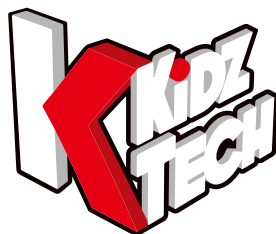


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Kidztech Holdings Limited

奇士達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6918)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



雅利多證券

ARISTO SECURITIES LIMITED

THE PLACING

On 26 July 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place up to 104,177,200 Placing Shares at the Placing Price of HK\$0.35 per Placing Share to the Placee(s).

Assuming all the 104,177,200 Placing Shares are successfully placed, the Placing Shares represent 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date).

The Placing Price of HK\$0.35 per Placing Share represents: (i) a discount of approximately 1.4% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.4% to the average closing price of HK\$0.434 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are placed, the gross proceeds from the Placing will be HK\$36,462,020 and the net proceeds from the Placing, after deduction of the placing commission and other related expenses of the Placing, will be approximately HK\$35.94 million. The Company intends to use the proceeds to repay debts of the Group and for general working capital.

The Placing is conditional upon, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 26 July 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. The principal terms of the Placing Agreement are set out below:

PLACING AGREEMENT

Date

26 July 2023

Issuer

the Company

Placing Agent

Aristo Securities Limited

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 as at the date of this announcement.

The Placing Agent has conditionally agreed to place up to 104,177,200 Placing Shares. Subject to Completion, the Placing Agent will be entitled to a placing commission, in HK\$, of 1% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent, upon receipt of subscription moneys for the Placing Shares. The Placing Agent is authorised to deduct such placing commission from the payment to be made by the Placing Agent to the Company at Completion pursuant to the Placing Agreement. SFC transaction levy, Stock Exchange trading fee, AFRC transaction

fee, investor compensation levy and CCASS stock settlement fee, if applicable, shall be borne by the Placee(s). All sub-placing agents' commissions in connection with the Placing shall be solely borne by the Placing Agent. Assuming all the Placing Shares are placed, the maximum placing commission payable by the Company to the Placing Agent shall be approximately HK\$0.36 million.

The placing commission under the Placing Agreement was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing market conditions and commission rate charged by other placing agents.

Placee(s)

The Placing Agent agrees to procure not less than six independent institutional, professional and/or individual investors to subscribe for the Placing Shares.

The choice of the Placees shall be determined by the Placing Agent at its sole discretion subject to the requirements of the Listing Rules and any objection the Stock Exchange may have to any particular person or company being a Placee provided that the Placing Agent shall use its best endeavours to:

- (i) procure that the Placing Shares shall only be placed to Placees who, together with their respective ultimate beneficial owner(s), are independent of and not acting in concert with or not connected with the Company as well as its connected persons (including but not limited to the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associate(s)); and
- (ii) ensure that none of the Placees will, immediately after the Placing, become a substantial shareholder of the Company, except with the consent of the Company.

Placing Shares

Assuming all the 104,177,200 Placing Shares are successfully placed, the Placing Shares represent 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date). Such Placing Shares will have an aggregate nominal value of HK\$104,177.2.

The Placing Shares, when issued and allotted, will rank pari passu in all respects among themselves and with other Shares then in issue.

Placing Price

The Placing Price of HK\$0.35 per Placing Share represents: (i) a discount of approximately 1.4% to the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.4% to the average closing price of HK\$0.434 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the prevailing market conditions.

The estimated expenses of the Placing are approximately HK\$0.52 million, including the placing commission and other fees, costs, charges and expenses of the Placing. Assuming all the Placing Shares are successfully placed, the net Placing Price will be approximately HK\$0.345 per Placing Share.

Conditions Precedent

Completion is conditional upon (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (ii) obtaining any other approval as may be required for the Placing.

If any of the Conditions Precedent remain unfulfilled on 18 August 2023 (or such later date as may be agreed by the Company and the Placing Agent in writing), the Placing shall automatically become null and void and of no effect and either of the parties shall have no claim against each other and holds each other harmless save for those expressly reserved and agreed in the Placing Agreement which shall survive the Placing Agreement.

Completion

Subject to the fulfillment of the Conditions Precedent, Completion shall take place on the Completion Date.

Termination

The Placing Agent shall be entitled to terminate the Placing Agreement after consultation with and by giving written notice to the Company prior to 10:00 a.m. on the Completion Date if the following event or circumstance occurs:

- (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;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or 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 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;
- (iii) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities of the Company) occurs which affect 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;
- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (v) any adverse change in the business, financial or trading position of any member of the Company and its subsidiaries which is material to the Placing; or

- (vi) 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 material respect or would in any material 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.

If at any time between the date of the Placing Agreement and at or before 10:00 a.m. on the Closing Date, there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material, the Company may terminate the Placing Agreement by notice in writing to the Placing Agent.

If the Placing Agreement shall be terminated, the obligations of the parties under the Placing Agreement shall cease and the Company shall not be liable to pay any commission under the Placing Agreement, and no party shall have any claim against the other party for compensation, costs, damages or otherwise, save in respect of any antecedent breach of any obligation under the Placing Agreement.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 24 June 2022, the Directors were granted a general mandate to allot, issue or deal with additional Shares of up to 20% of the total number of the issued Shares on that date (i.e. up to 104,177,200 Shares) (the “**General Mandate**”).

Since the granting of the General Mandate and up to the date of this announcement, no Shares have been issued under the General Mandate. Accordingly, as at the date of this announcement, the number of Shares that the Company may issue under the General Mandate is 104,177,200 Shares. The Placing Shares will be issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the maximum number of the Placing Shares. Accordingly, the Placing is not subject to the approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in in the design, development, manufacture and sale of high-quality smart toy vehicles, smart interactive toys and traditional toys and the sale of smart hardware products.

Assuming that all the 104,177,200 Placing Shares are successfully placed, the gross proceeds from the Placing will be HK\$36,462,020 and the net proceeds from the Placing, after deduction of the placing commission, will be approximately HK\$35.94 million. The Company intends to use 83.5% of the net proceeds (approximately HK\$30 million) to repay debts of the Group and 16.5% of the net proceeds (approximately HK\$5.94 million) for general working capital. The Company expects to fully utilise the net proceeds from the Placing for each of the aforesaid purposes by 31 December 2023.

The Board considers equity fundraising to be a suitable financing option as compared with other means of financing as it enables the Group to raise capital in an efficient manner without increasing the interest burden on the Group, strengthen its financial position and reduce the liquidity risk. It also represents a good opportunity to broaden the capital base of the Company.

The Board considers the terms of the Placing Agreement (including the placing commission and the Placing Price), which were arrived at after arm's length negotiations between the Company and the Placing Agent, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Placing Shares are placed, set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately following Completion (assuming that there will be no other change in the issued share capital of the Company since the date of this announcement) respectively:

	Shareholding as at the date of this announcement		Shareholding immediately following Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Controlling/Substantial Shareholders:				
Top Synergy Y&C Limited	206,746,667	39.69	206,746,667	33.08
Motivational Mathematics Limited	55,333,333	10.62	55,333,333	8.85
Sub-total	262,080,000	50.31	262,080,000	41.93

	Shareholding as at the date of this announcement		Shareholding immediately following Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Other Shareholders:				
Placee(s)	—	—	104,177,200	16.67
Others	258,806,000	49.69	258,806,000	41.40
Total	<u>520,886,000</u>	<u>100</u>	<u>625,063,200</u>	<u>100</u>

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not carried out any other fund raising activity involving the issue of its equity securities within the twelve months immediately prior to the date of this announcement.

The Placing may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. 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:

“acting in concert”	has the meaning ascribed to it under the Takeovers Codes;
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“chief executive”	has the meaning ascribed to it under the Listing Rules;
“Company”	Kidztech Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares are listed on the Main Board of the Stock Exchange (stock code: 6918);
“Completion”	completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement;
“Completion Date”	within two business day following the fulfilment of all the Conditions Precedent (or such later date as may be agreed between the Company and the Placing Agent in writing);
“Conditions Precedent”	the conditions precedent to Completion as set out in the section headed “Conditions Precedent” in this announcement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	third parties who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any institutional, professional and/or individual investors procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the placing of up to 104,177,200 new Shares by the Placing Agent in accordance with the terms of the Placing Agreement;
“Placing Agent”	Aristo Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO;
“Placing Agreement”	the placing agreement dated 26 July 2023 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$0.35 per Placing Share;
“Placing Shares”	a maximum of 104,177,200 new Shares to be placed under the Placing Agreement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	the ordinary shares of HK\$0.001 each in the capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

“Takeover Codes”

The Codes on Takeovers and Mergers issued by the SFC (as may be amended from time to time); and

“%”

per cent.

By order of the Board
Kidztech Holdings Limited
Yu Huang
Chairman

Hong Kong, 26 July 2023

As at the date of this announcement, the Board comprises Mr. Yu Huang and Mr. Zhu Qiang as executive directors of the Company, Ms. Zheng Jingyun as the non-executive director of the Company, and Mr. He Weidong, Ms. Wang Shiling and Mr. Gong Lan as independent non-executive directors of the Company.