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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser(s).

**If you have sold or transferred** all your shares in KNT Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “12. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, this Prospectus and the PAL should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited, and the Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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# KNT

## KNT HOLDINGS LIMITED

### 嘉藝控股有限公司\*

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

**(Stock Code: 1025)**

## RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

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Capitalised terms used on this cover shall have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. The Cayman legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. Nevertheless, the Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – The Rights Issue – Conditions of the Rights Issue” in this Prospectus, including but not limited to achieving the Minimum Proceeds Condition (i.e. HK\$42.90 million) at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 6:00 p.m. on Thursday, 17 February 2022). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Shares have been on an ex-rights basis from Tuesday, 4 January 2022. Dealings in the Rights Shares in their nil-paid form will take place from Monday, 24 January 2022 to Friday, 4 February 2022 (both dates inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled (which is currently expected to be 6:00 p.m. on Thursday, 17 February 2022) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The Latest Time for Acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 9 February 2022.

The procedures for acceptance and transfer of the Rights Shares are set out in the section headed “Letter from the Board – The Rights Issue – Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares” in this Prospectus.

20 January 2022

\* for identification purpose only

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## EXPECTED TIMETABLE

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Set out below is the expected timetable for the Rights Issue which is indicative only and is subject to change. Further announcement(s) will be made by the Company as and when appropriate should there be any changes to the expected timetable.

All times and dates in this Prospectus refer to Hong Kong local times and dates.

<b>Events</b>	<b>Time and Date (Hong Kong time)</b>
	<b>2022</b>
Effective date of change in board lot size from 4,000 Shares to 8,000 Shares . . . . .	Thursday, 20 January
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	9:00 a.m. on Thursday, 20 January
First day of dealing in nil-paid Rights Shares . . . . .	9:00 a.m. on Monday, 24 January
Latest time for splitting the PALs . . . . .	4:30 p.m. on Wednesday, 26 January
Last day of dealing in nil-paid Rights Shares . . . . .	Friday, 4 February
Latest time to lodge transfer documents of nil-paid Right Shares in order to qualify for the payment of Net Gain . . . . .	4:00 p.m. on Wednesday, 9 February
Latest Time for Acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Wednesday, 9 February
Announcement of the number of Untaken Shares and NQS Unsold Rights Shares subject to the Placing . . . . .	Friday, 11 February
Commencement of placing of Untaken Shares and NQS Unsold Rights Shares by the Placing Agent . . . . .	Monday, 14 February
Latest time of placing of Untaken Shares and NQS Unsold Rights Shares by the Placing Agent . . . . .	4:00 p.m. on Wednesday, 16 February
Latest time for the Rights Issue to become unconditional . . . . .	6:00 p.m. on Thursday, 17 February
Announcement of results of the Rights Issue (including the results of the placing of the Untaken Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Untaken Share and NQS Unsold Rights Share under the Placing) . . . . .	Wednesday, 23 February

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## EXPECTED TIMETABLE

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Events	Time and Date (Hong Kong time)
	<b>2022</b>
Refund cheques, if the Rights Issue does not become unconditional, to be despatched on or before . . . . .	Thursday, 24 February
Certificates for fully-paid Rights Shares to be despatched on or before . . . . .	Thursday, 24 February
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Friday, 25 February
Latest time for the designated broker to provide matching service for odd lots of Shares . . . . .	4:00 p.m. on Tuesday, 8 March
Payment of Net Gain to the No Action Shareholder(s) and Prohibited Shareholder(s) (if any) . . . . .	Friday, 11 March

### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected Timetable” may be affected. The Company will notify the Shareholders by way of announcement(s) of any changes to the expected timetable as soon as practicable.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 20 December 2021 in relation to, among other things, the Rights Issue and the Placing
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	KNT Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1025)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Letter from the Board – The Rights Issue – Procedures in respect of the Untaken Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus

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## DEFINITIONS

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“Completion”	completion of the Rights Issue
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Last Trading Day”	Friday, 17 December 2021, being the last full trading day for the Shares on the Stock Exchange immediately before the release of the Announcement
“Latest Practicable Date”	14 January 2022, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 9 February 2022 (or such other time or date as may be determined by the Company), being the latest time for acceptance of the offer of and payment for, the Rights Shares
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minimum Proceeds Condition”	the gross proceeds from the Rights Issue (or, if the Rights Shares are not fully taken up under the Rights Issue, in aggregate with the Placing) being not less than 50.00% of the maximum gross proceeds raised (i.e. HK\$42.90 million)

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## DEFINITIONS

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“Net Gain”	the aggregate of any premiums, being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Untaken Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement
“No Action Shareholder(s)”	Qualifying Shareholder(s) who does(do) not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such person(s) who hold(s) any nil-paid rights at the time such nil-paid rights are lapsed
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders in nil-paid form that have not been sold by the Company
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company at the close of business on the Record Date) which is (are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Placing”	the offer by way of private placing of the Untaken Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement
“Placing Agent”	Bloomyeas Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 14 January 2022 and entered into between the Company and the Placing Agent in relation to the Placing

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## DEFINITIONS

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“Placing Period”	the period commencing from the third Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance
“Posting Date”	Thursday, 20 January 2022 (or such other date as may be determined by the Company), being the date of despatch of Prospectus Documents to the Qualifying Shareholders or Prospectus and Overseas Letter to the Prohibited Shareholders for information only (as the case may be)
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of the Prospectus Documents
“Previous Placing Agent”	Arta Global Markets Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Previous Placing Agreement”	the placing agreement dated 19 December 2021 and entered into between the Company and the Previous Placing Agent in relation to the Placing
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) whom the Board, after making enquires, considers it necessary or expedient not to offer the Rights Shares to them on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Prospectus”	this prospectus
“Prospectus Documents”	the Prospectus and the PAL
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholders, whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Wednesday, 12 January 2022, being the date for determining entitlements of Shareholders to participate in the Rights Issue



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## DEFINITIONS

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“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, namely Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	proposed offer for subscription of up to 312,000,000 Rights Shares by way of rights issue at the Subscription Price to be made by the Company to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares in issue and registered in the name of Qualifying Shareholders on the register of members of the Company as at the Record Date and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 312,000,000 Shares to be allotted and issued in respect of the Rights Issue
“settlement day”	has the meaning ascribed to the term “Settlement Day” in the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time, subject to such modification and amendment prescribed by HKSCC from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.275 per Rights Share under the Rights Issue
“subsidiary”	has the meaning given to it under the Listing Rules and “subsidiaries” shall be construed accordingly
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong (as amended, supplemented and/or modified from time to time)

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## DEFINITIONS

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“trading day(s)”	any day(s) on which the Stock Exchange is open for trading in securities
“United States”	the United States of America
“Untaken Share(s)”	the number of unsubscribed Rights Shares not taken up by Qualifying Shareholders under PAL(s) during the Rights Issue
“%”	per cent

*The English transliteration of the Chinese name(s) in this circular, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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LETTER FROM THE BOARD

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**KNT**

**KNT HOLDINGS LIMITED**

**嘉藝控股有限公司\***

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

**(Stock Code: 1025)**

*Executive Directors:*

Chong Sik *(Chairman and Chief Executive Officer)*

Chong Pun

Lam Chi Yuen

Zhou Hai

*Non-executive Director:*

Hu Shilin

*Independent non-executive Directors:*

Leung Martin Oh Man

Lau Koong Yep

Yuen King Sum

Lau Kwok Fan

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Principal place of business in*

*Hong Kong:*

30th Floor

EW International Tower

No. 120 Texaco Road

Tsuen Wan

New Territories

Hong Kong

20 January 2022

*To the Qualifying Shareholders, and for information only, the Prohibited Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES  
HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS**

**INTRODUCTION**

Reference is made to the Announcement and the announcements of the Company dated 12 January 2022 and 14 January 2022 in relation to, among other things, the Rights Issue and the Placing.

The purpose of this Prospectus is to provide you with further information on the Rights Issue including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial and other general information of the Group.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### THE RIGHTS ISSUE

The terms of the Rights Issue are set out below:

Basis of the Rights Issue	one (1) Rights Share for every two (2) existing Shares registered in the names of the Qualifying Shareholders on the register of members of the Company as at the Record Date
Subscription Price	HK\$0.275 per Rights Share
Number of existing Shares in issue as at the Latest Practicable Date	624,000,000 Shares
Number of Rights Shares	Up to 312,000,000 Rights Shares
Gross proceeds from the Rights Issue	Up to approximately HK\$85.80 million before expenses (assuming all Rights Shares are taken up by the Qualifying Shareholders)

Assuming no change in the number of Shares in issue on or before Completion, the maximum of 312,000,000 Rights Shares represent (i) 50.00% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the total number of issued Shares as enlarged by the allotment and issue of all the Rights Shares immediately upon Completion (assuming full acceptance by Qualifying Shareholders).

The Company has no outstanding share options, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

### Undertakings

The Company has not received any information or irrevocable undertaking from any substantial Shareholder of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Rights Issue, a Shareholder must at the close of business on the Record Date: (i) be registered on the register of members of the Company; and (ii) not be a Prohibited Shareholder.

In order to be registered as members of the Company prior to the close of business on the Record Date, any transfer of the Shares (with the relevant share certificates) for registration should have been lodged with the Registrar at the following address by 4:30 p.m. on Wednesday, 5 January 2022.

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **Closure of Register of Members**

The register of members of the Company has been closed from Thursday, 6 January 2022 to Wednesday, 12 January 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares could be registered.

### **Subscription Price**

The Subscription Price of HK\$0.275 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 15.38% to the closing price of HK\$0.325 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 14.33% to the average closing price of HK\$0.321 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to the Last Trading Day;
- (iii) a discount of approximately 12.28% to the average closing price of approximately HK\$0.314 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iv) a discount of approximately 10.81% to the ex-rights price of approximately HK\$0.308 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 5.13%, represented by the theoretical diluted price of approximately HK\$0.308 per Share to the benchmarked price of approximately HK\$0.325 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the Announcement);
- (vi) a premium of approximately 281.94% over the audited net asset value per Share of approximately HK\$0.072 based on the latest audited consolidated net asset value of the Group of approximately HK\$44,819,000 as at 31 March 2021 and 624,000,000 Shares; and
- (vii) a discount of approximately 40.86% to the closing price of HK\$0.465 per Share as quoted on Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation with reference to, among other things, (i) the prevailing market price of the Shares and the financial conditions of the Group; (ii) the prevailing market conditions of the capital market in Hong Kong; and (iii) the reasons for the Rights Issue and the use of proceeds as set out in the section headed "Letter from the Board – Reasons for the Rights Issue and the Use of Proceeds" in this Prospectus. As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

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## LETTER FROM THE BOARD

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### **Basis of Provisional Allotments**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares registered in the name of the Qualifying Shareholders on the register of members of the Company as at the close of business on the Record Date.

Qualifying Shareholders may apply for all or any part of their respective provisional allotment by lodging a duly completed PAL(s) and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Rights of the Overseas Shareholders**

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

As at the Record Date, the Company had no Overseas Shareholders based on the shareholders information available from the Registrar and hence the Company confirms that there is no Prohibited Shareholders as at the Record Date.

### **Procedures in respect of the Untaken Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements**

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Untaken Shares and the NQS Unsold Rights Shares by offering the Untaken Shares and the NQS Unsold Rights Shares to independent places for the benefit of the No Action Shareholders and the Prohibited Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

As disclosed in the Announcement and the subsequent announcement of the Company dated 14 January 2022, on 19 December 2021, the Company entered into the Previous Placing Agreement with the Previous Placing Agent in relation to the placing of the Untaken Shares and the NQS Unsold Rights Shares to independent places on a best effort basis. On 14 January 2022, a written termination notice was served by the Previous Placing Agent on the Company, and the Company and the Previous Placing Agent mutually agreed to terminate the Previous Placing Agreement based on commercial considerations, taking into account (among other things) current market conditions, pursuant to which the Previous Placing Agreement has been terminated and has ceased to have any force or effect with effect from 14 January 2022, whereas neither party shall have any claim against the others as a result of the termination of the Previous Placing Agreement. The Company and the Previous Placing Agent confirm that there is no matter relating to the termination of Previous Placing Agreement that needs to be brought to the attention of the Shareholders or the Stock Exchange save as disclosed above. On 14 January 2022, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Untaken Shares and the NQS Unsold Rights Shares to independent places on a best effort basis, on substantially the same terms as those of and in replacement of the Previous Placing Agreement. For details, please refer to the Company's announcement dated 14 January 2022.

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## LETTER FROM THE BOARD

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Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Untaken Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Prohibited Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 16 February 2022, placees to subscribe for all (or as many as possible) of those Untaken Shares and the NQS Unsold Rights Shares. Any Untaken Shares and NQS Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Prohibited Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Prohibited Shareholders with reference to their shareholdings in the Company as at the close of business on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Prohibited Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Prohibited Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### **Placing Agreement for the Untaken Shares and the NQS Unsold Rights Shares**

Details of the Placing Agreement are summarised as follows:

Date:	14 January 2022
Issuer:	The Company
Placing Agent:	Bloomyears Limited was appointed as the Placing Agent to procure, on a best efforts basis, placees to subscribe for the Untaken Shares and the NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.



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## LETTER FROM THE BOARD

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Placing Period:	the period commencing from the third Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission equal to 2.50% (the “ <b>Commission</b> ”) of the placing price multiplied by the number of Untaken Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Commitment Fee:	<p>The Placing Agent shall be entitled to a commitment fee (the “<b>Commitment Fee</b>”) equal to 0.10% of the maximum potential gross proceeds raised by the Rights Issue before expenses, and payable by the Company upon the signing of the Placing Agreement.</p> <p>The Commitment Fee shall offset against the Commission. For the avoidance of doubt, if the amount of Commission payable by the Company is less than the amount of Commitment Fee, no Commitment Fee shall be refunded to the Company.</p>
Placing price of the Untaken Shares and the NQS Unsold Rights Shares:	The placing price of the Untaken Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Untaken Shares and the NQS Unsold Rights Shares during the process of placement.

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## LETTER FROM THE BOARD

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- Placees:
- The Placing Agent shall procure that not less than six placees will take up the Untaken Shares and/or the NQS Unsold Rights Shares. The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates. The Placing Agent will ensure that none of the placees (whether individually or when aggregated with their respective associates) will become a substantial shareholder of the Company as a result of the Placing.
- Ranking of the placed Untaken Shares and NQS Unsold Rights Shares:
- The placed Untaken Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of Completion.
- Conditions of the Placing Agreement:
- The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon the following conditions being fulfilled:
- (i) the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares;
  - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
  - (iii) Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and

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## LETTER FROM THE BOARD

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- (iv) the gross proceeds raised by the Company from the Rights Issue (or, if the Rights Shares are not fully taken up under the Rights Issue, in aggregate with the Placing) being not less than 50.00% of the maximum gross proceeds raised (i.e. HK\$42.90 million).

Conditions to the Placing Agreement may not be waived by the Company or the Placing Agent in any event.

For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use its best endeavour to procure the fulfilment of the conditions to the Placing and undertakes to inform the Placing Agent promptly of any matter or circumstance which comes to the attention of it and indicating that any of such conditions being unable or fail to fulfil. If any of such conditions have not been fulfilled by the Placing Long Stop Date (as defined below) or become incapable of being fulfilled (unless extended by mutual consent of the Company and the Placing Agent), then all respective rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement and none of the parties thereto shall have any claim against any other in respect of the Placing.

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## LETTER FROM THE BOARD

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Termination:

If any of the following events occur at any time prior to 6:00 p.m. on the first Business Day after the last day of the Placing Period (the “**Placing Long Stop Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the date of completion of the Placing provided that such notice is received by the Company prior to 6:00 p.m. on the Placing Long Stop Date, terminate the Placing Agreement without liability to the other parties and, subject to clauses in the Placing Agreement which survives termination, the Placing Agreement shall thereupon cease to have effect and none of the parties to the Placing Agreement shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

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## LETTER FROM THE BOARD

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- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

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## LETTER FROM THE BOARD

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The Company and the Placing Agent will also ensure that, each of the placees (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); and (ii) shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon Completion. The Company will ensure that it will continue to comply with the public float requirements under Rule 8.08(1) of the Listing Rules after the Placing.

If the Rights Issue does not achieve the Minimum Proceeds Condition (i.e. HK\$42.90 million) on a standalone basis, the Placing will have to raise the minimum gross proceeds to make up the amount for satisfying the Minimum Proceeds Condition under the Rights Issue and the Placing in aggregate. Therefore, assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue, the completion of the Placing is subject to, amongst other things, the successful placing of a minimum of 156,000,000 Untaken Shares and/or NQS Unsold Rights Shares raising gross proceeds of at least HK\$42.90 million in order for the Rights Issue and the Placing to become unconditional and thereby proceed to completion. The maximum number of Shares subject to the Placing is 312,000,000 Untaken Shares and/or NQS Unsold Rights Shares assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue.

As the Rights Issue is a relatively costly process, the Directors consider the setting of the Minimum Proceeds Condition can minimise unnecessary costs by aborting the process in the event that the response for the Rights Issue is not favourable.

The engagement between the Company and the Placing Agent in respect of the Untaken Shares and the NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Untaken Shares and the NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Untaken Shares and the NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders and Prohibited Shareholders. If all or any of the Untaken Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Prohibited Shareholders. Any NQS Unsold Rights Shares and/or Untaken Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company.

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## LETTER FROM THE BOARD

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The Directors consider that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Untaken Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Prohibited Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and Prohibited Shareholders.

In particular, excess application is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking into account the low liquidity of the Shares before the Last Trading Day, the Directors consider that it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fund raising exercise.

### **No fractional entitlement**

On the basis of the entitlement to subscribe one (1) Rights Share for every two (2) existing Shares registered in the name of Qualifying Shareholder(s) on the register of members of the Company as at Record Date, no fractional entitlement is expected to arise under the Rights Issue. In any event, the Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 8,000 Rights Shares.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

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## LETTER FROM THE BOARD

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Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of (i) stamp duty; (ii) the Stock Exchange trading fee; (iii) SFC transaction levy; and (iv) any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 24 February 2022. If the Rights Issue does not become unconditional, refund cheques, without interest, in respect of application monies received are expected to be despatched on or before Thursday, 24 February 2022 by ordinary post at the respective Shareholders' own risk to the registered address of the relevant applicant, or in case of joint applicants, to the address of the first-named person.

### **Distribution of the Prospectus Documents**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will despatch the Prospectus Documents to the Qualifying Shareholders. To the extent reasonably practicable and legally permitted, the Company will send copies of this Prospectus (without the PAL) with the Overseas Letter to the Prohibited Shareholders for information purposes only.

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Distribution of the Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of the Prospectus Documents or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, the Prospectus Documents must be treated as sent for information only and should not be copied or redistributed.



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## LETTER FROM THE BOARD

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No action has been taken by the Company to permit the offering of Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. No persons receiving a copy of the Prospectus or a PAL in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant territory or jurisdiction, such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Completion and return of the PAL by anyone outside Hong Kong will constitute a warranty and representation by such persons to the Company that all registration, legal and regulatory requirements of such relevant territory or jurisdiction other than Hong Kong in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. For avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above warranty and representation. It is the responsibility of any person (including but not limited to Shareholders and beneficial owners of the Shares, any agent, custodian, nominee or trustee) outside Hong Kong wishing to make on his/her/its/their behalf an application for the Rights Shares under the Rights Issue to satisfy himself/herself/itself/themselves as to the observance of the laws and regulations of all relevant territories and jurisdictions including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith, thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholder and/or resident, the Overseas Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the nil-paid Rights Shares or fully-paid Rights Shares to any such Overseas Shareholder and/or resident, if at the Company's absolute discretion issuing the nil-paid Rights Shares or fully-paid Rights Shares to them does not comply with the relevant laws of such territory or jurisdiction. No application for Rights Shares will be accepted from the Prohibited Shareholders (if any). The Company reserves the right to refuse at its absolute discretion to accept any application for Rights Shares where it believes that acceptance would violate the applicable securities or other laws or regulations of any jurisdiction outside Hong Kong.

### **Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares**

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein.

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## LETTER FROM THE BOARD

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If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, by no later than 4:00 p.m. on Wednesday, 9 February 2022 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed "Expected Timetable – Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" on the Latest Time of Acceptance in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**KNT HOLDINGS LIMITED – RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". Such payment will constitute acceptance of the provisional allotment of Rights Shares on the terms of the Prospectus Documents and subject to the memorandum and articles of association of the Company. Any payments for the Rights Shares should be rounded up to 2 decimal places.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, by no later than 4:00 p.m. on Wednesday, 9 February 2022 (or, under bad weather and/or extreme conditions, such later date and/or time as mentioned in the section headed "Expected Timetable – Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" on the Latest Time of Acceptance in this Prospectus), whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer all or part of their rights to more than one person (not as joint holders), the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Wednesday, 26 January 2022 to the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

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## LETTER FROM THE BOARD

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The Company is not obliged to but may (at its sole and absolute discretion) treat PAL(s) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete such incomplete PAL(s) at a later stage.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order in payment for the Rights Shares whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. Qualifying Shareholders must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to such applicant only if the overpaid amount is HK\$100 or above.

No receipt will be given in respect of any PAL and/or relevant application monies received.

If any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – The Rights Issue – Conditions of the Rights Issue" is not fulfilled at or before 6:00 p.m. on Thursday, 17 February 2022 (or such later date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar, Tricor Investor Services Limited, on or before Thursday, 24 February 2022.

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## LETTER FROM THE BOARD

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### **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Prohibited Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Share in both their nil-paid and fully-paid forms.

### **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any Untaken Shares or NQS Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Completion is conditional upon the fulfilment of the conditions set out in the section headed “Letter from the Board – The Rights Issue – Conditions of the Rights Issue” in this Prospectus including, amongst other things, the Minimum Proceeds Condition. **As the proposed Rights Issue is subject to conditions, it may or may not proceed.**

The Cayman legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following conditions:

- (1) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;

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## LETTER FROM THE BOARD

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- (2) a duly certified copy of each of the Prospectus Documents (and other required documents) having been lodged with Registrar of Companies in Hong Kong and Registrar of Companies in Hong Kong issuing a confirmation of registration on or before the Posting Date;
- (3) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and where applicable, the posting of the Prospectus (without PAL) with the Overseas Letter to the Prohibited Shareholders, if any, for information purposes only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Posting Date;
- (4) the grant of listing of the Rights Shares (in both nil-paid and fully-paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked);
- (5) the gross proceeds raised by the Company from the Rights Issue (or, if the Rights Shares are not fully taken up under the Rights Issue, in aggregate with the Placing) being not less than 50.00% of the maximum gross proceeds raised (i.e. HK\$42.90 million); and
- (6) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transactions contemplated thereunder having been obtained and fulfilled.

None of the above conditions can be waived. If any of the conditions referred to above are not fulfilled at or before 6:00 p.m. on Thursday, 17 February 2022 (or such later date as the Company may determine), the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

### **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and the Minimum Proceeds Condition. Please refer to the section headed “Conditions of the Rights Issue” in this “Letter from the Board” in this Prospectus.**

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## LETTER FROM THE BOARD

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Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not satisfied, the Rights Issue will not proceed. Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The Shares have been dealt in on an ex-rights basis from Tuesday, 4 January 2022. Dealings in the Rights Shares in nil-paid form in the new board lots of 8,000 Rights Shares are expected to take place from Monday, 24 January 2022 to Friday, 4 February 2022 (both days inclusive). Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

### REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

#### Allocation of the Proceeds

The net proceeds of the Rights Issue are estimated to be up to approximately HK\$84.50 million after the deduction of all estimated expenses (assuming full acceptance of the Rights Shares and assuming that no new Shares will be allotted or issued and no Shares will be repurchased on or before the Record Date).

The Directors currently intend to apply the net proceeds as follows:

- (i) HK\$50.00 million of the net proceeds for its new outlet business (the “**Outlet Business**”); and
- (ii) the remaining net proceeds in the amount of approximately HK\$34.50 million will be used as general working capital of the Group.

#### Use for the Outlet Business

Further and as disclosed in the announcements of the Company dated 12 November 2021 and 22 November 2021, the Company is currently negotiating with Outlets New Century Commercial Development (Beijing) Group Limited\* (奧特萊斯新世紀商業發展(北京)集團有限公司)(the “**Outlet Partner**” as referred to in the said announcements) regarding the possible development of procurement and distribution business with the Outlet Partner in the PRC (the “**Possible Cooperation**”).

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## LETTER FROM THE BOARD

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According to the information provided by the Outlet Partner, (i) the Outlet Partner is a company established in the PRC with limited liability principally engaged in the business of operation of outlet platform in the PRC, which is held by another company incorporated in Hong Kong (“**Outlet Holding Co**”) as to 60% and the remaining 40% are held by four other shareholders; (ii) Outlet Holding Co is in turn ultimately held by three different individuals as to 55%, 33% and 12% respectively; and (iii) none of the remaining four other shareholders of the Outlet Partner hold more than 30% equity interest in the Outlet Partner.

Based on the information provided by the Outlet Partner, and to the best knowledge, information and belief of the Directors after making reasonable enquiries, the Outlet Partner and its ultimate beneficially owner(s) are Independent Third Parties; and there is no relationship (whether financial, business or otherwise) between the Outlet Partner on the one part and the Company’s existing substantial Shareholders and/or connected persons on the other part.

The Directors are of the view that the Possible Cooperation enables the Group to (i) commence procurement and distribution business for branded fashion, garments, and accessories in the PRC; and (ii) have its products reach out to the consumers in the PRC through the platform of the Outlet Partner. As such, the Directors believe that the Possible Cooperation could, on one hand, complement the Group’s existing business as manufacturer and exporter and diversify our business role to procurement, sourcing and trading business of garments as well. On the other hand, the Possible Cooperation would enable the Group to be benefited from expanding its client base from the existing markets (mainly United States and Europe) to that in the PRC, which would result in more diversified geographical segment and lower overall political risks. Accordingly, it will broaden the Group’s revenue base in the future and is expected to increase investment returns to the Shareholders.

Based on further discussion between the Company and the Outlet Partner, the Company anticipates that the Group would require approximately HK\$50.00 million to fund the Possible Cooperation in areas including (i) staff costs; (ii) office rentals; (iii) office renovation; and (iv) working capital. While the negotiation between the Company and the Outlet Partner has been in an advanced stage, no binding agreement in relation to the Possible Cooperation has yet been entered as the Outlet Partner is assessing the Group’s financial capability to proceed with the Possible Cooperation. As the Possible Cooperation may or may not proceed, investors and Shareholders are urged to exercise caution when dealing in the shares of the Company. Further announcement(s) in respect of the Possible Cooperation will be made by the Company as and when appropriate in accordance with the Listing Rules.

### **Use for the General Working Capital of the Group**

The Directors consider fund-raising for additional working capital is key notwithstanding that, on 20 October 2021, a total of 104,000,000 new Shares at nominal value of HK\$0.01 each were successfully placed at the placing price of HK\$0.250 per placing share (“**October Placing**”) and the net proceeds from October Placing, after deducting commission and other expenses incidental to the Placing, amounted to approximately HK\$25.30 million which were intended to be used as general working capital of the Group.

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## LETTER FROM THE BOARD

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As disclosed in the interim report of the Company for the six months ended 30 September 2021, the Group continued to experience a challenging operating environment in view of prolonged trade disputes between the United States and the PRC, tariff imposed, political tensions and continuing uncertainties in global economy. Since the Group's revenue was mostly derived from customers based in the United States, these factors in aggregate led to a certain extent of impact on the overall business performance of the Group. As a result, the revenue of the Group for the six months ended 30 September 2021 decreased as compared to that for the six months ended 30 September 2020.

As at 30 November 2021, the cash and cash equivalents of the Group amounted to approximately HK\$8.08 million and the bank overdrafts and loans of the Group amounted to approximately HK\$23.23 million.

The above challenging operational environment had led to ongoing cash net outflow of the Group since early 2019 (with an average monthly cash outflow of HK\$3.00 million). Taking into account that all of the proceeds from October Placing has already been used by the Group for repayment of loans and payables, the Directors consider that it is prudent and in the interests of the Company and the Shareholders as a whole to raise additional fund of approximately HK\$34.5 million, for working capital of which approximately HK\$15.00 million will be used for repayment of bank loans and approximately HK\$19.50 million will be used for payment to suppliers and operating expenses, so that the Group has sufficient financial resources to meet the financial obligations when they fall due in the following 18 months from the Latest Practicable Date.

In the event that the proceeds raised by the Rights Issue or Placing is less than the aforesaid estimated net proceeds of approximately HK\$84.50 million, the Company will further evaluate options including amongst others, scaling down the proposed size of the Outlet Business or exploring other financing and/or fund-raising alternatives.

The Completion is subject to, among other things, the Minimum Proceeds Condition. Assuming there is nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue and for the purpose of achieving the Minimum Proceeds Condition, the Completion is subject to, amongst other things, the successful placing of a minimum of 156,000,000 Untaken Shares and/or NQS Unsold Rights Shares raising gross proceeds of at least HK\$42.90 million in order for the Rights Issue and the Placing to become unconditional and thereby proceed to completion. There will be an additional commission cost of approximately HK\$1.00 million, which will result in an increase of the total expenses in connection with the Rights Issue to approximately HK\$2.30 million. Under this scenario, the net proceeds raised will be approximately HK\$40.60 million, which the Directors currently intend to apply such amount of net proceeds as follows:

- (i) HK\$34.50 million will be used as general working capital of the Group; and
- (ii) HK\$6.10 million of the net proceeds for development of the Outlet Business.



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## LETTER FROM THE BOARD

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In the case where the Minimum Proceeds Condition is not fulfilled, the Rights Issue will not proceed and the Group will not commence the Outlet Business.

### **Other Fund-raising Alternatives**

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placings or an open offer. The Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors which will rank before the Shareholders, and placings will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Prohibited Shareholder(s), if any, should note that their shareholdings in the Company will be diluted.

It is the Board's intention to continue the Group's existing business after commencing the Outlet Business. As at the Latest Practicable Date, the Company has no intention to dispose of, terminate or scale down its existing business.

### **EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date, the Company had 624,000,000 Shares in issue. Set out below are the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) under the following four scenarios arising from different acceptance ratios of the Rights Issue and the Placing (if any) (for illustrative purpose only):

- (i) assuming full acceptance of the Rights Shares by the Qualifying Shareholders leaving no Untaken Shares or NQS Unsold Rights Shares to be placed in the Placing (**"Scenario I"**);

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## LETTER FROM THE BOARD

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- (ii) assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and successful placing of a minimum 156,000,000 Untaken Shares and/or NQS Unsold Rights Shares to render the Rights Issue and the Placing unconditional (“**Scenario II**”);
- (iii) assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and successful placing of the maximum 312,000,000 Untaken Shares and/or NQS Unsold Rights Shares (“**Scenario III**”); and
- (iv) assuming nil acceptance of the Rights Shares by all Qualifying Shareholders other than full acceptance of Rights Shares by substantial shareholders of the Company, and that nil Untaken Shares and/or NQS Unsold Rights Shares is placed to any places in the Placing (“**Scenario IV**”).

	As at the Latest Practicable Date		Scenario I		Scenario II		Scenario III		Scenario IV	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholders</b>										
Strategic Elite Limited (Note 1)	235,950,000	37.81	353,925,000	37.81	235,950,000	30.25	235,950,000	25.21	353,925,000	43.80
Total Clarity Investments Limited (Note 2)	<u>132,050,000</u>	<u>21.16</u>	<u>198,075,000</u>	<u>21.16</u>	<u>132,050,000</u>	<u>16.93</u>	<u>132,050,000</u>	<u>14.11</u>	<u>198,075,000</u>	<u>24.52</u>
Sub-total	<u>368,000,000</u>	<u>58.97</u>	<u>552,000,000</u>	<u>58.97</u>	<u>368,000,000</u>	<u>47.18</u>	<u>368,000,000</u>	<u>39.32</u>	<u>552,000,000</u>	<u>68.32</u>
<b>Public Shareholders</b>										
Outlets Asset Management Group Co., Limited	61,528,000	9.86	92,292,000	9.86	61,528,000	7.89	61,528,000	6.57	61,528,000	7.61
Independent places	-	-	-	-	156,000,000	20.00	312,000,000	33.33	-	-
Other public Shareholders	<u>194,472,000</u>	<u>31.17</u>	<u>291,708,000</u>	<u>31.17</u>	<u>194,472,000</u>	<u>24.93</u>	<u>194,472,000</u>	<u>20.78</u>	<u>194,472,000</u>	<u>24.07</u>
Sub-total	<u>256,000,000</u>	<u>41.03</u>	<u>384,000,000</u>	<u>41.03</u>	<u>412,000,000</u>	<u>52.82</u>	<u>568,000,000</u>	<u>60.68</u>	<u>256,000,000</u>	<u>31.68</u>
Total	<u>624,000,000</u>	<u>100.00</u>	<u>936,000,000</u>	<u>100.00</u>	<u>780,000,000</u>	<u>100.00</u>	<u>936,000,000</u>	<u>100.00</u>	<u>808,000,000</u>	<u>100.00</u>

**Notes:**

- As at the Latest Practicable Date, Strategic Elite Limited is beneficially and wholly-owned by Mr. Chong Sik, the chairman, chief executive officer and an executive Director. Therefore, Mr. Chong Sik is deemed to be interested in all the Shares held by Strategic Elite Limited pursuant to the SFO.
- As at the Latest Practicable Date, Total Clarity Investments Limited is beneficially and wholly-owned by Mr. Chong Pun, an executive Director. Therefore, Mr. Chong Pun is deemed to be interested in all the Shares held by Total Clarity Investments Limited pursuant to the SFO.

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## LETTER FROM THE BOARD

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### CHANGE IN BOARD LOT SIZE

As set out in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited, it is requested that the value of each board lot shall be no less than HK\$2,000. In order to increase the value of each board lot of the Shares, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Thursday, 20 January 2022. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Based on the theoretical ex-rights price of approximately HK\$0.308 per Share, the market value of each existing board lot is approximately HK\$1,233 and the estimated market value of each proposed new board lot is approximately HK\$2,467.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed the Placing Agent, Bloomyeats Limited, as the agent to provide matching services, on a best efforts basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Thursday, 20 January 2022 to 4:00 p.m. on Tuesday, 8 March 2022 (both days inclusive). Holders of the Shares in odd lots who wish to take advantage of this facility should contact Mr. Patrick Lin of Bloomyeats Limited at 20/F, Yue On Commercial Building, 385-387 Lockhart Road, Wanchai, Hong Kong or at telephone number (852) 2524 0668 from 9:00 a.m. on Thursday, 20 January 2022 to 4:00 p.m. on Tuesday, 8 March 2022 (both dates inclusive). Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 4,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 4,000 shares to new share certificate in board lot size of 8,000 shares is necessary.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE IN THE PRECEDING TWELVE-MONTH PERIOD

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date:

Date of relevant announcements	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 September 2021, 20 October 2021 and 29 October 2021	Placing of 104,000,000 new Shares under general mandate	HK\$25.30 million	General working capital of the Group	<p>– HK\$14.58 million for the repayment of bank loans and amount due to a controlling Shareholder</p> <p>– HK\$10.72 million for payment to suppliers and operating expenses</p>

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the Latest Practicable Date and the Rights Issue will not increase the issued share capital or market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1)(b) of the Listing Rules.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this Prospectus.

By order of the Board  
**KNT Holdings Limited**  
**Chong Sik**  
*Chairman and Executive Director*

## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Consolidated financial information of the Group (being the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity) for each of the three financial years ended 31 March 2019, 2020 and 2021 and the six months ended 30 September 2021, together with the relevant notes thereto, are disclosed in the following documents which have been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and/or the Company ([www.kntholdings.com](http://www.kntholdings.com)):

- (i) annual report of the Company for the year ended 31 March 2019 published on 23 July 2019 (pages 55 to 119) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0723/ltm20190723189.pdf>;
- (ii) annual report of the Company for the year ended 31 March 2020 published on 22 July 2020 (pages 60 to 131) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0722/2020072200734.pdf>;
- (iii) annual report of the Company for the year ended 31 March 2021 published on 21 July 2021 (pages 62 to 131) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0721/2021072100564.pdf>; and
- (iv) interim report of the Company for the six months ended 30 September 2021 published on 15 December 2021 (pages 28 to 48) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1215/2021121500451.pdf>

## 2. STATEMENT OF INDEBTEDNESS

As at 30 November 2021, being the latest practicable date for the sole purpose of this indebtedness statement prior to the date of this Prospectus, the details of the outstanding bank overdrafts and loans of the Group were set out as follows:

	<i>HK\$'000</i>
Unsecured and guaranteed:	
Bank loans	<u>6,000</u>
	<u>6,000</u>
Secured and guaranteed:	
Bank overdrafts	171
Bank loans	<u>17,058</u>
	<u>17,229</u>
Total	<u><u>23,229</u></u>

The variable-rate bank overdrafts bear effective interest ranged from 5.00% to 5.25% and the variable-rate bank loans bear effective interest ranged from 2.25% to 5.00%.

The bank overdrafts and loans are secured by assets held by the Group and/or guaranteed by related parties, which includes (i) corporate guarantee from the Company; (ii) personal guarantee from Mr. Chong Sik and Mr. Chong Pun, the controlling Shareholders; (iii) leasehold land and buildings of the Group; and (iv) pledged bank deposit.

At the close of business on 30 November 2021, being the latest practicable date for the sole purpose of preparation of the Indebtedness Statement prior to the date of this Prospectus, the Group had lease liabilities of approximately HK\$605,000, which were unguaranteed and secured.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business 30 November 2021, being the latest practicable date for the sole purpose of preparation of the indebtedness statement prior to the date of this Prospectus, the Group did not have other outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, lease liabilities, liabilities under acceptances (other than normal trade bills), acceptance credits, guarantees or other material contingent liabilities outstanding.

### **3. WORKING CAPITAL**

As disclosed in note 2 to the condensed consolidated financial statements in the interim report of the Company for the six months ended 30 September 2021 published on 15 December 2021 and note 3 to the consolidated financial statements in the annual report of the Company for the year ended 31 March 2021 dated 29 June 2021, in order to improve the liquidity of the Group, the Group has taken several measures since 31 March 2021, being the end of the last financial reporting period, including but not limited to (i) having obtained net proceeds of approximately HK\$25.30 million upon the completion of placing of 104,000,000 Shares on 20 October 2021; (ii) having obtained financial support from the controlling Shareholders; and (iii) having implemented various central corporate expense control measures.

In considering the Groups' working capital sufficiency, the Directors have taken into account various factors under the following scenarios arising from different acceptance ratios of the Rights Issue and the Placing:

- (i) assuming successful issue and allotment of the maximum 312,000,000 Rights Shares under the Rights Issue with net proceeds of HK\$84.50 million raised, of which HK\$34.50 million will be used as general working capital of the Group; and HK\$50.00 million will be used for the development of the Outlet Business;

- (ii) assuming successful issue and allotment of the minimum 156,000,000 Shares (including Placing of Untaken Shares and/or NQS Unsold Rights Shares Under the Placing) with net proceeds of HK\$40.60 million raised, of which HK\$34.50 million will be used as general working capital of the Group; and the Company will scale down the proposed size of the Outlet Business and HK\$6.10 million will be used for the development of the Outlet Business; and
- (iii) assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and that the Placing does not meet the Minimum Proceeds Condition, the Rights Issue will not proceed and the Group will not commence the Outlet Business. The Group will utilise the available banking facilities and the financial support obtained from the controlling Shareholders to raise additional funding for its existing operations.

In addition, as disclosed in the announcement of the Company dated 21 December 2021, the Outlet Partner has further introduced two new business partners who are involved in the development of two business projects. The Company is currently assessing the possibilities of cooperation with these two business partners and may or may not proceed such opportunities. Accordingly, the Directors have not taken into account of these two business projects in considering the working capital sufficiency of the Group for the next 12 months from the date of publication of this Prospectus. Should the Group proceed with these two business projects, the management of the Group will not utilize the existing cash and bank balances, available banking facilities and internal resources of the Group or the net proceeds from the Rights Issue to finance these two business projects, and will explore additional financing and/or fund-raising activities, if and when needed.

The Directors are of the opinion that, after taking into account the above considerations, existing cash and bank balances, available banking facilities and internal resources of the Group, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of publication of this Prospectus.

#### **4. MATERIAL ADVERSE CHANGE**

The Directors confirmed that since 31 March 2021, being the date to which the latest published audited accounts of the Group were made up, up to and including the Latest Practicable Date, there was no material adverse changes in the financial or trading position or outlook of the Group and the general trend of the business of the Group.

**5. BUSINESS AND FINANCIAL PROSPECTS OF THE GROUP**

The Company is an investment holding company and the subsidiaries of the Company are principally engaged in manufacturing and trading garment. The Group is a one-stop solutions provider of bridesmaid dresses, bridal gowns and special occasion dresses. The Group principally sells its products to brand apparel companies based in the United States. In addition to manufacturing apparels for its customers, the Group strives to become an integral part of its customers' business operations by offering a wide range of value-added services ranging from fashion trend analysis, product design and development, raw material procurement, production, quality assurance to inventory management. The Group has also commenced developing its online business platform for the sale of fashion apparels since November 2020.

The Group continues to experience a challenging operating environment in view of prolonged trade disputes between the United States and the PRC, tariff imposed, political tensions and continuing uncertainties in global economy. Since the Group's revenue is mostly derived from customers based in the United States, these factors in aggregate led to a certain extent of impact on the overall business performance of the Group. In addition, due to the outbreak of the novel coronavirus disease (COVID-19) since the beginning of 2020, it has brought significant disruption to the global economy and caused adverse impact to the business environment of the Group.

In light of the above factors, the Group expects that the business environment and outlook for the coming financial year would remain highly challenging and uncertain. The Group will continue to review its existing business from time to time and take appropriate measures to tackle any possible impacts. In view of the unprecedented business environment, the management is actively exploring new business opportunities with a view to diversifying the income stream of the Group and mitigating risks.

Currently, the Company is negotiating with the Outlet Partner in the PRC in developing possible procurement and distribution business for new retailing and the Outlet Partner in the PRC, which enables the Group to (i) commence procurement and distribution business for branded fashion, garments, and accessories in the PRC; and (ii) have its products reach out to the consumers in the PRC through the platform of the Outlet Partner. This opportunity could, on one hand, complement the Group's existing business as a manufacturer and exporter and diversify its business role to procurement, sourcing and trading business of garment as well. On the other hand, this opportunity would enable the Group to be benefited from expanding its client base from the existing markets (mainly United States and Europe) to that in the PRC, which would result in more diversified geographical segment and lower overall political risks. The Directors are of the view that the Group's revenue base will therefore be broadened in the future which will in turn increase investment returns to the Shareholders.



## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 (the “Unaudited Pro Forma Financial Information”) which has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as if the Rights Issue had been completed on 30 September 2021.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021, as extracted from the published interim report for the six months ended 30 September 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to equity owners of the Company immediately after the completion of the Rights Issue as at 30 September 2021 or at any future date.

	Unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 (Note 1) HK\$'000	Unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 per Share (Note 2) HK\$	Estimated net proceeds from the Rights Issue (Note 3) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue per Share (Note 4) HK\$
Based on 312,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.275 per Share	36,998	0.07	84,500	121,498	0.15
Based on a minimum of 156,000,000 Shares including Placing of Untaken Shares and/or NQS Unsold Rights Shares to be issued at HK\$0.275 per Share under the Minimum Proceeds Condition	36,998	0.07	40,613	77,611	0.11

*Notes:*

- 1 The amount of unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 is based on the unaudited consolidated net assets of the Group attributable to equity owners of the Company of approximately HK\$37,089,000, after deducting intangible assets of approximately HK\$91,000 as at 30 September 2021, extracted from the published interim report of the Group for the six months ended 30 September 2021.
- 2 The unaudited consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 per Share is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the equity owners of the Company of approximately HK\$36,998,000 divided by 520,000,000 Shares in issue as at 30 September 2021.
- 3 The estimated net proceeds from the Rights Issue of approximately HK\$84,500,000 is calculated based on the maximum number of 312,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.275 per Share assuming full acceptance by the Qualifying Shareholders of the Rights Shares leaving no Untaken Shares or NQS Unsold Rights Shares to be placed in the Placing and after deduction of estimated related expenses of approximately HK\$1,300,000.

The estimated net proceeds from the Rights Issue of approximately HK\$40,613,000 is calculated based on 156,000,000 Shares including Placing of Untaken Shares and/or NQS Unsold Rights Shares to be issued at a minimum placing price of HK\$0.275 per Share assuming nil acceptance by the Qualifying Shareholders of the Rights Shares to render the Rights Issue and Placing unconditional, and after deduction of estimated related expenses of approximately HK\$2,287,000.

- 4 The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue per Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity owners of the Company immediately after completion of the Rights Issue of approximately HK\$121,498,000 or HK\$77,611,000, divided by 832,000,000 Shares or 676,000,000 Shares respectively, which represents (i) 520,000,000 Shares in issue as at 30 September 2021; and (ii) 312,000,000 Rights Shares to be issued, assuming full acceptance by the Qualifying Shareholders of the Rights Shares leaving no Untaken Shares or NQS Unsold Rights Shares to be placed in the Placing or 156,000,000 Shares including Placing of Untaken Shares and/or NQS Unsold Rights Shares to be issued assuming nil acceptance by the Qualifying Shareholders of the Rights Shares to render the Rights Issue and Placing unconditional (“**Maximum and Minimum Shares to be issued for the Rights Issue**”).
- 5 No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2021.

- 6 On 20 October 2021, a total of 104,000,000 new shares of the Company at nominal value of HK\$0.01 each were successfully placed at the placing price of HK\$0.250 per placing share. Upon the completion of the placing, the total number of issued shares of the Company increased from 520,000,000 shares to 624,000,000 shares. The net proceeds from the placing, after deducting commission and other expenses incidental to the placing, amounted to approximately HK\$25,300,000.

For illustrative purpose, the table below shows the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue and taken into consideration of the placing on 20 October 2021 per share, which is calculated based on the unaudited adjusted consolidated net tangible assets of the Group attributable to the equity owners of the Company immediately after completion of the Rights Issue and taken into consideration of the placing on 20 October 2021 of approximately HK\$146,798,000 or HK\$102,911,000, divided by 936,000,000 shares or 780,000,000 Shares respectively, which represents (i) 624,000,000 shares in issue as at 20 October 2021; and (ii) the Maximum and Minimum Shares to be issued for the Rights Issue.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue HK\$'000	Net proceeds from the placing on 20 October 2021 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue and taken into consideration of the placing on 20 October 2021 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2021 immediately after completion of the Rights Issue and taken into consideration of the placing on 20 October 2021 per Share HK\$
Based on 312,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.275 per Share	121,498	25,300	146,798	0.16
Based on a minimum of 156,000,000 Shares including Placing of Untaken Shares and/or NQS Unsold Rights Shares to be issued at HK\$0.275 per Share under the Minimum Proceeds Condition	77,611	25,300	102,911	0.13

*The following is the text of the independent reporting accountants' assurance report, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this Prospectus.*

**Deloitte.****德勤****B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of KNT Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of KNT Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 September 2021 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 20 January 2022 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one Rights Share (as defined in the Prospectus) for every two existing shares held on the Record Date (as defined in the Prospectus) (the “**Rights Issue**”) on the Group's financial position as at 30 September 2021 as if the proposed Rights Issue had taken place at 30 September 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended 30 September 2021, on which no review report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
20 January 2022

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus 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 Prospectus misleading.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of each of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of SFO); (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “**Model Code**”), to be notified to the Company and the Stock Exchange were as follows:

#### *Long position in the Shares*

Name of Directors	Capacity/Nature of Interest	Number of Shares Held	Percentage of Shares in Issue (Note 1)
Mr. Chong Sik	Interest in controlled corporation (Note 2)	235,950,000	37.81%
Mr. Chong Pun	Interest in controlled corporation (Note 3)	132,050,000	21.16%

#### *Notes:*

- The percentage is calculated based on the total number of 624,000,000 Shares in issue as at Latest Practicable Date.



2. These Shares were held by Strategic Elite Limited, a company which was beneficially and wholly-owned by Mr. Chong Sik. Mr. Chong Sik was deemed to be interested in all the Shares held by Strategic Elite Limited by virtue of the SFO.
3. These Shares were held by Total Clarity Investments Limited, a company which was beneficially and wholly-owned by Mr. Chong Pun. Mr. Chong Pun was deemed to be interested in all the Shares held by Total Clarity Investments Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practical Date, none of the other Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or as recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company or the Stock Exchange under the Model Code.

**(ii) Interests of substantial shareholders of the Company**

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any option in respect of such capital:

***Long position in the Shares***

Name of Substantial Shareholders	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Shares in Issue (Note 1)
Strategic Elite Limited	Beneficial owner	235,950,000	37.81%
Ms. Lok Pui Yee, Fanny	Interest of spouse (Note 2)	235,950,000	37.81%
Total Clarity Investments Limited	Beneficial owner	132,050,000	21.16%
Ms. Tsang Kit Fong	Interest of spouse (Note 3)	132,050,000	21.16%

Name of Substantial Shareholders	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Shares in Issue (Note 1)
Destiny Nova Group Limited	Interest of controlled corporation (Note 6)	61,528,000	9.86%
Outlets Asset Management Group Co., Limited	Beneficial Owner (Note 6)	61,528,000	9.86%

*Notes:*

- The percentage is calculated based on the total number of 624,000,000 Shares in issue as at Latest Practicable Date.
- Ms. Lok Pui Yee, Fanny is the spouse of Mr. Chong Sik and is deemed to be interested in all the Shares indirectly held or interested in by Mr. Chong Sik through Strategic Elite Limited pursuant to the SFO.
- Ms. Tsang Kit Fong is the spouse of Mr. Chong Pun and is deemed to be interested in all the Shares indirectly held or interested in by Mr. Chong Pun through Total Clarity Investments Limited pursuant to the SFO.
- Mr. Chong Sik is a director of Strategic Elite Limited.
- Mr. Chong Pun is a director of Total Clarity Investments Limited.
- Destiny Nova Group Limited is deemed to be interested in the 61,528,000 Shares through its 100% direct interest in Outlets Asset Management Group Co., Limited.

Save as disclosed above and as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any option in respect of such capital.

### 3. DISCLOSURE OF OTHER INTERESTS OF THE DIRECTORS IN ASSETS OR CONTRACTS OR ARRANGEMENTS

Save as disclosed in the following paragraphs headed “Connected Transaction” and “Continuing Connected Transactions”, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and there were no contracts or arrangements in which a Director was materially interested, directly or indirectly, in any subsisting contract or arrangement which was significant in relation to the business of the Group.

#### Connected Transactions

- (i) On 21 December 2017, Dong Guan HYG Garment Limited Company\* (東莞泓藝製衣有限公司) (“HYG”) as tenant entered into tenancy agreements with Mr. Chong Sik and Mr. Chong Pun (collectively, the “**Controlling Shareholders**”) as landlords (collectively the “**Leases**”), pursuant to which the Controlling Shareholders agreed to lease and HYG agreed to take the factory and staff dormitory situated at No.2 Industrial Area, Jiu Men Zhai, Humen Town, Dongguan City, Guangdong Province, the PRC\* (中國廣東省東莞市虎門鎮九門寨第二工業區)(the “**Leased Site**”) for a term of three years commencing from 1 April 2018 and expiring on 31 March 2021 at the monthly rent of RMB97,600 for the first year, RMB117,120 for the second year and RMB126,880 for the third year for the lease of the factory and RMB41,108.76 for the first year, RMB48,939 for the second year and RMB52,854.12 for the third year for the lease of the staff dormitory.

On 1 April 2021, HYG entered into a tenancy agreement (the “**Relevant Tenancy Agreement**”) with the Controlling Shareholders for renewing the lease of the Leased Site for a term of one year commencing from 1 April 2021 and expiring on 31 March 2022 at a monthly rental of RMB146,400 for the lease of the factory and RMB60,684.36 for the lease of the staff dormitory.

In view of the continuous adverse impact from COVID-19 on the business environment and financial performance of the Group, on 30 April 2021, HYG entered into a supplementary agreement (the “**First Supplementary Agreement**”) with the Controlling Shareholders pursuant to which the Controlling Shareholders agreed to waive the rental for the Leased Site from 1 May 2021 to 31 March 2022.

On 1 October 2021, HYG entered into another supplementary agreement with the Controlling Shareholders pursuant to which the Controlling Shareholders and HYG agreed to terminate the First Supplementary Agreement and that HYG shall pay the rental for the Leased Site in accordance with the Relevant Tenancy Agreement upon termination of the First Supplementary Agreement.

Further details of this transaction are set out on pages 50 – 51 of 2021 Annual Report of the Company.

- (ii) On 4 November 2020, KNT Group Limited (“**KNTGL**”), a wholly-owned subsidiary of the Company, as licensee entered into license agreements with Mr. Chong Pun and MPBG Limited, a company incorporated in the British Virgin Islands and wholly-owned by the Controlling Shareholders, as licensors respectively, pursuant to which the licensors, as the legal and beneficial owners of certain trademarks, domain names and logos (collectively, the “**IP Rights**”), agreed to grant to KNTGL, including its majority-owned holding companies, wholly-owned subsidiaries or affiliated companies, the exclusive right and license to use the IP Rights for the sale of bridesmaid dresses, bridal gowns, special occasion dresses, fashion apparels or other related products in the whole areas of the PRC (including Hong Kong but excluding Macau, Taiwan) for a period commencing from 4 November 2020 and expiring on 3 November 2023, renewable at the end of each three year term subject to agreement between the licensee and the licensors. The license fee payable by the licensee to each of the licensors is HK\$1 per year.

Further details of this transaction are set out on page 51 of 2021 Annual Report of the Company.

#### **Continuing Connected Transactions**

On 31 January 2019, KNT Limited (“**KNT**”), a wholly-owned subsidiary of the Company and Veromia Limited (“**Veromia**”), a limited company incorporated in the United Kingdom and wholly-owned by Mr. Chong Sik, entered into a sales framework agreement (the “**Sales Framework Agreement**”), pursuant to which the Group agreed to sell and Veromia agreed to purchase bridal gowns, bridesmaid dresses and special occasion dresses from the Group for the period commencing from 28 February 2019 and expiring on 31 March 2021.

On 1 April 2021, KNT and Veromia entered into a sales framework agreement (the “**2021 Sales Framework Agreement**”), pursuant to which KNT has agreed to continue to sell bridal gowns, bridesmaid dresses and special occasion dresses to Veromia for a period commencing from 1 April 2021 and expiring on 31 March 2024.

Further details of this transaction are set out on pages 51 – 52 of 2021 Annual Report of the Company and the announcement of the Company dated 1 April 2021.

## 4. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following Completion (assuming no further issue of Shares from the Latest Practicable Date to the Completion) will be as follows:

## (a) As at the Latest Practicable Date

HK\$

**Authorised share capital:**

<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
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**Issued and fully paid:**

<u>624,000,000</u>	Shares of HK\$0.01 each	<u>6,240,000</u>
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## (b) Immediately following the Completion (assuming all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)

HK\$

**Authorised share capital:**

<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
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**Issued and fully paid:**

624,000,000	Shares of HK\$0.01 each	6,240,000
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<u>312,000,000</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>3,120,000</u>
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<u>936,000,000</u>	Shares in issue immediately upon Completion	<u>9,360,000</u>
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All the issued Shares in the capital of the Company rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares. Reference is made to the announcements of the Company dated 20 October 2021 and 30 September 2021. As disclosed in the aforementioned announcements, the completion of the placing of 104,000,000 Shares to six independent placees has taken place on 20 October 2021. Save as disclosed above, the Company has not issued any Shares since 31 March 2021, being the date on which the latest audited financial statements of the Group were made up.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought, on any other stock exchange. Accordingly, there are no dealing and settlement arrangements securities of the Company between the Stock Exchange and any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are or will be waived or agreed to be waived.

#### ***The Share Option Scheme***

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities in issue or other similar rights which confer any right to convert into or subscribe for Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option.

### **5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## 6. MATERIAL CONTRACTS

In the two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any members of the Group which are or may be material:

- (i) the Placing Agreement dated 14 January 2022 between the Company and the Placing Agent (as the placing agent) pursuant to which (1) the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 312,000,000 Untaken Shares and/or NQS Unsold Rights Shares (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue) at a price no less than the Subscription Price to not less than six placees whose ultimate beneficial owners shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (2) the Placing Agent shall receive the Commitment Fee and the Commission. For details, please refer to the section headed “Letter from the Board – The Rights Issue – Placing Agreement for the Untaken Shares and the NQS Unsold Rights Shares” in this Prospectus;
- (ii) the Previous Placing Agreement dated 19 December 2021 between the Company and the Previous Placing Agent (as the placing agent) pursuant to which (1) the Company has conditionally agreed to place through the Previous Placing Agent, on a best effort basis, up to 312,000,000 Untaken Shares and/or NQS Unsold Rights Shares (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders under the Rights Issue) at a price no less than the Subscription Price to not less than six placees whose ultimate beneficial owners shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (2) the Previous Placing Agent shall receive (a) a commitment fee equalling to 0.10% of the maximum potential gross proceeds raised by the Rights Issue before expenses, and payable by the Company upon the signing of the Previous Placing Agreement, and (b) subject to completion of the Placing, the Company shall pay to the Previous Placing Agent a placing commission equal to 2.50% of the placing price multiplied by the number of Untaken Shares and NQS Unsold Rights Shares successfully placed by the Previous Placing Agent pursuant to the terms of the Previous Placing Agreement. For details, please refer to the Announcement;

- (iii) the placing agreement dated 30 September 2021 between the Company and Placing Agent (as the placing agent) pursuant to which (1) the Company has conditionally agreed to place through Placing Agent, on a best effort basis, up to 104,000,000 placing shares of the Company at the placing price of HK\$0.250 per placing share of the Company to not less than six places who and whose beneficial owners shall be parties who are independent of, and not connected with the directors, chief executive or substantial shareholders of each of the Company, its subsidiaries and their respective associates, in accordance with the Listing Rules; and (2) the placing commission to be received by Placing Agent is 2.5% of the aggregate placing price of the placing shares (being HK\$650,000). For details, please refer to the announcements of the Company dated 30 September 2021, 20 October 2021 and 29 October 2021;
- (iv) the cancellation agreement dated 15 September 2021 between KNT International Holdings Limited (“**KNT International**”, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company) and 1949 Company Limited rescinding the preliminary sale and purchase agreement dated 21 June 2021 and pursuant to which (1) the deposit of HK\$500,000 paid by 1949 Company Limited to KNT International under the preliminary sale and purchase agreement dated 21 June 2021 was forfeited by the KNT International in full and (2) final settlement of all claims between the KNT International and 1949 Company Limited under the preliminary sale and purchase agreement dated 21 June 2021. For details, please refer to the announcement of the Company dated 15 September 2021;
- (v) the preliminary sale and purchase agreement dated 21 June 2021 between KNT International, as the vendor, and 1949 Company Limited, as the purchaser, for the disposal of the properties located at (i) Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto; and (ii) Workshop no. 3 on 17th Floor of EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$23,000,000. For details, please refer to the announcement of the Company dated 21 June 2021;
- (vi) the formal sale and purchase agreement dated 28 February 2020 entered into between Cannex Limited, as the vendor, and KNT, as the purchaser, in relation to the acquisition of (i) Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto; (ii) Workshop no. 3 on 17th Floor; and (iii) Van car park No. V3 on 1st Floor of EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$20,000,000. For details, please refer to the announcement of the Company dated 20 February 2020; and



(vii) the preliminary sale and purchase agreement dated 20 February 2020 entered into between Cannex Limited, as the vendor, and KNT, as the purchaser, in relation to the acquisition of (i) Workshop no. 3 on 2nd Floor and Flat Roof no. 3 adjacent thereto; (ii) Workshop no. 3 on 17th Floor; and (iii) Van car park No. V3 on 1st Floor of EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong at a consideration of HK\$20,000,000. For details, please refer to the announcement of the Company dated 20 February 2020.

## **7. CLAIMS AND LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## **8. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinions or advice contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Registered Public Interest Entity Auditors <i>Certified Public Accountants</i>

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and/or opinion (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 March 2021, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to, any members of the Group.

The accountant's report of Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group is given as of the Latest Practicable Date for incorporation herein.

## 9. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

<b>Registered Office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Principal place of business in Hong Kong</b>	30th Floor EW International Tower No. 120 Texaco Road Tsuen Wan New Territories Hong Kong
<b>Principal share registrar and transfer office</b>	<b>Conyers Trust Company (Cayman) Limited</b> Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	<b>Tricor Investor Services Limited</b> Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company secretary</b>	<b>Ms. CHAN Nga Chun</b> (a member of the Hong Kong Institute of Certified Public Accountants) Flat D, 42/F Tower 2B, The Pavilia Bay 51 Wing Shun Street Tsuen Wan, New Territories Hong Kong
<b>Authorised representatives</b>	<b>Mr. Chong Sik</b> House 83, Miami Crescent 328 Fan Kam Road Sheung Shui, New Territories Hong Kong  <b>Ms. Chan Nga Chun</b> Flat D, 42/F Tower 2B, The Pavilia Bay 51 Wing Shun Street Tsuen Wan, New Territories Hong Kong

<b>Principal bankers</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b> 1 Queen's Road Central Hong Kong
	<b>DBS Bank (Hong Kong) Limited</b> 11th Floor, The Center 99 Queen's Road Central Central Hong Kong
<b>Auditor and Reporting Accountant</b>	<b>Deloitte Touche Tohmatsu</b> Registered Public Interest Entity Auditor <i>Certified Public Accountants</i> 35/F One Pacific Place 88 Queensway Hong Kong
<b>Legal advisers to the Company</b>	<b>Gallant</b> 5/F Jardine House 1 Connaught Place Central Hong Kong
<b>Legal advisers to the Company in relation to the Rights Issue</b>	<i>As to laws of Hong Kong</i> <b>Ronald Tong &amp; Co</b> Room 501, 5/F., Sun Hung Kai Centre 30 Harbour Road, Hong Kong

## 10. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Set out below are the particulars and biographies of the existing Directors and senior management of the Company:

### (a) Business address of the Directors and the senior management of the Company

The business address of the Directors and the senior management of the Company is the same as the principal place of business in Hong Kong of the Company located at 30th Floor, EW International Tower, No. 120 Texaco Road, Tsuen Wan, New Territories, Hong Kong.

**(b) Biographies of the Directors of the Company*****Executive Directors***

**Mr. Chong Sik (莊碩先生)**(“**Mr. S Chong**”), aged 54, is one of the co-founders of the Group and incorporated KNT in February 1993. Mr. S Chong is currently the chairman, chief executive officer and executive Director. He is also a director of KNT Group Limited (“**KNTGL**”), KNT International Holdings Limited (“**KNT International**”), MyStyle Limited (“**MyStyle**”) (formerly known as KNT MyStyle Limited), KNT Global Trading Limited (“**KNT Global**”) and the legal representative of Dongguan KNT E-commerce & Technology Company Limited\* (東莞嘉藝電商貿易有限公司). He was appointed as a Director on 5 July 2016 and re-designated as an executive Director on 23 April 2018. He is the younger brother of Mr. Chong Pun (“**Mr. P Chong**”). He is primarily responsible for the Group’s overall strategic planning, corporate management and business development.

Mr. S Chong was awarded the Professional Diploma in Diagnostic Radiography from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1991. He commenced his start-up business in 1993 by incorporating KNT together with Mr. P Chong and since then has accumulated over 25 years of experience in bridal wear and special occasion dresses business.

In January 2003, Mr. S Chong further established Dong Guan HYG Garment Limited Company\* (東莞泓藝製衣有限公司)(“**HYG**”) together with Mr. P Chong to meet the business expansion needs and develop a design and manufacturing capacity with a view to provide one-stop solutions to our customers. Mr. S Chong is currently a member of Chinese People’s Political Consultative Conference (“**CPPCC**”) Yunfu Committee, a member of standing committee of CPPCC Yunfu Committee, a president of The Friendship Liaison Association of the CPPCC Hong Kong Members of Yunfu City Limited and a council member of Yunfu Public Diplomacy Association.

**Mr. Chong Pun (莊斌先生)**, aged 57, is an executive Director and one of the co-founders of the Group. He was appointed as a Director on 9 August 2016 and re-designated as an executive Director on 23 April 2018. Mr. P Chong is the elder brother of Mr. S Chong. He is also a director of KNTGL, KNT International, MyStyle, KNT Global and the legal representative of HYG. He is responsible for the overall management of the Group’s operations, general administration and compliance matters in the PRC.

Mr. P Chong received secondary school education in the PRC and graduated in 1978. During the period from 1983 to 1992, he worked as a factory manager in Florist Trading Company (H.K.) Limited, of which the principal business is manufacturing of festival decorative products. He set up KNT together with Mr. S Chong in February 1993 and has been a director of KNT since April 1993. In January 2003, Mr. P Chong, together with Mr. S Chong, established HYG to meet the business expansion needs and since then has been the legal representative of HYG. He possesses over 25 years of experience in the bridal wear and special occasion dresses business.

**Mr. Lam Chi Yuen (林志遠先生)**, aged 48, is an executive Director and the chief operating officer of the Group. He was appointed as an executive Director on 23 April 2018. He is responsible for overseeing the daily operation of the Group, including but not limited to procurement, production, shipping and marketing. Mr. Lam was awarded a Bachelor of Arts degree with second class honours in Clothing Studies from the Hong Kong Polytechnic University in November 1996. He joined the Group in July 1996 as junior merchandiser. He was promoted as senior merchandiser in April 2003 and was further promoted as merchandising manager in July 2007. He was subsequently promoted as the chief operating officer in April 2017. Mr. Lam possesses over 20 years of experience in the bridal wear and special occasion dresses business.

**Mr. Zhou Hai (周海先生)**, aged 60, has been appointed as an executive Director with effect from 29 October 2021. Mr. Zhou obtained a Master's Degree in Economics from Chinese Academy of Social Sciences\* (中國社會科學院) in 2002, a Master's Degree in Economics from Qinghai Normal University\* (青海師範大學) in 2007. He has also obtained the qualifications of senior economist certified by the Appraisal and Approval Committee for Professional & Technical Qualification in 1997. Mr. Zhou has over 30 years of experience in insurance and asset management. In 2009, Mr. Zhou was appointed as the committee secretary and general manager of Jiangxi Branch Office of PICC Property and Casualty Company Limited\* (中國人民財產保險股份有限公司). In 2015, Mr. Zhou was appointed as the party committee member and the vice president of PICC Life Insurance Company Limited\* (中國人民人壽保險股份有限公司). In 2017, Mr. Zhou was appointed as the party committee member and the vice president of PICC Asset Management Company Limited\* (中國人保資產管理有限公司).

*Non-executive Director*

**Mr. Hu Shilin (胡仕林先生)**, aged 65, has been appointed as the non-executive Director with effect from 29 October 2021. Mr. Hu graduated from Air Force Number One Aviation School\* (空軍第一航空學校) in 1985. He further obtained a Postgraduate Degree in Economics from Party School of the Central Committee of the Chinese Communist Party\* (中共中央黨校) in 2005 and a Master's Degree in Business Management from Tsinghua University\* (清華大學) in 2012. He has over thirty years of experience in business management. In 2010, he was appointed as the director of Beijing Capital Development Holding (Group) Co., Ltd.\* (北京首都開發控股(集團)有限公司) (“**Beijing Capital Development**”) and was subsequently appointed as the vice-chairman of Beijing Capital Development in 2016.

*Independent Non-executive Directors*

**Mr. Leung Martin Oh Man (梁傲文先生)**, aged 41, was appointed as an independent non-executive Director on 31 January 2019. Mr. Leung graduated from the University of Toronto with a Bachelor of Commerce degree in November 2002. He was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) in July 2006 and a member of the Hong Kong Institute of Surveyors in January 2014. He is currently registered as a certified public accountant (practising) of HKICPA.

Mr. Leung has over 15 years of experience in the field of financing, financial management, accounting, auditing and valuation. He worked with Deloitte Touche Tohmatsu from March 2003 to March 2011, where he was principally responsible for audit related matters and was also engaged with accounting and taxation related matters. He is currently serving as the general manager of TL Property Consultants International Limited responsible for making and execution of the company's strategy and management of human resources and daily operation.

Mr. Leung has been serving as an independent non-executive director of Global Strategic Group Limited (a company listed on the GEM of the Stock Exchange, stock code: 8007) since October 2014. He also is serving various social responsibilities, including member of the CPPCC of Xuhui District of Shanghai, fellow member of the professionals committee of Shanghai Chinese Overseas Friendship Association, founding member of the Hong Kong Professionals and Senior Executives Association and director of the International Nature Loving Association Limited.

**Mr. Lau Koong Yep (劉冠業先生)**, aged 44, was appointed as an independent non-executive Director on 31 January 2019. Mr. Lau was awarded a Bachelor of Business Administration degree in Quantitative Analysis for Business Student (minoring Finance) from the City University of Hong Kong in July 1999. He was in the direct selling and social commerce industry for over 16 years. Mr. Lau currently works with Viiva, LLC and serves as the Global Director, Global Chief Operating Officer and International Chief Executive Officer. He worked with Lotus Wellness Limited\* (荷康人體博物館管理服務(馬鞍山)有限公司) from June 2020 to June 2021 with his last position as the chief executive officer. He worked with Jason Pharmaceuticals Inc., a wholly owned subsidiary of Medifast, Inc. (a company listed in the New York Stock Exchange with stock code: MED) from October 2018 to June 2020 with his last position as the market vice president of business development for Asia Pacific. He worked with WeMedia Shopping Network Technology Co. Limited (“**WeMedia**”) from February 2017 to October 2017 with his last position as the chief operating officer. Before Mr. Lau joined WeMedia, he worked with NU SKIN Enterprises Hong Kong, LLC from June 2012 to December 2016 with his last position as a vice president, executive partners Greater China. He also worked with USANA Hong Kong Limited from 2011 to 2012, Market Hong Kong Limited from 2007 to 2010 and Herbalife International of Hong Kong Limited from 2001 to 2004.

Mr. Lau is also dedicated to various social responsibilities. He is currently a member of the National Committee of the CPPCC of Guilin and a director of the Hong Kong Shanxi Chamber of Commerce.

**Mr. Yuen King Sum (袁景森先生)**, aged 58, was appointed as an independent non-executive Director on 31 January 2019. Mr. Yuen graduated from Hang Seng School of Commerce (now known as The Hang Seng University of Hong Kong) with a Diploma in Business Studies in July 1984. He was admitted as a Fellow of Life Management Institute in 1987.

Mr. Yuen has over 30 years of experience in the operation, marketing and management of insurance companies. He worked with Hong Kong Family Insurance Co., Ltd as an administrative assistant from August 1984 to July 1987, and subsequently worked with the American International Underwriters, Limited (now known as AIG Insurance Hong Kong Limited) from November 1987 to March 2010 as an insurance agent. Since July 2010, Mr. Yuen has been working with Finexis Advisory (HK) Limited and is presently holding the position as chief agency officer.

**Mr. Lau Kwok Fan (劉國勳先生)**, aged 40, was appointed as an independent non-executive Director on 31 January 2019. Mr. Lau was awarded a Bachelor of Arts degree in Public Administration and Management from De Montfort University in June 2006 and a Master of Arts degree in Sociology from the Chinese University of Hong Kong in December 2010. Mr. Lau is currently a member of the Legislative Council of Hong Kong. In February 2018 he was appointed by the Chief Executive of Hong Kong as a member of the Betting and Lotteries Commission. Mr. Lau serves as a member of the university council of the Chinese University of Hong Kong. Meanwhile, he is a board member of Hong Kong Cyberport Management Company Limited. Mr. Lau is also a member of the Beijing Committee of the CPPCC and a member of the Jiangmen Committee of the CPPCC.

**(c) Biographies of the senior management of the Company**

**Ms. Chan Nga Chun (陳雅珍女士)**, aged 43, is the chief financial officer and company secretary. Ms. Chan joined the Group in June 2017 as the chief financial officer and was further appointed as the Company's company secretary on 23 April 2018, and is responsible for the overall accounting, financial management and reporting, and company secretarial matters of the Group. Ms. Chan obtained a bachelor's degree in accountancy from The Hong Kong Polytechnic University in November 2001. She is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over 15 years of experience in accounting and auditing. Ms. Chan worked at various accounting firms in the audit department during August 2001 to December 2004. From January 2005 to August 2008, Ms. Chan worked at Deloitte Touche Tohmatsu and her last position was a senior in the audit department. From January 2009 to May 2013 and January 2014 to December 2016, Ms. Chan worked at SHINEWING (HK) CPA Limited and her last position was a senior audit manager.

**11. EXPENSES**

The expenses in connection with the Rights Issue, including the printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$1.3 million, which are payable by the Company.

**12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents and the written consent referred to in the section headed "8. Expert and Consent" in this Appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies (WUMP) Ordinance.



**13. LANGUAGE**

The English text of this Prospectus shall prevail over its Chinese text in case of inconsistency.

**14. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

**15. DOCUMENTS ON DISPLAY**

Electronic copies of the following documents are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.kntholdings.com](http://www.kntholdings.com)) for a period of 14 days from the date of this Prospectus (both days inclusive):

- (i) the report on the unaudited pro forma financial information of the Group from Deloitte Touche Tohmatsu as set out in Appendix II to this Prospectus;
- (ii) the material contracts referred to in the section headed “6. Material Contracts” in this Appendix; and
- (iii) the written consent referred to in the section headed “8. Expert and Consent” in this Appendix.