

“Major events” affecting profit forecast:

“Positive profit alert” or “Profit warning”

A listing company would decide whether it is necessary to issue the “Positive profit alert” or “Profit warning” announcements based on its specific circumstances. Currently, there is no definitive quantitative standard regarding the disclosure requirement of “Positive profit alert” or “Profit warning” announcements from regulatory requirements. Rule 13.09(2)(a) of the Listing Rules requires that “Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.”; while Section 38 of Guidelines on Disclosure of Inside Information from the SFC specifies that “A listed corporation must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public.”

Set out below is the summary of positive profit alert issued prior to the 2021 interim report from our highy-valued client GHW International (9933.HK).

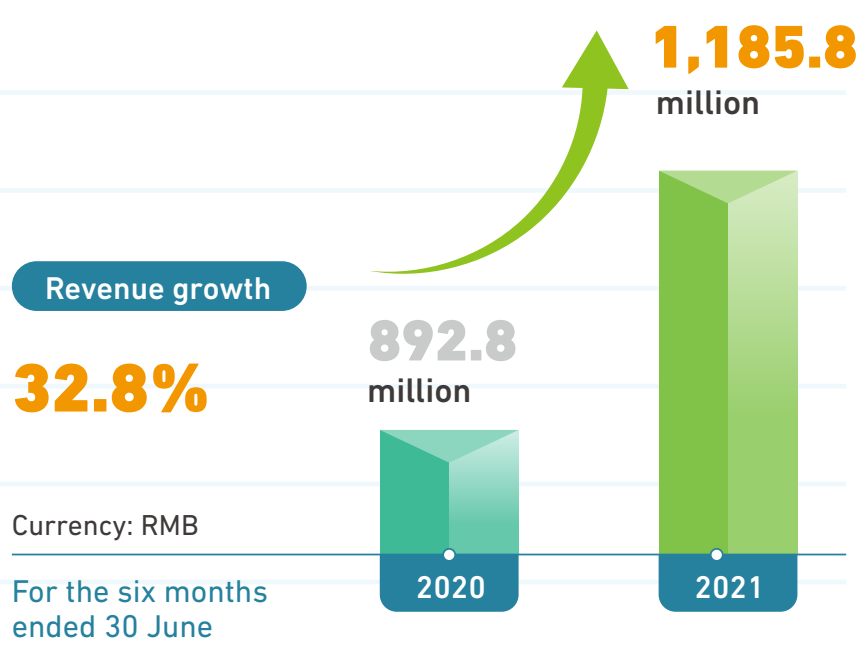
## Business Segments

- ✔ 動物營養化學品
- ✔ 聚氨酯
- ✔ 精細化學品
- ✔ 醫藥產品及中間體

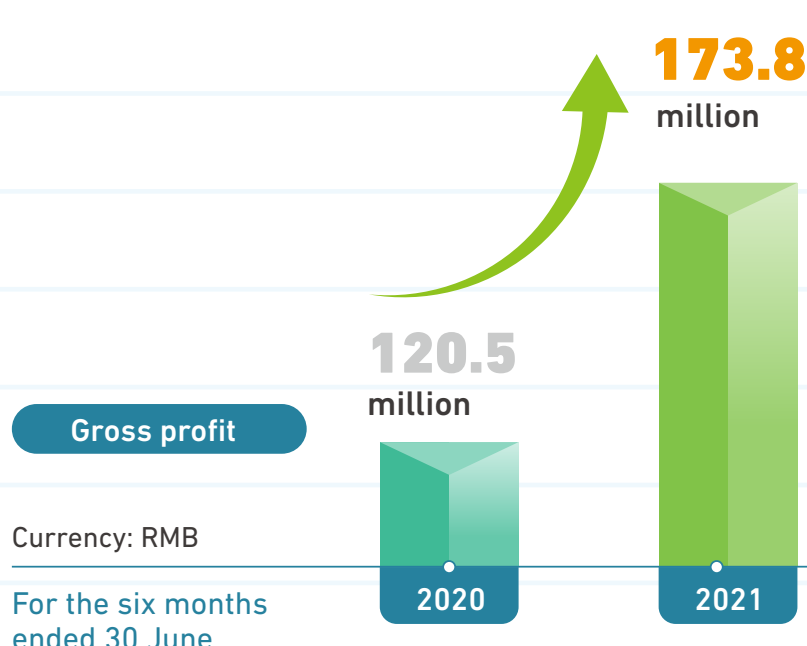
## Reasons for “Positive profit alert” (corresponding information)

- The expected profit attributed to owners was mainly attributable to the good performance in operations in the PRC after recovery from the outbreak of the COVID-19 pandemic in 2020, leading to increase in gross profit
- Gross profit was partially offset by:
  - i increase in selling and distribution expenses, administrative expenses and research and development expenses due to the increasing operating scale;
  - ii increase in write-off of property, plant and equipment resulted from the termination of production in our Xuzhou production plant and centralised our production functions in Tai’an; and
  - iii net exchange loss mainly as a result of depreciation of US dollar against Renminbi

## Revenue



## Gross profit



## Principles of “Positive profit alert” or “Profit warning”

- **Rule 13.24B(1):** “If, during the profit forecast period, an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer must promptly announce the event.”
- **Rule 13.24B(2)(a):** “If profit or loss generated by some activity outside the issuer’s ordinary and usual course of business which was not disclosed as anticipated in the document containing the profit forecast, materially contributes to or reduces the profits for the period to which the profit forecast relates, the issuer must announce this information, including an indication of the level to which the unusual activity has contributed to or reduced the profit.”

### Sources :

#### Main Board Listing Rules :

[https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Listing-Rules/Consolidated-PDFs/Main-Board-Listing-Rules/consol\\_mb\\_tc.pdf?la=zh-HK](https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Listing-Rules/Consolidated-PDFs/Main-Board-Listing-Rules/consol_mb_tc.pdf?la=zh-HK)

#### SFC Guidelines on Disclosure of Inside Information:

<https://www.sfc.hk/-/media/TC/assets/components/codes/files-current/zh-hant/guidelines/guidelines-on-disclosure-of-inside-information/guidelines-on-disclosure-of-inside-information.pdf>

#### GHW International :

[www.goldenhighway.com](http://www.goldenhighway.com)

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