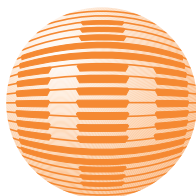


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KANTONE HOLDINGS LIMITED

看通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agents



On 3 May 2022, after trading hours, the Company and the Placing Agents entered into the Placing Agreements, pursuant to which the Placing Agents have agreed to place, on a best effort basis, 43,404,000 Placing Shares to not less than six Placees at the Placing Price of HK\$0.278 per Placing Share upon the terms and subject to the conditions set out in the Placing Agreements.

The Placing Price represents (i) a discount of approximately 14.46% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 3 May 2022, being the date of the Placing Agreements; (ii) a discount of approximately 14.72% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to and excluding the Last Trading Day; and (iii) a discount of approximately 20.57% to the average closing price of HK\$0.350 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and excluding the Last Trading Day.

The Placing is conditional upon the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that the maximum number of the 43,404,000 Placing Shares are placed under the Placing, the net proceeds to be received by the Company, after deducting placing commission and other fees and expenses, will amount to approximately HK\$11.5 million. The Company intends to use approximately HK\$9.0 million of the net proceeds for repayment of debts and the remaining HK\$2.5 million of the net proceeds for general working capital of the Group.

Completion of the Placing is subject to fulfillment of a number of conditions, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

PLACING AGREEMENTS

On 3 May 2022, after trading hours, the Company and the Placing Agents entered into the Placing Agreements for the Placing of new Shares to be issued by the Company to not less than six Placées upon the terms and subject to the conditions set out in the Placing Agreements.

The principal terms of the Placing Agreements are set out below:

Date

3 May 2022 (after trading hours)

Parties

Placing Agreement I: (1) the Company, as issuer
(2) Kingston Securities Limited, as Placing Agent I

Placing Agreement II: (1) the Company, as issuer
(2) Great Bay Securities Limited, as Placing Agent II

Number of Placing Shares

Pursuant to the Placing Agreements, Placing Agent I and Placing Agent II have agreed to place, on a best effort basis, 21,702,000 new Shares and 21,702,000 new Shares respectively, which, having an aggregate nominal value of HK\$4,340,400, represent (i) approximately 20.00% of the existing issued share capital of the Company; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing).

Placing price

The Placing Price of HK\$0.278 per Placing Share represents:

- (i) a discount of approximately 14.46% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on 3 May 2022, being the date of the Placing Agreements;
- (ii) a discount of approximately 14.72% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to and excluding the Last Trading Day; and

(iii) a discount of approximately 20.57% to the average closing price of HK\$0.350 per Share as quoted on the Stock Exchange for the last ten trading days immediately prior to and excluding the Last Trading Day.

This Placing Price was agreed after arm's length negotiations between the Company and the Placing Agents with reference to recent market prices of the Shares.

The net Placing Price, after deducting placing commission and other fees and expenses, is estimated to be approximately HK\$0.265 per Placing Share.

Placing Agents

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Placees

It is expected that the Placing Shares will be placed to not less than six Placees who are professional, institutional or other investors. The Placees (and, where relevant, their ultimate beneficial owners) shall be independent of and not connected or acting in concert (as defined in the Takeovers Code) with any connected person of the Company or its subsidiaries. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Placing.

Rights and ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank equally in all respects among themselves and with all other Shares in issue as at the date of completion of the Placing.

Conditions precedent to completion of the Placing

The Placing is conditional upon (i) the Listing Committee granting the approval for the listing of and permission to deal in the Placing Shares; and (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agents and the Company in respect of the Placing Agreements and the transactions contemplated thereunder having been obtained.

In the event the above conditions have not been fulfilled and/or waived (other than condition (i) which cannot be waived) on or before 15 Business Days after the date of the Placing Agreements (or such later date as the Placing Agents and the Company shall agree in writing), all rights, obligations and liabilities of the parties to the Placing Agreements in relation to the Placing shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breaches.

Completion of the Placing

Completion of the Placing under each of the Placing Agreements shall be conditional upon the satisfaction of the conditions precedent (or waived as the case may be) and the completion of each of the Placing Agreements and shall take place on the Completion Date.

Further announcement will be made by the Company upon completion of the Placing.

Completion of the Placing is subject to fulfillment of a number of conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Termination of the Placing Agreements

Under each of the Placing Agreements, the Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 9:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or

- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any material breach of any of the representations and warranties in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given according to the relevant Placing Agreement, the relevant Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the relevant Placing Agreement save for any antecedent breach under the relevant Placing Agreement prior to such termination.

GENERAL

Mandate to allot and issue new Shares

The Company is authorised to allot and issue up to 43,407,701 new Shares under the General Mandate granted by the Shareholders at the annual general meeting of the Company held on 30 December 2021. Up to the date of this announcement, the Company has not utilised the General Mandate. As the Placing Shares will be issued under the General Mandate, the Placing is not subject to Shareholders' approval.

Application for listing

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

INFORMATION OF THE GROUP

The principal activities of the Company is investment holding and, through its subsidiaries, sale of systems products, software licensing and customisation, and leasing of systems products and trading of cultural products.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Directors consider that the Placing would enhance the working capital and equip itself with enhanced financial capability and flexibility for the business development of the Company. The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreements (including the Placing Price) are on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming that the Placing Shares are fully placed under the Placing:

- (i) the gross proceeds from the Placing are estimated to be approximately HK\$12.1 million; and
- (ii) the net proceeds, after deducting related placing commission, professional fees and all related expenses, are estimated to be approximately HK\$11.5 million.

The Company intends to use approximately HK\$9.0 million of the net proceeds for repayment of debts and the remaining HK\$2.5 million of the net proceeds for the general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing, assuming that the Placing Shares are fully placed under the Placing and there being no other change in the share capital and shareholding structure of the Company from the date of this announcement:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Innovative City Investments Limited (<i>Note</i>)	136,628,444	62.95	136,628,444	52.46
Placees	—	—	43,404,000	16.67
Other public shareholders	<u>80,410,062</u>	<u>37.05</u>	<u>80,410,062</u>	<u>30.87</u>
Total:	<u>217,038,506</u>	<u>100.00</u>	<u>260,442,506</u>	<u>100.00</u>

Note: As at the date of this announcement, Innovative City Investments Limited is wholly-owned by Mr. Chan Koon Wa, the chairman of the Board and the executive Director.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Business Day”	means a day (excluding Saturday, Sunday and any public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	Kantone Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the date falling on the fourth Business Day after the fulfillment of the conditions specified in the Placing Agreements (or such later date as the Placing Agents and the Company may agree in writing)
“connected person(s)”	having the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in not more than 43,407,701 new Shares by the Shareholders at the annual general meeting of the Company held on 30 December 2021
“Group”	the Company and its subsidiaries for the time being
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	3 May 2022, being the date of the Placing Agreements
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agents to subscribe for any of the Placing Shares
“Placing”	the placing of the Placing Shares upon the terms and subject to the conditions set out in the Placing Agreements
“Placing Agent(s)”	the Placing Agent I and/or the Placing Agent II

“Placing Agent I”	Kingston Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activities within the meaning of the SFO
“Placing Agent II”	Great Bay Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities within the meaning of the SFO
“Placing Agreement(s)”	the Placing Agreement I and/or the Placing Agreement II
“Placing Agreement I”	the placing agreement dated 3 May 2022 entered into between the Company and the Placing Agent I in relation to the placing of up to 21,702,000 Shares
“Placing Agreement II”	the placing agreement dated 3 May 2022 entered into between the Company and the Placing Agent II in relation to the placing of up to 21,702,000 Shares
“Placing Price”	HK\$0.278 per Placing Share
“Placing Shares”	up to a total of 43,404,000 new Shares to be placed under the Placing
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the Board
KANTONE HOLDINGS LIMITED
Chan Koon Wa
Chairman

Hong Kong, 3 May 2022

As at the date of this announcement, the executive Director is Mr. Chan Koon Wa; the non-executive Directors are Mr. Liu Ka Lim and Ms. To Yin Fong Cecilia; and the independent non-executive Directors are Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Ip Wai Lun William.