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## **KANTONE HOLDINGS LIMITED**

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

**(the “Company”)**

### **PUBLIC FLOAT**

The public float of the shares of the Company had been reduced to a minimum of 24.6518% during the period from 26 January 2004 to 2 February 2004, and has been subsequently increased to over 25% in compliance with the Listing Rules.

On 29 January 2004, the Company received notices under the Securities & Futures Ordinance from Champion Technology Holdings Limited and Lawnside International Limited (“Lawnside”), both substantial shareholders of the Company, that they acquired 44,680,260 shares and 14,085,332 shares of the Company respectively under the scrip dividend scheme of the Company (details of which are contained in the Company’s circular dated 15 December 2003) on 26 January 2004, whereby their total shareholding in the Company was increased from 74.9687% to 75.3482%. Therefore the public float of the shares of the Company had been reduced to 24.6518%, which is less than 25% as required by the Listing Rules.

The Company has been informed by Lawnside that on 30 January 2004 and 2 February 2004, it disposed of a total of 9 million shares of the Company (representing about 0.3934% of the Company’s issued share capital) in the market, whereby increasing the public float of the shares of the Company to over 25% in compliance with the Listing Rules.

Reduction of public float of shares of the Company to below 25% constitutes to a breach of Rule 8.08 of the Listing Rules. The Stock Exchange of Hong Kong Limited has stated that it reserves the right to take appropriate action against the Company and its directors for such breach of the Listing Rules.

By Order of the Board  
**Paul Kan Man Lok**  
*Chairman*

Hong Kong, 2 February 2004

“Please also refer to the published version of this announcement in The Standard”.