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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 RENEWAL OF 2021 SALES FRAMEWORK AGREEMENT FOR THE SALES WITH VEROMIA LIMITED

RENEWAL OF FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 1 April 2021, 20 April 2021 and 20 January 2023, in relation to, among other things, the renewal of the Sales Framework Agreement. On 1 April 2021 and 20 January 2023, KNT had entered into the 2021 Sales Framework Agreement and the Supplemental Agreement, respectively with Veromia which expired on 31 March 2024. In order to continue the sale of bridal gowns, bridesmaid dresses and special occasion dresses to Veromia, on 18 April 2024 (after trading hours of the Stock Exchange), KNT and Veromia entered into the 2024 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 2024 to 31 March 2027.

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 Annual Caps are less than 25% and each of the Annual Caps is less than HK\$10.0 million, the transactions contemplated under the 2024 Sales Framework 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.

* For identification purpose only

2024 SALES FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 1 April 2021, 20 April 2021 and 20 January 2023, in relation to, among other things, the renewal of the Sales Framework Agreement. On 1 April 2021 and 20 January 2023, KNT had entered into the 2021 Sales Framework Agreement and the Supplemental Agreement, respectively with Veromia. The 2021 Sales Framework Agreement (as revised by the Supplemental Agreement) was expired on 31 March 2024.

The Directors announce that, on 18 April 2024 (after trading hours of the Stock Exchange), KNT and Veromia entered into the 2024 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 2024 to 31 March 2027.

PRINCIPAL TERMS OF THE 2024 SALES FRAMEWORK AGREEMENT

Date

18 April 2024

Parties

- (1) KNT (as supplier); and
- (2) Veromia (as purchaser).

Term

From 1 April 2024 to 31 March 2027 (both days inclusive)

Price Fixing Principle

The price charged by KNT shall be fair and reasonable and shall be based on normal commercial terms and on an arm's length basis, having regards to the quality, quantity and delivery timeline of the bridal gowns, bridesmaid dresses and special occasion dresses supplied. Under no circumstances shall Veromia expect or receive from KNT conditions that are more favorable than those available to independent third parties for the sale of same/ similar bridal gowns, bridesmaid dresses and special occasion dresses.

The Group generally adopts a cost-plus pricing model which takes into account a range of factors when determining the price of the products. The actual price charged of each transaction will be subject to various factors including the quantity of the order, design specifications, technical requirements, production costs, the production lead time required by Veromia, prices of raw materials and a profit margin determined by the Group.

The sales department will make reference to the selling price or quotation of similar bridal gowns, bridesmaid dresses and special occasion dresses made to independent third parties, to the extent possible, for the purpose of determining the price range of the bridal gowns, bridesmaid dresses and special occasion dresses to be sold to Veromia by the Group. The chief operating officer will review the sales, price list and profit margin for products to be sold to Veromia on quarterly basis as well as when there are new bridal gowns, bridesmaid dresses and special occasion dresses launched for Veromia. If there is no similar product available, the price range for products to be sold to Veromia will be based on a gross profit margin of not more than 25%, after taking into account of the gross profit margin of the Group's overall sales to independent third parties.

As retrieved from the management accounts of the Group, the transaction amount between the Group and Veromia for the year ended 31 March 2024 was approximately HK\$5.1 million, which was lowered than the annual cap of HK\$9.8 million.

Historical transaction amounts and Annual Caps

For the two years ended 31 March 2023 and six months ended 30 September 2023, our sales to Veromia amounted to approximately HK\$4.7 million, HK\$7.7 million and HK\$1.5 million (unaudited), respectively.

The Annual Caps for the 2024 Sales Framework Agreement for each of the three years ending 31 March 2027 are as follows:

	For the year ending 31 March		
	2025	2026	2027
Annual caps	HK\$9.5 million	HK\$9.5 million	HK\$9.5 million

The Annual Caps are determined with reference to (i) the terms of the 2024 Sales Framework Agreement; (ii) the historical transaction amount; and (iii) the future business needs and expected growth of Veromia.

REASONS FOR AND THE BENEFITS OF RENEWING THE 2021 SALES FRAMEWORK AGREEMENT

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.

Since Mr. S Chong has a material interest in the 2024 Sales Framework Agreement, he had therefore abstained from voting on board resolutions of the Company approving the 2024 Sales Framework Agreement.

The Directors (excluding Mr. S Chong but including our independent non-executive Directors) consider that (i) the 2024 Sales Framework 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 Annual Caps 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 2024 Sales Framework 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 Annual Caps are less than 25% and each of the Annual Caps is less than HK\$10.0 million, the transactions contemplated under the 2024 Sales Framework 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 Annual Caps, and will comply with the relevant rules of Chapter 14A of the Listing Rules if any of the Annual Caps are exceeded, or when the 2024 Sales Framework 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 2024 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
“2021 Sales Framework Agreement”	the sales framework agreement entered into between KNT and Veromia on 1 April 2021

“2024 Sales Framework Agreement”

the sales framework agreement entered into between KNT and Veromia on 18 April 2024

“%”

per cent.

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

Hong Kong, 18 April 2024

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Chong Sik, Mr. Chong Pun, Mr. Lam Chi Yuen, Dr. Dong Bin and Dr. Wong Ho Yin; and 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.