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GHW International

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9933)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO CAPITAL INCREASE AND DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

CAPITAL INCREASE

On 10 May 2024, the Target Company, a wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Nanjing Goldenhighway, Taian Taiying and the Subscribers, pursuant to which the Subscribers conditionally agreed to contribute an aggregate of RMB36,775,000 for the subscription of an aggregate of approximately 8.05% of the effective interest in the registered capital of the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

Upon Completion and assuming full subscription under the Capital Increase Agreement, the effective interest in the registered capital of the Target Company held by the Group will be reduced from 100% to approximately 91.95%, the Capital Increase therefore constitutes a deemed disposal under Rule 14.29 of the Listing Rules for the Company.

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, each of the Subscribers is a limited partnership of which Mr. Yin, the founder of the Group and an executive Director, is a general partner. Accordingly, each of the Subscribers is an associate of Mr. Yin and thus a connected person of the Company. Given that the Capital Increase involves simultaneous subscriptions of an aggregate of approximately 8.05% of the effective interest in the registered capital of the Target Company, the subscriptions from different Subscribers were treated as a single transaction which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to the Company in respect of the Capital Increase exceed 5% but all are less than 25%, the Capital Increase constitutes (i) a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempted connected transaction for the Company and is subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established and will provide advice on the Capital Increase Agreement and the transactions contemplated thereunder to the Independent Shareholders.

Fortune Financial Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Capital Increase.

A circular containing, amongst others, details of the Capital Increase, a letter from the Independent Board Committee to the Independent Shareholders in relation to the Capital Increase, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capital Increase, together with a notice convening the EGM to approve the Capital Increase is expected to be despatched to the Shareholders on or around 14 June 2024.

Shareholders and potential investors shall note that completion of the Capital Increase is subject to the conditions precedent set out in the section headed "Conditions Precedent" and may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE CAPITAL INCREASE AGREEMENT

Date

10 May 2024

Parties

- (1) The Target Company, a wholly-owned subsidiary of the Company;
- (2) The Existing Shareholders, being (i) Nanjing Goldenhighway, a wholly-owned subsidiary of the Company, and (ii) Taian Taiying; and

- (3) The Subscribers, being (i) Taian Ruokun, (ii) Taian Ruopeng, (iii) Taian Jinweитай, (iv) Nanjing Weijinhe, and (v) Nanjing Jinwei Yongzheng.

Capital Increase

Pursuant to the Capital Increase Agreement, Taian Ruokun, Taian Ruopeng, Taian Jinweитай, Nanjing Weijinhe and Nanjing Jinwei Yongzheng conditionally agreed to contribute RMB20,230,000, RMB3,250,000, RMB1,405,000, RMB8,760,000 and RMB3,130,000 to subscribe for approximately 4.43%, 0.71%, 0.31%, 1.92% and 0.68%, respectively, of the effective interest in the registered capital (as explained in the note to the shareholding table below) of the Target Company as enlarged by the Capital Increase.

The following table sets out the effective interest in the registered capital of the Target Company before and immediately after the completion of the Capital Increase:

	Before Completion		Immediately after Completion and assuming full subscription under the Capital Increase Agreement	
	Effective interest in the registered capital of the Target Company (RMB)	%	Effective interest in the registered capital of the Target Company (RMB)	%
Existing Shareholders				
Nanjing Goldenhighway (Note)	100,000,000	100.0	100,000,000	91.95
Taian Taiying (Note)	—	—	—	—
Sub-total	100,000,000	100.0	100,000,000	91.95
Subscribers				
Taian Ruokun	—	—	4,816,667	4.43
Taian Ruopeng	—	—	773,809	0.71
Taian Jinweитай	—	—	334,524	0.31
Nanjing Weijinhe	—	—	2,085,714	1.92
Nanjing Jinwei Yongzheng	—	—	745,238	0.68
Sub-total	—	—	8,755,952	8.05
Total	100,000,000	100.0	108,755,952	100.0

Note: As disclosed in the annual report of the Company published on 26 March 2021, on 7 February 2021, (i) Taian Taiying, (ii) the Target Company and Nanjing Goldenhighway, and (iii) Mr. Yin, entered into a subscription agreement (as supplemented by a supplemental agreement), pursuant to which the Target Company agreed to increase its registered capital from RMB100 million to approximately RMB117.6 million, and Taian Taiying agreed to subscribe for the additional registered capital (the “Subscribed Equity Interests”) with a total subscription

amount of RMB150 million (the “**Subscription Amount**”). Taian Taiying is entitled to a fixed return of 7.2% per annum on the outstanding Subscription Amount, payable semi-annually in arrears, for five years. Nanjing Goldenhighway agreed to repurchase 30%, 40% and 30%, respectively, of the Subscribed Equity Interests at each of the third to fifth anniversaries of the issue date of the Subscribed Equity Interests at a price equal to the corresponding proportion of the Subscription Amount, plus any return not paid on the respective repurchase date. Nanjing Goldenhighway is entitled to repurchase any portion of the Subscribed Equity Interests at any time at the same price calculated based on the formula above. Save as disclosed above, Taian Taiying is not entitled to any other returns.

Based on the above, in the opinion of the Directors, the above arrangement with Taian Taiying is a “debt in the form of share” (明股實債) arrangement and Taian Taiying is considered as a lender to the Target Company. As such, as at the date of this announcement, the effective interest in the registered capital of the Target Company is considered to be wholly-owned by the Group, and the Target Company has always been treated as a wholly-owned subsidiary of the Company.

Immediately after the Completion, Nanjing Goldenhighway and the Subscribers will own approximately 91.95% and 8.05% of the effective interest in the registered capital of the Target Company, respectively. The Target Company will no longer be wholly-owned by the Company, but will become a non-wholly owned subsidiary of the Company.

Basis of Determination of the Amount of the Capital Increase

The aggregate amount of the subscription price to be paid by the Subscribers is RMB36,775,000, of which RMB8,755,952 shall be accounted for as the registered capital of the Target Company, while the remaining balance of RMB28,019,048 shall be accounted for as the capital reserve fund of the Target Company.

The subscription price under the Capital Increase Agreement was determined by the Target Company, the Existing Shareholders and the Subscribers after arm’s length negotiation with reference to, among other things, (i) the valuation (the “**Valuation**”) of the Target Group as at 31 March 2024 (the “**Valuation Date**”) of RMB430,000,000 as appraised by Eidea Professional Services Company Limited (the “**Valuer**”), an independent valuer; (ii) the reasons for and benefits of the Capital Increase as stated under the paragraph headed “Reasons for and Benefits of the Capital Increase”; and (iii) the relatively low liquidity of the shares of the Target Company. For details of the Valuation, please refer to the paragraph headed “Valuation” below.

Conditions Precedent

Conditions precedents to the Subscribers' completion obligations

Each of the Subscriber's obligation to complete the Capital Increase is conditional upon the satisfaction or waiver of the following conditions:

- (a) the representations and warranties given by each of the Target Company and Nanjing Goldenhighway remain true, accurate, complete and not misleading as at the date of the Capital Increase Agreement and the date of Completion;
- (b) each of the Target Company and Nanjing Goldenhighway having performed and complied in all respect with all undertakings and obligations contained in the Capital Increase Agreement on or before date of Completion;
- (c) all consents, approvals, notifications, filings or registrations required by the Target Company and Nanjing Goldenhighway having been obtained or made (including but not limited to the internal and external approval, announcement, filing and relevant procedure having been made by the Company); and
- (d) the Capital Increase Agreement and the transactions contemplated thereunder shall have been approved by the shareholders and directors of the Target Company.

Each Subscriber may waive all or part of the aforesaid conditions precedent in respect of its own obligation to complete the Capital Increase. In the event that any of the said conditions precedent has not been fulfilled or waived on or before 31 March 2025 (or such other date as agreed among the Existing Shareholders, the relevant Subscriber(s) and the Target Company in writing), the Capital Increase Agreement will terminate automatically in so far as the relevant Subscriber's obligations to complete the Capital Increase is concerned.

Conditions precedents to the Target Company's and Nanjing Goldenhighway's completion obligations

The Target Company's and Nanjing Goldenhighway's obligation to complete the Capital Increase is conditional upon the satisfaction or waiver of the following conditions:

- (a) the representations and warranties given by each of the Subscribers remain true, accurate, complete and not misleading as at the date of the Capital Increase Agreement and the date of Completion;

- (b) each of the Subscribers having performed and complied in all respect with all undertakings and obligations contained in the Capital Increase Agreement on or before date of Completion;
- (c) all consents, approvals, notifications, filings or registrations required by each of the Subscriber having been obtained or made; and
- (d) the Capital Increase Agreement and the transactions contemplated thereunder shall have been approved by the Independent Shareholders.

Save for condition precedent in (d), the Target Company and Nanjing Goldenhighway may waive all or part of the aforesaid conditions precedent. In the event that any of the said conditions precedent has not been fulfilled or waived by a Subscriber on or before 31 March 2025 (or such other date as agreed among the Existing Shareholders, Subscribers and the Target Company in writing), the Target Company and Nanjing Goldenhighway will not have the obligation to complete the Capital Increase with the relevant Subscriber which shall not impede the right of the Target Company and Nanjing Goldenhighway to complete the Capital Increase with the other Subscriber(s).

Payment of Subscription Price and Completion

Pursuant to the Capital Increase Agreement, the Subscribers shall pay their respective subscription amount within 10 business days after the fulfilment or waiver (as the case may be) of all the conditions precedents.

The date on which the procedures for the alteration of industry and commerce registrations in respect of the Capital Increase of a Subscriber are completed shall be deemed to be the date of Completion of its own Capital Increase.

For the avoidance of doubt, the Completion of the Capital Increase of each of the Subscribers is independent of each other. Unless otherwise agreed in the Capital Increase Agreement, the failure of a Subscriber to consummate the Capital Increase shall not impede the right of the other Subscribers to consummate.

Within 30 days of the Completion, the Target Company shall provide an updated register of members and capital contribution certificate to the relevant Subscriber.

VALUATION

According to the Valuation, the appraised value of the entire equity interest of the Target Group as at 31 March 2024 was RMB430,000,000.

Valuation Methodology

The Directors believe that the Target Group is expected to sustain its existing business operations in the foreseeable future. Besides, there are sufficient comparable public companies available for the Valuer to benchmark the value of the Target Group. Therefore, the Valuer considered that market approach is the most appropriate approach for valuing the Target Group.

Key Assumptions

Certain key assumptions were used in the Valuation, including but not limited to:

- (i) the Valuation reflects the reasonable conditions existing as at the Valuation Date. The subsequent events and uncertainties are beyond the control of the Company and the Valuer;
- (ii) the financial information provided by the Company provides a true and fair view of the Target Group and is prepared in accordance with the applicable accounting standards;
- (iii) there will be no material change in the interest rates and exchange rates in the regions in which the Target Group operates; and
- (iv) there will be no material change in the political, legal, technological, economic or other conditions which would adversely affect the industry and profitability of the Target Group.

Valuation Multiple

The Valuer considered the EV/EBITDA multiple is the most appropriate multiple for valuing the Target Group as it measures the profitability of the Target Group as an entire entity, is capital structure neutral and eliminates the difference in taxation, and depreciation and amortization policies across different comparable companies.

Comparable Companies

The Valuer has identified eight comparable companies in the Valuation based on the following selection criteria:

- (i) the comparable companies shall be listed in mature stock markets;
- (ii) the comparable companies shall be in the same industry as the Target Group and are mainly engaged in the manufacture and sale of animal nutrition and feed additives;

- (iii) the comparable companies shall report positive EBITDA for the last twelve months;
- (iv) relevant information about the comparable companies shall be available and publicly disclosed; and
- (v) the Valuer may not consider observable outliers.

Adopted EV/EBITDA Multiple and Equity Value of the Target Group

The Valuer has adopted 14.08, being adjusted mean of the EV/EBITDA multiples of the eight comparable companies, for the purpose of the valuation of the Target Group. Based on such adjusted mean, and after adjustment for the addition of the cash and cash equivalent and non-operating assets and deduction of debts, and adopting a lack-of-marketability discount, the fair value of 100% equity interest of the Target Group was valued at approximately RMB430,000,000.

View of the Board on the Valuation

The Board had reviewed and analyzed the assumptions and methodology of the Valuation, and enquired with the Valuer and the Company's management about the valuation and its assumptions and methodology, which included but not limited to the market approach, key assumptions and EV/EBITDA multiple adopted for the preparation of the Valuation, comparable listed companies selected by the Valuer and the calculation of the Valuation. In view of the aforesaid, the Board considered that the assumptions and methodology of the Valuation to be fair and reasonable.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The purpose and objective of the Capital Increase is to (i) provide an opportunity to the employees of the Group, who are the ultimate beneficial owners of the Subscribers, to subscribe for a stake in the Target Company; and (ii) strengthen the capital base of the Target Company.

The Directors are of the view that by providing the employees an opportunity to subscribe for a stake in the Target Company, it will align the employees' interests with the goals of the Target Company and the Group, and thereby enhance employee retention and contribute to the long-term development of the Group.

The Directors have also considered the debt ratio and liquidity position of the Company and is of the view that the Capital Increase will provide a good opportunity to improve the liquidity of the Target Group which, in turn, will bolster the Target Company's ability to undertake necessary capital expenditures and pursue business opportunities, including but not limited to the construction of a factory in Vietnam.

Having considered the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase are fair and reasonable, on normal commercial terms and in the interests of the Shareholders and the Group as a whole.

As at the date of this announcement, (i) Mr. Yin, an executive Director, is a general partner of each of the Subscribers with not more than 1% partnership interest in each of the Subscribers; and (ii) Mr. Zhou, Mr. Chen and Mr. Diao, each an executive Director, are limited partners of Nanjing Weijinhe who held approximately 15.98%, 11.42% and 5.71% partnership interest, respectively. Accordingly, each of Mr. Yin, Mr. Zhou, Mr. Chen and Mr. Diao is considered to have a material interest in the Capital Increase and has abstained from voting on the board resolutions approving the Capital Increase.

Save as disclosed, none of the other Directors has a material interest in the Capital Increase or is required to abstain from voting from the resolutions of the Directors for considering and approving the same pursuant to the articles of association of the Company.

FINANCIAL EFFECT ARISING FROM THE DEEMED DISPOSAL ON THE GROUP

Upon Completion and assuming full subscription under the Capital Increase Agreement, the effective interest in the registered capital of the Target Company held by the Group will be diluted from 100% to approximately 91.95%. The Target Company will become a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with the financial statements of the Group.

Based on a preliminary assessment, it estimated that the Group will record net proceeds on the Capital Increase of approximately RMB36,359,000, which is equal to RMB36,775,000 (being the capital contribution under the Capital Increase Agreement) less RMB416,000 (being the legal and other professional fees of HK\$458,000 in relation to the Capital Increase).

The net proceeds from the Capital Increase will be applied as follows:

- (i) 90% of the net proceeds for the repayment of the existing debts; and
- (ii) 10% of the net proceeds for daily operations of the Group.

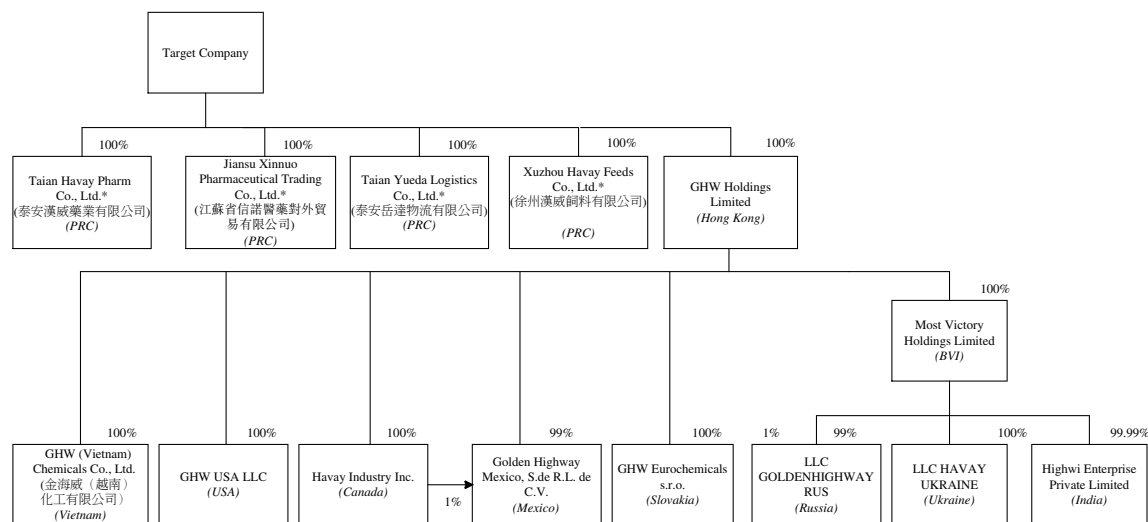
INFORMATION OF THE GROUP

The Group is an applied chemical intermediates provider in the integrated chemical services market headquartered in the PRC, which is primarily engaged in the production and sales of chemicals and sales of chemicals produced by third party manufacturers based in the PRC, the Southeast Asia region, Europe and the United States. The Group offers a comprehensive product portfolio with a wide range of applications and a full spectrum of services relating to chemical intermediates supply chain through the extensive global operation and sales network, including research and development on production processes, strong product customization capabilities, manufacturing of quality chemical products, sourcing of wide-ranging chemicals manufactured by third party manufacturers, efficient and safe logistics services and after-sales services.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC which is principally engaged in the manufacture and sale of chemical products.

Set forth below is the corporate structure of the Target Group as at the date of this announcement:



As at the date of this announcement, notwithstanding that the Target Company is owned as to 85% by Nanjing Goldenhighway and 15% by Taian Taiying on record, the effective interest in the registered capital of the Target Company was wholly owned by Nanjing Goldenhighway, and the Target Company is treated as a wholly-owned subsidiary of the Company as detailed in the paragraph headed “The Capital Increase Agreement — Capital Increase” above.

The table below sets out the unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2022 and 2023:

	For the year ended 31 December	
	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	2,296,350	2,198,434
Profit before tax	272,192	1,212
Profit after tax	242,659	10,342

The unaudited consolidated net asset value of the Target Group as at 31 December 2023 was approximately RMB410,423,000.

INFORMATION OF THE EXISTING SHAREHOLDERS

Nanjing Goldenhighway

Nanjing Goldenhighway is a limited liability company established in the PRC which is principally engaged in the provision of management service for the material procurement, and the logistics and sales of products the Group.

Nanjing Goldenhighway is wholly owned by GHW Holdings Limited, a wholly-owned subsidiary of the Company.

Taian Taiying

Taian Taiying is a limited partnership established in the PRC which is principally engaged in the provision of consultancy service in connection with equity investment.

The partnership interest of Taian Taiying is set out in the table below:

Name	Percentage of equity interest in Taian Taiying
Tai'an Dongyue Financial Investment Co., Ltd.* (泰安市東嶽金財投資有限公司) ⁽¹⁾	67.99%
Tai'an Caiyuan Construction Investment Co., Ltd.* (泰安市財源建設投資有限公司) ⁽²⁾	20.00%
Shandong New Kinetic Energy Fund Management Co., Ltd.* (山東省新動能基金管理有限公司) ⁽³⁾	10.00%
Tai'an Taishan Urban Construction Investment Co., Ltd.* (泰安市泰山城市建設投資有限公司) ⁽⁴⁾	2.00%
Changying Venture Capital Management (Beijing) Co., Ltd.* (長鷹創業投資管理(北京)有限公司) ⁽⁵⁾	0.01%
Total	100.00%

Notes:

1. Tai'an Dongyue Financial Investment Co., Ltd. is wholly-owned by Tai'an Finance Bureau* (泰安市財政局).
2. Tai'an Caiyuan Construction Investment Co., Ltd. is wholly-owned by Tai'an Finance Bureau.
3. Shandong New Kinetic Energy Fund Management Co., Ltd. is wholly-owned by by Shangdong Province Department of Finance* (山東省財政廳).
4. Tai'an Taishan Urban Construction Investment Co., Ltd. is owned as to 92.90% by Tai'an Finance Bureau, 2.60% by the Ministry of Finance of the PRC* (中華人民共和國財政部), 2.50% by the The State Council of the People's Republic of China* (中華人民共和國國務院), 1.90% by the Central Foreign Exchange Business Center of the State Administration of Foreign Exchange* (國家外匯管理局中央外匯業務中心) and 0.10% by the National Council for Social Security Fund* (全國社會保障基金理事會).
5. Changying Venture Capital Management (Beijing) Co., Ltd. is owned as to 28.50% by Beihang University (北京航空航天大學), 23.00% by Yu Kailei (郁凱雷), 14.60% by Jin Jian (金健), 11.00% by Lu Kunyan (呂坤延), 10.6% by Gong Meiling (鞏美玲), 4.20% by Chen Xuemei (陳雪梅), 3.00% by Zhang Jun (張軍), 2.69% by Li Hai (李海), 1.20% by Xu Liangqi (徐良奇), 1.00% by Wang Xing (王星), 0.20% by Chen Long (陳龍) and 0.01% by Sun Hanbing (孫漢兵).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Taian Taiying and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE SUBSCRIBERS

Taian Ruokun

Taian Ruokun is a limited partnership established in the PRC which is principally engaged in the investment activities of its own funds.

Taian Ruokun has one general partner, namely Mr. Yin, and 36 limited partners.

The partners of Taian Ruokun are core members that serve important functions for the Group. The table below sets out the details and equity interest in the Target Company upon Completion of the partners:

Function	Headcount	Approximate percentage of equity interest in the Target Company upon Completion	Average years of service in the Group
Director - Mr. Yin	1	0.00%	31.0
Management of major subsidiaries	5	2.32%	11.6
Supply chain	2	0.08%	11.0
Research	7	0.54%	10.4
Production	15	0.88%	10.1
Other department	7	0.61%	8.1
Total	37	4.43%	

The source of fund of Taian Ruokun comes from each individual shareholder. Save for Mr. Yin who is an executive Director, each of the other shareholders of Taian Ruokun is an employee of the Group.

Taian Ruopeng

Taian Ruopeng is a limited partnership established in the PRC which is principally engaged in the investment activities of its own funds.

Taian Ruopeng has one general partner, namely Mr. Yin, and 42 limited partners.

The partners of Taian Ruopeng are core members that serve important functions for the Group. The table below sets out the details and equity interest in the Target Company upon Completion of the partners:

Function	Headcount	Approximate percentage of equity interest in the Target Company upon completion of the Capital Increase	Average years of service in the Group
Key management staff	1	0.00%	31.0
Supply chain	7	0.11%	7.4
Research	5	0.11%	8.4
Production	26	0.43%	9.3
Other department	4	0.06%	6.0
Total	43	0.71%	

The source of fund of Taian Ruopeng comes from each individual shareholder. Save for Mr. Yin who is an executive Director, each of the other shareholders of Taian Ruopeng is an employee of the Group.

Taian Jinweитай

Taian Jinweитай is a limited partnership established in the PRC which is principally engaged in the investment activities of its own funds.

Taian Jinweитай has one general partner, namely Mr Yin, and 37 limited partners.

The partners of Taian Jinweитай are core members that serve important functions of the Group. The table below sets out the details and equity interest in the Target Company upon Completion of the partners:

Function	Headcount	Approximate percentage of equity interest in the Target Company upon Completion	Average years of service in the Group
Key management staff	1	0.00%	31.0
Supply chain	4	0.02%	5.5
Research	6	0.05%	5.8
Production	25	0.23%	6.3
Other department	2	0.01%	6.5
Total	38	0.31%	

The source of fund of Taian Jinweитай comes from each individual shareholder. Save for Mr. Yin who is an executive Director, each of the other shareholders of Taian Jinweитай is an employee of the Group.

Nanjing Weijinhe

Nanjing Weijinhe is a limited partnership established in the PRC which is principally engaged in the investment activities of its own funds.

Nanjing Weijinhe has one general partner, namely Mr. Yin, and 20 limited partners.

The partners of Nanjing Weijinhe are core members that serve important functions for the Group. The table below sets out the details and equity interest in the Target Company upon Completion of the partners:

Function	Headcount	Approximate percentage of equity interest in the Target Company upon Completion	Average years of service in the Group
Key management staff	4	0.64%	26.0
Management of major subsidiaries	10	0.60%	19.7
Sales	3	0.12%	18.3
Other department	4	0.56%	13.3
Total	21	1.92%	

The source of fund of Nanjing Weijinhe comes from each individual shareholder. Save for Mr. Yin, Mr. Diao, Mr. Zhou and Mr. Chen who are executive Directors, each of the other shareholders of Nanjing Weijinhe is an employee of the Group.

Nanjing Jinwei Yongzheng

Nanjing Jinwei Yongzheng is a limited partnership established in the PRC which is principally engaged in the investment activities of its own funds.

Nanjing Jinwei Yongzheng has one general partner, namely Mr. Yin, and 49 limited partners.

The partners of Nanjing Jinwei Yongzheng are core members that serve important functions for the Group. The table below sets out the details and equity interest in the Target Company upon Completion of the partners:

Function	Headcount	Approximate percentage of equity interest in the Target Company upon Completion	Average years of service in the Group
Director - Mr. Yin	1	0.00%	31.0
Management of major subsidiaries	2	0.08%	18.5
Sales	20	0.29%	10.3
Supply chain	13	0.12%	9.2
Other department	14	0.19%	12.9
Total	50	0.68%	

The source of fund of Nanjing Jinwei Yongzheng comes from each individual shareholder. Save for Mr. Yin who is an executive Director, each of the other shareholders of Nanjing Jinwei Yongzheng is an employee of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Upon Completion and assuming full subscription under the Capital Increase Agreement, the effective interest in the registered capital of the Target Company held by the Group will be reduced from 100% to approximately 91.95%. The Capital Increase therefore constitutes a deemed disposal under Rule 14.29 of the Listing Rules for the Company.

To the best of the Directors' knowledge after making all reasonable enquiries, as at the date of this announcement, each of the Subscribers is a limited partnership of which Mr. Yin, the founder of the Group and an executive Director, is a general partner. Accordingly, each of the Subscribers is an associate of Mr. Yin and thus a connected person of the Company. Given that the Capital Increase involves simultaneous subscriptions of an aggregate of approximately 8.05% of the effective interest in the registered capital of the Target Company, the subscriptions from different Subscribers were treated as a single transaction which constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As on or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) applicable to the Company in respect of the Capital Increase exceed 5% but all are less than 25%, the Capital Increase constitutes (i) a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempted connected transaction for the Company and is subject to the reporting, announcement, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (i) Commonwealth B Limited is owned as to 80% by Commonwealth Yanbin Limited which is in turn wholly-owned by Mr. Yin; and (ii) Commonwealth Happy Elephant Limited is owned as to approximately 98.26% by Commonwealth YYB Limited which is in turn wholly-owned by Mr. Yin, Commonwealth B Limited and Commonwealth Happy Elephant Limited are regarded as having a material interest in the Capital Increase Agreement and the transactions contemplated thereunder. As such, Commonwealth B Limited and Commonwealth Happy Elephant Limited, who held 375,000,000 Shares and 178,141,500 Shares, representing approximately 37.50% and 17.81% of the issued share capital of the Company respectively, will abstain from voting on the resolutions in relation to the Capital Increase Agreement and the transactions contemplated thereunder at the EGM.

For the avoidance of doubt, Endless Reward Limited, the trustee of GHW International Employee Incentive Trust which held 50,900,000 Shares as at the date of this announcement, is not entitled to any voting rights in respect of the Shares held by it.

Save as disclosed, no Shareholders or any of their respective associates have any material interest in the Capital Increase Agreement and the transactions contemplated thereunder and thus none of the Shareholders is required to abstain from voting at the EGM.

GENERAL

The Independent Board Committee has been established and will provide advice on the Capital Increase Agreement and the transactions contemplated thereunder to the Independent Shareholders.

Fortune Financial Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Capital Increase.

A circular containing, amongst others, details of the Capital Increase, a letter from the Independent Board Committee to the Independent Shareholders in relation to the Capital Increase, a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Capital Increase, together with a notice convening the EGM to approve the Capital Increase is expected to be despatched to the Shareholders on or around 14 June 2024.

Shareholders and potential investors shall note that completion of the Capital Increase is subject to the conditions precedent set out in the section headed “Conditions Precedent” above and may or may not materialize. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Capital Increase”	the proposed capital contribution in the Target Company in an aggregate amount of RMB36,775,000 by the Subscribers pursuant to the Capital Increase Agreement;
“Capital Increase Agreement”	the capital increase agreement entered into on 10 May 2024 among the Existing Shareholders, the Subscribers and the Target Company;
“Company”	GHW International, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
“Completion”	the completion of the Capital Increase Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Existing Shareholders”	Nanjing Goldenhighway and Taian Taiying;
“Director(s)”	director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Capital Increase Agreement and the transactions as contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising three independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of, among other things, the terms of the Capital Increase;
“Independent Shareholders”	the Shareholders other than Commonwealth B Limited, Commonwealth Happy Elephant Limited and their associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chen”	Mr. Chen Hua (陳華), an executive Director;
“Mr. Diao”	Mr. Diao Cheng (刁騁), an executive Director;
“Mr. Yin”	Mr. Yin Yanbin (尹燕濱), the founder of the Group and an executive Director;
“Mr. Zhou”	Mr. Zhou Chunnian (周春年), an executive Director;
“Nanjing Goldenhighway”	Nanjing Goldenhighway International Supply Chain Management Company Limited* (南京金海威國際供應鏈管理有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company;
“Nanjing Jinwei Yongzheng”	Nanjing Jinwei Yongzheng Investment Partnership (Limited Partnership)* (南京市金威永正投資合夥企業(有限合夥)), a limited partnership established in the PRC;

“Nanjing Weijinhe”	Nanjing Weijinhe Investment Partnership (Limited Partnership)* (南京市威金合投資合夥企業(有限合夥)), a limited partnership established in the PRC;
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong and the Macao Special Administrative Regions of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	Taian Ruokun, Taian Ruopeng, Taian Jinweитай, Nanjing Weijinhe and Nanjing Jinwei Yongzheng;
“Taian Jinweитай”	Tai’an Jinweитай Investment Partnership (Limited Partnership)* (泰安市金威泰投資合夥企業(有限合夥)), a limited partnership established in the PRC;
“Taian Ruokun”	Tai’an Jinwei Ruokun Investment Partnership (Limited Partnership)* (泰安市金威若鯤投資合夥企業(有限合夥)), a limited partnership established in the PRC;
“Taian Ruopeng”	Tai’an Jinwei Ruopeng Investment Partnership (Limited Partnership)* (泰安市金威若鵬投資合夥企業(有限合夥)), a limited partnership established in the PRC;
“Taian Taiying”	Tai’an Taiying Caijian Equity Investment Fund Partnership (Limited Partnership)* (泰安市泰鷹財建股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC and an independent lender to the Target Company;
“Target Company”	Taian Havay Group Co., Ltd.* (泰安漢威集團有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement;

“Target Group”

the Target Company and its subsidiaries; and

“%”

per cent.

By Order of the Board of
GHW International
Yin Yanbin
Chairman and Chief Executive Officer

Hong Kong, 10 May 2024

For the purpose of this announcement, conversion of HK dollars into Renminbi is based on the approximate exchange rate of HK\$1.0 to RMB0.9081. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

As at the date of this announcement, the Board comprises Mr. Yin Yanbin, Mr. Zhuang Zhaohui, Mr. Chen Zhaohui, Mr. Zhou Chunnian, Mr. Chen Hua and Mr. Diao Cheng as executive Directors, and Mr. Sun Hongbin, Mr. Wang Guangji and Ms. Zheng Qing as independent non-executive Directors.

* *For identification purposes only.*