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## HISTORY, DEVELOPMENT AND REORGANISATION

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### OVERVIEW

We are the largest pearlescent pigment producer in the PRC market as measured by revenue in 2020 with a market share of 11.0%, according to the Frost & Sullivan Report. In the global market, we are the fourth largest pearlescent pigment producer as measured by revenue in 2020 with a market share of 3.0%. Our principle products include natural mica-based and synthetic mica-based pearlescent pigment products. Pearlescent pigment products are generally used as colourants in a wide range of industrial and non-industrial applications. The synthetic mica-based pearlescent pigment market is in a state of rapid development and accounted for 15.8% of the PRC pearlescent pigment market of RMB4,843.9 million in 2020. The market size of the global pearlescent pigment market reached RMB18.9 billion in 2020, in which the synthetic mica-based pearlescent pigment market accounted for a market share of 11.7%.

Our business principally focuses on the production and sales of a comprehensive portfolio of pearlescent pigment products for use in diverse applications and industries, including industrial coatings, plastics, textiles and leather, cosmetics and automotive coatings. We are a midstream producer in the value chain of pearlescent pigment industry. Our pearlescent pigment products can be broadly divided into (a) natural mica-based pearlescent pigment products; (b) synthetic mica-based pearlescent pigment products; (c) glass flake-based pearlescent pigment products; and (d) silicon oxide-based pearlescent pigment products, and they are sold to customers in the PRC and more than 30 countries and territories in Asia (excluding the PRC), Europe, Africa and South America under our brand of “Chesir Pearl” . In addition, we also produce and sell synthetic mica powder of different granule sizes which can be used for the production of different grades of pearlescent pigment products (including those used in cosmetics, ceramics and automotive applications) and also as raw materials for the production of functional fillers, insulating materials, refractory materials and nickel-hydrogen batteries.

On 19 March 2015, trading of the shares of Chesir Pearl commenced on NEEQ. However, we believe a [REDACTED] on an internationally recognised stock market is more advantageous to our future business development. On 23 September 2019, the listing and quotation for trading of the shares of Chesir Pearl on NEEQ was withdrawn upon the approvals of the shareholders of Chesir Pearl. In October 2019, we started exploring the possibility of restructuring of Chesir Pearl and [REDACTED] of our Company on the Stock Exchange. As of the date of the NEEQ Listing Withdrawal, Chesir Pearl had 141 equity holders.

### LISTING ON NEEQ AND NEEQ LISTING WITHDRAWAL

On 19 March 2015, all issued shares of Chesir Pearl were listed and quoted for trading on NEEQ (stock code: 832080). On 23 September 2019, the NEEQ Listing Withdrawal was effective.

Chesir Pearl raised a total of RMB448.1 million by issuing new shares when its shares were listed and quoted for trading on NEEQ. The market capitalisation of Chesir Pearl at the time of the NEEQ Listing Withdrawal was RMB1.1 billion based on the closing price of each share of Chesir Pearl of RMB9.18 on NEEQ and 116,773,467 shares of Chesir Pearl in issue. See the paragraphs under “Fund raising activities of Chesir Pearl when its shares were listed and quoted for trading on NEEQ” below for further information on the fund raising activities of Chesir Pearl and the proposed and actual usages of the net proceeds raised.

As trading on NEEQ is restricted to qualified investors using a market maker approach, the trading volume of the shares of Chesir Pearl remained low and our corporate profile was not enhanced with the shares of Chesir Pearl quoted for trading on NEEQ. Against this background, in October 2019, following the NEEQ Listing Withdrawal, we started to explore the possibility of restructuring of Chesir Pearl and [REDACTED] of our Company on the Stock Exchange, which would allow us to have direct access to the international capital markets and build on our reputation to attract international investors as well as to recruit, motivate and retain management personnel.

The NEEQ Listing Withdrawal was approved by a majority of the then equity holders of Chesir Pearl at an extraordinary general meeting (the “**Chesir Pearl Extraordinary General Meeting**”) of Chesir Pearl held on 2 August 2019. As part of the arrangements for the NEEQ Listing Withdrawal, Chesir Pearl also announced that Hongzun Investment and Mr. SU had undertaken to purchase or would procure third-party investors to purchase such number of shares of Chesir Pearl at such prices from the then minority equity holders of Chesir Pearl, so that those equity holders could realise their equity investments in Chesir Pearl after the NEEQ Listing Withdrawal without incurring any loss as compared with their investment cost. Such undertakings resulted in various transfers of the shares of Chesir Pearl which took place during the period from the NEEQ Listing Withdrawal to the date of commencement of the Reorganisation. See the paragraphs under “Corporate history of our subsidiaries in the PRC — Chesir Pearl — Transfers of shares of Chesir Pearl following the NEEQ Listing Withdrawal” below for further information.

In May 2015, when the shares of Chesir Pearl were listed and quoted for trading on NEEQ, Chesir Pearl raised a total of RMB144.0 million by issuing 20,000,000 shares at a price of RMB7.2 per share. Chesir Pearl had used the proceeds from the new issue of shares prior to obtaining the letter

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of registration of new shares issued by NEEQ. Our Directors confirm that Chesir Pearl had utilised the proceeds in conformity with the proposed use of proceeds at the relevant time. As a result, NEEQ conducted a regulatory meeting (約見談話) with Chesir Pearl on 18 August 2015 and determined that Chesir Pearl had not used the proceeds from the new issue of shares in full compliance with the relevant regulatory guidelines. See the section headed “Business — Non-compliance matters” in this document for further information. As advised by our PRC Legal Advisers, our Directors confirm that, save as disclosed in the section headed “Business — Non-compliance matters” in this document, during the period in which the shares of Chesir Pearl were listed and quoted for trading on NEEQ, Chesir Pearl was in full compliance with all applicable PRC securities laws and regulations in the PRC in all material respects. None of Chesir Pearl or any director or supervisor of Chesir Pearl is subject to any disciplinary action imposed by the relevant regulators in the PRC (including CSRC and its despatched units).

Based on the independent due diligence performed by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor that would entail the Sole Sponsor to disagree with the views of our Directors above.

### **Previous plan for A-share listing**

When the shares of Chesir Pearl were listed and quoted for trading on NEEQ, Chesir Pearl entered into a pre-listing tutoring engagement agreement with a sponsor in the PRC, which is an indirect holding company of the Sole Sponsor, that is registered with the CSRC in September 2019 for the purpose of exploring the possibility of changing the listing of the shares of Chesir Pearl to one of the two recognised stock exchanges in the PRC. As part of the preparation works for such preliminary listing plan, on 8 October 2019, Chesir Pearl filed a notice of pre-listing tutoring for A-share listing application with the local office of CSRC in Guangxi Zhuang Autonomous Region.

We have, however, subsequently considered that a [REDACTED] on the Stock Exchange would be more favourable to our business development. We have then changed our plan and proceeded with the Reorganisation for the purpose of the [REDACTED]. On 16 October 2020, Chesir Pearl terminated the pre-listing tutoring engagement agreement with the sponsor in the PRC on 19 October 2020, Chesir Pearl filed a notice of cessation on the pre-listing tutoring with the local office of CSRC in Guangxi Zhuang Autonomous Region. No formal listing application has been submitted by Chesir Pearl to CSRC.

Our Directors confirm that there are no matters relating to the pre-listing tutoring of Chesir Pearl would affect our Company’s suitability for the [REDACTED] or otherwise require to be brought to the attention of the Stock Exchange and the investors of the [REDACTED]. Based on the independent due diligence performed by the Sole Sponsor, the Sole Sponsor is not aware of any matter relating to the Company’s previous plan for A-share listing which would affect the Company’s suitability for the [REDACTED].

## **BUSINESS DEVELOPMENT AND MILESTONES**

### **Business development up to 2017**

Chesir Pearl was established in March 2011 with the business development strategy to focus on “Four Pioneers” in terms of technology, operation scale, management and corporate culture, and the establishment of production facilities with initial designed annual production capacity of (a) 10,000 tonnes of pearlescent pigment products and (b) 5,000 tonnes of synthetic mica powder products. The following sets forth the key business development phases of Chesir Pearl:

- (1) *From March 2011 to December 2012, being the initial investment phase:* Chesir Pearl was established in the PRC with the initial equity investment of RMB2.0 million by Hongzun Investment and Mr. ZHANG Chuanchang, an Independent Third Party. Such initial equity investment was used for preliminary preparation, such as obtaining the approvals for the construction of factory and ancillary buildings and related facilities comprising our Phase 1 Production Plant.
- (2) *From December 2012 to June 2014, being the construction phase:* Chesir Pearl completed the construction of the factory and ancillary buildings’ production facilities, staff quarters and environmental protection facilities. The then designed annual production capacity was 4,200 tonnes of pearlescent pigment products as of June 2014.
- (3) *From June 2014 to June 2015, being the trial production phase:* Chesir Pearl commenced its trial production for the purpose of determining the parameters involved in the production process. Chesir Pearl also started various marketing and promotional activities of its products in different regions in the PRC. During the year ended 31 December 2015, Chesir Pearl recorded significant amounts of operating expenses and expenses which had been incurred on product research and development activities. The then production capacity increased to 5,800 tonnes of pearlescent pigment products as of 31 December 2015.
- (4) *From July 2015 to December 2017, being the ramp up phase in sales and production:* Chesir Pearl continued to develop and promote its new products, improve and fine-tune its production facilities, and increase the automation level, adjust the production line management systems and

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expand the sales coverage to different PRC regions. The year of 2016 was the first year that Chesir Pearl recorded profit from its operation. The then production capacity was increased to 7,392 tonnes of pearlescent pigment products as of 31 December 2016 and further increased to 7,968 tonnes of pearlescent pigment products as of 31 December 2017.

See the section headed “Financial Information — Summary of Business Development of Chesir Pearl prior to the Track Record Period — Overall development” in this document for further information.

### **Business milestones**

The table below sets forth our key business milestones:

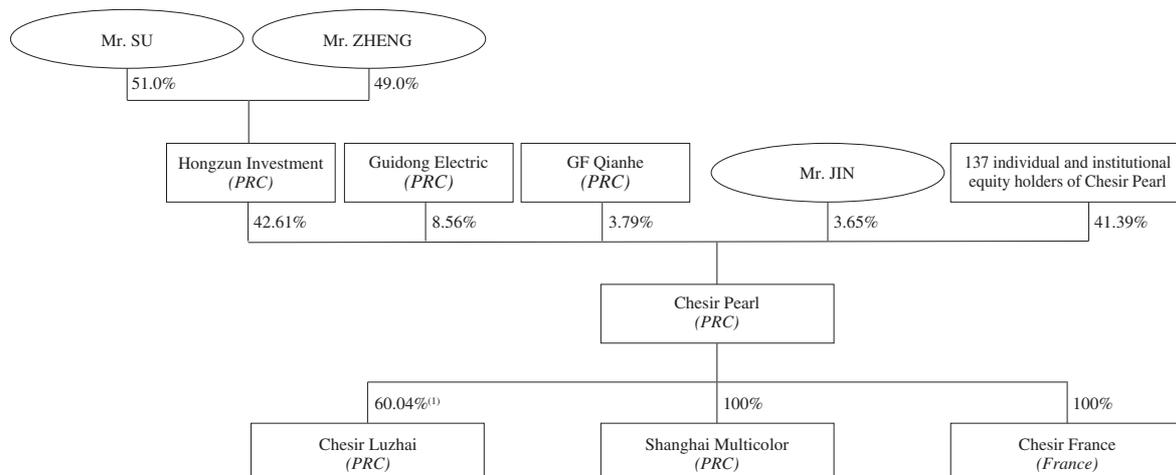
<b>Month/Year</b>	<b>Business milestones</b>
January 2014	Shanghai Multicolour was established.
January 2014	Chesir Pearl received the award of “National AAA-level Credit Quality Enterprise” (國家AAA級信用質量企業).
June 2014	Our Phase 1 Production Plant commenced commercial production and sales of natural mica-based pearlescent pigment products.
August 2014	Chesir Pearl was converted from a limited liability company into a joint stock company with limited liability by shares.
October 2014	Chesir Pearl received the gold award and the silver award in the Guangxi Invention Creation Exhibition and Trade Fair Project (廣西發明創造成果展覽交易會項目).
December 2014	Liuzhou City Pearlescent Effect Material Engineering Technology Research Centre (柳州市珠光材料工程技術研究中心), being part of the business establishment of Chesir Pearl, was established.
January 2015	Chesir Pearl produced 31 natural mica-based pearlescent pigment products. In anticipation of the growing demand for synthetic mica-based pearlescent pigment products in both the PRC and international markets and to diversify our portfolio of pearlescent pigment products, Chesir Pearl commenced the research and development on synthetic mica flakes and synthetic mica-based and glass flake-based pearlescent pigment products.
March 2015	Chesir Pearl received the quality accreditation of GB/T 19001-2008/ISO 9001:2008 for our quality management system. Trading of the shares of Chesir Pearl commenced on NEEQ (stock code: 832080).
April 2015	Chesir Pearl commenced commercial production of synthetic mica-based pearlescent pigment products and synthetic mica powder products.
May 2015	Chesir Pearl completed first issue of new shares following listing and quotation on NEEQ and raised RMB144.0 million from the investment public in the PRC.
June 2015	Chesir Pearl commenced sales of glass flake-based pearlescent pigment products.
August 2015	Chesir Pearl obtained the accreditation of the Enterprise Technology Centre (企業技術中心) in Guangxi Zhuang Autonomous Region.
September 2015	Chesir Pearl commenced sales of synthetic mica-based pearlescent pigment products. Chesir Pearl obtained the quality certification for Environmental Management Systems (環境管理體系).
December 2015	The product portfolio of Chesir Pearl increased to 136 products comprising 99 natural mica-based pearlescent pigment products, 17 synthetic mica-based pearlescent pigment products and 20 glass flake-based pearlescent pigment products.
August 2016	Chesir Pearl was recognised as a “Guangxi Famous Branded Product” (廣西名牌產品).
November 2016	Chesir Pearl commenced research and development on the production of silicon oxide-based pearlescent pigment products to diversify our portfolio of pearlescent pigment products.

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Month/Year	Business milestones
December 2016	Chesir France was established by Chesir Pearl. The product portfolio of Chesir Pearl increased to 204 products comprising 103 natural mica-based pearlescent pigment products, 78 synthetic mica-based pearlescent pigment products and 23 glass flake-based pearlescent pigment products.
February 2017	Chesir Pearl obtained the silver award for the Guangxi Invention Creation Exhibition and Trade Fair Project (廣西發明創造成果展覽交易會項目).
May 2017	Our synthetic mica powder products were certified according to the Japanese Standard of Quasi-drug Ingredients Standards.
September 2017	Chesir Pearl obtained IATF16949:2016 certification, the quality certification for Automotive Industry Quality Management Systems (汽車行業質量管理體系). Chesir Luzhai was established by Chesir Pearl.
December 2017	Chesir Pearl was accredited as a National Intellectual Property Superior Enterprises (國家知識產權優勢企業).
July 2018	Chesir Pearl was accredited as an Innovative Technology Exemplary Enterprise in Guangxi Zhuang Autonomous Region (廣西自治區技術創新示範企業).
June 2019	Chesir Pearl completed a follow-on share offering and raised RMB304.1 million from the investment public in the PRC.
September 2019	Chesir Pearl was recognised as a Top 100 Guangxi Non-Resident Manufacturing Enterprise for the year of 2019 (2019年廣西民營企業製造業100強). The NEEQ Listing Withdrawal was completed.
December 2019	Chesir Pearl commenced sales of silicon oxide-based pearlescent pigment products.
November 2020	Chesir Pearl renewed the accreditation of New High-Technology Enterprise (高新技術企業), which was first obtained in July 2014.
November 2020	We completed the [REDACTED] Investments by Guidong Electric, GX Land & Sea and Mr. SU.

### CORPORATE HISTORY OF OUR SUBSIDIARIES IN THE PRC

Our principal subsidiaries are Chesir Pearl, Chesir Luzhai and Shanghai Multicolor. The diagram below illustrates our shareholding and corporate structure immediately after the NEEQ Listing Withdrawal, i.e. 23 September 2019:



Note:

(1) The remaining 39.96% equity interest in Chesir Luzhai is owned by Guangxi Industrial Investment.

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### Chesir Pearl

#### *Changes in the equity holders and new equity investments from the date of establishment*

On 29 March 2011, Guangxi Pearl Pigment Co., Ltd. (廣西珠光顏料有限公司) was established in the PRC as a company with limited liability and had an initial registered capital of RMB2.0 million, of which Hongzun Investment agreed to contribute RMB1.4 million and Mr. ZHANG Chuanchang, an Independent Third Party, agreed to contribute RMB0.6 million. Hongzun Investment and Mr. ZHANG Chuanchang had paid RMB280,000 and RMB120,000, respectively, at the time of establishment. On 17 May 2011, Guangxi Pearl Pigment Co., Ltd. (廣西珠光顏料有限公司) changed its name to Guangxi Chesir Pearl Effect Material Co., Ltd. (廣西七色珠光效應材料有限公司) (“Chesir Pearl Effect”).

The principal business activities of Chesir Pearl Effect included research and development, production, trading and sales of pearlescent pigment products, coatings, mica and related products, raw materials and semi-finished products.

Chesir Pearl Effect changed its name to Guangxi Chesir Pearl Material Co., Ltd. (廣西七色珠光材料股份有限公司) on 28 August 2014. In contemplation of the listing and quotation for trading of its shares on NEEQ, at the extraordinary general meeting of Chesir Pearl Effect on 23 July 2014, the shareholders of Chesir Pearl Effect approved, among other matters, the conversion of Chesir Pearl into a joint stock company with limited liability. Upon completion of the conversion on 28 August 2014, the share capital of Chesir Pearl was RMB60.0 million divided into 60,000,000 shares of RMB1.00 each, of which Hongzun Investment, Mr. JIN, Mr. YANG Lunquan and Ms. XU Rong held 51,094,800 shares, 5,677,200 shares, 2,988,000 shares and 240,000 shares, representing 85.16%, 9.46%, 4.98% and 0.40% of the share capital of Chesir Pearl, respectively. Mr. YANG Lunquan is our deputy general engineer and Ms. XU Rong was one of the directors of Chesir Pearl during the period from August 2014 to December 2015.

Following the listing and quoted for trading of the shares of Chesir Pearl on NEEQ, Chesir Pearl completed a new issue of 20,000,000 shares to eight individual investors and four institutional investors at a price of RMB7.2 for each share. Such new issue was approved at the extraordinary general meeting of Chesir Pearl held on 6 April 2015. The new share issue was completed in May 2015 and RMB144.0 million was raised in this share offering. Guidong Electric subscribed 10,000,000 shares, representing 12.03% of the then enlarged share capital of Chesir Pearl, in this offering and first became one of the equity holders of Chesir Pearl. Save for Guidong Electric and one institutional investor, which was an Independent Third Party and subscribed for 5,082,000 shares of Chesir Pearl, representing 6.12% of the then enlarged share capital of Chesir Pearl, none of the remaining 10 investors held more than five per cent. of the issued shares of Chesir Pearl.

After a series of share transfers and issues of new shares, Chesir Pearl had a registered capital of RMB83,100,000 on the date of commencement of the Track Record Period, i.e. 1 January 2018, and the then equity holders of Chesir Pearl were as follows:

Name of the equity holders of Chesir Pearl	Number of issued shares of Chesir Pearl held	Equity holding percentages
		(%)
Hongzun Investment . . . . .	49,757,800	59.88
Guidong Electric . . . . .	10,000,000	12.03
Mr. JIN . . . . .	4,677,200	5.63
China Merchants Securities Co., Ltd (招商证券股份有限公司) . . . . .	2,714,000	3.27
YANG Lunquan (杨伦全) . . . . .	2,354,000	2.83
WANG Huanbo (王焕波) . . . . .	1,570,000	1.89
CHEN Peiyong (陈培勇) . . . . .	1,506,000	1.81
HUANG Ying (黄莹) . . . . .	1,322,000	1.59
DENG Xiaohua (邓晓华) . . . . .	1,000,000	1.20
Qihong Huizhi NEEQ No.1 Fund (启泓汇智新三板一号基金) . . . . .	975,000	1.17
CMS Zhiyuan NEEQ No.2 Collective Asset Management Plan (招商智远新三板2号集合资产管理计划) . . . . .	886,000	1.07
XIA Rongfei (夏荣飞) . . . . .	720,000	0.87
CMS Zhiyuan NEEQ No. 3 Collective Asset Management Plan (招商智远新三板3号集合资产管理计划) . . . . .	650,000	0.78
ZHANG Xianchao (张仙超) . . . . .	549,000	0.66
QIN Jiying (覃纪英) . . . . .	544,000	0.65
Ping An Securities Co., Ltd. (平安证券股份有限公司) . . . . .	507,000	0.61
Western Securities Co., Ltd. (西部证券股份有限公司) . . . . .	481,000	0.58
ZHU Qingyu (朱庆玉) . . . . .	406,000	0.49
<b>Subtotal</b>	<b>80,619,000</b>	<b>97.01</b>

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Name of the equity holders of Chesir Pearl	Number of issued shares of Chesir Pearl held	Equity holding percentages (%)
Qihong Huizhi NEEQ No.5 Fund (启泓汇智新三板五号基金) . . . . .	385,000	0.46
CITIC Securities NEEQ Enhancement No.1 Collective Assets (中信证券新三板增强1号集合资产管理计划) . . . . .	330,000	0.40
Industrial Securities Co., Ltd. (兴业证券股份有限公司). . . . .	332,000	0.40
SUN Huaqing (孙怀庆) . . . . .	240,000	0.29
Sealand Securities Co., Ltd. (国海证券股份有限公司). . . . .	187,000	0.23
BAO Lianping (包联平) . . . . .	129,000	0.16
FENG Dagong (冯大功) . . . . .	131,000	0.16
Caising Securities Co., Ltd. (财富证券股份有限责任公司) . . . . .	131,000	0.16
YANG Keji (杨克己) . . . . .	111,000	0.13
PAN Litan (潘里坦). . . . .	108,000	0.13
XU Rong (许榕). . . . .	88,000	0.11
25 individual and institutional equity holders of less than 0.1% each . . . . .	309,000	0.36
<b>Subtotal</b>	<b>2,481,000</b>	<b>2.99</b>
<b>Total</b>	<b>83,100,000</b>	<b>100.00</b>

*Note:* Except for Hongzun Investment, Guidong Electric and Mr. JIN, all equity holders are Independent Third Parties. Mr. YANG Lunquan is currently an employee of our Group. See the section headed “Business — Intellectual Property” in this document for further information. Ms. XU Rong was one of the directors of Chesir Pearl during the period from August 2014 to December 2015.

At the extraordinary general meeting of Chesir Pearl held on 16 February 2019, a new issue of 33,673,467 shares to 13 institutional investors at a price of RMB9.03 for each share was approved. The new share issue was completed in June 2019. None of these 13 institutional investors, who are Independent Third Parties, held more than five per cent. of the equity holding of the then enlarged share capital of Chesir Pearl. The table below sets forth the investors who have been issued 33,673,467 new shares of Chesir Pearl:

Name of investors of the shares of Chesir Pearl	Number of shares issued	Equity holding percentages (%)	Consideration (RMB)
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙)) . . . . .	4,986,000	4.27	45,023,580.00
Haifu Changjiang Growth Equity Investment(Hubei) L.P. (海富长江成长股权投资(湖北)合伙企业(有限合伙)) . . . . .	4,429,679	3.79	40,000,001.37
GF Qianhe . . . . .	4,429,679	3.79	40,000,001.37
Hangzhou Weixing Zhichen Equity Investment L.P. (杭州伟星智晨股权投资合伙企业(有限合伙)) . . . . .	3,322,260	2.85	30,000,007.80
Zhejiang Venture Investment Group Co., Ltd. (浙江省创业投资集团有限公司) . . . . .	3,320,000	2.84	29,979,600.00
Hangzhou Tongyuan Youke Venture Capital L.P. (杭州通元优科创业投资合伙企业(有限合伙)) . . . . .	2,770,000	2.37	25,013,100.00
Tibet Golden Sunflower Capital Management L.P. (西藏金葵花资本管理合伙企业(有限合伙)) . . . . .	2,220,000	1.90	20,046,600.00
China-Belgium Direct Equity Investment Fund (中国-比利时直接股权投资基金)	2,214,840	1.90	20,000,005.20
Beijing Jiahua Huijin Investment Management Co., Ltd. — Ningbo Meishan Bonded Port Area Huazhen Equity Investment L.P. (北京嘉华汇金投资管理 有限公司 — 宁波梅山保税港区华臻股权投资合伙企业(有限合伙)) . . . . .	1,661,130	1.42	15,000,003.90
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. (北京龙马汇资本投资有限 公司 — 宁波梅山保税港区丰融投资管理合伙企业(有限合伙)) . . . . .	1,654,029	1.42	14,935,881.87
Qingdao Jin Yi Qing Control Venture Investment Center L.P. (青岛清控金奕创业投资中心(有限合伙)) . . . . .	1,558,140	1.33	14,070,004.20
<b>Subtotal</b>	<b>32,565,757</b>	<b>27.88</b>	<b>294,068,785.71</b>

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<b>Name of investors of the shares of Chesir Pearl</b>	<b>Number of shares issued</b>	<b>Equity holding percentages</b>	<b>Consideration</b>
		(%)	(RMB)
Shanghai Shangrong Juyuan Equity Investment Center L.P. (上海尚融聚源股权投资中心(有限合伙)) . . . . .	554,000	0.48	5,002,620.00
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. — Ningbo Meishan Bonded Port Area Fenghui Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税港区丰汇投资管理合伙企业(有限合伙)) . . . . .	<u>553,710</u>	<u>0.48</u>	<u>5,000,001.30</u>
<b>Subtotal</b>	<u>1,107,710</u>	<u>0.96</u>	<u>10,002,621.30</u>
<b>Total</b>	<u>33,673,467</u>	<u>28.84</u>	<u>304,071,407.01</u>

At the Chesir Pearl Extraordinary General Meeting, the NEEQ Listing Withdrawal was approved by a majority of the then equity holders of Chesir Pearl.

See the paragraphs under “Fund raising activities of Chesir Pearl when its shares were listed and quoted for trading on NEEQ” below for further information on the fund raising activities of Chesir Pearl and the proposed and actual usages of the net proceeds raised.

After the above issue of new shares and immediately after the NEEQ Listing Withdrawal, Chesir Pearl had a registered capital of RMB116,773,467 and was held by the following 141 equity holders as of 23 September 2019:

<b>Name of equity holders of Chesir Pearl</b>	<b>Number of issued shares of Chesir Pearl held</b>	<b>Equity holding percentages</b>
		(%)
Hongzun Investment . . . . .	49,757,800	42.6105
Guidong Electric . . . . .	10,000,000	8.5636
Hangzhou Weixing Zhichen Equity Investment L.P. (杭州伟星智晨股权投资合伙企业(有限合伙))	5,622,260	4.8147
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙)) . . . . .	4,986,000	4.2698
Zhejiang Venture Investment Group Co., Ltd. (浙江省创业投资集团有限公司) . . . . .	4,760,000	4.0763
GF Qianhe . . . . .	4,429,679	3.7934
HaiFu Changjiang Growth Equity Investment(Hubei) L.P. (海富长江成长股权投资(湖北)合伙企业(有限合伙)) . . . . .	4,429,679	3.7934
Mr. JIN . . . . .	4,265,200	3.6525
Hangzhou Tongyuan Youke Venture Capital L.P. (杭州通元优科创业投资合伙企业(有限合伙)) . . . . .	2,770,000	2.3721
ZHU Qingyu (朱庆玉) . . . . .	2,682,000	2.2968
Tibet Golden Sunflower Capital Management L.P. (西藏金葵花资本管理合伙企业(有限合伙)) . . . . .	2,220,000	1.9011
China-Belgium Direct Equity Investment Fund (中国-比利时直接股权投资基金) . . . . .	2,214,840	1.8967
HUANG Ying (黄莹) . . . . .	1,972,000	1.6887
Beijing Jiahua Huijin Investment Management Co., Ltd. — Ningbo Meishan Bonded Port Area Huazhen Equity Investment L.P. (北京嘉华汇金投资管理有限公司 — 宁波梅山保税港区华臻股权投资合伙企业(有限合伙)) . . . . .	1,661,130	1.4225
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税港区丰融投资管理合伙企业(有限合伙)) . . . . .	1,654,029	1.4164
Qingdao Jin Yi Qing Control Venture Investment Center L.P. (青岛清控金奕创业投资中心(有限合伙))	1,558,140	1.3343
CHEN Peiyong (陈培勇) . . . . .	1,421,000	1.2169
Three equity holders holding 0.5% - 0.99% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	2,258,000	1.9337
Five equity holders holding 0.3% - 0.49% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	2,701,710	2.3136
116 equity holders holding less than or equal to 0.29% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	<u>5,410,000</u>	<u>4.6330</u>
<b>Total</b>	<u>116,773,467</u>	<u>100.00</u>

*Note:* Except for Hongzun Investment, Guidong Electric and Mr. JIN, all equity holders are Independent Third Parties.

## HISTORY, DEVELOPMENT AND REORGANISATION

### Transfers of shares of Chesir Pearl following the NEEQ Listing Withdrawal

Because of the share purchase undertakings given by Hongzun Investment and Mr. SU, there were 69 completed transactions involving the transfer of an aggregate of 27,493,141 shares of Chesir Pearl to new purchasers or the then equity holders of Chesir Pearl following the NEEQ Listing Withdrawal. These share transfers did not involve any new issue of shares by Chesir Pearl, and Chesir Pearl did not receive any amount of consideration from these share transfers. The directors of Chesir Pearl confirm that the terms of these share transfers (including the selling prices and the number of shares of Chesir Pearl involved) were negotiated between the transferors and the transferees and that Chesir Pearl only facilitated the transfers by updating the register of members of Chesir Pearl. The table below sets forth a list of transferors and transferees and amount of consideration involved in relation to the transfers of shares taking place after the NEEQ Listing Withdrawal and the commencement date of Reorganisation:

Transferors	Transferees <sup>(1)</sup>	Number of issued shares of Chesir Pearl transferred	Price per Share <sup>(2)</sup> (RMB)
Liuzhou Rongyi Investment Co., Ltd. (柳州容易投资有限公司) . . . . .	CHEN Cheng (陈诚)	35,000	Not applicable (for a total consideration of RMB1.0)
Shanghai Shangrong Juyuan Equity Investment Center L.P. (上海尚融聚源股权投资中心(有限合伙)) . . . . .	CHEN Lizhen (陈丽珍)	100,000	10.12
Shenzhen Qianhai Lihui Fund Management Co., Ltd. (深圳前海力汇基金管理有限公司) . . . . .	CHEN Yu (陈宇)	210,000	Not applicable (for a total consideration of RMB1.0)
YAO Xuemei (姚雪梅) . . . . .	DAI Rong (戴荣)	670,000	8.88
CAI Bin (蔡彬) . . . . .		51,000	9.03
WANG Chunming (王春明) . . . . .		15,000	9.03
CHEN Peiyong (陈培勇) . . . . .		631,871	9.03
DAI Lihua (代礼华) . . . . .		50,000	9.03
DENG Xiaohua (邓晓华) . . . . .		198,682	9.03
DU Hesong (杜鹤松) . . . . .		35,000	9.03
FAN Depeng (范德朋) . . . . .		1,000	9.03
GE Ma (葛俣) . . . . .		12,000	9.03
Guanya Investment Holdings Limited (冠亚投资控股有限公司) . . . . .		5,000	9.03
GUO Kaixi (郭锴曦) . . . . .		1,000	9.03
HONG Bin (洪斌) . . . . .		12,000	9.03
HONG Ying (洪颖) . . . . .		20,000	9.03
HUANG Baoying (黄宝映) . . . . .		2,000	9.03
HUANG Ying (黄莹) . . . . .		1,104,693	9.03
LIU Lei (刘磊) . . . . .		1,000	9.03
QI Chengen (漆承恩) . . . . .		11,000	9.03
QIN Jiying (覃纪英) . . . . .		10,000	9.03
Shanghai Shangrong Juyuan Equity Investment Center L.P. (上海尚融聚源股权投资中心(有限合伙)) . . . . .	Furui Innovation (Xia Men) Emerging Industry Investment Partnership Entreprise (Limited Partnership) (福睿创投(厦门)新兴产业投资合伙企业(有限合伙))	103,000	10.2
Shanghai Yuyin (上海育因企业管理咨询有限公司) . . . . .		5,000	9.03
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙)) . . . . .		43,303	10.07
TANG Wenhua (唐文华) . . . . .		4,000	9.03
XU Hao (徐浩) . . . . .		10,000	9.03
YANG Keji (杨克己) . . . . .		111,000	9.03
YAO Minwei (姚敏伟) . . . . .		10,000	9.03
YU Qing (余庆) . . . . .		60,000	9.03
ZHANG Guohua (张国华) . . . . .		3,000	9.03
ZHANG Yuqing (张宇清) . . . . .		20,000	9.03
ZHAO Xin (赵鑫) . . . . .		3,000	9.03
ZHENG Kezhong (郑可忠) . . . . .		35,000	9.03
ZHU Pingdong (朱平东) . . . . .		96,000	9.03
ZHU Ting (朱婷) . . . . .		1,000	9.03
<b>Subtotal</b>		<b>3,680,549</b>	

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## HISTORY, DEVELOPMENT AND REORGANISATION

Transferors	Transferees <sup>(1)</sup>	Number of issued shares of Chesir Pearl transferred	Price per Share <sup>(2)</sup> (RMB)
ZHU Xiuwei (朱秀伟) . . . . .	Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙))	21,000	9.03
ZHU Yimin (朱益民) . . . . .		82,000	9.03
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙))	HONG Jiangxin (洪江鑫)	2,000,000	10
DENG Xiaohua (邓晓华) . . . . .	HU Yongxiang (胡永祥)	3,200	9.03
Mr. JIN . . . . .	LI Aiming (李爱明)	800,000	9.8
CHEN Peiyong (陈培勇) . . . . .	LI Sun (李孙)	332,863	9.95
Hangzhou Tongyuan Youke Venture Capital L.P. (杭州通元优科创业投资合伙企业(有限合伙)) . . . . .		2,770,000	9.95
HUANG Ying (黄莹) . . . . .	LIANG Weisen (梁伟森)	135,637	10
GAO Yudan (高羽丹) . . . . .		37,000	9.17
Tianjin Yixinan Asset Management Co., Ltd.-Yixinan Asset Management Xinan Phase 6 (天津易鑫安资产管理有限公司-易鑫安资管鑫安6期) . . . . .		11,000	11
Mr. JIN . . . . .	LIU Jiaxin (刘佳鑫)	400,000	9.8
China-Belgium Direct Equity Investment Fund (中国-比利时直接股权投资基金) . . . . .	LIU Zhihe (刘志和)	1,107,420	10.37
GF Qianhe . . . . .	Liuzhou Dice Hongze Enterprise Management L.P. (柳州迪策鸿泽企业管理合伙企业(有限合伙))	3,000,000	10
HE Fumei (何甫梅) . . . . .	LOU Junwei (楼军威)	10,000	Not applicable (for a total consideration of RMB1.0)
CHEN Peiyong (陈培勇) . . . . .	LUO Lingtao (骆凌涛)	456,266	9.03
Haifu Changjiang Growth Equity Investment(Hubei) L.P. (海富长江成长股权投资(湖北)合伙企业(有限合伙)) . . . . .		2,214,839	10.37
LUO Yizhong (骆义忠) . . . . .		218,000	10
Tibet Golden Sunflower Capital Management L.P. (西藏金葵花资本管理合伙企业(有限合伙)) . . . . .		2,220,000	10.08
Shanghai Junfu (上海君富投资管理有 限公司) . . . . .	Mr. SU	20,000	9.03
LU Jianmin (陆建文) . . . . .		11,000	9.03
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙)) . . . . .	Ningbo Jingzhu Investment L.P. (宁波京珠投资合伙企业(有限合伙))	2,656,000	9.97
Shangrong Baoying (Ningbo) Investment Center L.P. (尚融宝盈(宁波)投资中心(有限合伙)) . . . . .	OU Zhichuan (欧志川)	286,697	10.03
YU Lanzhi (余兰芝) . . . . .		316,000	Not applicable (for a total consideration of RMB1.0)
HUANG Ying (黄莹) . . . . .	SHEN Jinshui (沈锦水)	500,000	10
<b>Subtotal</b>		<u>19,608,922</u>	

## HISTORY, DEVELOPMENT AND REORGANISATION

Transferors	Transferees <sup>(1)</sup>	Number of issued shares of Chesir Pearl transferred	Price per Share <sup>(2)</sup> (RMB)
Shanghai Shangrong Juyuan Equity Investment Center L.P. (上海尚融聚源股权投资中心(有限合伙)) . . . . .	WEI Jia (韦佳)	351,000	9.97
LU Jianmin (陆建文) . . . . .	WEI Seguang (韦色广) <sup>(3)</sup>	5,000	9.03
WANG Chunming (王春明) . . . . .		19,000	9.03
HUANG Ying (黄莹) . . . . .	ZENG Jianwen (曾健文)	102,040	9.8
HUANG Ying (黄莹) . . . . .	ZHANG Wenhong (张文红)	129,630	10
Beijing Bangchen Culture Ltd (北京邦臣文化有限公司) . . . . .	ZHAO Guojie (赵国杰)	120,000	9.735
LEI Shuying (雷淑颖) . . . . .	ZHAO Yuting (赵玉亭)	150,000	Not applicable (for a total consideration of RMB1.0)
CHANG Shuanzhu (常栓柱) . . . . .		60,000	Not applicable (for a total consideration of RMB1.0)
SUN Hongzhi (孙宏志) . . . . .		585,000	Not applicable (for a total consideration of RMB1.0)
ZHU Qingyu (朱庆玉) . . . . .	Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) (珠海格金广发信德智能制造产业投资基金(有限合伙))	2,682,000	10
<b>Subtotal</b>		<u>4,203,670</u>	
<b>Total</b>		<u><u>27,493,141</u></u>	

*Note:*

- (1) The above transferees (other than Mr. SU and WEI Seguang (韦色广)), who accepted the transfers of the shares of Chesir Pearl after the NEEQ Listing Withdrawal and have their shares of Chesir Pearl exchanged for our Shares pursuant to the Chesir Pearl Equity Acquisition Agreement and the Cayman Share Swap, are deemed to be our [REDACTED] Investors for the purpose of the [REDACTED]. See the section headed “[REDACTED] Investments — Overview — Equity holders of Chesir Pearl deemed to be our [REDACTED] Investors” in this document for further information.
- (2) The terms of these share transfers (including the selling prices and the number of shares of Chesir Pearl involved) were negotiated between the transferors and the transferees and that Chesir Pearl only facilitated the transfers by updating the register of members of Chesir Pearl.
- (3) Mr. WEI Seguang (韦色广) has agreed not to transfer his equity holding in Chesir Pearl for Shares pursuant to Chesir Pearl Equity Acquisition Agreement and the Cayman Island Share Swap and is not deemed to be one of our [REDACTED] investors.

Among the above transfers,

- (a) on 19 October 2019, Mr. JIN disposed of 1,200,000 shares in aggregate to two individuals, who are Independent Third Parties, for a total consideration of RMB11.8 million;
- (b) on 28 September 2020, GF Qianhe disposed of 3,000,000 shares to an institutional investor, which is an Independent Third Party, for a total consideration of RMB30.0 million;
- (c) on 23 October 2020, Mr. SU acquired 31,000 shares in aggregate from one individual and one institutional investor, who are Independent Third Parties, for a total consideration of RMB279,930; and
- (d) on 23 October 2020, Mr. HU Yongxiang acquired 3,200 shares from an individual, who is an Independent Third Party, for a total consideration of RMB28,896.

Except for Mr. SU and Mr. HU Yongxiang, who are our Directors, all transferees are Independent Third Parties. Our PRC Legal Advisers confirm that all transfers of shares of Chesir Pearl following the NEEQ Listing Withdrawal were legally completed in accordance with the applicable PRC laws and regulations.

### **Issuance of the 2019 Convertible Bonds**

On 31 May 2019, the Convertible Bonds Subscription Agreement was entered into, pursuant to which the Bondholders agreed to subscribe for the 2019 Convertible Bonds at an aggregate principal amount of RMB72,240,000 at 8.0% interest rate per annum with maturity on 31 May 2021 (the

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## HISTORY, DEVELOPMENT AND REORGANISATION

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“**Maturity Date**”). The 2019 Convertible Bonds were issued on 31 May 2019 and the Bondholders fully settled the subscription money on 3 June 2019. The net proceeds from the 2019 Convertible Bonds were used for the construction of our Phase 2 Production Plant and as general operating capital, which had been fully utilised as of the Latest Practicable Date.

Pursuant to the Convertible Bonds Subscription Agreement, the 2019 Convertible Bonds were convertible at any time during the period from 30 September 2019 and up to the Maturity Date by the Bondholders into the shares of Chesir Pearl of RMB1.00 each at the option of the Bondholders, at an initial conversion price of RMB9.03 per share (the “**Conversion Price**”) but not exceeding 8,000,000 shares of aggregate under certain circumstances. The Conversion Price was determined with reference to the then market capitalisation of Chesir Pearl when it was listed on the NEEQ.

### *Transfer and conversion of the 2019 Convertible Bonds*

On 16 October 2020, the Convertible Bonds Transfer Agreement was entered into pursuant to which the Bondholders transferred the 2019 Convertible Bonds in the principal amount of RMB72,240,000 to Guidong Electric for RMB73.6 million, pursuant to which Guidong Electric was the sole holder of the 2019 Convertible Bonds. On 19 October 2020, Guidong Electric fully settled the amount of consideration and on the same date, Guidong Electric was registered as the sole holder of the 2019 Convertible Bonds.

On 19 October 2020, Chesir Pearl and Guidong Electric entered into the Convertible Bond Conversion Agreement for the purpose of converting the 2019 Convertible Bonds into 8,000,000 shares of Chesir Pearl at the conversion price of RMB9.03 each. These shares were issued to Guidong Electric on the same date.

As a result, Guidong Electric was the holder of 18,000,000 shares of Chesir Pearl, which have been converted into 18,000,000 Shares pursuant to the Guidong Share Swap. Out of these Shares, 8,000,000 Shares held by Guidong Electric are considered to be part of the [REDACTED] Investments. See the section headed “[REDACTED] Investments” in this document for further information.

### *Equity investment by GX Land & Sea to Generous Fortune*

On 19 October 2020, the GX [REDACTED] Investment Agreement was entered into, pursuant to which GX Land & Sea has agreed to invest in Generous Fortune an aggregate of 12,787,724 shares for cash consideration of RMB125,319,695. On 30 October 2020, our Company transferred the existing 3,900,000 shares of Generous Fortune to GX Land & Sea in consideration of HK\$10. On 13 November 2020, Generous Fortune allotted and issued to GX Land & Sea 8,887,724 shares for a cash consideration of RMB125,319,695.

### *Additional equity investment by Mr. SU*

On 19 October 2020, Chesir Pearl and Mr. SU entered into the SU Subscription Agreement, pursuant to which Mr. SU has agreed to subscribe for 12,000,000 shares of Chesir Pearl for cash consideration of RMB122,640,000. On 19 October 2020, Chesir Pearl allotted and issued to Mr. SU 12,000,000 shares and on 22 October 2020, Mr. SU fully settled the amount of consideration. These new 12,000,000 shares of Chesir Pearl, which have been converted into 12,000,000 Shares pursuant to the Cayman Share Swap and the transfer of 3,900,000 Shares from Continuous Profit to Ertian International, are considered to be part of the [REDACTED] Investments. See the section headed “[REDACTED] Investments” in this document for further information.

### *Conversion of Chesir Pearl into a sino-foreign equity joint venture in the PRC*

Following the receipt of the amount of equity investment from GX Land & Sea pursuant to the GX [REDACTED] Investment Agreement, Generous Fortune uses the same amount to subscribe for 100,000 new shares of Global New Material (HK) which, in turn, uses the same amount to subscribe for 12,787,724 shares of Chesir Pearl. As such, Chesir Pearl has been changed as a sino-foreign equity joint venture established in the PRC on 2 November 2020. Chesir Pearl fully received RMB125,319,695 on 17 November 2020.

### **Chesir Luzhai**

On 20 September 2017, Chesir Luzhai was established by Chesir Pearl in the PRC as a company with limited liability and had an initial registered capital of RMB25.0 million. On 16 October 2017, Chesir Pearl transferred the ownership of three registered PRC invention patents, namely (a) “Preparation method for wet synthesized  $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$  crystal powder (一種濕法合成  $\text{KMg}_3(\text{AlSi}_3\text{O}_{10})\text{F}_2$  晶體粉的製備方法)”, (b) “Preparation method of electrically conductive sericite in powder (導電絹雲母粉的製備方法)”, and (c) “A method for film shaped powder material dispersion (一種片狀粉體材料的濕法分級方法)”, to Chesir Luzhai for the appraised value of RMB162.4 million. On 5 December 2017, the registered capital of Chesir Luzhai increased from RMB25.0 million to RMB63.0 million and contributed by Chesir Pearl by assigning tangible properties of RMB38.0 million and the capital reserve of Chesir Luzhai also increased to RMB162.4 million by assigning the intellectual property of the three patented technologies to Chesir Luzhai.

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## **HISTORY, DEVELOPMENT AND REORGANISATION**

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The principal business activities of Chesir Luzhai include research and development, production, trading and sales of mica, pearlescent pigment products and related products, raw materials and semi-finished products.

On 17 January 2018, Pursuant to the Luzhai Capital Contribution Agreement, Liuzhou Industrial Investment agreed to subscribe for the new capital in Chesir Luzhai by way of cash in the aggregate amount of RMB150.0 million. Liuzhou Industrial Investment is a State-owned investment management enterprise which is wholly-owned and managed by State-owned Assets Supervision and Administration Commission of Liuzhou City Municipal Government (柳州市人民政府國有資產監督管理委員會). Of the RMB150.0 million new funding contributed by Liuzhou Industrial Investment to Chesir Luzhai, RMB41.9 million was treated as paid-in capital and RMB108.1 million was treated as capital reserve. The subscription price was determined by the parties after arm’s length negotiations with reference to the existing registered capital of Chesir Luzhai and the amount of new capital to be contributed by Liuzhou Industrial Investment as a percentage of the net asset value of Chesir Luzhai. Subsequent to the increase in capital on 18 January 2018, the registered capital of Chesir Luzhai increased from RMB63.0 million to RMB104.9 million and Chesir Luzhai was owned as to 60.04% by Chesir Pearl and 39.96% by Liuzhou Industrial Investment.

On 13 September 2018, Chesir Luzhai, Liuzhou Industrial Investment and Guangxi Industrial Investment entered into the equity interest transfer agreement, pursuant to which Liuzhou Industrial Investment transferred its RMB150.0 million capital contribution in Chesir Luzhai to Guangxi Industrial Investment for nil consideration. Guangxi Industrial Investment is wholly-owned by the PRC Government. Such transfer was a result of the change of investment entity from Liuzhou Industrial Investment to Guangxi Industrial Investment as directed by the PRC Government. Subsequent to the transfer of equity interest, Chesir Luzhai was owned as to 60.04% by Chesir Pearl and 39.96% by Guangxi Industrial Investment.

On 18 September 2020, the Luzhai Supplemental Agreement was entered into, pursuant to which certain protective provisions for the benefit of Guangxi Industrial Investment in the Luzhai Capital Contribution Agreement have been removed as such provisions have never been applied or used by Guangxi Industrial Investment. Such provisions are related to (a) capital supervision and reduction of capital by Guangxi Industrial Investment and (b) profit and loss sharing. See the paragraphs under “B. Further information about the business of our Group — 3. Summary of capital investments in Chesir Luzhai” in Appendix V to this document for the principal terms of the Luzhai Capital Contribution Agreement.

### **Shanghai Multicolour**

On 14 January 2014, Shanghai Multicolour was established in the PRC as a company with limited liability and had an initial registered capital of RMB10.0 million, all of which was contributed by Chesir Pearl. Since then, Shanghai Multicolour has been a wholly-owned subsidiary of Chesir Pearl.

The registered business scope of Shanghai Multicolour includes (a) sales of pigment products, coatings, non-metallic minerals and products, mica products, chemical raw materials and products; (b) import and export of goods and technologies; and (c) provision of warehousing services.

### **CORPORATE HISTORY OF OUR SUBSIDIARY IN FRANCE**

On 5 December 2016, Chesir Pearl acting as the sole shareholder established Chesir France in France with its entire share capital of Euro 50,000 divided into 500 shares of 100 Euro each allotted and issued to Chesir Pearl. The registered business scope of Chesir France is research and development, manufacturing, services and trade of pigments, pearlescent pigment products, paints, mica and related products. Chesir France has no business activity to date. Chesir France was established for the intended purpose of liaising with our customers in Europe and collecting marketing information and feedbacks from our customers. As of the date of this document, we have yet to commence such business plan as our customers still prefer to work with us in the PRC direct for any technical support or after-sales service. We will continue to review on a regular basis the usefulness of maintaining Chesir France in light of our business plan and may apply for deregistration of Chesir France if it serves no practical purpose for our business development.

### **FUND RAISING ACTIVITIES OF CHESIR PEARL WHEN ITS SHARES WERE LISTED AND QUOTED FOR TRADING ON NEEQ**

During the period between March 2015 and September 2019, the issued shares of Chesir Pearl were listed and quoted for trading on NEEQ. The aggregate amount raised by Chesir Pearl during such period was RMB448.1 million. In May 2015, Chesir Pearl issued 20,000,000 new shares at the price of RMB7.2 per share and raised RMB144.0 million. In June 2019, Chesir Pearl issued 33,673,467 shares at the price of RMB9.03 per share and raised RMB304.1 million. As of the Latest Practicable Date, we have fully utilised the RMB144.0 million raised in July 2015 to enhance the production capacity of our Phase 1 Production Plant, renovate our research and development centre and as our general working capital and we have not started utilising the RMB304.1 million raised in June 2019.

## **HISTORY, DEVELOPMENT AND REORGANISATION**

The directors of Chesir Pearl confirm that the actual usage of the aggregate amount of net proceeds from the issue of new shares of RMB448.1 million were consistent with the prescribed usage set forth in the public documents issued by Chesir Pearl. The remaining balance of the unused net proceeds of RMB304.1 million will be used and applied by Chesir Pearl for the construction of our Phase 2 Production Plant including financing the construction costs and purchase cost of production machinery and equipment. See the section headed “Future Plans and [REDACTED] — Construction of our Phase 2 Production Plant” in this document for further information.

### **REORGANISATION**

#### **Purpose of the Reorganisation**

The purposes of the Reorganisation are to facilitate the transfer of the equity holding of the Consent Chesir Pearl Equity Holders of 113,119,528 shares of Chesir Pearl to Global New Material (HK) for our Shares and that Chesir Pearl will become a subsidiary of Global New Material (HK) in full compliance with the applicable laws and regulations in the PRC. Chesir Pearl had 141 equity holders immediately following the NEEQ Listing Withdrawal. Changes in the then equity holders and the number of issued shares of Chesir Pearl subsequent to the NEEQ Listing Withdrawal may be divided into two categories. First, various transfers of 27,493,141 shares of Chesir Pearl in aggregate to new investors or the then equity holders of Chesir Pearl who are deemed to be our [REDACTED] Investors (other than Mr. SU and WEI Seguang (韦色广)). Second, issues of new shares by Generous Fortune and Chesir Pearl as part of the Reorganisation, namely the [REDACTED] Investments made by GX Land & Sea and Mr. SU (through Ertian International and Seven Color Pearl Investment). See the section headed “[REDACTED] Investments” in this document for further information.

#### **Chesir Pearl**

Subsequent to the share transfers following the NEEQ Listing Withdrawal and the [REDACTED] Investments made by Mr. SU, GX Land & Sea and Guidong Electric and prior to the commencement of the Reorganisation, Chesir Pearl had a registered capital of RMB149,561,191 held by 117 equity holders. The table below sets forth the shareholding of these equity holders:

<b>Name of equity holders of Chesir Pearl</b>	<b>Number of issued shares of Chesir Pearl held</b>	<b>Equity holding percentages</b>
		(%)
Hongzun Investment . . . . .	49,757,800	33.2692
Guidong Electric . . . . .	18,000,000	12.0352
Global New Material (HK) . . . . .	12,787,724	8.5502
Mr. SU . . . . .	12,031,000	8.0442
Hangzhou Weixing Zhichen Equity Investment L.P. (杭州伟星晨晟股权投资合伙企业(有限合伙)) . . . . .	5,622,260	3.7592
LUO Lingtao (骆凌涛) . . . . .	5,109,105	3.4161
Zhejiang Venture Investment Group Co., Ltd. (浙江省创业投资集团有限公司) . . . . .	4,760,000	3.1826
LI Sun (李孙) . . . . .	3,102,863	2.0746
Mr. JIN . . . . .	3,065,200	2.0495
Liuzhou Dice Hongze Enterprise Management L.P. (柳州迪策鸿泽企业管理合伙企业(有限合伙)) . . . . .	3,000,000	2.0059
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙)) . . . . .	2,768,549	1.8511
Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) (珠海格金广发信德智能制造产业投资基金(有限合伙)) . . . . .	2,682,000	1.7932
Ningbo Jingzhu Investment L.P. (宁波京珠投资合伙企业(有限合伙)) . . . . .	2,656,000	1.7759
Two equity holders holding 1.33%-1.49% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	4,214,840	2.8181
Beijing Jiahua Huijin Investment Management Co., Ltd. — Ningbo Meishan Bonded Port Area Huazhen Equity Investment L.P. (北京嘉华汇金投资管理有限公司 — 宁波梅山保税 港区华臻股权投资合伙企业(有限合伙)) . . . . .	1,661,130	1.1107
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税 港区丰融投资管理合伙企业(有限合伙)) . . . . .	1,654,029	1.1059
Qingdao Jin Yi Qing Control Venture Investment Center L.P. (青岛清控金奕创业投资中心(有限合伙)) . . . . .	1,558,140	1.0418
<b>Subtotal</b>	<b>134,430,640</b>	<b>89.8834</b>

## HISTORY, DEVELOPMENT AND REORGANISATION

Name of equity holders of Chesir Pearl	Number of issued shares of Chesir Pearl held	Equity holding percentages (%)
GF Qianhe . . . . .	1,429,679	0.9559
LIU Zhihe (刘志和) . . . . .	1,107,420	0.7404
Five equity holders holding 0.40% - 0.75% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	4,106,235	2.7455
DAI Rong (戴荣) . . . . .	670,000	0.4480
Beijing Longmahui Capital Investment Co., Ltd.—Ningbo Meishan Bonded Port Area Fenghui Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税港区丰汇投资管理合伙企业(有限合伙)) . . . . .	553,710	0.3702
ZHANG Xianchao (张仙超) . . . . .	549,000	0.3671
89 equity holders holding less than 0.39% of the shares of Chesir Pearl, which are Independent Third Parties . . . . .	6,714,507	4.4895
<b>Subtotal</b>	15,130,551	10.1166
<b>Total</b>	149,561,191	100.0000

*Note:* Except for Hongzun Investment, Guidong Electric and Mr. SU, Mr. JIN and Mr. HU Yongxiang (who are our Directors), all equity holders are Independent Third Parties.

### ***Consolidation of individual equity holdings into five limited partnerships established in the PRC***

An aggregate of 81 individual equity holders of Chesir Pearl have decided to consolidate their equity holdings in Chesir Pearl under five limited partnerships established in the PRC in preparation for the [REDACTED]. Liuzhou Qise LP, Liuzhou Colorful LP and Liuzhou Lanrun LP have been established for the purpose of consolidation of equity holdings of the minority equity holders of Chesir Pearl into three shareholding platforms for ease of administration. All of these equity holders (other than Mr. SU and Mr. JIN) are passive investors and they do not have any control over Chesir Pearl and the three limited partnerships established in the PRC.

#### **Liuzhou Qise LP**

On 9 November 2020, 20 individual equity holders of Chesir Pearl, including Mr. SU and Mr. JIN, entered into a share transfer agreement with Liuzhou Qise LP, pursuant to which Liuzhou Qise LP acquired 4,551,200 shares from these 20 individual equity holders of Chesir Pearl. The general partner of Liuzhou Qise LP is Mr. SU who owns 10,000 shares. Mr. JIN owns 1,565,200 shares and 18 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 2,976,000 shares of Chesir Pearl.

#### **Liuzhou Colorful LP**

On 9 November 2020, 20 individual equity holders of Chesir Pearl, including Mr. SU and Mr. JIN, entered into a share transfer agreement with Liuzhou Colorful LP, pursuant to which Liuzhou Colorful LP acquired 4,498,158 shares from these 20 individual equity holders of Chesir Pearl. The general partner of Liuzhou Colorful LP is Mr. SU who owns 10,000 shares. Mr. JIN owns 1,500,000 shares and 18 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 2,988,158 shares of Chesir Pearl.

#### **Liuzhou Lianrun LP**

On 9 November 2020, 25 individual equity holders of Chesir Pearl, including Mr. SU, entered into a share transfer agreement with Liuzhou Lianrun LP, pursuant to which Liuzhou Lianrun LP acquired 228,000 shares from these 25 individual equity holders of Chesir Pearl. The general partner of Liuzhou Lianrun LP is Mr. SU who owns 11,000 shares. The 24 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 217,000 shares of Chesir Pearl.

#### **Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙))**

On 9 November 2020, 13 individual equity holders of Chesir Pearl, including Mr. HU Yongxiang, entered into a share transfer agreement with Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙)), pursuant to which Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙)) acquired 3,214,200 shares from these 13 individual equity holders of Chesir Pearl. The general partner of Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙)) is Mr. HU Yongxiang who owns 3,200 shares. The 12 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 3,211,000 shares of Chesir Pearl.

**HISTORY, DEVELOPMENT AND REORGANISATION**

Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙))

On 9 November 2020, six individual equity holders of Chesir Pearl entered into a share transfer agreement with Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙)), pursuant to which Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙)) acquired 1,415,964 shares from these six individual equity holders of Chesir Pearl. The general partner of Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙)) is OU Zhichuan (欧志川), an Independent Third Party, who owns 602,697 shares. The five individual equity holders of Chesir Pearl, who are Independent Third Parties, own 813,267 shares of Chesir Pearl.

Following completion of the above transfers, Chesir Pearl was held by the following equity holders as of 9 November 2020:

Name of equity holders of Chesir Pearl	Number of issued shares of Chesir Pearl	Equity holding percentage (%)
Hongzun Investment	49,757,800	33.27
Guidong Electric	18,000,000	12.04
Global New Material (HK)	12,787,724	8.55
Mr. SU	12,000,000	8.02
Liuzhou Qise LP <sup>(1)</sup>	4,551,200	3.04
Liuzhou Colorful LP <sup>(2)</sup>	4,498,158	3.01
Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙)) <sup>(3)</sup>	3,214,200	2.15
GF Qianhe	1,429,679	0.96
Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙)) <sup>(4)</sup>	1,415,964	0.95
Liuzhou Lianrun LP <sup>(5)</sup>	228,000	0.15
Hangzhou Weixing Zhichen Equity Investment L.P. (杭州伟星智晨股权投资合伙企业(有限合伙))	5,622,260	3.76
LUO Lingtao (骆凌涛)	5,109,105	3.42
Zhejiang Venture Investment Group Co., Ltd. (浙江省创业投资集团有限公司)	4,760,000	3.18
LI Sun (李孙)	3,102,863	2.07
Liuzhou Dice Hongze Enterprise Management L.P. (柳州迪策鸿泽企业管理合伙企业(有限合伙))	3,000,000	2.01
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙))	2,768,549	1.85
Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) (珠海格金广发信德智能制造产业投资基金(有限合伙))	2,682,000	1.79
Ningbo Jingzhu Investment L.P. (宁波京珠投资合伙企业(有限合伙))	2,656,000	1.78
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. (北京龙马汇资本投资有限公司—宁波梅山保税港区丰融投资管理合伙企业(有限合伙))	1,654,029	1.11
Beijing Jiahua Huijin Investment Management Co., Ltd. — Ningbo Meishan Bonded Port Area Huazhen Equity Investment L.P. (北京嘉华汇金投资管理有限公司—宁波梅山保税港区华臻股权投资合伙企业(有限合伙))	1,661,130	1.11
Qingdao Jin Yi Qing Control Venture Investment Center L.P. (青岛清控金奕创业投资中心(有限合伙))	1,558,140	1.04
LIU Zhihe (刘志和)	1,107,420	0.74
DAI Rong (戴荣)	670,000	0.45
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fenghui Investment Management L.P. (北京龙马汇资本投资有限公司—宁波梅山保税港区丰汇投资管理合伙企业(有限合伙))	553,710	0.37
ZHANG Xianchao (张仙超)	549,000	0.37
Remaining 17 equity holders to remain as equity holders of Chesir Pearl <sup>(6)</sup>	4,224,260	2.81
<b>Total</b>	<b>149,561,191</b>	<b>100.00</b>

**Notes:**

(1) The general partner is Mr. SU who owns 10,000 shares. Mr. JIN owns 1,565,200 shares and the original 18 equity holders of Chesir Pearl, who are Independent Third Parties, own 2,976,000 shares.

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## **HISTORY, DEVELOPMENT AND REORGANISATION**

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- (2) The general partner is Mr. SU who owns 10,000 shares. Mr. JIN owns 1,500,000 shares and the original 18 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 2,988,158 shares.
- (3) The general partner is Mr. HU Yongxiang, our non-executive Director, who owns 3,200 shares. The original 12 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 3,211,000 shares.
- (4) The general partner is OU Zhichuan (欧志川), an Independent Third Party who owns 602,697 shares. The original five individual equity holders of Chesir Pearl, who are Independent Third Parties, own 813,267 shares.
- (5) The general partner is Mr. SU who owns 11,000 shares. The original 24 individual equity holders of Chesir Pearl, who are Independent Third Parties, own 217,000 shares.
- (6) See the paragraphs under “17 equity holders of Chesir Pearl will not become our Shareholders” below for further information.

### ***17 equity holders of Chesir Pearl will not become our Shareholders***

As of the Latest Practicable Date, 17 equity holders holding 4,224,260 shares of Chesir Pearl, representing 2.81% of the issued shares of Chesir Pearl, have decided not to transfer their equity interest in Chesir Pearl to Global New Material (HK) pursuant to the Reorganisation. The directors of Chesir Pearl have taken all necessary steps to liaise with them as required by the applicable PRC laws and regulations, but are not able to contact 10 individual equity holders and one institutional equity holder of Chesir Pearl, holding an aggregate of 44,000 shares of Chesir Pearl, representing 0.03% of the issued shares of Chesir Pearl. Such steps include reaching these 10 individual equity holders and one institutional equity holder by phone and text messages to their contact information known to the directors of Chesir Pearl and publishing regulatory announcements on newspapers in the PRC on 16 November 2020, as advised by the PRC Legal Advisers. Therefore, our Directors consider these 10 individual equity holders and one institutional equity holder are not Consent Chesir Pearl Equity Holders. We have received written confirmations from one individual equity holder and five institutional equity holders of Chesir Pearl, which hold in aggregate 4,180,260 shares of Chesir Pearl, that they have agreed not to surrender their equity holding in Chesir Pearl for the Shares pursuant to Cayman Share Swap.

The shares of Chesir Pearl held by these minority equity holders of Chesir Pearl are ranking *pari passu* with the shares of Chesir Pearl held by Global New Material (HK). Our PRC Legal Advisers confirm that these minority equity holders have no special rights or statutory protection under the articles of association of Chesir Pearl and the applicable PRC laws and regulations. See the section headed “Applicable Laws and Regulations — Regulation relating to company establishment and foreign investment — Regulations on protection of domestic shareholders’ rights” in this document for further information.

### **Global New Material (HK)**

On 30 December 2019, Global New Material (HK) was incorporated in Hong Kong with 10,000 shares of HK\$1.0 each allotted and issued as fully paid to Generous Fortune on the same day. On 30 October 2020, Generous Fortune, as the sole shareholder of Global New Material (HK), approved the subdivision of every share of Global New Material (HK) of HK\$1.00 each into 10 shares of HK\$0.10 each and as a result, the number of issued shares has been increased to 100,000 shares which were then held by Generous Fortune.

On 18 November 2020, Global New Material (HK) entered into the Chesir Pearl Equity Acquisition Agreement for the acquisition of 113,119,528 shares of Chesir Pearl from the Consent Chesir Pearl Equity Holders in consideration of 113,119,528 shares to be allotted and issued by Generous Fortune at the direction of Global New Material (HK). Following completion of this acquisition, Global New Material (HK) holds 113,119,528 shares of Chesir Pearl, representing 75.63% of the equity interest in Chesir Pearl.

### **Generous Fortune**

On 15 June 2018, Generous Fortune was incorporated in the BVI with limited liability with 50,000 shares of US\$1.0 each allotted and issued as fully paid to our Company on 5 July 2018. Pursuant to the written resolutions approved by the sole shareholder of Generous Fortune, i.e. our Company, on 30 October 2020, (a) the number of authorised shares of Generous Fortune has been increased to 80,000,000,000 shares of a par value of HK\$0.1 each; (b) the number of authorised shares of Generous Fortune has been diminished by the cancellation of all unissued shares of par value of US\$1.0 each; and (c) the number of issued shares of Generous Fortune has been increased to 3,900,000 shares of par value of HK\$0.1 each allotted and issued to our Company in consideration for the repurchase by Generous Fortune for cancellation from our Company the 50,000 shares of par value of US\$1.0 each of Generous Fortune.

On 18 November 2020, at the direction of Global New Material (HK), Generous Fortune allotted and issued 113,119,528 shares to the Consent Chesir Pearl Equity Holders or their nominees pursuant to the Chesir Pearl Equity Acquisition Agreement. The total number of these shares mirrors the previous equity holding of the Consent Chesir Pearl Equity Holders.

**THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.**

## **HISTORY, DEVELOPMENT AND REORGANISATION**

The table below sets forth the details of the share transfers under the Chesir Pearl Equity Acquisition Agreement:

<b>Name of the Consent Chesir Pearl Equity Holders</b>	<b>Number of shares of Chesir Pearl transferred to Global New Material (HK) by the Consent Chesir Pearl Equity Holders</b>	<b>Number of shares of Generous Fortune allotted and issued to the Consent Chesir Pearl Equity Holders (or their nominees)</b>	<b>Name of allottees for the shares of Generous Fortune to be allotted and issued as directed by the Consent Chesir Pearl Equity Holders (or their nominees)</b>
Hongzun Investment . . . . .	49,757,800	49,757,800	Hongzun International
Mr. SU . . . . .	12,000,000	7,493,138	Ertian International
Liuzhou Qise LP . . . . .	4,551,200	4,551,200	Seven Color Pearl Investment
Liuzhou Colorful LP . . . . .	4,498,158	4,498,158	Liuzhou Qise LP
Liuzhou Banyan Business Management L.P. (柳州榕树企业管理合伙企业(有限合伙)) . . . . .	3,214,200	3,214,200	Liuzhou Colorful LP
Liuzhou Chuanfu Business Management Partnership L.P. (柳州川富企业管理合伙企业(有限合伙)) . . . . .	1,415,964	1,415,964	China Banyan Capital INT Holdings Ltd <sup>(1)</sup>
Liuzhou Lianrun LP . . . . .	228,000	228,000	CHUANFU INT CAPITAL GROUP LTD
Hangzhou Weixing Zhichen Equity Investment L.P. (杭州伟星智晨股权投资合伙企业(有限合伙)) . . . . .	5,622,260	5,622,260	Liuzhou Lianrun LP
LUO Lingtao (骆凌涛) . . . . .	5,109,105	5,109,105	WEIXINGZHICHICHEN INTERNATIONAL INVESTMENT LTD
Zhejiang Venture Investment Group Co., Ltd. (浙江省创业投资集团有限公司) . . . . .	4,760,000	4,760,000	LINGTAO Capital INT Group Limited
LI Sun (李孙) . . . . .	3,102,863	3,102,863	Zhejiang Venture Capital Group Co., Ltd
Liuzhou Dice Hongze Enterprise Management L.P. (柳州迪策鸿泽企业管理合伙企业(有限合伙)) . . . . .	3,000,000	3,000,000	Xuanhai Capital INT Group Limited
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Entreprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙)) . . . . .	2,768,549	2,768,549	Dice Hongze Ltd
Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) (珠海格金广发信德智能制造产业投资基金(有限合伙)) . . . . .	2,682,000	2,682,000	Furui Innovation (Xia Men) Emerging Industry Investment Partnership Entreprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙))
Ningbo Jingzhu Investment L.P. (宁波京珠投资合伙企业(有限合伙)) . . . . .	2,656,000	2,656,000	Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.)
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fengrong Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税港区丰融投资管理合伙企业(有限合伙)) . . . . .	1,654,029	1,654,029	Capital Pearls International Investment Ltd
Beijing Jiahua Huijin Investment Management Co., Ltd. — Ningbo Meishan Bonded Port Area Huazhen Equity Investment L.P. (北京嘉华汇金投资管理有限公司 — 宁波梅山保税港区华臻股权投资合伙企业(有限合伙)) . . . . .	1,661,130	1,661,130	Ronghui Longma Capital Ltd
Qingdao Jin Yi Qing Control Venture Investment Center L.P. (青岛清控金奕创业投资中心(有限合伙)) . . . . .	1,558,140	1,558,140	China Huazhen Equity Investment Co., Ltd.
LIU Zhihe (刘志和) . . . . .	1,107,420	1,107,420	JINYI Technology & Innovation Investment Management Co., Ltd
DAI Rong (戴荣) . . . . .	670,000	670,000	LIU Zhihe
Beijing Longmahui Capital Investment Co., Ltd. — Ningbo Meishan Bonded Port Area Fenghui Investment Management L.P. (北京龙马汇资本投资有限公司 — 宁波梅山保税港区丰汇投资管理合伙企业(有限合伙)) . . . . .	553,710	553,710	Dena Well Investment Limited
ZHANG Xianchao (张仙超) . . . . .	549,000	549,000	Ronghui Longma Capital Ltd
<b>Total</b>	<b>113,119,528</b>	<b>113,119,528</b>	GUOLING CAPITAL MANAGEMENT LTD

## **HISTORY, DEVELOPMENT AND REORGANISATION**

*Note:*

- (1) China Banyan Capital INT Holdings Ltd is a company incorporated under the laws of the BVI with limited liability on 5 November 2020. Mr. HU Yongxiang, our non-executive Director, is the sole director of China Banyan Capital INT Holdings Ltd who holds 50 shares. The original 12 individual equity holders of Chesir Pearl, who are Independent Third Parties, hold 49,950 shares.

### **Our Company**

On 8 June 2018, our Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000.00 divided into 50,000 shares of a par value of US\$1.0 each. On the same date, one ordinary Share of US\$1.0 of was issued to the initial subscriber at par. The one share was transferred to Continuous Profit on the same date for nominal consideration. On the same date, our Company issued and allotted 49,999 shares to Continuous Profit as fully-paid at par value. Pursuant to the written resolutions approved by Continuous Profit, on 30 October 2020, (a) the authorised share capital of our Company was increased to HK\$8,000,000,000 by the creation of 80,000,000,000 Shares; (b) the authorised share capital of our Company has been diminished by the cancellation of all unissued shares of par value of US\$1.0 each; and (c) the issued share capital has been increased to 3,900,000 Shares allotted and issued to Continuous Profit in consideration for the repurchase by our Company for cancellation from Continuous Profit the 50,000 shares of par value of US\$1.0 each of our Company.

On 18 November 2020, our Company allotted and issued 122,007,252 new Shares pursuant to the Cayman Share Swap and as a result, the Consent Chesir Pearl Equity Holders have become our Shareholders. On 18 November 2020, Continuous Profit transferred 3,900,000 Shares to Ertian International for the consideration of HK\$10.0. On 18 November 2020, Guidong Electric has been allotted and issued 18,000,000 new Shares and GF Qianhe has been allotted and issued 1,429,679 new Shares. The number of Shares held by each of the Shareholders following completion of the Reorganisation (but before completion of the [REDACTED]) mirrors the previous equity holding of the Consent Chesir Pearl Equity Holders (other than the 8,000,000 shares of Chesir Pearl issued to it pursuant to the exercise of the 2019 Convertible Bonds, see the section headed “[REDACTED] Investments” for further information), and GF Qianhe. The equity interest held by Guidong Electric and GF Qianhe in Chesir Pearl of 18,000,000 shares and 1,429,679 shares, respectively, has been converted into Shares pursuant to the Guidong Share Swap and GF Share Swap on 18 November 2020.

### **Implementation of the Cayman Share Swap**

On 18 November 2020, pursuant to the Cayman Share Swap, our Company has allotted and issued 122,007,252 new Shares pursuant to the Cayman Share Swap and as a result, the Consent Chesir Pearl Equity Holders have become our Shareholders.

The table below sets forth a list of our Shareholders following completion of the Cayman Share Swap:

<b>Name of the shareholders of Generous Fortune</b>	<b>Number of shares of Generous Fortune transferred to our Company</b>	<b>Number of Shares allotted and issued/ transferred to our Shareholders</b>
Hongzun International . . . . .	49,757,800	49,757,800
GX Land & Sea . . . . .	12,787,724	12,787,724
Ertian International . . . . .	7,493,138	3,593,138
Seven Color Pearl Investment . . . . .	4,506,862	4,506,862
Liuzhou Qise LP . . . . .	4,551,200	4,551,200
Liuzhou Colorful LP . . . . .	4,498,158	4,498,158
China Banyan Capital INT Holdings Ltd. . . . .	3,214,200	3,214,200
CHUANFU INT CAPITAL GROUP LTD. . . . .	1,415,964	1,415,964
Liuzhou Lianrun LP . . . . .	228,000	228,000
WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD . . . . .	5,622,260	5,622,260
LINGTAO Capital INT Group Limited (凌涛资本国际集团有限公司). . . . .	5,109,105	5,109,105
Zhejiang Venture Capital Group Co., Ltd. . . . .	4,760,000	4,760,000
<b>Subtotal</b>	<b>103,944,411</b>	<b>100,044,411</b>

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## HISTORY, DEVELOPMENT AND REORGANISATION

Name of the shareholders of Generous Fortune	Number of shares of Generous Fortune transferred to our Company	Number of Shares allotted and issued/ transferred to our Shareholders
Xuanhai Capital INT Group Limited . . . . .	3,102,863	3,102,863
Dice Hongze Ltd (迪策鸿泽有限公司) . . . . .	3,000,000	3,000,000
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙)) . . . . .	2,768,549	2,768,549
Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) . . . . .	2,682,000	2,682,000
Capital Pearis International Limited . . . . .	2,656,000	2,656,000
Ronghui Longma Capital Ltd . . . . .	2,207,739	2,207,739
China Huazhen Equity Investment Co., Ltd. . . . .	1,661,130	1,661,130
JINYI Technology & Innovation Investment Management Co., Ltd. . . . .	1,558,140	1,558,140
LIU Zhihe . . . . .	1,107,420	1,107,420
Dena Well Investment Limited. . . . .	670,000	670,000
GUOLING CAPITAL MANAGEMENT LTD . . . . .	549,000	549,000
<b>Subtotal</b>	<b>21,962,841</b>	<b>21,962,841</b>
<b>Total</b>	<b>125,907,252</b>	<b>122,007,252</b>

On 18 November 2020, Continuous Profit transferred 3,900,000 Shares to Ertian International for nominal consideration of HK\$10.0. The number of our Shares of issue following completion of the Cayman Share Swap was 125,907,252 Shares.

### *Implementation of the Guidong Share Swap and the GF Share Swap*

On 18 November 2020, pursuant to the Guidong Share Swap, Guidong Electric has been allotted and issued 18,000,000 new Shares for its equity holding in 18,000,000 shares of Chesir Pearl. On 18 November 2020, pursuant to the GF Share Swap, GF Qianhe has been allotted and issued 1,429,679 new Shares for its equity holding in 1,429,679 shares of Chesir Pearl.

### SHAREHOLDERS AS OF THE LATEST PRACTICABLE DATE

The number of our Shares of issue following completion of the Cayman Share Swap, the Guidong Share Swap and the GF Share Swap was 145,336,931 Shares. The table below sets forth a list of our Shareholders following completion of the Reorganisation but before completion of the [REDACTED]:

Name of our Shareholders	Number of our Shares of issue before completion of [REDACTED]	Shareholding percentages
		(%)
Hongzun International . . . . .	49,757,800	34.24
Guidong Electric . . . . .	18,000,000	12.39
GX Land & Sea . . . . .	12,787,724	8.80
Ertian International . . . . .	7,493,138	5.16
Seven Color Pearl Investment . . . . .	4,506,862	3.10
Liuzhou Qise LP . . . . .	4,551,200	3.13
Liuzhou Colorful LP. . . . .	4,498,158	3.09
China Banyan Capital INT Holdings Ltd. . . . .	3,214,200	2.21
CHUANFU INT CAPITAL GROUP LTD (川富国际资本集团有限公司) . . . . .	1,415,964	0.97
Liuzhou Lianrun LP . . . . .	228,000	0.16
WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD . . . . .	5,622,260	3.87
LINGTAO Capital INT Group Limited . . . . .	5,109,105	3.52
<b>Subtotal</b>	<b>117,184,411</b>	<b>80.64</b>

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## **HISTORY, DEVELOPMENT AND REORGANISATION**

<b>Name of our Shareholders</b>	<b>Number of our Shares of issue before completion of [REDACTED]</b>	<b>Shareholding percentages</b>
		(%)
Zhejiang Venture Capital Group Co., Ltd. . . . .	4,760,000	3.28
Xuanhai Capital INT Group Limited . . . . .	3,102,863	2.13
Dice Hongze Ltd . . . . .	3,000,000	2.06
Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿创信(厦门)新兴产业投资合伙企业(有限合伙)) . . . . .	2,768,549	1.90
Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.) . . . . .	2,682,000	1.85
Capital Pearis International Limited . . . . .	2,656,000	1.83
Ronghui Longma Capital Ltd . . . . .	2,207,739	1.52
China Huazhen Equity Investment Co., Ltd. (中凤投华臻股权投资有限公司) . . . . .	1,661,130	1.14
JINYI Technology & Innovation Investment Management Co., Ltd. . . . .	1,558,140	1.07
GF Qianhe . . . . .	1,429,679	0.98
LIU Zhihe . . . . .	1,107,420	0.76
Dena Well Investment Limited . . . . .	670,000	0.46
GUOLING CAPITAL MANAGEMENT LTD (国瓴资本管理有限公司) . . . . .	549,000	0.38
<b>Subtotal</b>	<u>28,152,520</u>	<u>19.36</u>
<b>Total</b>	<u>145,336,931</u>	<u>100.0</u>

### **Transfer of equity interest in Chesir Pearl held by our Company to Global New Material (HK)**

On 28 November 2020, our Company transferred 19,429,679 shares of Chesir Pearl (previously acquired from Guidong Electric and GF Qianhe) to Global New Material (HK) for the allotment and issue of 100,000 new shares of Global New Material (HK) to Generous Fortune as directed by our Company.

### **Full compliance with the applicable PRC laws and regulations**

Our PRC Legal Advisers are of the view that all necessary approvals in relation to the steps of the Reorganisation in the PRC as described above have been obtained and the procedures involved have been carried out in accordance with the PRC laws and regulations.

### **SAFE and Foreign Exchange Registrations**

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the “**Circular 37**”), promulgated by SAFE and which became effective on 4 July 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties.

## **HISTORY, DEVELOPMENT AND REORGANISATION**

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Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was promulgated by the MOFCOM on 6 September 2014 and became effective on 6 October 2014, the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) which was promulgated by the National Development and Reform Commission on 26 December 2017, and became effective on 1 March 2018, the Circular of SAFE on Further Simplifying and Improving the Direct Investment — related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》, the “**Circular 13**”) and other rules (collectively, “**ODI Rules**”), a domestic institution is required to undergo relevant procedures for offshore investment prior to its overseas direct investment and obtain relevant record-filing, approval, certificate or permit. This registration is currently reviewed and handled by qualified banks. SAFE and its branches shall oversee the foreign exchange registration issues through the qualified banks.

As confirmed by our PRC Legal Advisers, all PRC ultimate individual shareholders of our Company, who are PRC residents, have completed the foreign exchange registrations pursuant to Circular 37 and Circular 13 in relation to their offshore investments as PRC residents. The onshore corporate Shareholders have completed the registration/record-filing with in accordance with the ODI Rules in relation to their outbound direct investments as domestic institutions.

### **M&A Rules**

On 8 August 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, SAIC, CSRC and SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》, the “**M&A Rules**”), which became effective on 8 September 2006, and was amended on 22 June 2009. Pursuant to the M&A Rules, a foreign investor is required to obtain necessary approvals when (i) a foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise through an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise (the “**Regulated Activities**”). According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required.

According to the Measures for Foreign Investment Information Reporting (《外商投資信息報告辦法》), foreign investors carry out direct or indirect investment activities in PRC, foreign investors and foreign investment enterprises shall submit investment information to the competent commerce departments of the PRC Government. As confirmed by our PRC Legal Advisers, Chesir Pearl (as a foreign investment enterprise) has completed the submission.

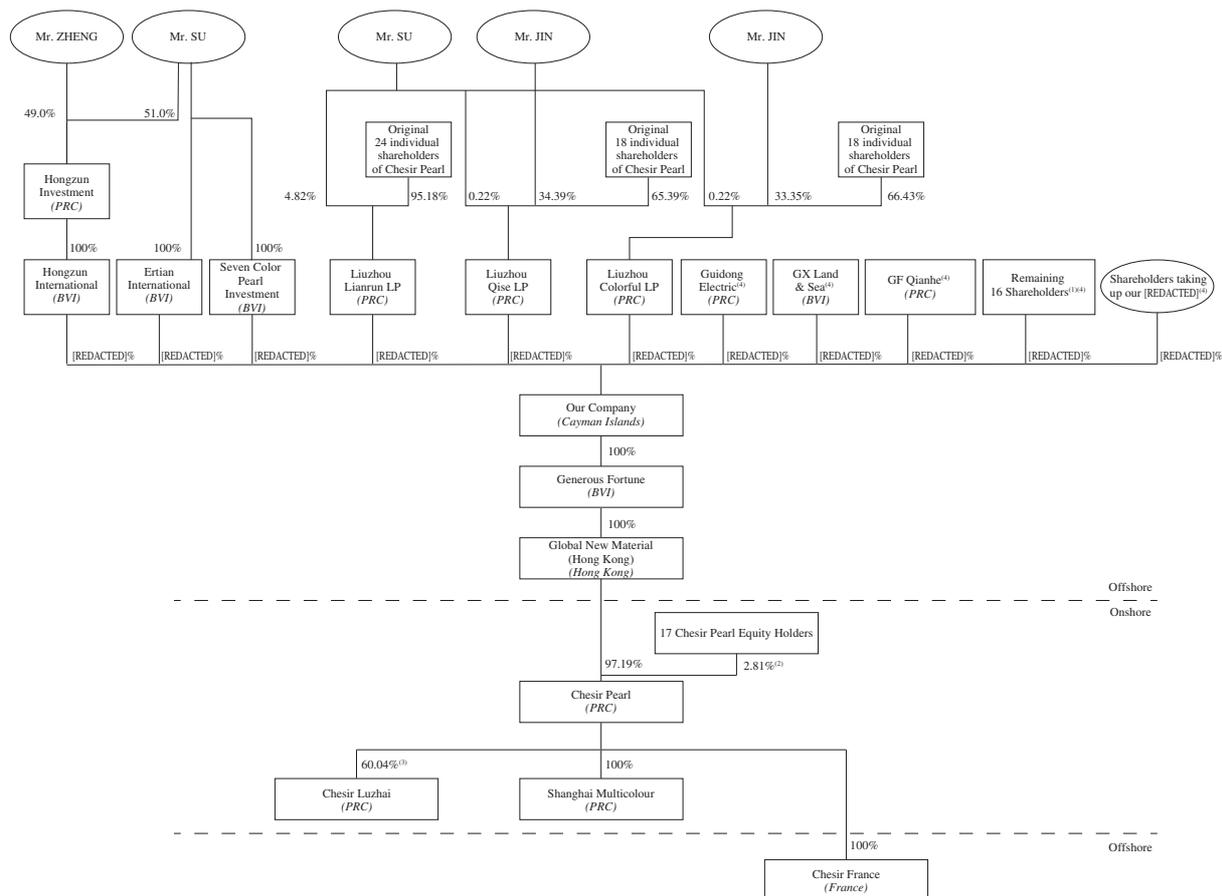
Given that (a) Chesir Pearl has become a sino-foreign equity joint venture instead of a domestic enterprise before the Reorganisation and (b) no Regulated Activities were involved in the Reorganisation under the M&A Rules, as advised by our PRC Legal Advisers, the Reorganisation are not subject to the M&A Rules.



## HISTORY, DEVELOPMENT AND REORGANISATION

Conditional on the share premium account of our Company being credited as a result of the [REDACTED], the [REDACTED] will be allotted and issued to our Shareholders whose names appeared on our register of members at the close of business on [REDACTED] on a pro rata basis, each credited as fully paid. The [REDACTED] to be allotted and issued shall rank pari passu in all respects with the 145,336,931 Shares of issue as of the date of this document.

The diagram below illustrates the shareholding and corporate structure of our Group following completion of the Reorganisation and immediately upon completion of the [REDACTED] (without taking into consideration any Shares which may be issued upon the exercise of the [REDACTED] and any option that may be granted under the [REDACTED] Share Option Scheme):

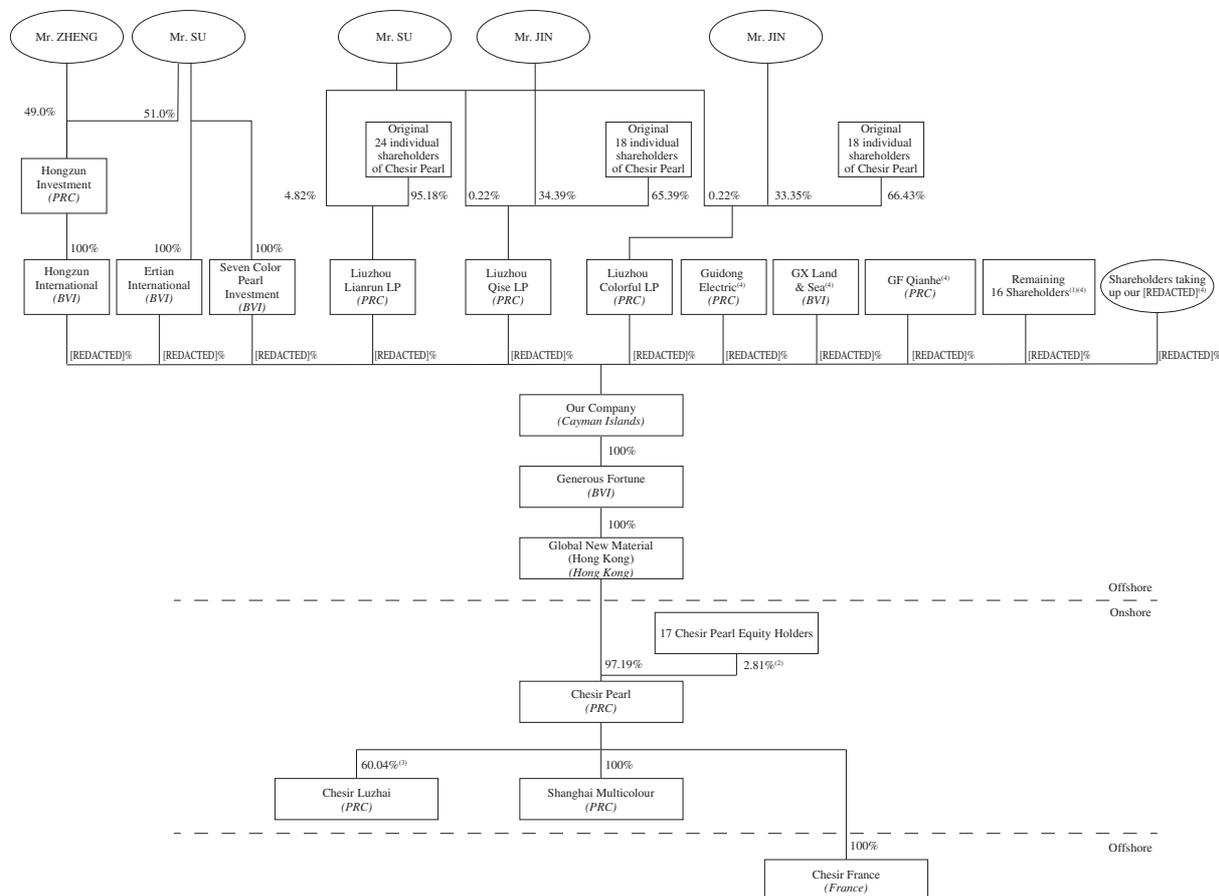


**Notes:**

- (1) A list of the remaining 16 Shareholders and their respective number of Shares held is set forth in the paragraphs under “Shareholders as of the Latest Practicable Date” in this document.
- (2) The remaining 17 equity holders of Chesir Pearl hold 4,224,260 shares of Chesir Pearl.
- (3) The remaining 39.96% equity interest in Chesir Luzhai is held by Guangxi Industrial Investment.
- (4) For the purpose of Rule 8.08(1) of the Listing Rules, Guidong Electric, GX Land & Sea, GF Qianhe and the remaining 16 Shareholders, together with the Shareholders taking up our [REDACTED], are public investors.

## HISTORY, DEVELOPMENT AND REORGANISATION

The diagram below illustrates the shareholding and corporate structure of our Group following completion of the Reorganisation and immediately upon completion of the [REDACTED] on the basis that the [REDACTED] is exercised in full (without taking into consideration any Shares which may be issued upon the exercise of any option that may be granted under the [REDACTED] Share Option Scheme):



**Notes:**

- (1) A list of the remaining 16 Shareholders and their respective number of Shares held is set forth in the paragraphs under “Shareholders as of the Latest Practicable Date” in this document.
- (2) The remaining 17 equity holders of Chesir Pearl hold 4,224,260 shares of Chesir Pearl.
- (3) The remaining 39.96% equity interest in Chesir Luzhai is held by Guangxi Industrial Investment.
- (4) For the purpose of Rule 8.08(1) of the Listing Rules, Guidong Electric, GX Land & Sea, GF Qianhe and the remaining 16 Shareholders, together with the Shareholders taking up our [REDACTED], are public investors.

## **HISTORY, DEVELOPMENT AND REORGANISATION**

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### **NON-DISPOSAL UNDERTAKINGS BY OUR SHAREHOLDERS**

Each of our Controlling Shareholders has, jointly and severally, undertaken to the Sole Sponsor, the [REDACTED] that none of them would dispose of their Shares held as of the [REDACTED] during the First Six-Month Period and the Second Six-Month Period. See the section headed “[REDACTED]” in this document for further information. Similar non-disposal undertakings have also been provided to the Stock Exchange. See the section headed “[REDACTED]” in this document for further information.

Pursuant to the GX [REDACTED] Investment Agreement and the GX Lock-up Deed, GX Land & Sea has undertaken by way of deed not to transfer, dispose of, nor enter into any agreement to transfer, dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares held by it upon the [REDACTED] during the First Six-Month Period. See the section headed “[REDACTED] Investments — Principal terms of the [REDACTED] Investments made by Guidong Electric, GX Land & Sea and Mr. SU (through Ertian International and Seven Color Pearl Investment)” in this document for further information.

Pursuant to the Guidong Lock-Up Deed, Guidong Electric has undertaken by way of deed not to transfer, dispose of, nor enter into any agreement to transfer, dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares held by it upon the [REDACTED] during the First Six-Month Period. See the section headed “[REDACTED] Investments — Principal terms of the [REDACTED] Investments made by Guidong Electric, GX Land & Sea and Mr. SU (through Ertian International and Seven Color Pearl Investment)” in this document for further information.

Pursuant to the Other Shareholders Lock-Up Deeds, each of (1) China Banyan Capital INT Holdings Ltd, (2) CHUANFU INT CAPITAL GROUP LTD (川富國際資本集團有限公司), (3) WEIXINGZHICHEN INTERNATIONAL INVESTMENT LTD, (4) LINGTAO Capital INT Group Limited, (5) Zhejiang Venture Capital Group Co., Ltd, (6) Xuanhai Capital INT Group Limited, (7) Dice Hongze Ltd, (8) Furui Innovation (Xia Men) Emerging Industry Investment Partnership Enterprise (Limited Partnership) (福睿創信(廈門)新興產業投資合伙企業(有限合伙)), (9) Zhuhai Gejin Guangfa Xinde Intelligent Manufacturing Industry Investment Fund (L.P.), (10) Capital Pearis International Limited, (11) Ronghui Longma Capital Ltd, (12) China Huazhen Equity Investment Co., Ltd. (中風投華臻股權投資有限公司), (13) JINYI Technology & Innovation Investment Management Co., Ltd, (14) GF Qianhe, (15) LIU Zhihe, (16) Dena Well Investment Limited and (17) GUOLING CAPITAL MANAGEMENT LTD (國瓴資本管理有限公司) has undertaken by way of deed not to transfer, dispose of, nor enter into any agreement to transfer, dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares held by it upon the [REDACTED] during the First Six-Month Period.