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i-CONTROL HOLDINGS LIMITED

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1402)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Central China International Capital Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 11 August 2021 (after trading hours of the Stock Exchange) the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of up to 50,000,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.57 per Placing Share.

Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of the completion of the Placing other than the issue of the Placing Shares, a maximum of 50,000,000 Placing Shares represent (i) approximately 5% of the issued share capital of the Company of 1,000,500,000 Shares as at the date of this announcement; and (ii) approximately 4.76% of the issued share capital of the Company of 1,050,500,000 Shares as enlarged by the allotment and issue of the 50,000,000 Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate and therefore the allotment and issue of the Placing Shares will not be subject to any Shareholders' approval. An application will be made by the Company to the Stock Exchange for approval for the listing of, and permission to deal in, the Placing Shares.

Placing Price

The Placing Price of HK\$0.57 per Placing Share represents (i) a discount of approximately 5% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 5.32% to the average of the closing prices of HK\$0.602 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

Use of proceeds from the Placing

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds and the net proceeds (after deduction of placing commission and other applicable costs and expenses relating to the Placing) from the Placing will be approximately HK\$28,500,000 and HK\$27,530,000 respectively. On such basis, the net issue price will be approximately HK\$0.551 per Placing Share. The Company intends to apply such net proceeds from the Placing in the following manner (assuming maximum net proceeds):

- (i) approximately HK\$12,388,500, representing approximately 45% of the net proceeds from the Placing, will be utilised for enhancing the development of VCMA solution services business in the PRC, including set up costs of new office, recruitment of operational staff and administrative expenses, for which the expected time of usage will be on or before 31 March 2022;
- (ii) approximately HK\$12,388,500, representing approximately 45% of the net proceeds from the Placing, will be utilised for development of IT+OT business in the PRC, including recruitment of technical staff and administrative expenses, for which the expected time of usage will be on or before 31 March 2022; and
- (iii) approximately HK\$2,753,000, representing approximately 10% of the net proceeds from the Placing, will be utilised for working capital and general corporate purposes of the Group.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 11 August 2021 (after trading hours of the Stock Exchange) the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of up to 50,000,000 Placing Shares to not less than six Placees at the Placing Price of HK\$0.57 per Placing Share. Details of the Placing Agreement are as follows:

Placing Agreement

Date: 11 August 2021 (after trading hours of the Stock Exchange)

Issuer: the Company

Placing Agent: Central China International Capital Limited

Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties, independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Placing Commission

Pursuant to the terms of the Placing Agreement, a placing commission of 2% of the aggregate proceeds received by the Company from the Placing shall be payable by the Company to the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to the prevailing market rates charged by other placing agents.

Number of Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 50,000,000 Placing Shares at the Placing Price of HK\$0.57 per Share. The maximum of 50,000,000 Placing Shares represent (i) approximately 5% of the issued share capital of the Company of 1,000,500,000 Shares as at the date of this announcement; and (ii) approximately 4.76% of the issued share capital of the Company of 1,050,500,000 Shares as enlarged by the allotment and issue of the 50,000,000 Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$500,000.

Placing Price

The Placing Price is HK\$0.57 per Placing Share, which was determined after arm's length negotiations between the Company and the Placing Agent referring to the prevailing market price of the Shares. The Placing Price of HK\$0.57 per Placing Share represents:

- (i) a discount of approximately 5% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 5.32% to the average closing price of HK\$0.602 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The Directors consider that the terms of the Placing (including the Placing Price, the placing commission and other relevant costs incurred as a result of the Placing) are on normal commercial terms and are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors, and are not connected with any directors, chief executive or substantial Shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial Shareholder (as defined in the Listing Rules) of the Company as a result of the Placing.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Conditions Precedent to Completion of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereunder, including provision regarding force majeure event;

- (iii) the passing of the requisite resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder; and
- (iv) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable.

Completion of the Placing

Completion of the Placing will take place on the second Business Day after the fulfilment of the conditions as set out above or such later date to be agreed between the Company and the Placing Agent. In the event that any of the conditions as set out above are not fulfilled on or before the Closing Date or such later date as may be agreed between the parties, the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise (save for any antecedent breaches thereof).

Force Majeure

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company at any time up to 10:00 a.m. on Closing Date, if there develops, occurs, or comes into force:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (ii) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (v) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Upon termination of the Placing Agreement as described above, all liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and neither of them shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation by them under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

General Mandate

The maximum of 50,000,000 Placing Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares will not be subject to the approval of the Shareholders. Under the General Mandate, the Directors were granted authority to issue up to 200,000,000 Shares, representing 20% of the issued share capital of the Company. Up to the date of this announcement, 500,000 Shares have been issued under the General Mandate pursuant to the Share Award Scheme on 7 May 2021.

Immediately upon the completion of the placing, approximately 50,000,000 Shares of the General Mandate will be utilised.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination

Notwithstanding anything contained in the Placing Agreement, if, at any time prior to 10:00 a.m. on the Completion Date, in the reasonable opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations, warranties and undertakings as provided by the Company to the Placing Agent under the Placing Agreement; or
- (ii) any of the following events:
 - (a) any new law or regulation or any change or development involving a prospective change in existing laws or regulations in Hong Kong which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Group as a whole; or
 - (b) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or Cayman Islands or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the Completion Date.

In the event that the Placing Agent terminates the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is engaged in investment holding while its principal subsidiaries are principally engaged in provision of video conferencing and multimedia audiovisual (“VCMA”) solution services and cloud-based Information Technology and Operational Technology (“IT+OT”) managed services.

To accelerate the expansion of the Group’s current business and also prudently seek opportunities in both VCMA solution services and IT+OT business in the PRC, the Group would have to deploy additional resources from fundraising. After evaluating a number of financing options, the Board considers that the Placing is a suitable financing option to raise capital in a relatively quick manner at relatively low costs when compared with other means of fundraising, and also allowing enlargement of shareholders’ base of the Company which may in turn enhance the liquidity of the Shares. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds and the net proceeds (after deduction of placing commission and other applicable costs and expenses relating to the Placing) from the Placing will be approximately HK\$28,500,000 and HK\$27,530,000 respectively. On such basis, the net issue price will be approximately HK\$0.551 per Placing Share.

The Company intends to apply such net proceeds from the Placing in the following manner (assuming maximum net proceeds):

- (i) approximately HK\$12,388,500, representing approximately 45% of the net proceeds from the Placing, will be utilised for enhancing the development of VCMA solution services business in the PRC, including set up costs of new office, recruitment of operational staff and administrative expenses, for which the expected time of usage will be on or before 31 March 2022;
- (ii) approximately HK\$12,388,500, representing approximately 45% of the net proceeds from the Placing, will be utilised for development of IT+OT business in the PRC, including recruitment of technical staff and administrative expenses, for which the expected time of usage will be on or before 31 March 2022; and
- (iii) approximately HK\$2,753,000, representing approximately 10% of the net proceeds from the Placing, will be utilised for working capital and general corporate purposes of the Group.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming all the Placing Shares are placed in full and there is no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue of the Placing Shares):

	(i) As at the date of this announcement		(ii) Immediately after completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
Phoenix Time Holdings Limited (<i>Note 1</i>)	600,000,000	59.97%	600,000,000	57.12%
Dr. Wong King Keung (<i>Note 2</i>)	150,000,000	14.99%	150,000,000	14.28%
The Placees	–	–	50,000,000	4.76%
Other public shareholders	250,500,000	25.04%	250,500,000	23.84%
Total	<u>1,000,500,000</u>	<u>100.00%</u>	<u>1,050,500,000</u>	<u>100.00%</u>

Note:

1. The entire issued share capital of Phoenix Time Holdings Limited is held by Mr. Zhong Naixiong, an executive Director of the Company.
2. Dr. Wong King Keung is a non-executive Director of the Company.
3. The above percentage figures are subject to rounding adjustments.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

As at the date of this announcement, the Company has not conducted any fundraising activities involving the issue of equity securities within the twelve months immediately prior to the date of this announcement.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which licensed banks are generally open for business in Hong Kong
“Closing Date”	the expiry date of the placing period as defined under the Placing Agreement, being the second Business Day after fulfilment of the conditions precedent of the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing but in any event no later than 30 September 2021
“Company”	i-Control Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange with stock code: 1402
“Completion Date”	The day falling on the second Business Day after fulfilment of all conditions precedent or such as date as agreed in writing by the Company and the Placing Agent in respect of the Placing under the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board pursuant to the resolution passed by the Shareholders on 7 August 2020 to allot, issue and deal with up to 20% of the issued share capital of the Company (being 200,000,000 Shares) as at the date of passing such resolution
“Group”	the Company and its subsidiaries, from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Last Trading Day”	11 August 2021, being the last trading day of the Shares prior to the date of this announcement
“Main Board”	means the Main Board of the Stock Exchange
“Placee(s)”	any independent institutional, professional and/or individual investors who are not connected with any directors, chief executive or substantial Shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the placing of a maximum of 50,000,000 Placing Shares on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Central China International Capital Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 11 August 2021 in respect of the Placing
“Placing Price”	HK\$0.57 per Placing Share (excluding any SFC transaction levy, Stock Exchange trading fee and other fees or levies as may be payable by the Placees)
“Placing Share(s)”	up to 50,000,000 new Shares to be allotted and issued pursuant to the Placing Agreement

“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Award Scheme”	the share award scheme of the Company adopted by the Board on the adoption date of 3 February 2021
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent

By order of the Board
i-Control Holdings Limited
Zhong Naixiong
Chairman

Hong Kong, 11 August 2021

As at the date of this announcement, the executive Directors are Mr. Zhong Naixiong, Mr. Yau Wing Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Director is Dr. Wong King Keung; and the independent non-executive Directors are Mr. Fong Chi, Mr. Fung Chan Man Alex, Mr. Lum Pak Sum and Mr. Li Ying Wai Wayne.