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China Treasures New Materials Group Ltd.

中寶新材集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2439)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023**

Reference is made to the annual report (the “**Annual Report 2023**”) of China Treasures New Materials Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) for the year ended 31 December 2023 (“**FY2023**”). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Annual Report 2023.

In addition to the information disclosed under the section headed “Management Discussion and Analysis – Future Plans and Use of Proceeds” in the Annual Report 2023, the Board would like to provide additional information regarding the expected timeline for utilizing the remaining balance of the unutilized net proceeds amount from the Listing as stated in the Annual Report 2023, details of which are set out as follows:

	Adjusted net Proceeds <i>HK\$'000</i>	Amount utilized as at 31 December 2023 <i>HK\$'000</i>	Amount unutilized as at 31 December 2023 <i>HK\$'000</i>	Expected timeline for utilizing unutilized net proceeds amount
Expand biodegradable plastic products production lines at the Changchun Production Base	51,743	18,548	33,195	Expected to be utilized by 2024
Establish the Huizhou Production Base in the Southeast China	51,588	–	51,588	Expected to be utilized by 2025

	Adjusted net Proceeds <i>HK\$'000</i>	Amount utilized as at 31 December 2023 <i>HK\$'000</i>	Amount unutilized as at 31 December 2023 <i>HK\$'000</i>	Expected timeline for utilizing unutilized net proceeds amount
Strengthen R&D capabilities and upgrade existing R&D equipment of the Group	6,682	–	6,682	Expected to be utilized by 2025
Finance R&D projects of the Group	33,253	14,320	18,933	Expected to be utilized by 2024
Strengthen IT system of the Group	4,662	–	4,662	Expected to be utilized by 2025
General working capital	7,458	3,349	4,109	As and when appropriate
	<u>155,386</u>	<u>36,217</u>	<u>119,169</u>	

As disclosed in the Prospectus, it was expected that the net proceeds would be utilized to establish the Huizhou Production Base in Southeast China in 2023. As stated in the Annual Report 2023, the Company has utilized internal funds to establish factories in Anji and Dongguan without utilizing the net proceeds raised from Listing because the purposes were slightly different from the expansion plan set out in the Prospectus. As disclosed in the Annual Report 2023, the factory was originally planned to be set up in Huizhou, instead of Dongguan, despite these two cities both being located within Guangdong province. Therefore, the Company decided to use internal funds for the initial investment (i.e. Phase 1 operation). Furthermore, the Company considers that, given the two additional production facilities have been set up, its expansion plan will be adjusted as it needs time to assess the potential business opportunities covered by these two new factories.

The Company considers it more appropriate to determine the actual allocation of the unutilized proceeds after reviewing the full-year financial situation of 2024 and will publish an announcement to revise the unutilized use of proceeds (where applicable) in accordance with the Listing Rules as appropriate.

The above additional information supplements, and should be read in conjunction with, the Annual Report 2023. It does not affect other information contained in the Annual Report 2023. Save as disclosed above, all information contained in the Annual Report 2023 remains unchanged.

For and on behalf of the Board
China Treasures New Materials Group Ltd.
ZHANG Yuqiu
Chair and Executive Director

Changchun, Jilin, the PRC, 19 July 2024

As at the date of this announcement, the executive Directors are Ms. ZHANG Yuqiu, Mr. SHAN Yuzhu, Mr. LI Xiquan and Mr. LI Peng; and the independent non-executive Directors are Mr. NG Tat Fung, Dr. SUN Shulin and Dr. LAI King Yin.