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CHINA NEW CONSUMPTION GROUP LIMITED

中國新消費集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8275)

CHANGE IN USE OF PROCEEDS

Reference is made to the announcements of the Company dated 17 February, 24 February, 3 March, 10 March, 13 March 2023, the circular of the Company dated 23 March 2023 and prospectus of the Company dated 11 July 2023 (the “**Prospectus**”) in relation to the Rights Issue and the respective interim report of the Company relating to the update on the use of proceeds. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meaning as those defined in the Prospectus.

USE OF PROCEEDS

As stated in the section headed “USE OF PROCEEDS” in the Prospectus, the Net Proceeds were approximately HK\$33.48 million and the Group intended to use the Net Proceeds for the following purposes:

- (i) approximately 55.26% (or approximately HK\$18.50 million) will be used for the expansion of the foundation business capacity of the Group;
- (ii) approximately 22.40% (or approximately HK\$7.50 million) will be used for the development of the AI business, including but not limited to AI translation;
- (iii) approximately 22.34% (or approximately HK\$7.48 million) will be used as the general working capital of the Group.

As at the date of this announcement, a total of approximately HK\$11.8 million of the Net Proceeds had been utilised by the Group according to the allocation as set out in the Prospectus and the remaining net proceeds from the Rights Issue amount to approximately HK\$21.7 million (the “**Unutilised Net Proceeds**”).

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the Unutilised Net Proceeds as follows:

	Proposed use of Net Proceeds as disclosed in the Prospectus <i>HK\$ million</i> <i>(approximately)</i>	Utilised Net Proceeds up to the date of this announcement <i>HK\$ million</i> <i>(approximately)</i>	Unutilised Net Proceeds up to the date of this announcement <i>HK\$ million</i> <i>(approximately)</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$ million</i> <i>(approximately)</i>
i. Expansion of the foundation business capacity	18.5	–	18.5	–
ii. Development of the AI business	7.5	4.3	3.2	3.2
iii. General working capital	7.5	7.5	–	–
iv. Development of financial services business	–	–	–	18.5
Total	<u>33.5</u>	<u>11.8</u>	<u>21.7</u>	<u>21.7</u>

REASONS FOR CHANGE IN USE OF PROCEEDS

As stated in the Prospectus, according to the 2022–23 Budget announced by the Hong Kong government, the annual capital expenditure on infrastructure will reach approximately HK\$100 billion and approximately 15,200 transitional housing units will be introduced in the next few years. Taking into consideration the long-term development of the Hong Kong construction industry in light of the 2022–23 Budget, the Directors consider that there will be an increase in demand for the Group's foundation services and hence the acquisition of pile casings would be in the interest of the Company. However, according to the interim report of the Company for the six months ended 30 September 2023, the Company recorded revenue of approximately HK\$31.31 million for the three months ended 30 September 2023, representing a slight decrease from the corresponding period in 2022.

Having considered the abovementioned, the Board believes that the reallocation of the Unutilised Net Proceeds will enable the Group to capture other business opportunities for the Group's revenue growth. The Board is planning to expand and develop its business in the financial sector including but not limited into (i) development of money lending business and (ii) acquisition of financial institution. The Board believes that the finance industry has a promising prospect, and that developing financial services business will enable the Group to benefit from diversified revenue streams and allow the Group to extend its business presence in the finance sector mainly through the provision of various financial services including but not limited to money lending services, securities trading, underwriting and asset management service.

Save for the aforesaid changes, there is no other change in the uses of the Net Proceeds. The Directors confirm that there is no material change in the nature of business of the Group as set out in the Prospectus. The Directors consider that the above changes in the uses of the Net Proceeds are fair and reasonable, as they would allow the Company to deploy its financial resources more effectively and is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group. The Directors further consider that such changes will allow the Group to better accommodate with the changing market conditions.

On the progress of the use of the Unutilised Net Proceeds, the Company will provide update to its shareholders through disclosures in its annual report and interim report going forward. The Company will make further announcement(s) in accordance with the requirements under the Listing Rules and other applicable laws as and when appropriate.

By order of the Board
CHINA NEW CONSUMPTION GROUP LIMITED
Liu Ching Man
Executive Director

Hong Kong, 1 March 2024

As at the date of this announcement, the Board comprises Ms. Liu Ching Man as executive Director; and Mr. He Dingding, Ms. Chan Tsz Hei Sammi and Mr. Ng Kim Lung as independent non-executive Directors.

This announcement, for which the directors of the Company 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 of the Company, 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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