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New Wisdom Holding Company Limited **新智控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the prospectus of New Wisdom Holding Company Limited (the “**Company**”) dated 22 May 2017 (the “**Prospectus**”) issued by the Company in relation to the rights issue of shares of the Company on the basis of one (1) rights share for every two (2) shares of the Company held on 19 May 2017 (the “**Rights Issue**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to announce that it has resolved to change the use of the net proceeds from the Rights Issue.

USE OF PROCEEDS

The net proceeds of the Rights Issue, after deducting Underwriter’s commissions, professional fees and other related expenses in connection with the Rights Issue, amounted to approximately HK\$99 million (the “**Net Proceeds**”).

It was disclosed under the section headed “Reasons for the Rights Issue and Use of Proceeds” in the Prospectus that the Company intended to apply the Net Proceeds in the following manner:

- (a) approximately HK\$29 million (representing 29.29% of the Net Proceeds) will be applied for the operation and expansion of the existing food and beverage business;
- (b) approximately HK\$20 million (representing 20.20% of the Net Proceeds) will be applied for the Company’s corporate expenses;
- (c) approximately HK\$15 million (representing 15.15% of the Net Proceeds) will be applied for the repayment of bank loans; and

(d) approximately HK\$35 million (representing 35.36% of the Net Proceeds) will be applied for the potential investment opportunities currently available.

Please refer to the section headed “Reasons for the Rights Issue and Use of Proceeds” in the Prospectus for further details of the intended use of proceeds from the Rights Issue.

As at the date of this announcement, the amount of the Net Proceeds which remain unutilised amounts to approximately HK\$82,770,000.00 (the “**Unutilised Amount**”).

CHANGE IN USE OF PROCEEDS

The Board has resolved that, HK\$15 million of the Net Proceeds that was originally planned to be applied for the repayment of bank loans will be reallocated and changed to the investment in the electronic cigarette (“**e-cigarette**”) industry (the “**Proposed Changes**”).

Set out below are details of the original allocation of the Net Proceeds, the utilised amount of the Net Proceeds as at the date of this announcement, the original allocation and revised allocation of the unutilised Net Proceeds:

	Original allocation of Net Proceeds <i>HK\$'000</i>	Utilised Amount (as at the date of this announcement) <i>HK\$'000</i>	Original allocation of the Unutilised Amount (before the Proposed Changes) <i>HK\$'000</i>	Revised allocation of the Unutilised Amount (after the Proposed Changes) <i>HK\$'000</i>
Operation and expansion of the existing food and beverage business	29,000	3,040	25,960	25,960
Company’s corporate expenses	20,000	13,190	6,810	6,810
Repayment of bank loans	15,000	–	15,000	–
Potential investment opportunities by acquiring a Chinese restaurant chain; or the use of patent licenses regarding nano electricity generator technology	35,000	–	35,000	35,000
Investment in, research and development, sales and marketing of e-cigarette in the PRC and overseas countries	–	–	–	15,000
	<u>99,000</u>	<u>16,230</u>	<u>82,770</u>	<u>82,770</u>

REASONS FOR THE CHANGE

The Company originally planned to use HK\$15 million of the Net Proceeds for the repayment of bank loans. As at the date of this announcement, the Company has fully repaid its regular bank loans using its internal funds and has not utilised such amount of the Net Proceeds originally earmarked for repayment of bank loans.

In the meantime, the Company aims to extend its presence in the PRC market. As e-cigarette has become a global trend over the past few years and given the massive population in the PRC, the Company is optimistic about the continuous growth of the e-cigarette market in the PRC and the business opportunities arising therefrom to the Company. Accordingly, the Company decides to change the original allocation of the Net Proceeds by reallocating HK\$15 million of the Net Proceeds originally planned to be applied for the repayment of bank loans to the intended investment in, and research and development, sales and marketing of e-cigarette in the PRC and overseas countries as described above. In this connection, the Company plans to conduct research on the use new ingredients for producing e-cigarette liquid and e-cigarette cartridge, purchase production lines for manufacturing e-cigarette, and market and sell such products through exploring and developing a sales network, building a new e-cigarette brand, participating into trade fairs and seeking cooperation with external parties.

In light of the above, the Board considers that the above change in the use of proceeds from the Rights Issue will facilitate more efficient use of the financial resources of the Company and strengthen the future development of the Company and is in the interests of the Company and its Shareholders as a whole.

By Order of the Board
New Wisdom Holding Company Limited
Huang Chao
Chairman

Hong Kong, 6 November 2018

As at the date of this announcement, the Company's executive director Mr. Huang Chao and Mr. Zheng Hua; and the independent non-executive Directors are Mr. Chan Yee Ping Michael, Mr. Deng Guozhen and Mr. Zeng Shiquan.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the "Latest Company Announcements" page and the website of the Company at www.nwhcl.com for at least 7 days from the date of its posting.