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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)**

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE LEASE AGREEMENTS**

### **THE LEASE AGREEMENTS**

On 21 April 2022, HYG as tenant, entered into the Lease Agreements, namely the Dongguan Factory Lease Agreement and the Dongguan Dormitory Lease Agreement, with each of Mr. S Chong and Mr. P Chong, as landlords, with a term commencing from 1 April 2022 to 31 March 2023 (both days inclusive) to renew the Previous Lease Agreements, namely, the Previous Dongguan Factory Lease Agreement and the Previous Dongguan Dormitory Lease Agreement, both of which have already expired by 31 March 2022, for the operation of the Group.

### **LISTING RULES IMPLICATIONS**

Each of Mr. S Chong and Mr. P Chong is an executive Director and a Controlling Shareholder and is a connected person of the Company. Accordingly, the transactions contemplated under the Lease Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

\* For identification purpose only

As one of the applicable percentage ratios in respect of the annual cap for the transactions contemplated under the Lease Agreements on an aggregate basis is more than 5% but all the applicable percentage ratios are less than 25% and the transaction amount for the transactions contemplated under the Lease Agreements for the year ending 31 March 2023 is less than HK\$10.00 million, the transactions contemplated under the Lease Agreements will be subject to reporting, announcement and annual review requirements but will be exempted from independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **INTRODUCTION**

On 21 April 2022, HYG as tenant, entered into the Lease Agreements, namely the Dongguan Factory Lease Agreement and the Dongguan Dormitory Lease Agreement, with each of Mr. S Chong and Mr. P Chong, as landlords, with a term commencing from 1 April 2022 to 31 March 2023 (both days inclusive) to renew the Previous Lease Agreements, namely, the Previous Dongguan Factory Lease Agreement and the Previous Dongguan Dormitory Lease Agreement, both of which have already expired by 31 March 2022, for the operation of the Group.

The principal terms of each of the Lease Agreements are summarised below.

## **THE LEASE AGREEMENTS**

### **1. Dongguan Factory Lease Agreement**

#### ***Date***

21 April 2022

#### ***Parties***

- (a) HYG, as tenant
- (b) Mr. S Chong and Mr. P Chong, as landlords

### ***Description of the Factory, term and monthly rental***

The factory is 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) with a total gross floor area of 9,760.00 square meters (the “**Factory**”). It is currently used by HYG for factory purpose.

The term of the Dongguan Factory Lease Agreement is one year commencing from 1 April 2022 and expiring on 31 March 2023 (both days inclusive). In the event that HYG intends to continue to rent the Factory upon the expiry of the Dongguan Factory Lease Agreement, HYG shall notify Mr. S Chong and Mr. P Chong three months in advance before the expiry of the Dongguan Factory Lease Agreement. If the Factory is still available for renting, HYG shall have the priority to renew the lease on the same terms and conditions as those offered to other third parties.

The monthly rental (exclusive of utilities and other outgoings) under the Dongguan Factory Lease Agreement is RMB156,160.00 (equivalent to approximately HK\$191,600.00).

The rental payable under the Dongguan Factory Lease Agreement was determined by the parties to the Dongguan Factory Lease Agreement on arm’s length basis with reference to (a) the current rental paid by HYG for the Factory pursuant to the Previous Dongguan Factory Lease Agreement; and (b) the prevailing market price of the properties nearby.

## **2. Dongguan Dormitory Lease Agreement**

### ***Date***

21 April 2022

### ***Parties***

- (a) HYG, as tenant
- (b) Mr. S Chong and Mr. P Chong, as landlords

### ***Description of the Dormitory, term and monthly rental***

The staff dormitory is 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) with a total gross floor area of 3,915.12 square meters (the “**Dormitory**”). It is currently used by HYG for staff dormitory purpose.

The term of the Dongguan Dormitory Lease Agreement is one year commencing from 1 April 2022 and expiring on 31 March 2023 (both days inclusive). In the event that HYG intends to continue to rent the Dormitory upon the expiry of the Dongguan Dormitory Lease Agreement, HYG shall notify Mr. S Chong and Mr. P Chong three months in advance before the expiry of the Dongguan Dormitory Lease Agreement. If the Dormitory is still available for renting, HYG shall have the priority to renew the lease on the same terms and conditions as those offered to other third parties.

The monthly rental (exclusive of utilities and other outgoings) under the Dongguan Dormitory Lease Agreement is RMB64,599.48 (equivalent to approximately HK\$79,200.00).

The rental payable under the Dongguan Dormitory Lease Agreement was determined by the parties to the Dongguan Dormitory Lease Agreement on arm’s length basis with reference to (a) the current rental paid by HYG for the Dormitory pursuant to the Previous Dongguan Dormitory Lease Agreement; and (b) the prevailing market price of the properties nearby.

### **ANNUAL CAPS**

The proposed annual cap under the Lease Agreements for the year ending 31 March 2023 is HK\$3.50 million.

The aggregate amount payable by HYG to Mr. S Chong and Mr. P Chong in respect of the lease of the Factory under the Previous Dongguan Factory Lease Agreement for the year ended 31 March 2022 was RMB1,024,800.00 (equivalent to approximately HK\$1,257,400.00). The aggregate amount payable by HYG to Mr. S Chong and Mr. P Chong in respect of the lease of the Dormitory under the Previous Dongguan Dormitory Lease Agreement for the year ended 31 March 2022 was RMB424,790.52 (equivalent to approximately HK\$521,200.00).

The annual cap was determined with reference to (a) the historical aggregate amounts payable by HYG to Mr. S Chong and Mr. P Chong under the Previous Lease Agreements; (b) the rentals payable by HYG to Mr. S Chong and Mr. P Chong stipulated under the Lease Agreements; and (c) potential fluctuation of exchange rates concerned in respect of the calculation of rentals payable by HYG under the Lease Agreements.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

HYG has been leasing the Factory from Mr. S Chong and Mr. P Chong for use as factory purpose for more than seven years, and intends to continue the lease after the expiry of the Previous Dongguan Factory Lease Agreement through the Dongguan Factory Lease Agreement. The above property is rented as to the practical business needs of the Group. By entering into of the Dongguan Factory Lease Agreement to renew the lease, HYG can avoid incurring removal fees, renovation fees and all other incidental cost and expenses for moving into new properties.

HYG has been leasing the Dormitory from Mr. S Chong and Mr. P Chong for use as staff dormitory purpose for more than seven years, and intends to continue the lease after the expiry of the Previous Dongguan Dormitory Lease Agreement through the Dongguan Dormitory Lease Agreement. The above property is rented as to the practical business needs of the Group. By entering into of the Dongguan Dormitory Lease Agreement to renew the lease, HYG can avoid incurring removal fees, renovation fees and all other incidental cost and expenses for moving into new properties.

The Directors (including the independent non-executive Directors) consider that the terms of the Lease Agreements (including the annual cap) are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Having considered the material interest of Mr. S Chong and Mr. P Chong as the landlords under the Lease Agreements, each of Mr. S Chong and Mr. P Chong has abstained from voting on the resolutions of the Board approving the Lease Agreements and the transactions contemplated thereunder. Save as disclosed above, to the best of knowledge of the Directors having made all reasonable enquiries, none of the other Directors has a material interest in the Lease Agreements and the transactions contemplated thereunder and thus, was required to abstain from voting on the resolutions of the Board approving the Lease Agreements and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

Each of Mr. S Chong and Mr. P Chong is an executive Director and a controlling shareholder and is a connected person of the Company. Accordingly, the transactions contemplated under the Lease Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the annual cap for the transactions contemplated under the Lease Agreements on an aggregate basis is more than 5% but all the applicable percentage ratios are less than 25% and the transaction amount for the transactions contemplated under the Lease Agreements for the year ending 31 March 2023 is less than HK\$10.00 million, the transactions contemplated under the Lease Agreements will be subject to reporting, announcement and annual review requirements but will be exempted from independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## **GENERAL INFORMATION**

The Group is a one-stop solution provider of bridesmaid dresses, bridal gowns, special occasion dresses and principally sells its products to brand apparel companies mainly based in the United States. In addition, the Group is engaged in online business for the sale of fashion apparels.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	KNT Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dongguan Dormitory Lease Agreement”	the lease agreement dated 21 April 2022 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords) in relation to the lease of the Dormitory from 1 April 2022 to 31 March 2023 (both days inclusive)
“Dongguan Factory Lease Agreement”	the lease agreement dated 21 April 2022 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords) in relation to the lease of the Factory from 1 April 2022 to 31 March 2023 (both days inclusive)
“First Supplemental Agreement”	the supplemental agreement dated 30 April 2021 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords), pursuant to which Mr. S Chong and Mr. P Chong agreed to waive the rentals for the Factory and the Dormitory from 1 May 2021 to 31 March 2022 under the Previous Lease Agreements
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HYG”	Dong Guan HYG Garment Limited Company* (東莞泓藝製衣有限公司), a company established in the PRC with limited liability on 22 January 2003 and an indirect wholly-owned subsidiary of the Company
“Lease Agreements”	the Dongguan Factory Lease Agreement and the Dongguan Dormitory Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. S Chong”	Mr. Chong Sik (莊碩), an executive Director, the chairman of the Board and the chief executive officer of the Company, a controlling shareholder and brother of Mr. P Chong
“Mr. P Chong”	Mr. Chong Pun (莊斌), an executive Director, a controlling shareholder and brother of Mr. S Chong
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Previous Lease Agreements”	the Previous Dongguan Factory Lease Agreement and the Previous Dongguan Dormitory Lease Agreement
“Previous Dongguan Dormitory Lease Agreement”	the lease agreement dated 1 April 2021 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords) in relation to the lease of the Dormitory from 1 April 2021 to 31 March 2022 (both days inclusive), as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement
“Previous Dongguan Factory Lease Agreement”	the lease agreement dated 1 April 2021 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords) in relation to the lease of the Factory from 1 April 2021 to 31 March 2022 (both days inclusive), as supplemented by the First Supplemental Agreement and the Second Supplemental Agreement
“Second Supplemental Agreement”	the supplemental agreement dated 1 October 2021 entered into between HYG (as tenant) and Mr. S Chong and Mr. P Chong (as landlords), pursuant to which the parties thereto agreed to terminate the First Supplemental Agreement and that HYG shall pay the rentals for the Factory and the Dormitory in accordance with the Previous Lease Agreements upon termination of the First Supplemental Agreement (i.e. starting from 1 October 2021)



“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

*In this announcement, for illustration purposes only, the exchange rate between RMB and HK\$ is HK\$1=RMB0.815. No representation is made that any amounts of RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.*

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

Hong Kong, 21 April 2022

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Chong Sik, Mr. Chong Pun, Mr. Lam Chi Yuen and Mr. Zhou Hai; one non-executive Director, namely Mr. Hu Shilin; and four independent non-executive Directors, namely Mr. Leung Martin Oh Man, Mr. Lau Koong Yep, Mr. Yuen King Sum and Mr. Lau Kwok Fan.*