plaza, No.33 Wai Yip Street, Kowloon Bay, Kowloon
	Tsim Sha Tsui Branch	24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon
<b>New Territories</b>	City One Sha Tin Branch	Shop Nos.24-25, G/F, Fortune City One Plus, No.2 Ngan Shing Street, Sha Tin, New Territories
	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O, New Territories

This announcement contains a list of identification document numbers. Identification document numbers shown in the section headed “Results of Applications Made by **WHITE** Application Forms or **HK eIPO White Form**” and “Results of Applications Made by **YELLOW** Application Forms (Through Designated CCASS Clearing/Custodian Participants)” refer to Hong Kong identity card numbers provided by the applicants whereas those displayed in the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS” are provided by brokers via CCASS. Therefore, the identification document numbers shown in the two sections are different in nature.

Since applications are subject to personal information collection statements, beneficial owner identification codes displayed in the section headed “Results of Applications Made by Giving Electronic Application Instructions to HKSCC via CCASS” are redacted and not all details of applications are disclosed in this announcement.

## SHAREHOLDING CONCENTRATION ANALYSIS

The following table sets out a summary of the allotment results under the Global Offering:

- subscription and number of Shares held by top 1, 5, 10, 20 and 25 of the placees out of the International Offering, total number of Offer Shares and total issued share capital of the Company upon Listing:

Places	Subscription	Shares held following the Global Offering	Subscription as approximate percentage of International Offering		Subscription as approximate percentage of Offer Shares		Subscription as approximate percentage of total issued share capital upon Listing	
			(assuming no exercise of the Over-allotment Option)	(assuming exercise of the Over-allotment Option) <sup>(1)</sup>	(assuming no exercise of the Over-allotment Option)	(assuming exercise of the Over-allotment Option) <sup>(1)</sup>	(assuming no exercise of the Over-allotment Option)	(assuming exercise of the Over-allotment Option) <sup>(1)</sup>
Top 1	55,446,000	55,446,000	21.2%	19.1%	19.1%	17.3%	4.8%	4.7%
Top 5	159,538,000	159,538,000	61.0%	54.9%	54.9%	49.9%	13.7%	13.4%
Top 10	219,377,000	219,377,000	83.9%	75.5%	75.5%	68.6%	18.9%	18.4%
Top 20	268,663,000	268,663,000	102.7%	92.4%	92.4%	84.0%	23.1%	22.5%
Top 25	279,331,000	279,331,000	106.8%	96.1%	96.1%	87.4%	24.0%	23.4%

*Notes:* Assuming exercise of the Over-allotment Option of 29,068,000 additional Shares to cover an over-allocation of 29,068,000 Shares under the International Offering.

- subscription and number of Shares held by the top 1, 5, 10 and 25 of the Shareholders out of the Hong Kong Offer Shares, the International Offer Shares, total Offer Shares and total issued share capital of the Company upon Listing:

Placee	Subscription of Hong Kong Offer Shares	Subscription of International Offer Shares	Subscription of total Offer Shares	Number of Shares held upon Listing	Subscription of Hong Kong Offer Shares as % of Hong Kong Public Offering	Subscription of International Offer Shares as % of International Offering <sup>(1)</sup>	Subscription of International Offer Shares as % of International Offering <sup>(2)</sup>	Subscription as % of total Offer Shares <sup>(1)</sup>	Subscription as % of total Offer Shares <sup>(2)</sup>	% of total issued share capital upon Listing <sup>(1)</sup>	% of total issued share capital upon Listing <sup>(2)</sup>
Top 1 <sup>(3)</sup>	—	—	—	426,210,948	0.0%	0.0%	0.0%	0.0%	0.0%	36.7%	35.8%
Top 5	—	92,369,000	92,369,000	703,306,292	0.0%	35.3%	31.8%	31.8%	28.9%	60.5%	59.0%
Top 10	—	128,923,000	128,923,000	852,093,682	0.0%	49.3%	44.4%	44.4%	40.3%	73.3%	71.5%
Top 20	—	186,614,000	186,614,000	1,008,287,588	0.0%	71.3%	64.2%	64.2%	58.4%	86.7%	84.6%
Top 25	—	216,331,000	216,331,000	1,061,340,208	0.0%	82.7%	74.4%	74.4%	67.7%	91.3%	89.1%

*Notes:*

- (1) Assuming that the Over-allotment Option is not exercised.
- (2) Assuming exercise of the Over-allotment Option of 29,068,000 additional Shares to cover an over-allocation of 29,068,000 Shares under the International Offering.
- (3) Top 1 Shareholder refers to the group of Controlling Shareholders, including Mr. SU, Ertian International, Seven Color Pearl Investment, Liuzhou Qise LP, Liuzhou Lianrun LP, Liuzhou Colorful LP, Mr. ZHENG, Mr. JIN, Hongzun Investment and Hongzun International. For further details, please refer to the section headed "Controlling Shareholders and Substantial Shareholders" in the Prospectus.

**In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could move substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.**