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KELFRED HOLDINGS LIMITED

恒發光學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1134)

PROPOSED PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AGREEMENT

On 4 June 2021 (after trading hours), the Company entered into the Placing Agreement with the sole Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure Placees, on a best effort basis, to subscribe for a total of up to 50,000,000 Placing Shares at the Placing Price of HK\$2.00 per Placing Share.

Assuming the maximum of 50,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) 10% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there will be no other changes in the issued share capital of the Company between the date of this announcement and the Completion Date).

The Placing Shares will be allotted and issued under the General Mandate. The Placing is therefore not subject to Shareholders' approval.

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

A summary of the principal terms of the Placing Agreement is set out below:

Date:

4 June 2021 (after trading hours)

Issuer:

The Company

Placing Agent:

Shanxi Securities International Limited

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best effort basis, no less than six Placees to subscribe for a total of up to 50,000,000 Placing Shares at the Placing Price of HK\$2.00 per Placing Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Number of the Placing Shares

Assuming the maximum of 50,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) 10% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the maximum of 50,000,000 Placing Shares is HK\$500,000.

Placees

It is expected that the Placees (and their ultimate beneficial owners) will be Independent Third Parties.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of the allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$2.00 represents:

- (i) a premium of approximately 29.03% over the closing price of HK\$1.55 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 25.79% over the average closing price of approximately HK\$1.59 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 with reference to the prevailing market price of the Shares and was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will receive a placing commission of 1.0% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent.

The placing commission was determined after arm's length negotiations between the Company and the Placing Agent under normal commercial terms with reference to the prevailing market conditions.

Conditions precedent of the Placing

Completion is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting to the Company a listing of, and permission to deal in, the Placing Shares; and
- (ii) all necessary consents, approvals, authorizations and/or waivers having been obtained by the Company to effect the execution, completion and performance of the obligations and other terms of the Placing Agreement, if applicable.

The Company shall use its best endeavours to procure the fulfilment of the above conditions and in the event of the conditions above not having been fulfilled on or before the Long Stop Date, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties under the Placing Agreement shall have any claim against any other in respect of the Placing.

Completion of the Placing

Completion shall take place on the Completion Date.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 100,000,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate.

APPLICATION FOR LISTING

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in manufacturing and sales in eyewear products.

Assuming all the Placing Shares are fully placed, the gross proceeds and the net proceeds (after deduction of the relevant expenses) from the Placing will be approximately HK\$100 million and HK\$98 million, respectively, representing a net issue price of approximately HK\$1.96 per Placing Share. The Company intends to apply the net proceeds from the Placing (i) as to approximately 50% for development of new energy vehicle business; and (ii) as to approximately 50% for general working capital of the Group.

The Directors are of the view that the Placing would strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. Accordingly, the Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will not be any change in the issued share capital of the Company from the date of this announcement and up to the Completion, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion:

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>
Conquer Holding Limited	288,952,000	57.79	288,952,000	52.54
The Placees	—	—	50,000,000	9.09
Other public Shareholders	211,048,000	42.21	211,048,000	38.37
Total	500,000,000	100.00	550,000,000	100.00

Shareholders and potential investors should note that Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 28 May 2021 at which, among others, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for normal banking business during their normal business hours

“Company”	Kelfred Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 1134)
“Completion”	Completion of the Placing pursuant to the Placing Agreement
“Completion Date”	within three Business Day after the date on which all the conditions precedent under the Placing Agreement are fulfilled (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the AGM to authorize the allot and issue of up to 100,000,000 new Shares (representing 20% of the number of issued Shares on that date)
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party(ies) who is independent of and not connected with the Company and its connected persons
“Listing Approval”	the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing Shares and, where such approval is subject to conditions, such conditions are reasonably acceptable to the Company and the Placing Agent
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2021, or such other dates as the Company and the Placing Agent may agree in writing

“Placee(s)”	any person or entity whom the Placing Agent or its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Shanxi Securities International Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 4 June 2021 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$2.00 per Placing Share
“Placing Shares”	a maximum of 50,000,000 new Shares to be placed under the Placing Agreement
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
KELFRED HOLDINGS LIMITED
Mr. Kwok Kwan Fai
Chairman and Executive Director

Hong Kong, 4 June 2021

As at the date of this announcement, the executive Directors are Mr. Kwok Kwan Fai and Mr. Kwok Kwan Yu, the non-executive Directors are Mr. Kwok Mau Kwan and Ms. Chan Yin Wah, and the independent non-executive Directors are Mr. Hong Sze Lung, Mr. Chu Kin Ming and Mr. Chan Hon Wah.