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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)

SUPPLEMENTAL ANNOUNCEMENT TO 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, 1 March 2024 (the “**Announcement**”), 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 Announcement.

The Board wishes to provide additional information in relation to the proposed use of the Unutilised Net Proceeds.

The Company has noted that the growth in the financial performance of the Company was stable and the number of new projects secured for the nine months ended 30 September 2023 demonstrated a downward trend when preparing for the interim report of the Company for the six months ended 30 September 2023 in September 2023.

Hence, the Board believes that the acquisition of the pile casing should be postponed and the change in use of the Unutilised Net Proceeds is necessary to utilize idle cash resources more effectively and to better accommodate with the changing market conditions.

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 Company intends to carry out money lending business in respect of personal loans and corporate loans by providing unsecured personal loans and secured loans and to target customers. The Company does not intend to promote or advertise its new business segment. Instead, the Company intends to acquire new customers through e.g., word of mouths, referral by other money lenders, engaging an appointed third party.

The Company will conduct know your customer (“KYC”) and collect documents required for conducting preliminary assessment of the eligibility of the loan applicant. Documents to be collected including but not limited to bank statement, income proof, asset proof, address proof, identity card or passport, guarantor proof, business registration certificate, certificate of incorporation, annual return, latest audited financial statement and management accounts. The Company will also apply pressure test on loan applicants which will consider the following:

- (a) the loan applicant’s current income and expenditure; and
- (b) the loan applicant’s ability to make repayments under the loan agreement:
 - (i) as they fall due over the life of the loan agreement;
 - (ii) without the loan applicant’s having to borrow to meet the repayments; and
 - (iii) without the repayments having a significant adverse impact on the loan applicant’s overall financial situation.

The Director will monitor the repayment of loans per the repayment schedule. If the borrower fails to repay on the due date, the loan will be flagged as overdue. If the borrower still fails to repay the outstanding amount after the final reminder, the Company will issue a legal letter and proceed to take legal action.

The Company will appoint an independent external service provider to conduct an independent audit on the effectiveness of the Company’s Anti-Money Laundering (“AML”)/Counter Terrorist Financing (“CTF”) systems annually. The scope of such independent audit includes but not limited to (i) the adequacy of the licensee’s AML/CTF systems, Money Laundering (“ML”)/Terrorist Financing (“TF”) risk assessment framework and application of risk-based approach, (ii) the effectiveness of suspicious transaction reporting systems, (iii) the effectiveness of the compliance function; and (iv) the level of awareness of staff having AML/CTF responsibilities.

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.

The above information is supplemental to the Announcement and does not affect the information contained in the Announcement.

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

Hong Kong, 22 April 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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