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KNK Holdings Limited

中國卓銀國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8039)

DISCLOSEABLE TRANSACTION LOAN AGREEMENT

The Board would like to announce that on 27 March 2019, Jin Hao, an indirect subsidiary of the Company, entered into the Loan Agreement with Zhuoxin Kechuang, pursuant to which Jin Hao agreed to make available to Zhuoxin Kechuang an unsecured loan with the principal loan amount of RMB3,506,065 (equivalent to approximately HK\$4,092,000) from 27 March 2019 on the terms and subject to the conditions therein.

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Loan exceed 5% but all are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

LOAN AGREEMENT

The Board would like to announce that on 27 March 2019, Jin Hao, an indirect wholly-owned subsidiary of the Company entered into the Loan Agreement with Zhuoxin Kechuang, pursuant to which Jin Hao agreed to make available to Zhuoxin Kechuang an unsecured loan with the principal loan amount of RMB3,506,065 (equivalent to approximately HK\$4,092,000) from 27 March 2019 on the terms and subject to the conditions therein.

The principal terms of the Loan Agreement are summarised below:

Date:	27 March 2019
Parties:	Jin Hao (as the lender) Zhuoxin Kechuang (as the borrower)
Principal Loan Amount:	RMB3,506,065 (equivalent to approximately HK\$4,092,000)
Interest:	5% per annum
Repayment Date:	26 September 2019

REASONS FOR ENTERING INTO THE LOAN

The Directors and the Company believe that by entering into the loan transaction, the interest income can be used to pay administrative expenses of Jin Hao, which is still dormant since its establishment. The Loan was funded from a borrowing from an independent third party and was recorded as loan receivables of the Group for the financial year ended 31 March 2019.

INFORMATION OF THE PARTIES

The Group is principally engaged in the provision of architectural and structural engineering consultancy services. For more information on the Group, please visit its official website at <http://www.knk.com.hk> (the information that appears in this website does not form part of this announcement).

Zhuoxin Kechuang was established in the PRC with limited liability on 11 September 2012 principally engaged in trading and consultancy services according to Zhuoxin Kechuang's business license.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Zhuoxin Kechuang and its ultimate beneficial owner(s) is an Independent Third Party.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Loan exceed 5% but all are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company failed to meet the applicable respective reporting and announcement requirements promptly after the entering into of the Loan Agreement, which constitutes a breach of Rule 19.34 of the GEM Listing Rules.

Reasons for the breach

The Common Directors based on their own calculation results on the size test as specified in GEM Listing Rules 19.07, mistakenly believed that no disclosure under GEM Listing Rules requirements was required and hence did not inform the Board regarding the Loan Agreement until the relevant financial information with copy of the Loan Agreement were submitted to the financial controller of the Company and other Directors in late June 2019 with assurance by one of the Common Directors that the transaction contemplated under the Loan Agreement would not constitute a notifiable transaction or trigger any other disclosure obligation of the Company under the GEM Listing Rules.

The Company recognised that the transaction contemplated under the Loan Agreement constitutes a discloseable transaction when the Common Directors could not supply relevant information in support of their contention in early July.

Remedial actions

The Company will engage an independent internal control consultant to review the internal controls of Jin Hao and its parent company(ies) and consider the recommendations received to enhance the internal controls of the Group, in particular the reporting procedure initiated from Jin Hao.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Board”	the Board of Directors
“Common Directors”	common directors of the Company and Jin Hao, i.e. Mr. Sun Xiao Li, Mr. Gu Jintai and Ms. Shi Lijie
“Company”	KNK Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (stock code: 08039)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Jin Hao”	Jin Hao (Shenzhen) Holdings Limited* 金隽(深圳)控股有限公司, a company established under the laws of PRC with limited liability and an indirect subsidiary of the Company

“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“Loan”	the unsecured term loan contemplated under the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Jin Hao and Zhuoxin Kechuang on 27 March 2019
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the GEM Listing Rules and the term “subsidiaries” shall be construed accordingly
“Zhuoxin Kechuang”	Zhuoxin Kechuang (Beijing) Management Consulting Limited* 卓信科創(北京)管理諮詢有限公司, a company established under the laws of PRC with limited liability
“%”	per cent

By order of the Board
KNK Holdings Limited
Poon Kai Kit Joe
Chairman

Hong Kong, 12 July 2019

The English translation of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the executive Directors are Mr. Poon Kai Kit Joe, Ms. Chan Ka Yee, Mr. Sun Xiao Li, Mr. Gu Jintai, Ms. Shi Lijie and Mr. Feng Wei; and the independent non-executive Directors are Mr. Kong Kam Wang, Mr. Sung Hak Keung Andy and Mr. Wong Kai Tat.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.knk.com.hk.