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創輝珠寶集團控股有限公司
Chong Fai Jewellery Group Holdings Company Limited
(formerly known as Dominate Group Holdings Company Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8537)

CHANGE IN USE OF PROCEEDS

References are made to the prospectus of Chong Fai Jewellery Group Holdings Company Limited (formerly known as Dominate Group Holdings Company Limited) (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 March 2019 (the “**Prospectus**”) in relation to the listing of the shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited by way of share offer (the “**Share Offer**”), and the third quarterly report of the Company for the nine months ended 31 December 2019 (the “**2019 Third Quarterly Report**”) dated 14 February 2020 in which the utilisation of proceeds from the Share Offer up to 31 December 2019 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2019 Third Quarterly Report.

The board of directors (the “**Board**”) of the Company would like to announce that the Board has resolved to change the use of proceeds from the Share Offer.

USE OF PROCEEDS

The actual net proceeds from the Share Offer (the “**Net Proceeds**”), after deducting the underwriting fees and related expenses, amounted to approximately HK\$24.5 million. As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, the Company intended to use the Net Proceeds for the following purposes: (i) expand the Group’s retail presence; (ii) enhance the Group’s brand recognition; and (iii) general working capital.

As at the date of this announcement, the unutilised Net Proceeds of approximately HK\$23.8 million (“**Unutilised Net Proceeds**”) were deposited into the Group’s bank accounts. After due and careful consideration on the current business environment and development needs of the Group, the Board has resolved to temporarily reallocate part of the Unutilised Net Proceeds in the amount of approximately HK\$16.1 million for investment purpose such as investment in blue-chip stocks, investment-grade bonds and debentures in order to generate higher returns and approximately HK\$6.1 million for additional general working capital and other general corporate matters. Further announcement(s) will be made by the Company in accordance with the GEM Listing Rules as and when required.

Set out below are the original allocation and revised allocation of the Net Proceeds:

Business strategies	Original allocation of Net Proceeds (approximately) <i>HK\$'000</i>	Utilised Net Proceeds as at the date of this announcement (approximately) <i>HK\$'000</i>	Unutilised Net Proceeds as at the date of this announcement (approximately) <i>HK\$'000</i>	Revised allocation of Unutilised Net Proceeds (approximately) <i>HK\$'000</i>
Expand the Group's retail presence	22,100	—	22,100	1,000
Enhance the Group's brand recognition	1,200	600	600	600
For the Group's working capital and other general corporate purposes	1,200	100	1,100	6,100
Invest in blue-chip stocks, investment-grade bonds and debentures	—	—	—	16,100
	<u>24,500</u>	<u>700</u>	<u>23,800</u>	<u>23,800</u>

REASONS FOR THE CHANGE

The planned use of proceeds from the Share Offer as disclosed in the Prospectus was based on the best estimation made by the Group in relation to the then future market conditions as at the Latest Practicable Date of the Prospectus. In this connection, the Board evaluates the trends of the retail industry with the global and local economic conditions from time to time to determine the most effective and efficient use of the Net Proceeds.

It was stated in the section headed “Futures plans and use of proceeds” of the Prospectus that one of the business strategies and plans of the Group is to open one retail store in Kowloon in September 2019. In view of the local economic and social uncertainties and the recent outbreak of the novel coronavirus in Hong Kong and globally, the Group will postpone the plan to find a suitable flagship retail store until the economic environment in Hong Kong becomes better.

The Board has considered the existing funding needs of the Group and taken the view that the Unutilised Net Proceeds can be better utilized for generating higher returns for the Group. The Board is also of the view that the change in use of Unutilised Net Proceeds of the Group will benefit the operation and business development of the Group and is in the best interest of the Company and the Shareholders as a whole.

The Board will continuously assess the plans for use of the Net Proceeds, and may revise or amend such plans where necessary to respond to the changing market conditions and strive for better business performance of the Group.

Save as disclosed in this announcement, there are no other changes on the use of the Net Proceeds.

By order of the Board
Chong Fai Jewellery Group Holdings Company Limited
FU Chun Keung
Chairman and Chief Executive Officer

Hong Kong, 25 March 2020

As at the date of this announcement, the executive Directors are Mr. Fu Chun Keung, Ms. Cheung Lai Yuk and Ms. Fu Wan Ling; and the independent non-executive Directors are Mr. Chan Chi Ming Tony, Mr. Chan Cheong Tat and Mr. Wong Wing Keung Meyrick.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.chongfaiholdings.com.