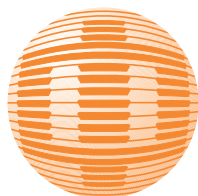


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KANTONE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1059)

PROFIT WARNING AND ESTABLISHMENT OF INVESTMENT COMMITTEE

PROFIT WARNING

This announcement is made by Kantone Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) announces that based on a preliminary review of the latest unaudited consolidated management accounts of the Group and other information currently available to the Board, it is expected that the Group may record a substantial loss for the year ended 30 June 2017. The Board believes that the expected loss for the year ended 30 June 2017 is primarily attributable to the writing down in value of the Group’s inventories of cultural products as they were slow-moving during the year ended 30 June 2017, therefore their net present realisable value would fall below their cost.

The Company is still in the process of finalising its annual results for the year ended 30 June 2017. The contents contained in this announcement are only based on the latest information available to the Company and such information has not been audited or reviewed by the Company’s auditor. Further details of the Group’s performance will be disclosed in its annual results for the financial year ended 30 June 2017 to be published by the Company on 29 September 2017.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

ESTABLISHMENT OF INVESTMENT COMMITTEE

The Board further announces that, with the aim to maximise return of the cash resources of the Group and to enhance the development of the business of the Group, the Board has established an investment committee (the “**Investment Committee**”) on 15 August 2017 for the purposes of, among others, to review investment performance and to advise the Company on their investment of cash, cash equivalents, financial assets, margin deposits, cash collateral taking account of the necessary constraints on the deployment of the various sources and purposes of the funds to enhance the Company’s investment returns. The Investment Committee shall consist of four members from amongst the Board and executive staff of the Company.

By order of the Board
KANTONE HOLDINGS LIMITED
CHENG YANG
Chairman

Hong Kong, 15 August 2017

As at the date of this announcement, the executive Directors are Mr. Cheng Yang and Mr. Liu Ka Lim; the non-executive Director is Ms. To Yin Fong Cecilica; and the independent non-executive Directors are Ms. Miranda Ho Mo Han, Ms. Chung Sau Wai Ada and Mr. Clayton Ip.