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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 TRANSACTION
REVISION OF ANNUAL CAPS
FOR THE 2021 SALES FRAMEWORK AGREEMENT
FOR THE SALES WITH VEROMIA LIMITED**

**REVISION OF ANNUAL CAPS FOR THE 2021 SALES FRAMEWORK
AGREEMENT**

Reference is made to the prospectus issued by the Company dated 15 February 2019 (the “**Prospectus**”), and the announcements of the Company dated 1 April 2021 and 20 April 2021 in respect of, among other things, the 2021 Sales Framework Agreement entered into between KNT and Veromia. In view of the increase in sales by the Group to Veromia with the business growth of Veromia, the Board envisages that the existing annual caps for the years ending 31 March 2023 and 2024 will not be sufficient. Therefore, on 20 January 2023 (after trading hours), KNT and Veromia entered into the Supplemental Agreement to revise the existing annual caps for the years ending 31 March 2023 and 2024.

* For identification purpose only

IMPLICATION OF THE LISTING RULES

As all the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the revised annual caps under the Supplemental Agreement are less than 25% and each of the revised annual caps under the Supplemental Agreement is less than HK\$10.0 million, the transactions contemplated under the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) would be subject to announcement, reporting and annual review but are exempted from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A.76(2) of the Listing Rules.

REVISION OF ANNUAL CAPS FOR THE 2021 SALES FRAMEWORK AGREEMENT

Reference is made to the Prospectus and the announcements of the Company dated 1 April 2021 and 20 April 2021, in respect of, among other things, the 2021 Sales Framework Agreement entered into between KNT and Veromia.

In view of the increase in sales by the Group to Veromia with the business growth of Veromia, the Board envisages that the existing annual caps for the years ending 31 March 2023 and 2024 will not be sufficient. Therefore, on 20 January 2023 (after trading hours), KNT and Veromia entered into the Supplemental Agreement to revise the existing annual caps for the years ending 31 March 2023 and 2024.

Historical Transaction Amounts

Under the 2021 Sales Framework Agreement, 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 to 31 March 2024.

In respect of such sale, the approximate historical transaction amounts for the year ended 31 March 2022 and the eight months ended 30 November 2022 were as follows:

	Year ended 31 March 2022	Eight months ended 30 November 2022
	<i>HK\$ million</i> (audited)	<i>HK\$ million</i> (unaudited)
Sales to Veromia	<u>4.7</u>	<u>5.3</u>

Existing and Revised Annual Caps

The existing annual caps for the years ending 31 March 2023 and 2024 under the 2021 Sales Framework Agreement is revised as per below:

	Year ending 31 March 2023	Year ending 31 March 2024
	<i>HK\$ million</i>	<i>HK\$ million</i>
Existing annual cap under the 2021 Sales Framework Agreement	7.0	8.0
Revised annual cap under the Supplemental Agreement	<u>9.8</u>	<u>9.8</u>

Save for such revision in the annual caps for the years ending 31 March 2023 and 2024, other terms of the 2021 Sales Framework Agreement shall remain valid and in full force and effect.

The revised annual caps under the Supplemental Agreement are determined with reference to: (i) historical transaction amount in respect of the sale of products to Veromia under the 2021 Sales Framework Agreement for the eight months ended 30 November 2022; and (ii) the expected increasing demand of such products from Veromia in 2023 and 2024 owing to its business recovery after the relaxed control of the pandemic and the estimated increase in events held.

REASONS FOR AND THE BENEFITS OF THE REVISED ANNUAL CAPS

The Group is a one-stop solution provider of bridesmaid dresses, bridal gowns and special occasion dresses and principally sells its products to brand apparel companies based in the United States.

Veromia is a limited company incorporated in the United Kingdom and wholly-owned by Mr. S Chong. Veromia is principally engaged in the design, import and wholesale of bridal gowns, bridesmaid dresses and special occasion dresses and has over 300 wholesale distribution channels in the United Kingdom and Europe.

Veromia attributed to a stable source of income historically and the Directors believe that the sale to Veromia should be continued and is commercially sound and is fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The Board has been carefully monitoring the historical transacted amounts of the transactions contemplated under the 2021 Sales Framework Agreement. Taking into account of the transaction amount for the eight months ended 30 November 2022 and the increasing demand of products under the 2021 Sales Framework Agreement, the Board expected that the transacted amounts contemplated under the 2021 Sales Framework Agreement would exceed the existing annual caps for the years ending 31 March 2023 and 2024. The revised annual caps under the Supplemental Agreement will allow the Group to continue to sell those products to Veromia which increase the revenue of the Group.

Since Mr. S Chong has a material interest in the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement), he had therefore abstained from voting on board resolutions of the Company approving the Supplemental Agreement.

The Directors (excluding Mr. S Chong but including our independent non-executive Directors) consider that (i) the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) has been entered into in the ordinary and usual course of the business on normal commercial terms, and are fair and reasonable and in the interests of the Company and that of its Shareholders as a whole; and (ii) the revised annual caps under the Supplemental Agreement are fair and reasonable and in the interests of the Company and of its Shareholders as a whole.

CONNECTED PERSON

Veromia is a limited company incorporated in the United Kingdom and wholly-owned by Mr. S Chong. As Mr. S Chong is our executive Director and a Controlling Shareholder, Veromia is an associate of his and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) constitute continuing connected transactions under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the revised annual caps under the Supplemental Agreement are less than 25% and each of the revised annual caps under the Supplemental Agreement is less than HK\$10.0 million, the transactions contemplated under the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) would be subject to announcement, reporting and annual review but are exempted from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A.76(2) of the Listing Rules.

The Group will comply with the relevant requirements under Chapter 14A of the Listing Rules, including the revised annual caps under the Supplemental Agreement, and will comply with the relevant rules of Chapter 14A of the Listing Rules if any of the revised annual caps under the Supplemental Agreement are exceeded, or when the 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) is renewed or when there is a material change to the terms of the Sales Framework Agreement.

DEFINITIONS

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

“Annual Caps”	the maximum aggregate amount of sales of bridesmaid dresses, bridal gowns and special occasion dresses to Veromia under the 2021 Sales Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Company”	KNT Holdings Limited, a company incorporated in the Cayman Islands 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)”	the director(s) of the Company
“Group”	the Company and the subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“KNT”	KNT Limited, a company incorporated in Hong Kong with limited liability on 9 February 1993 and our indirect wholly-owned subsidiary
“Mr. S Chong”	Mr. Chong Sik, an executive Director, the chairman of the Board and the chief executive officer of the Company and a Controlling Shareholder
“Sales Framework Agreement”	the sales framework agreement entered into between KNT and Veromia on 31 January 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement”	the supplemental agreement dated 20 January 2023 to revise the annual caps under the 2021 sales Framework Agreement entered into between KNT and Veromia
“Veromia”	Veromia Limited, a limited company incorporated in the United Kingdom on 25 September 2000 and wholly-owned by Mr. S Chong
“Veromia Sales Transaction”	the sale of bridal gowns, bridesmaid dresses and special occasion dresses from the Group to Veromia under the 2021 Sales Framework Agreement
“2021 Sales Framework Agreement”	the sales framework agreement entered into between KNT and Veromia on 1 April 2021
“%”	per cent.

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

Hong Kong, 20 January 2023

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chong Sik, Mr. Chong Pun and Mr. Lam Chi Yuen; one non-executive Director, 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.