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## **CENTENARY UNITED HOLDINGS LIMITED**

### **世紀聯合控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1959)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO UPDATE TO EXPECTED TIMETABLE FOR USE OF PROCEEDS AND CHANGE IN USE OF PROCEEDS**

References are made to: (i) the prospectus of Centenary United Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 September 2019 (the “**Prospectus**”); (ii) the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report 2021**”) published on 19 September 2021; and (iii) the announcement of the Company dated 24 December 2021 (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Prospectus, the Interim Report 2021 and the Announcement.

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

### **Reasons for ceasing to apply the Unutilised Net Proceeds on (i) expansion of other integrated auto services and (ii) big data analysis and online marketing**

*Used vehicle marketplaces, office building for used vehicle marketplace and insurance agency services*

By December 2021, three used vehicle marketplaces are operated by the Group and the Group has relocated, expanded and renovated the offices of its insurance agency, and the Group is satisfied of its current progress in view of the COVID-19 pandemic and the slow economic recovery. In establishing the used vehicle marketplaces and with regards to the office building for used vehicle marketplace to be established by the Company, as

the COVID-19 pandemic continues to rage on and in light of the present volatile market and economic conditions, the Company has taken a more prudential approach which is to reutilize existing business places of the Group into the said marketplaces and office. Under the said plan the Company would be able to further cut down costs and expenses.

#### *Quick fix auto centres*

Since the beginning of the COVID-19 pandemic, businesses of the Group's quick fix auto centre have shown a downturn trend as a result of various social distancing measures imposed by the PRC government authorities which caused a significant decrease in customer traffic since early 2020, and customer traffic has yet to recover to pre-pandemic levels due to weak consumer sentiment. As a result, losses have been recorded by the Group's quick fix auto centre in 2021. Given that (i) the operation of the quick fix auto centre provides minimal contribution of value-added to the Group's business activities and may not be profitable to the Company in the foreseeable future; and (ii) there has been a continue increase in the operating expenses of the said quick fix auto centre due to annual rent increases, the Company decided to cease the operation of its standalone quick fix auto centre and continue to provide quick fix/repair services for its customers through and within its integrated sales and maintenance stores (also known as "4S stores"). These integrated sales and maintenance stores provide one-stop services of, inter alia, sales of vehicles, car detailing, maintenance and repair and are more sought out by customers.

#### *Used vehicle warranty centre*

As stated in the Prospectus, the Company originally planned to establish an independently-operated used vehicle warranty centre in Zhongshan. To further reduce rental expenses for the Group, the Company has decided to incorporate the provision of second-hand vehicle warranty services inside its second-hand automobile sales markets and to offer such services in separate stores/departments but within the marketplace. The Company considers that it would be more cost-effective to provide one-stop services for the sales and maintenance of second-hand automobile together under the same roof.

#### *Big data analysis and online marketing*

The Group has also completed its first phase of implementation of its big data analysis scheme, which is the setting-up of its own data collection and sharing system and the associated information technology system. The next phase of the scheme will be the establishment and enhancement of its data sharing, management and analysis systems, which are all on-going and continuous processes, and will also be subject to the progress and actual needs of the Group's NEV-related business and operation strategies. Given that the NEV industry is developing rapidly, the modes of operations of the NEV manufacturers are immature and subject to changes from time to time, and are indeed different (i) among the NEV manufacturers; and (ii) from that of traditional automobile manufacturers. In light of the change in the Company's business focus and operation strategy to give more weight

to sales and service of NEVs, and given the rapid development of the automobile industry as a whole and the iterative update of information, the Company plans to allow time for the NEV industry to become more mature and to take a gradual approach for the development of its information technology system and the integration of its online and offline customer services.

The Board confirms that the Company has no plan to cease the expansion of its other integrated auto services and to upgrade its big data analysis system. The Company plans to apply portion of available working capital towards the above as and when appropriate, and to prioritize its development in the NEV-related business by allocating the Unutilised Net Proceeds thereto.

**Reasons for applying the Unutilised Net Proceeds on (i) further expansion of the network of charging stations in major cities in the Greater Bay Area and (ii) acceleration of the launch of online-rising hailing services**

As stated in the Announcement, in light of the potential of the NEV industry chain, the Company plans to devote resources to the opening of NEV outlets as well as other businesses along the NEV industry chain including charging services and NEV-related online ride-hailing services, after taking into account (i) the increasing market penetration and demand of NEVs and online ride-hailing services in China and (ii) the growing progress of the Group's participation in the NEV market in 2021, including the rapid growth in the number of NEV orders since 2021 and the reaching of cooperation/authorization agreements with various NEV manufacturers in the last quarter of 2021.

The Board is of the view that there is great potential for development in the market for NEV-related online ride-hailing services and charging stations networks are essential to the NEV industry. In light of the growth momentum in the NEV market, the establishment and operation of the charging networks in the Greater Bay Area and the launch of online ride-hailing services would serve to complement and provide synergy to the Group's existing business scope. Given that miles driven by ride-hailing drivers are generally much higher than the average driver, most ride-hailing drivers prefer to use NEVs for their services in order to save costs on fuel. The use of NEVs for ride-hailing could mutually benefit the Group's retail business through increased market exposure and hence boosting the Group's sales of NEVs, as well as create additional demand for the Group's charging station network. As the authorized automobile dealer for numerous brands of automobile manufacturers, the Group has established a long-term relationship with many such manufacturers and thus enjoys a competitive edge in securing large orders of NEVs for use of online ride-hailing. Accordingly, the Board is of the view that the launch of NEV-related online ride-hailing services would be beneficial to the Group. The entire sum of HK\$23 million allocated for the acceleration of the Group's launch of online ride-hailing services would be used to purchase and/or lease NEVs from different brands to operate the Group's online ride-hailing services in four major cities in the PRC which includes Zhongshan, Zhuhai, Foshan and Dongguan.

Based on the foregoing, the Board is of the opinion that the change of use of Unutilised Net Proceeds to the development of NEV-related business is more conducive to the long-term business development of the Group and the better utilisation of the Unutilised Net Proceeds, and is in the best interest of the Company and its shareholders as a whole.

The Board confirms that the Group's existing businesses as set out in the Prospectus, namely, the sales of motor vehicles and provision of other integrated auto services, will not be scaled down as a result of the Group's development of NEV-related business and the launch of online ride-hailing services.

The above information is supplemental to the Announcement and does not affect other information contained in the Announcement. Save as disclosed in this announcement, the contents of the Announcement remain unchanged.

By order of the Board  
**Centenary United Holdings Limited**  
**Law Hau Kit**

*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, 21 January 2022

*At the date of this announcement, the executive Directors are Mr. Law Hau Kit, Mr. Chen Shaoxing and Ms. Li Huifang; the non-executive Director is Mr. Woo King Hang; and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Hui Chun Tak and Ms. Yan Fei.*