

IPO FACT SHEET
GHW International (9933)
ISSUE STATISTICS

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|--------------------------------------|-----------------------------------|
| Offer Size: | HK\$127.5m – HK\$162.5m |
| Placement Tranche: | 250.0m |
| Price: | HK\$0.51 – HK\$0.65 |
| Board lot: | 4,000 |
| Entry fee: | HK\$2,626.20 |
| Historical PE | 6.1x – 7.8x |
| Net tangible asset per share: | HK\$0.22 – HK\$0.25 |
| Market Cap (post-IPO): | HK\$510.0m – HK\$650.0m |
| Open: | 31 Dec 2019 |
| Close: | 12.00 noon on 10 Jan 2020 |
| Trading: | 21 Jan 2020 |
| Sponsor: | Fortune Financial Capital Limited |

| Year ended 31 Dec | (RMB'000) | yoy % chg |
|---------------------|-----------|-----------|
| Revenue | | |
| 2017 | 2,179,049 | 35.6% |
| 2018 | 2,152,946 | -1.2% |
| Profit for the year | | |
| 2017 | 79,431 | 282.7% |
| 2018 | 74,257 | -6.5% |

BACKGROUND

- The Group is an applied chemical intermediates provider in the integrated chemical services market, which primarily engage in the production and sales of its chemicals and sales of chemicals produced by third party manufacturers based in the PRC, the Southeast Asia region, Europe and the United States.
- For the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019, sales of its self-manufactured chemicals accounted for approximately 32.9%, 38.3%, 53.0% and 56.5% of total revenue, respectively, while sales of chemicals produced by third party manufacturers accounted for approximately 66.5%, 61.2%, 46.4% and 43.0% of its total revenue, respectively.
- According to Frost & Sullivan, the Group ranked the first and the second largest seller in choline chloride in terms of sales revenue in the PRC and in the global market in 2018, accounting for approximately 30.3% and 16.8% of the market share in the PRC and the global market, respectively. It was also the fourth largest seller of polyurethane materials in terms of sales revenue in the PRC in 2018.

BUSINESS STRATEGIES

- Enrich its product portfolio and expand its supply chain vertically in order to capture new market opportunities.
- Continue to invest in research and development to optimise its production processes and develop new products.
- Increase its production capacity by upgrading its production facilities in the PRC.
- Upgrade and optimise its integrated data operation platform for better service quality and operational efficiency and increase its online sales capability.
- Continue to invest in its facilities for environmentally friendly production and implement measures to further reduce emissions to achieve long-term sustainable development.
- Expanding through targeted acquisitions, joint ventures and partnerships with an aim to supplement its product areas or markets.

COMPETITIVE STRENGTHS

- The Group is an applied chemical intermediates provider in the integrated service market, with headquarters in the PRC, offering a comprehensive product portfolio with a wide range of applications and a full spectrum of solutions across various stages of its supply chain through its extensive global operation and sales network.
- The Group has an established reputation, and a long operating history in the PRC applied chemical intermediates industry.

- It has established long standing relationships with its suppliers which allow for production and procurement at lower costs and a strong and diversified customer base.
- The Group has a well-positioned production centre, strong logistics system and sales network with international presence to ensure delivery of its products in a timely and cost-efficient manner which facilitate sales to customers of all scales globally.
- It emphasises on the importance of environmental protection by developing environmentally friendly production processes and strictly complying with environmental standards.
- It has strong research and products development capabilities with a track record of developing new production methods or equipment to enhance its product quality, optimise its production efficiency and cater its customers' needs.
- It has an integrated data operation platform for its operational efficiency and effective inventory control.
- It has a strong and experienced team of management and staff with in-depth knowledge of applied chemical intermediates industry.

KEY RISKS

- Its sales and growth in market demand for its products are dependent, among other things, on the conditions and development of the industry of its downstream customers, which in turn depend on the global and in particular, the PRC economy.
- Its financial conditions and results of operations may be negatively affected by the outbreak of African Swine Fever or food-borne diseases and illnesses and other health epidemics.
- Its financial conditions and results of operations may be negatively affected by the fluctuations in average selling price of its products.
- It is dependent on the three production plants located in the PRC and Vietnam. Any operational disruption in its production plants may result in a reduction of sales volume and may cause it to incur substantial expenditure.
- The Group on its suppliers for its business, which exposes it to risks associated with fluctuations in prices of raw materials and chemical products, and reductions in the availability of raw materials and chemical products supplies may disrupt its operations.
- Failure in its integrated data operation platform could result in deficiencies in its business operations.
- The Group relies on certain key management personnel and the recruitment and retention of other qualified personnel to maintain its continued success.
- The Group might not be successful in the research and development of production equipment and in improving its existing production processes and the quality of its existing products.

DIVIDEND POLICY

- No fixed dividend policy.

USE OF PROCEEDS

| | HK mn | As a percentage of gross proceeds from the Invitation |
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| Will be used on the initial establishment of the New Production Plant, which is expected to commence operation in the first quarter of 2022, and will consist of production facilities for the production of trimethylamine and a pilot plant for manufacturing pharmaceutical intermediates, respectively | 16.6 | 17.2% |
| To construct production facilities at the New Production Plant for manufacturing trimethylamine, which is expected to commence production in the second quarter of 2022 | 58.2 | 60.4% |
| Will be used on the construction of a pilot plant at the New Production Plant, which is expected to commence production in the second quarter of 2022 for small batch production of various types of pharmaceutical intermediates | 9.8 | 10.2% |
| Will be used on the research and development process of its new pharmaceutical product | 2.1 | 2.2% |
| Will be used on purchasing hardware and software for upgrading its existing financial and accounting management system | 0.8 | 0.8% |
| As working capital and other general corporate purposes | 8.8 | 9.2% |
| Total: | 96.3 | 100.0% |

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