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i.century Holding Limited
愛世紀集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8507)

CHANGE OF USE OF PROCEEDS

References are made to (i) the prospectus of i.century Holding Limited (the “**Company**” together with its subsidiaries, the “**Group**”) dated 29 March 2018 (the “**Prospectus**”) in relation to the listing (the “**Listing**”) of shares by the Company on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) by way of share offer; (ii) the annual report for the year ended 31 March 2019 published on 28 June 2019 (the “**2019 Annual Report**”); (iii) the interim report of the Company for the six months ended 30 September 2019 published on 12 November 2019 (the “**2019 Interim Report**”); (iv) the annual report of the Company for the year ended 31 March 2020 published on 26 June 2020 (the “**2020 Annual Report**”); (v) the supplemental announcement of the Company dated 24 August 2020 (the “**Supplemental Announcement**”) and (vi) the interim report of the Company for the six months ended 30 September 2020 published on 13 November 2020 (the “**2020 Interim Report**”) in which the utilization of the net proceeds from the Listing up to 30 September 2020 was disclosed. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus.

PLANNED USE OF PROCEEDS

The actual amount of the net proceeds from the Share Offer (after deducting underwriting commission and other relevant expenses) was approximately HK\$31.0 million (the “**Net Proceeds**”). As disclosed in the Prospectus, the Net Proceeds would be applied to (1) setting up representative offices in the U.S. and France; (2) establishing a quality control office in the PRC; (3) repaying bank borrowings and (4) being used as general working capital. As at 31 January 2021, the Group has utilized approximately HK\$15.5 million of the Net Proceeds as follows:

Intended use of Net Proceeds	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$'000</i>	Actual use of Net Proceeds as at 31 January 2021 <i>HK\$'000</i>	Unutilized Net Proceeds as at 31 January 2021 <i>HK\$'000</i>
Setting up representative offices in the U.S. and France	20,257	4,806	15,451
Establishing a quality control office in the PRC	4,679	4,679	—
Repaying bank borrowings	4,144	4,144	—
General working capital	1,900	1,900	—
	<u>30,980</u>	<u>15,529</u>	<u>15,451</u>

CHANGE IN USE OF PROCEEDS

As at 31 January 2021, the unutilized Net Proceeds amounted to approximately HK\$15.5 million (the “**Unutilized Net Proceeds**”). For the reasons and benefit further explained below, the Directors have resolved to change the use of part of the Unutilized Net Proceeds for the further expansion of our existing representative office in Melbourne, Australia (the “**Changed Use**”). Particularly, the Unutilized Net Proceeds will be applied as follows:

Intended use of Net Proceeds	Planned use of Net Proceeds as stated in the Prospectus <i>HK\$'000</i>	Actual use of Net Proceeds as at 31 January 2021 <i>HK\$'000</i>	Unutilized Net Proceeds as at 31 January 2021 <i>HK\$'000</i>	Changed Use of the Unutilized Net Proceeds <i>HK\$'000</i>	Revised timeline for the Changed Use <i>HK\$'000</i>
Setting up representative offices in the U.S. and France	20,257	4,806	15,451	11,451	31 March 2022
Establishing a quality control office in the PRC	4,679	4,679	–	–	–
Repaying bank borrowings	4,144	4,144	–	–	–
General working capital	1,900	1,900	–	–	–
Expansion of existing representative office in Melbourne, Australia	–	–	–	4,000	31 March 2022
	<u>30,980</u>	<u>15,529</u>	<u>15,451</u>	<u>15,451</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

(1) France and other European markets

The outbreak and recent development of the COVID-19 has severely impacted our business operation in Europe. Major European countries, including France, have been subjected to intermittent national lockdowns for months. Operation of businesses have been severely affected and economy slumps contributed to the decrease in demands to our SCM services. Due to the decreased business needs of the Group from the European markets, the Group had suspended the application of Net Proceeds for the recruitment of new operation personnel in the representative office in France and the participation in trade shows and sourcing shows in Europe.

Since there is no positive sign of resumption of business activities in Europe, recovery of economy in European countries remains uncertain. The continuing high number of COVID-19 cases in major European countries have led to a resumption of various lockdown measures in many countries in Europe including France, Belgium, the Netherlands, the United Kingdom etc. As such, the Board considered that the Group's business expansion plan in Europe has been and will be impeded by the postponed resumption of normal operation and low consumers' demand. In light of the aforementioned, the Board is of the view that (i) the delay of the application of Net Proceeds in our France representative office, and (ii) the reallocation of part of the Net Proceeds for the expansion of the Australia representative office, will enable the Group to better utilize the Net Proceeds upon market recovery. The Board expects the Unutilized Net Proceeds for the expansion of our France representative office will be utilized by 31 March 2022. The above expected timeline is based on the Board's best estimation that the current COVID-19 pandemic will continue until the summer of 2021 barring unforeseen circumstances and would be subject to revision based on future development of market condition.

(2) The U.S. Market

As disclosed in the 2019 Annual Report and the 2020 Annual Report, the Group has faced high degree of uncertainty in terms of global trade condition derived from the PRC-U.S. trade dispute over the past year and the COVID-19 global pandemic. The Group has been taking a very cautious and conservative approach and suspended the application of Net Proceeds for the recruitment of personnel at the representative offices in the U.S., and has been closely monitoring the development of the aforementioned global events.

The Board is of the view that the global uncertainty has further deepened due to the intensifying PRC-U.S. political and trade disputes, the continuing spread of COVID-19, the post U.S. presidential election political events and delayed resumption of business operation.

In light of the above, the Board is of the view that (i) adopting a conservative and prudent approach to delay the application of Net Proceeds to our U.S. representative office, and (ii) reallocating part of the Net Proceeds to our Australia representative office are appropriate and allow the Group to better position itself financially at the moment and for future potential market revival. The Board currently expects the Unutilized Net Proceeds for the expansion of our U.S. representative office

will be utilized by 31 March 2022. The above expected timeline is based on the Board's best estimation that the uncertain market condition caused by COVID-19, the PRC-U.S. political and trade disputes and the post U.S. presidential election political tension will see improvement earliest by the summer of 2021 barring unforeseen circumstances and would be subject to revision based on future development of market condition.

(3) The Australia Market

Despite the ongoing COVID-19 global pandemic and the imposition of national lockdown at an early stage, Australia has been less affected by the COVID-19, the economy and business operations in Australia have recovered at a rate faster than that of the European market, with major states returning to levels last seen before the pandemic. Consumers' demand is expected to rise following the implementation of internal travelling bubble between states in Australia.

Furthermore, our Australia market has demonstrated potential in the past year, our Australia market had generated revenue of approximately HK\$12,593,000, HK\$13,891,000 and HK\$17,635,000 for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 respectively amid the unstable global trade condition.

In light of the growing demand to our products in Australia, in particular products that carry the concept of "sustainability", the Board considered that it will be appropriate to reallocate approximately HK\$4 million out of the Unutilized Net Proceeds for the expansion of our existing representative in Melbourne, Australia, in particular, for the recruitment of new operation personnel in the representative office in Australia and the participation in trade shows and sourcing shows in Australia.

The Board currently expects the Unutilized Net Proceeds for the expansion of our Australia representative office will be utilized by 31 March 2022. The above expected timeline is based on the Board's best estimation that the market condition will see further improvement by the summer of 2021 barring unforeseen circumstances and would be subject to revision based on future development of market condition.

Having carefully considered the current business environment and development needs of the Group, the Board considers that the Changed Use is in line with the business strategies of the Group and will not materially adversely affect the financial position or operation of the Group and is in the best interest of the Company and the shareholders as a whole.

The Board will continue to adopt a cautious approach and continuously assess the plans for use of the Unutilized Net Proceeds, and may further revise or amend such plans where necessary to respond to the changing market conditions. Save as disclosed in this announcement, there are no other changes in the use of the Net Proceeds as set out in the Prospectus and the Supplemental Announcement.

By order of the Board
i.century Holding Limited
Leung Kwok Hung Wilson
Chairman, Executive Director and Chief Executive Officer

Hong Kong, 8 February 2021

As at the date of this announcement, the Executive Directors are Mr. Leung Kwok Hung Wilson (Chairman and Chief Executive Officer), Ms. Tam Shuk Fan and Ms. Lee Yin Mei; and the Independent Non-Executive Directors are Ms. Cheung Wai Man, Mr. Lau Yau Chuen Louis and Mr. Lee Kwun Ting.

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 other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.icenturyholding.com.