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## **STATE INNOVATION HOLDINGS LIMITED**

### **國科控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8275)**

## **PROPOSED CHANGE OF COMPANY NAME AND VOLUNTARY ANNOUNCEMENT**

The Board proposes to change the English name of the Company from “State Innovation Holdings Limited” to “China New Consumption Group Limited”, and the secondary name of the Company in Chinese from “國科控股有限公司” to “中國新消費集團有限公司”.

The Proposed Change of Company Name is subject to (i) the passing of a special resolution by the Shareholders at the forthcoming EGM approving the Proposed Change of Company Name; and (ii) the Registrar of Companies in the Cayman Islands approving the Proposed Change of Company Name by issuing a certificate of incorporation on change of name.

A circular containing, among other matters, information in relation to the Proposed Change of Company Name and a notice convening the EGM, and the related proxy form will be despatched to the shareholders of the Company as soon as practicable.

### **PROPOSED CHANGE OF COMPANY NAME**

The board (the “**Board**”) of directors (the “**Directors**”) of State Innovation Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) proposes to change the English name of the Company from “State Innovation Holdings Limited” to “China New Consumption Group Limited”, and the secondary name of the Company in Chinese from “國科控股有限公司” to “中國新消費集團有限公司” (the “**Proposed Change of Company Name**”).

## **Conditions of the Proposed Change of Company Name**

The Proposed Change of Company Name is subject to the fulfillment of the following conditions:

- (a) passing of a special resolution by the shareholders of the Company (the “**Shareholders**”) to approve the Proposed Change of Company Name at an extraordinary general meeting (the “**EGM**”) of the Company; and
- (b) approval of the Registrar of Companies in Cayman Islands for the Proposed Change of Company Name.

The Proposed Change of Company Name will take effect after satisfaction of the above conditions and from the date of entry of the new English and Chinese names of the Company into the register of companies maintained by the Registrar of Companies in Cayman Islands in place of the existing names. The Registrar of Companies in Cayman Islands shall issue a certificate of incorporation on change of name thereafter. The Company will then carry out all necessary filing or registration procedures with the Companies Registry in Hong Kong pursuant to Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

## **REASONS FOR THE PROPOSED CHANGE OF COMPANY NAME**

The Group is a foundation contractor primarily specialising in bored piling works as well as other foundation works. The Group is also engaged in leasing of machinery. The Board is of the view that the Proposed Change of Company Name will clearly reflect the future strategic positioning and business development of the Group, and the Board believes that the new corporate image of the Company will be beneficial to the current and future business expansion and brand building of the Group. Accordingly, the Board considers the Proposed Change of Company Name in the interest of the Company and its shareholders as a whole.

## **EFFECT OF THE PROPOSED CHANGE OF COMPANY NAME**

The Proposed Change of Company Name will not, of itself, affect the rights of any shareholder of the Company. All existing share certificates of the Company bearing the existing names of the Company will, after the Proposed Change of Company Name becoming effective, continue to be evidence of legal title to the shares of the Company and valid for trading, settlement, registration and delivery purposes. All new share certificates of the Company issued after the Proposed Change of Company Name becomes effective will bear the new names. As such, there will be no arrangement for free exchange of the existing share certificates for new certificates.

Subject to the confirmation of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Proposed Change of Company Name becoming effective, the English and Chinese stock short names of the Company for trading in the securities on the Stock Exchange will also be changed.

## **GENERAL**

At the EGM, a special resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Proposed Change of Company Name. A circular containing, among other things, information relating to the Proposed Change of Company Name, together with a notice of the EGM, and the related proxy form will be despatched to the Shareholders as soon as practicable.

Further announcement(s) will be made by the Company to inform the Shareholders of, among other things, the effective date of the Proposed Change of Company Name and, where necessary, the change of stock short names of the Company for trading of the shares of the Company on the Stock Exchange as and when appropriate.

## **VOLUNTARY ANNOUNCEMENT**

### **Establishment of a wholly-owned subsidiary**

The Company intends to establish a wholly-owned subsidiary for the purpose of developing a new consumption business (the “**Business**”) for the market in Mainland China.

### *New Consumption Business*

“New consumption” refers to the new consumption behaviours driven by new technologies such as digital technologies, new business models such as the integration of online and offline, and new consumption relationships such as social networks. Not only does it include new consumption models arising from the digital transformation of traditional consumer industries such as retails and healthcare, but also include the emergence of new consumer brands such as new catering and new culture and creativity, as well as the expansion of new consumption scenarios such as the first-store economy and the night economy, with an essence of satisfying the increasing consumption demands of customers through new technologies, new ideas and new demographic.

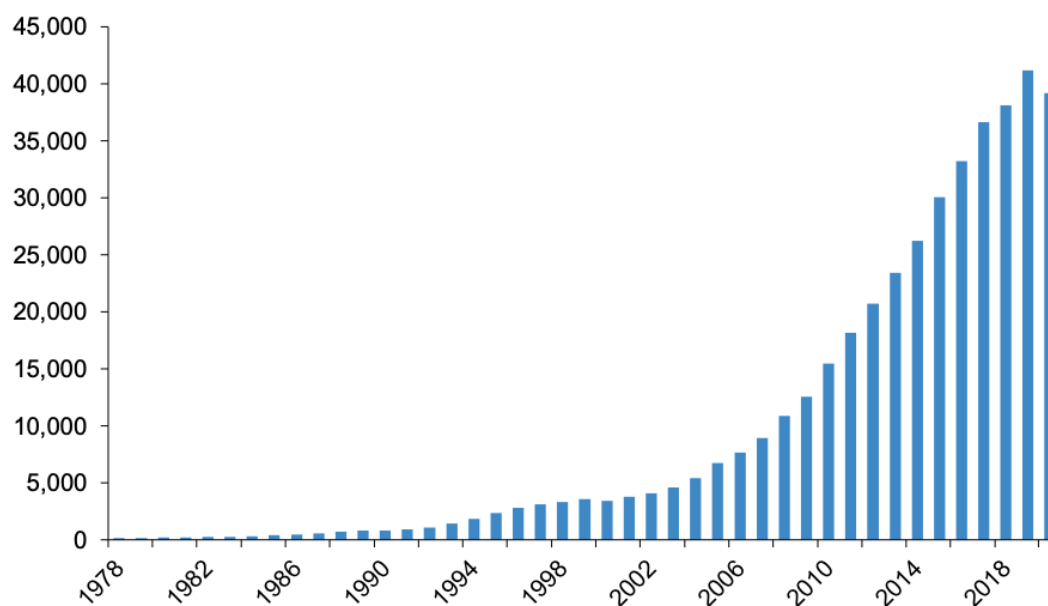
According to KPMG China’s report of “New Consumption Era Leads the Rise of Domestic Products”, with the continuous expansion of Chinese consumption market in recent years, many new features have been shown, for instance, the intergeneration transmission of consumer groups, new consumption scenarios brought by new technologies, and the emergence of green and healthy consumption concept. These features, including new stage, new demographic, new technologies and new concept, can be summarised as the four new features of the new consumption era. The new stage represents that the GDP per capita in China exceeding ten thousand US dollar with the changes in the consumption quantity and structure of the Chinese residents showed the entry to a new stage. The new demographic represents the consumer group, with “Generation Z” and “millennials” as representatives, who has become a strong driving force for trendy consumption, and the sinking of e-commerce channels has also gradually turned the consumer group in county towns and rural areas into the new main force of consumption. The new technologies refer to the upgrading and transformation of the traditional industrial chain through innovative technologies such as 5G, AI, AR/VR to reshape the industry structure and ecosystem, to further integrate the online services, offline experiences and modern logistics, providing consumers with a higher standard of service and a more personalized consumer experience. The new concept refers to a new concept of green and healthy consumption, while green development will be an essential path for global sustainable development, consumers are more conscious of healthy lifestyles and habits due to the COVID-19 pandemic.

### ***New Consumption Prospects***

With the continuous optimisation of China’s economic structure, consumption has increasingly become the main engine of domestic economic growth. At the same time, as China’s share of the global consumption is also increasing, China is expected to be the world’s largest consumer market.

Although the impact of COVID-19 is gradually diminishing, it is still spreading globally, creating a lot of uncertainty for the world economy. In the face of the pandemic, the consumer market has become increasingly important, not only as the mainstay of livelihood and employment stability, but also as the main engine of economic growth. According to China’s macroeconomic data in the first half of 2021, final consumption expenditure drove economic growth by 6.1% in the second quarter, contributing 77.1% to economic growth, which is significantly higher than exports and investment, and is a stable driver of China’s economic growth. In terms of total retail sales of consumer goods, data from the National Bureau of Statistics of China shows that in 1978, the total retail sales of consumer goods in China was only RMB155.8 billion, as compared to RMB41.2 trillion in 2019. Based on the RMB/USD exchange rate in 2019, this is equivalent to 95.7% of the consumption scale of US in that year. Even with the impact of the pandemic in 2020, total annual retail sales of consumer goods reached RMB39.2 trillion, representing an increase of more than 250 times in over 40 years since the reform and opening up. With the Chinese government’s COVID-19 control measures becoming increasingly lenient, the Company expects that the total annual retail sales of consumer goods in China will continue to grow rapidly over the next few years, contributing to the accelerated development of the new consumption industries.

Accumulative value of total retail sales of consumer goods in Mainland China, per annum, billion RMB



Source: Wind, KPMG analysis

From the perspective of policy, on the supply side, the national policies enhance the convenience of consumption and help upgrade consumption by promoting new urbanization construction, accelerating the layout of new infrastructure and further opening up; on the demand side, through measures such as raising the employment rate and optimising the social security system, the per capita income is increased while the worries of the residents are reduced, thus fully unleashing the consumption potential.

In consideration of the above, the Company is of the view that (i) the Business provides an innovative way of consumption for hundreds of millions users through the combination of online and offline mobile internet; (ii) the Business is in line with the current national conditions, and in the next 3–5 years, the comprehensive promotion of consumption will be the main theme of economic recovery and development; and (iii) the Business has ample room for development, as China has a huge consumer market and new consumption will become the next trillion track after new retail. The Company believes that the business has bright development prospects and will provide the Group with a diversified source of revenue. As mentioned above, the Company will establish a wholly-owned subsidiary to develop its new consumption business for the market in Mainland China.

By Order of the Board  
**State Innovation Holdings Limited**  
**Tang Kwai Leung Stanley**  
*Chairman and Executive Director*

Hong Kong, 6 April 2023

*As at the date of this announcement, the Board comprises Mr. Tang Kwai Leung Stanley as executive Director; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Ms. Liu Ching Man as independent non-executive Directors.*

*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 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.*

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