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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)

FURTHER 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**”) and the supplemental announcement of the Company dated 19 July 2024 (the “**First Supplemental Announcement**”). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Annual Report 2023 and the First Supplemental Announcement.

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 and the First Supplemental Announcement, the Board would like to provide additional information regarding the expected timeline for utilising the remaining balance of the unutilised net proceeds amount from the Listing as stated in the Annual Report 2023 and the First Supplemental Announcement, details of which are set out as follows:

- (a) the reasons for the delay in the use of proceeds for expanding biodegradable plastic product production lines at the Changchun Production Base were decided after considering several factors, including the persistent economic, financial, and geopolitical complexities worldwide, the challenging business environment in the PRC during 2023, and the foreseeable unstable market conditions in 2024. Additionally, minor changes in our Southeast China expansion plan (for further information, see (b) below) and the establishment of our Anji factory also contributed to the decision. In the fourth quarter of 2023, the Board conducted a strategic review of establishing our new biodegradable production lines at the Changchun Production Base given the aforementioned factors and decided to delay the plan to (i) purchasing production machines and equipment for masterbatches and certain production machines and equipment for our existing and new biodegradable plastic products production lines; (ii) renovating the production plants and improve the office environment in Changchun Production

Base; (iii) recruiting new staff members for the operation of our Changchun Production Base; (iv) purchasing additional transportation vehicles to support our operation; and (v) purchasing quality control related equipment and focus on Southeast China development. Nevertheless, despite the delay, the Company has commenced the trial production for the new production machines and equipment purchased during 2023 in Changchun Production Base. Although the Company has not completed our entire expansion of our Changchun Production Base by the second quarter of 2024, the Company had and would continue plan to expand our Changchun Production Base.

The Company recognised there would be a delay in the use of proceeds from the Listing, as it was mentioned in the Prospectus that the Company planned to utilise the net proceeds for establishing new biodegradable production lines at the Changchun Production Base in 2023 and targeted to complete our entire expansion of our Changchun Production Base by the second quarter of 2024. This decision was made after considering that (i) we have an established position in Northeast China and (ii) a majority of our customers located in the Northeast are recurring customers. Therefore, the Directors consider that carrying out the Southeast China expansion plan should be prioritised in their strategic formulation, and the Company considers it more appropriate to determine the actual allocation of the unutilised proceeds after reviewing the full-year financial situation of 2024. An announcement will be published to revise the unutilised use of proceeds (if applicable) in accordance with the Listing Rules as appropriate.

- (b) the reasons for the delay in the use of proceeds for establishing the Huizhou Production Base in Southeast China were principally due to (i) an unexpected delay in obtaining approval from Huizhou Development and Reform Bureau (the local branch of the National Development and Reform Commission) regarding the Huizhou factory site, although the Company had ordered the necessary machinery, carried out planning, and submitted the application for the new factory in the first half of 2023. However, as of August 2023, the Group had not obtained all necessary approvals; (ii) during the material period, the Company became aware of an alternative and available factory site in Dongguan, which is (a) nearby to the Huizhou factory (less than 100 kilometres from the original site) and within the same province; (b) with better local government support, which was later evident as the Group was able to obtain all necessary approvals to commence trial production before 31 December 2023; and (iii) lower rental payments per square metre than the Huizhou factory. Hence, the Board conducted a strategic review of the establishment of the Huizhou Production Base in the fourth quarter of 2023 and adjusted our expansion plan by entering into a rental agreement with Dongguan in the second half of 2023, terminating the lease of the factory in Huizhou, and relocating our equipment and machinery to Dongguan to avoid causing a material delay in our Southeast China expansion plan as stated in the Prospectus. As of the date of this announcement, the Company has not received feedback or approval from Huizhou Development and Reform Bureau and therefore has not obtained all necessary approvals regarding establishing factory site in Huizhou.

The Company recognised there was a delay in the use of proceeds from the Listing when it decided to deliver equipment and machinery originally ordered for the Huizhou factory site to the Dongguan factory, as it was mentioned in the Prospectus that the Company planned to utilise the net proceeds for establishing our production base in Southeast China in 2023. However, the Company considers it more appropriate to determine the actual allocation of the unutilised proceeds after reviewing the full-year financial situation of 2024 and will publish an announcement to revise the unutilised use of proceeds (if applicable) in accordance with the Listing Rules as appropriate.

- (c) the First Supplemental Announcement stated that the expected timeline for utilising unutilised net proceeds amount for general working capital “as and when appropriate”, the Company would like to clarify that it is expected to be utilised by the end of 2024.

The above additional information supplements, and should be read in conjunction with, the Annual Report 2023 and the First Supplemental Announcement which does not affect other information contained in the Annual Report 2023. Save as disclosed above, 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, 28 August 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.