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Hi-Level Technology Holdings Limited
揚宇科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8113)

FURTHER CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Hi-Level Technology Holdings Limited (the "**Company**") dated 31 December 2015 (the "**Prospectus**"), which contained the future plans and use of proceeds raised from the Placing (the "**Placing**") of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (ii) the annual report of the Company for the year ended 31 December 2017 ("**2017 Annual Report**") in relation to the change in the use of the net proceeds from the Placing (collectively, the "**Net Proceeds**"); and (iii) the third quarterly report of 2021 ("**2021 Third Quarterly Report**"). Unless otherwise defined, capitalised items used in this announcement shall have the same meanings as those defined in the Prospectus, the 2017 Annual Report and the 2021 Third Quarterly Report, respectively.

As at the date of the 2021 Third Quarterly Report, the Company had utilized approximately HK$18.5 million of the Net Proceeds, representing approximately 61.7% of the Net Proceeds. The unutilized Net Proceeds amount to approximately HK$11.5 million, representing approximately 38.3% of the Net Proceeds. After due and careful consideration on the current business environment and development needs of the Group, the Board has resolved to further change the use of part of the Unutilised Net Proceeds by further reallocating 7.5 million originally allocated for expanding the Group's ELA business by engaging in equipment purchases to the development and utilisation of Metaverse. Set out below are the revised use of proceeds. Moreover, there has been changed to the expected timeline of full utilisation of the balance.

Uses	Original allocation as stated in the Prospectus *(HK$ million)*	Revised allocation as disclosed in 2017 Annual Report *(HK$ million)*	Actual use of proceeds as at 30 September 2021 *(HK$ million)*	Unutilised as at 30 September 2021 *(HK$ million)*	Further revised allocation of Unutilised Net Proceeds *(HK$ million)*	Expected timeline of full utilization of the balance
Upgrading the Group's ERP system	4.6	4.6	0.6	4.0	--	By end of 2024
Expanding the Group's ELA business by engaging in:						
- Research and development staff expenses	2.5	2.5	2.5	--	--	N/A
- Equipment purchases	8.7	8.7	1.2	7.5	(7.5)	N/A
	11.2	11.2	3.7	7.5	(7.5)	
Expanding the Group's product change by engaging in:						
- Car infotainment	2.8	2.8	2.8	--	--	N/A
- Drones Wi-Fi Transmission	2.8	2.8	2.8	--	--	N/A
- Artificial Intelligence and Internet-of-Things	--	5.6	5.6	--	--	N/A
- Development of Metaverse hardware	--	--	--	--	7.5	By end of 2024
- Others	5.6	--	--	--	--	N/A
	11.2	11.2	11.2	--	7.5	
General working capital	3.0	3.0	3.0	--	--	N/A
Total	30.0	30.0	18.5	11.5	--	

REASONS FOR FURTHER CHANGE IN USE OF PROCEEDS

As disclosed in the 2021 third quarterly report of the Company published on 9 November 2021, certain our customers chose to delay ELA panel procurements as a result of China's new control measures on private tutoring. Moreover, a resurgence of infectious cases in many countries has re-introduced calls for lockdowns and tightened epidemic control measures, and threatens to weaken or delay a potential economic recovery.

Based on the above, the Directors have decided to re-allocate HK$7.5 million originally intended for the expansion of the Group's ELA business by engaging in equipment purchases to expand the Group's product range by engaging in Metaverse.

Metaverse is a combination of multiple elements of technology, including virtual reality ("**VR**"), augmented reality ("**AR**") and video where users "live" within a digital universe. Our Group believes that the platform of Metaverse will become mature and commercialized within the next few years. The Metaverse access products are the VR and AR headsets. The Group will plan to change the use of proceeds to the development of VR and AR headsets and dedicated handle.

In view of the above, this investment will allow the Group to grasp the growing opportunities in the Metaverse. The Board considers that the above change in use of proceeds would allow the Company to deploy its financial resources more efficiently for generating return to the shareholders of the Company and therefore, is in the best interest of the Company as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

Moreover, the Group is of the view that it would be appropriate to maintain the Group's strategy of prudently prolonging the timeline of use of proceeds, including the upgrading of the Group's ERP system by end of 2024.

By Order of the Board
Hi-Level Technology Holdings Limited
Tong Sze Chung
Executive Director

Hong Kong, 28th December 2021

As at the date of this announcement, the Board comprises four executive directors, namely Dr. Yim Yuk Lun, Stanley BBS JP, Mr. Chang Wei Hua, Mr. Wei Wei and Mr. Tong Sze Chung; one non-executive director; Mr. Wong Wai Tai and three independent non-executive directors; namely Mr. Shea Chun Lok, Quadrant, Mr. Fung Cheuk Nang, Clement and Mr. Tsoi Chi Ho, Peter.

*This announcement, for which the directors (the "**Directors**") of the Company collectively and individually accept full responsibility, includes particulars given in compliance with 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 in 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.hi-levelhk.com.***