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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: 8355)

PARTIAL REALLOCATION AND CHANGE IN USE OF NET PROCEEDS FROM THE PLACING

Reference is made to the prospectus (the “**Prospectus**”) issued by i-Control Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 14 May 2015 relating to the listing of the Company’s Shares (as defined therein) on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and to the third quarterly report of the Company dated 9 February 2017 for the nine months ended 31 December 2016 (the “**2016 Third Quarterly Report**”), in which the latest update in respect of the utilization of net proceeds from the Placing up to 31 December 2016 was disclosed. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2016 Third Quarterly Report.

USE OF NET PROCEEDS FROM THE PLACING

It was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and as stated in the 2016 Third Quarterly Report, the Company’s net proceeds from the Placing amounted to approximately HK\$66.3 million (based on the final Placing Price of HK\$0.36 per share and after deducting the underwriting fees and related expenses (the “**Net Proceeds**”) immediately after completion of the Placing. As at the date of this announcement, approximately HK\$21.3 million of the Net Proceeds remained unutilized. The table below summarises the use of the Net Proceeds of the Company as at the date of this announcement:

| | Planned use of proceeds as stated in the Prospectus | Actual use of Net Proceeds up to the date of this announcement |
|--|---|--|
| | HK\$' million | HK\$' million |
| To recruit approximately five senior and experienced sales staff to expand the video conferencing and multimedia audiovisual solution business in Hong Kong | 11.5 | 3.4 |
| To acquire a warehouse in Hong Kong | 32.7 | 32.7 |
| To set up new regional offices with showrooms and recruit approximately 15 new staff in Beijing, Shanghai and Singapore | 13.7 | 1.3 |
| To carry out marketing and promotion activities on both traditional and new media platforms to improve public awareness of the Group and further strengthen its position in Hong Kong, the PRC and Singapore | 2.4 | 1.6 |
| For working capital and other general corporate purposes | 6.0 | 6.0 |
| Total | 66.3 | 45.0 |

REASONS FOR AND BENEFITS OF PARTIAL REALLOCATION AND CHANGE IN USE OF NET PROCEEDS

The Directors have continued to monitor the performance and sentiment in the Group's markets. With this in view, the Directors have been reviewing the allocation of the Net Proceeds with a view to enhancing the effectiveness of the Group's business operation. Other than spending approximately HK\$1.3 million from the Net Proceeds for the setting up of the Group's new Shanghai office in August 2015, the Directors confirm that there has been no further expenditure by the Group from the Net Proceeds on the expansion of business in the PRC nor in Singapore, as the business environment in respect of demand for the Group's products and services in the PRC and Singapore has been stagnant.

Following such internal review, the Board has resolved to reallocate the remaining portion of the Net Proceeds originally earmarked and intended for the development of the PRC and Singapore markets as follows:

- (i) for expanding sales and marketing in Hong Kong in respect of which, the Company has set up a new sales team, which mainly focuses on telephone conference systems, and has employed additional staff in the Company's sales and marketing department comprising a total of 6 persons in the last few months. For this purpose, the Board has resolved to reallocate more of the remaining Net Proceeds in this area.

- (ii) reallocating approximately HK\$5 million for settling part of the existing mortgage loan relating to the warehouse acquired in August 2015 so as to reduce interest expense; and
- (iii) reallocating approximately HK\$2 million for upgrading our computer system, which comprise mainly SAP and other office facilities.

The table below summarises the breakdown of the Net Proceeds used up to the date of this announcement and the proposed change of use of the remaining proceeds:-

| | Planned use of proceeds as stated in the Prospectus | Actual use of proceeds up to the date of this announcement | Unutilised proceeds | Proposed change of use of proceeds |
|--|---|--|---------------------|------------------------------------|
| | HK\$' million | HK\$' million | HK\$' million | HK\$' million |
| To recruit experienced sales staff to expand the video conferencing and multimedia audiovisual solution business in Hong Kong | 11.5 | 3.4 | 8.1 | 12.5 |
| To acquire a warehouse in Hong Kong | 32.7 | 32.7 | - | 5.0 |
| To set up new regional offices with showrooms in Beijing, Shanghai and Singapore | 13.7 | 1.3 | 12.4 | 1.0 |
| To carry out marketing and promotion activities on both traditional and new media platforms to improve public awareness of the Group and further strengthen its position in Hong Kong, the PRC and Singapore | 2.4 | 1.6 | 0.8 | 0.8 |
| To upgrade the computer system and other office facilities | N/A | N/A | N/A | 2.0 |
| For working capital and other general corporate purposes | 6.0 | 6.0 | - | - |
| Total | 66.3 | 45.0 | 21.3 | 21.3 |

The Directors will continue to monitor the business environment in the PRC and Singapore markets but consider that the above re-allocation of Net Proceeds will enable the Company to carry out its existing business more effectively and also reduce its interest payments and is in the interests of the Company and its shareholders.

By Order of the Board
i-Control Holdings Limited
Tong Sai Wong
Chairman

Hong Kong, 30 March 2017

As at the date of this announcement, the executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Directors are Dr. Wong King Keung and Mr. Lin Wing Ching; and the independent non-executive Directors are Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum.

This announcement, for which the Directors 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, 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 GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.i-controlholdings.com.