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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)

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE;
(II) CLOSURE OF REGISTER OF MEMBERS;
AND
(III) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial Adviser



瓏盛資本有限公司
Draco Capital Limited

Placing Agent



國投證券有限公司
Gransing Securities Co., Limited

**Independent Financial Adviser to the
Independent Board Committee and the
Independent Shareholders**

**Grande
Capital
Limited**
均富融資有限公司



PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$44.0 million by way of the issue of up to 151,637,790 Rights Shares at the Subscription Price of HK\$0.29 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. The Rights Issue is not underwritten and is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

* For identification purposes only

Assuming full subscription of the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$41.6 million (assuming no change in the total number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds as to (i) approximately HK\$17.0 million for investment in potential opportunity in southeast Asia; (ii) approximately HK\$15.0 million for the repayment of debt of the Group; and (ii) approximately HK\$9.6 million for the general working capital.

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 acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Friday, 24 January 2025.

THE PLACING AGREEMENT

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent Placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. Accordingly, on 9 December 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the independent Placees on a best effort basis.

LISTING RULES IMPLICATIONS FOR THE COMPANY

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the date of this announcement, the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules. Mr. Chong Sik, the Chairman, the executive Director and the Chief Executive Officer of the Company, beneficially owns 11,797,500 Shares in aggregate, representing approximately 23.34% of the entire issued share capital of the Company as at the date of this announcement. Mr. Chong Pun, the executive Director of the Company, beneficially owns 2,500 Shares in aggregate, representing approximately 0.005% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Chong Sik and Mr. Chong Pun are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 7.27A of the Listing Rules. Save as disclosed above, no other Director are interested in the Shares of the Company as at the date of this announcement. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Leung Martin Oh Man, Mr. Lau Koong Yep and Mr. Yuen King Sum, to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Grande Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Friday, 10 January 2025 to Thursday, 16 January 2025 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Monday, 27 January 2025 to Wednesday, 5 February 2025 (both days inclusive) (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 20 December 2024.

Subject to the fulfilment of the conditions of the Rights Issue, the Prospectus Documents containing, among other matters, details of the Rights Issue, will be made available and/or despatched (as the case may be) to the Qualifying Shareholders on or before Monday, 10 February 2025. Copies of the Prospectus Documents will also be made available on the websites of the Company (www.kntholdings.com) and the Stock Exchange (www.hkexnews.hk). The Prospectus only (excluding the PAL) will be made available and/or despatched (as the case may be) to the Non-Qualifying Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Non-Qualifying Shareholders.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any dealings in the Shares from the date of this announcement 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.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 22 January 2025, and the Shares will be dealt with on an ex-rights basis from Thursday, 23 January 2025.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers. The Company will make further announcement(s) with regard to the status of the abovementioned transactions as and when appropriate pursuant to the requirements under the Listing Rules, as appropriate.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$44.0 million by way of the issue of up to 151,637,790 Rights Shares at the Subscription Price of HK\$0.29 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held at the close of business on the Record Date. The Rights Issue is not underwritten and is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Rights Issue Statistics

Basis of the Rights Issue	: Three (3) Rights Shares for every one (1) Share held by the Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.2900 per Rights Share
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	: Approximately HK\$0.2743 per Rights Share
Number of Shares in issue as at the date of this announcement	: 50,545,930 Shares
Number of Rights Shares to be issued under the Rights Issue	: Up to 151,637,790 Rights Shares (assuming there is no change to the total number of Shares in issue on or before the Record Date)
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: Up to 202,183,720 Shares (assuming there is no change to the total number of Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	: Up to approximately HK\$44.0 million before expenses (assuming there is no change to the total number of Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Aggregate nominal value of the Rights Shares	: HK\$30.3 million (assuming there is no change to the total number of Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)

As at the date of this announcement, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the total number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 151,637,790 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 300.0% of the issued share capital of the Company as at the date of this announcement; and (ii) 75% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

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 acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. 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, the Shareholders who apply to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. 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 Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules; (b) does not cause the Company's public float to decrease to below 25%. Any subscription monies not utilised due to the scaled-down application of entitled Rights Shares will be refunded to the affected applicants.

Undertakings

As at the date of this announcement, the Company has not received any information or irrevocable undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Subscription Price

The Subscription Price of HK\$0.2900 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, and, where applicable, when a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 9.38% to the closing price of HK\$0.3200 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.22% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.3230 per Share;
- (iii) a discount of approximately 12.78% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.3325 per Share;
- (iv) a discount of approximately 2.52% to the theoretical ex-rights price of approximately HK\$0.2975 per Share based on the closing price of HK\$0.3200 per Share as quoted on the Stock Exchange on the Last Trading Day and number of Shares in issue as at the date of this announcement;
- (v) a discount of approximately 68.50% to the latest published audited consolidated net asset value per Share as at 31 March 2024 of approximately HK\$0.9206 (based on the annual report 2024 of the Company published on 25 July 2024 in relation to, among others, the annual results of the Company for the year ended 31 March 2024). The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per Share as at 31 March 2024 to be fair and reasonable with reasons set out below in this announcement;
- (vi) a discount of approximately 59.90% to the latest published unaudited consolidated net asset value per Share as at 30 September 2024 of approximately HK\$0.7232 (based on the interim results announcement of the Company published on 26 November 2024 in relation to, among others, the interim results of the Company for the six months ended 30 September 2024). The Directors consider the discount represented by the Subscription Price to the unaudited consolidated net asset value per Share as at 30 September 2024 to be fair and reasonable with reasons set out below in this announcement; and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.08%, represented by the theoretical diluted price of approximately HK\$0.2988 per Share to the benchmarked price (as defined under 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.3200 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.3250 per Share) of approximately HK\$0.3250 per Share.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.2743.

The Subscription Price was determined by the Company with reference to, among others, (i) the recent market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the financial position of the Group; and (iv) the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE” below in this announcement.

The Subscription Price was determined after taking into account factors including the recent market price of the Shares and the current market conditions, in particular,

- (i) the prevailing trading price of the Shares over the period from 2 September 2024 to the Last Trading Day, being three months prior and up to the Last Trading Day which presented a fluctuation in the range of HK\$0.3200 to HK\$0.7600 which presented a downward trend;
- (ii) throughout the period from 2 September 2024 to the Last Trading Day, the price of the Share ranged between HK\$0.3200 to HK\$0.7600, representing (a) a discount ranging from approximately 17.44% to 65.24% to the latest published audited net asset value per Share of approximately HK\$0.9206 as at 31 March 2024; and (b) ranging from a premium of approximately 5.09% to a discount of approximately 55.75% to the latest published unaudited net asset value per Share of approximately HK\$0.7232 as at 30 September 2024;
- (iii) whilst the Subscription Price represents a discount of approximately 68.50% to the latest published audited consolidated net asset value per Share as at 31 March 2024 and 59.90% to the latest published unaudited consolidated net asset value per Share as at 30 September 2024, the Board is of the view that the net asset value per Share is not a relevant factor to determine the Subscription Price due to the fact that (a) the price of the Share ranged between HK\$0.3200 to HK\$0.7600 throughout the period from 2 September 2024 to the Last Trading Day which presented a downward trend; (b) the price of the Share traded below the net asset value per Share continuously since 2 September 2024 to the Last Trading Day. The Board considers that the period under review is adequate and representative to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices prior to the Last Trading Day and such comparison is relevant for the assessment of the fairness and reasonableness of the Subscription Price. In addition, the period under review enables the Board to account for market conditions and macroeconomic factors that may influence investor sentiment.

The Board considers that under the current market condition of the capital market in Hong Kong and with reference to the recent market performance of the Shares, it would not be practical and make any commercial sense to set a subscription price which is significantly higher than the prevailing market price and net asset value per Share, which would defeat the whole purpose of attracting the Shareholders and/or investors for new funding.

The Directors consider that the discount of the Subscription Price would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future growth and development of the Group. After taking into consideration the reasons for the Rights Issue as stated in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE” below, the Directors consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Listing Committee granting and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and such listing and permission to deal not having been withdrawn or revoked;
- (iii) the delivery to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders (and, where applicable, the posting of the Prospectus to the Non-Qualifying Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (v) the Company having complied with the requirements under all applicable laws and regulations; and

- (vi) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled by the Placing Long Stop Date, the Rights Issue will not proceed.

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

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, shall rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders and Non-Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and is not a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Friday, 24 January 2025. The register of members of the Company will be closed from Monday, 27 January 2025 to Wednesday, 5 February 2025 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Monday, 10 February 2025. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) to the Non-Qualifying Shareholders (if any).

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled, and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Basis of provisional allotment

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL 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.

Procedures in respect of Unsubscribed Rights 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 Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Non-Qualifying 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 Tuesday, 11 March 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement 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) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders and the Non-Qualifying Shareholders (but rounded down to the nearest cent) as set out below:

- (i) 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
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

Rights of the Overseas Shareholder(s) (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro-rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent at a price not less than the Subscription Price under the Placing Agreement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the 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.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for the fully-paid Rights Shares; and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares are expected to be sent on or before Friday, 14 March 2025 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) 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 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 the 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. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC 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 if they are in any doubt.

Stamp duty and other applicable fees and charges

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

THE PLACING ARRANGEMENT

On 10 December 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as part of the Compensatory Arrangements. Details of the Placing Arrangement are as follows:

Date: 10 December 2024 (after trading hours)

Issuer: the Company

Placing Agent: Gransing Securities Co Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, was appointed as the Placing Agent to procure, on a best efforts basis, independent Placees to subscribe for Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period: The period from Friday, 28 February 2025 up to 4:00 p.m. on Tuesday, 11 March 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Placing.

Placing fee: Subject to the completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong Dollars of 3.0% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares successfully placed by the Placing Agent and/or its sub-placing agent(s) pursuant to the terms of the Placing Agreement.

No fees shall be paid by the Company if the Placing is not completed.

Placing price:	<p>The placing price of each of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price.</p> <p>The determination of the final price is dependent on the demand and market conditions for the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of Placing.</p>
Placees:	The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
Ranking:	Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Condition Precedent:	<p>The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among other things, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):</p> <ul style="list-style-type: none"> (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares); (ii) the Listing Committee having granted the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares; (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion of the Placing Agreement; and

- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the termination events.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any or any part of the conditions (other than those set out in paragraphs (i) to (ii) above) by notice in writing to the Company.

In the event that the above condition precedents have not been fulfilled on or before the Placing Long Stop Date, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

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

Termination:

Notwithstanding anything contained in the Placing Agreement, the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the 4:00 p.m. on Wednesday, 12 March 2025 (the “**Latest Placing Time**”), to terminate the Placing Agreement, if, prior to the Latest Placing Time:

- (a) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
 - (i) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (ii) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
 - (iii) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares (for more than ten (10) consecutive trading days) generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (iv) any adverse change in the business or in the financial or trading position of any members of the Group, which in the reasonable opinion of the Placing Agent, is material in the context of the Placing; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any material breach of any of the representations and warranties by the Company that comes to the knowledge of the Placing Agent, or any event occurs or any matter arises on or after the date of this Agreement and prior to the Latest Placing Time 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.

Upon the giving of such notice as referred to above by the Placing Agent, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no party shall have any claim against any other party, save for any prior breaches of this Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiations between the Placing Agent and the Company by reference to the financial position of the Group, the size of the Rights Issue and the prevailing market conditions. The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the independent financial adviser) consider that the terms of the Placing Agreement, including the placing fee charged, are fair and reasonable and the transactions contemplated under the Placing Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Placing Agent shall ensure that the Placing Shares are placed only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent shall also ensure that (i) the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (ii) the Placing will not result in the Company incapable of complying with the public float requirements under Rule 8.08(1)(a) of the Listing Rules immediately following the Placing.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) channel of participation in the Rights Issue for independent investors; and (iii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders, the Directors considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sale of bridesmaid dresses, bridal gowns, special occasion dresses, accessories, fashion apparels, fabrics and other accessories.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$44.0 million and the relevant expenses would be approximately HK\$2.4 million, which includes placing commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the estimated net proceeds of the Rights Issue, after deducting the related expense, will be up to approximately HK\$41.6 million.

As stated in the annual report 2024 of the Company for the year ended 31 March 2024 and the interim report 2024 of the Company for the six months ended 30 September 2024, 2024 was a volatile and challenging year to the Group. The global economy has been adversely affected by the protracted trade war between the United States of America and China. The downturn in the global market was continued to be aggravated by the outbreak of novel coronavirus disease in past three years which brought unprecedented challenges and uncertainties. The business of the Group was inevitable being affected. The Group continued to experience a challenging operating environment in view of prolonged trade disputes between the United States and China, tariffs imposed, political tensions and continuing uncertainties in the 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. 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. The Company considers that the proceeds from the Rights Issue will provide the necessary resources to seize investment opportunities as they arise, ensuring that the Group remains agile and well-positioned for future growth.

The Company considers further development in the manufacturing and sale of bridesmaid dresses, bridal gowns, special occasion dresses, accessories, fashion apparels, fabrics and other accessories, recognizing that exploring new opportunities beyond our existing operations could provide potential for growth. The Company is of the view that diversifying the manufacturing efforts may allow the Group to respond more effectively to changing market demands and consumer preferences. Financially, expanding the manufacturing capabilities could lead to increased production efficiency, which may result in lower per-unit costs and improved profit margins. Additionally, a broader product range could attract new customers and drive higher sales volumes, contributing to overall revenue growth.

The Group intends to utilize part of the net proceeds from the Rights Issue to explore potential investment opportunities in the manufacturing sector within southeast Asia, such as Vietnam, Indonesia, Philippines and/or Cambodia. By expanding the operations in this region, the Company aims to mitigate the adverse effects of trade disputes and diversify its customer base, thereby enhancing its resilience and positioning the Group for sustainable growth in a more stable market environment.

The Group is currently primarily engaged in the manufacturing and sale of apparel products. The Company believes that focusing on its core apparel products business while further diversifying into additional segments could yield significant benefits. By expanding its offerings beyond bridesmaid dresses, bridal gowns and special occasion dresses to include related categories, the Company can tap into new market opportunities and cater to a wider range of customer preferences. This strategic diversification would not only enhance the Group's product portfolio but also help mitigate risks associated with dependence on a limited range of products. Such approach aligns with its goal of sustainable growth and positions the Group to remain competitive in a dynamic market.

As at the date of this announcement, the Company has not identified any potential targets or joint venture in relation to its planned development of the Group's business. Meanwhile, it is the intention of the Company that the Group will maintain its existing principal business activities and has no plans to downsize these operations in light of any potential acquisition or investment opportunity.

With reference to the interim results announcement for the six months ended 30 September 2024 of the Company, as at 30 September 2024, the Group recorded total liabilities of approximately HK\$62.2 million mainly comprising borrowings and amounts due to directors of approximately HK\$20.1 million and HK\$14.1 million, respectively. Given the Group's current indebtedness and gearing ratio, the Directors believe it is financially prudent to utilize a portion of the proceeds from the Rights Issue to repay outstanding loans, which will alleviate the Group's financial burden and enhance the Group's overall financial stability. In the meantime, the directors consider the Group could enhance its general working capital reserve and support its operations by conducting equity financing via the Rights Issue.

Intended use of proceeds

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$41.6 million from the Rights Issue (assuming no other change in the number of Shares in issue on or before the Record Date) as to as to (i) approximately HK\$17.0 million for investment in potential opportunity in southeast Asia, among which approximately HK\$12.0 million for investment in further expanding and/or diversifying the manufacturing business of the Group and approximately HK\$5.0 million for investment in new business segment opportunity for diversifying the business operation of the Group; (ii) approximately HK\$15.0 million for the repayment of debt of the Group; and (iii) approximately HK\$9.6 million for the general working capital, including but not limited to operational costs, staff costs, rental expenses, professional fees and other office overheads of the Group.

The Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be allocated and utilised in accordance with the same proportion to the above uses.

Fund-raising alternatives

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund-raising activities involving issue of its securities in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Completion date	Fund raising	Net Proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
23 September 2024	15 October 2024	Placing of 168,486,000 new shares at the placing price of HK\$0.0315 per placing share under general mandate granted to the Directors at the annual general meeting of the Company held on 26 August 2024	HK\$4.9 million	General working capital of the Group and the repayment of existing loans	Approximately HK\$4.9 million has been applied as intended

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Friday, 10 January 2025 to Thursday, 16 January 2025 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Monday, 27 January 2025 to Wednesday, 5 February 2025 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue, which is subject to the results of the EGM and has been prepared on the assumption that all the conditions to the Rights Issue and the Placing Agreement will be fulfilled or otherwise waived and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates:

Event	Timeline
Despatch of the circular, proxy form and notice of the EGM.	on or before Friday, 20 December 2024
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM.	4:30 p.m. on Thursday, 9 January 2025
Closure of register of members of the Company to determine the entitlements of the Shareholders to attend and vote at the EGM.	Friday, 10 January 2025 to Thursday, 16 January 2025 (both days inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Tuesday, 14 January 2025
Record date for attending and voting at the EGM	Thursday, 16 January 2025
Expected time and date of the EGM	11:00 a.m. on Thursday, 16 January 2025
Announcement of poll results of the EGM.	Thursday, 16 January 2025

The following events are conditional on the fulfilment of the conditions for the implementation of the Rights Issue and therefore the dates are tentative:

Register of members of the Company re-opens Friday, 17 January 2025

Last day of dealings in Shares on a cum-rights
basis of the Rights Issue Wednesday, 22 January 2025

First day of dealings in Shares on an ex-rights basis
of the Rights Issue Thursday, 23 January 2025

Latest time for lodging transfer documents of Shares
to qualify for the Rights Issue 4:30 p.m. on
Friday, 24 January 2025

Closure of register of members of the Company to
determine the entitlements to the Rights Issue. Monday, 27 January 2025 to
Wednesday, 5 February 2025
(both days inclusive)

Record Date for determining entitlements
to the Rights Issue. Wednesday, 5 February 2025

Re-opening of the register of members of the Company Thursday, 6 February 2025

Prospectus Documents are made available and/or despatched
(as the case may be) to the Qualifying Shareholders
(in the case of the Non-Qualifying Shareholders,
the Prospectus only) Monday, 10 February 2025

First day of dealings in nil-paid Rights Shares Wednesday, 12 February 2025

Latest time for splitting of the PAL(s). 4:30 p.m. on
Friday, 14 February 2025

Last day of dealings in nil-paid Rights Shares Wednesday, 19 February 2025

Latest time to lodge transfer documents of nil-paid Rights Shares
in order to qualify for the payment of Net Gain 4:00 p.m. on
Monday, 24 February 2025

Latest Time for Acceptance of, and payment for,
the Rights Shares 4:00 p.m. on
Monday, 24 February 2025

Announcement of the number of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares subject
to the Compensatory Arrangements. Thursday, 27 February 2025

Commencement of the placing of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
by the Placing Agent. Friday, 28 February 2025

Latest Placing Time/Latest Placing Date for the placing
of the Unsubscribed Rights Shares and the NQS Unsold
Rights Shares by the Placing Agent. 4:00 p.m. on
Tuesday, 11 March 2025

Placing Long Stop Date/Latest time for the Rights Issue and
placing of the Unsubscribed Rights Shares and NQS
Unsold Rights Shares to become unconditional. 4:00 p.m. on
Wednesday, 12 March 2025

Rights Issue settlement and Placing completion date. Wednesday, 12 March 2025

Announcement of the results of Rights Issue
(including the results of the placing of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares by the
Placing Agent and the amount of the Net Gain per the
Unsubscribed Rights Share and the NQS Unsold
Rights Share under the Compensatory Arrangements). Thursday, 13 March 2025

Despatch of share certificates for fully-paid Rights Shares Friday, 14 March 2025

Refund cheques, if any, to be despatched
(if the Rights Issue is terminated) Friday, 14 March 2025

Expected commencement of dealings
in fully-paid Rights Shares 9:00 a.m. on
Monday, 17 March 2025

Payment of the Net Gain (if any) to the relevant
No Action Shareholders (if any) Thursday, 27 March 2025

Dates or deadlines specified in the expected timetable above or in other parts of this
announcement are indicative only and may be extended or varied by the Company. Any
changes to the expected timetable will be published or notified to the Shareholders and the
Stock Exchange as and when appropriate in accordance with the Listing Rules.

EFFECT OF BAD WEATHER 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 Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 24 February 2025. 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 Monday, 24 February 2025. 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 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 Monday, 24 February 2025, the dates mentioned in the section headed “EXPECTED TIMETABLE FOR THE RIGHTS ISSUE” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the date of this announcement;

(ii) immediately upon completion of the Rights Issue, assuming full acceptance of the Rights Shares by the Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent:

Shareholders	As at the date of this announcement <i>No. of Shares</i>		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
			<i>No. of Shares</i>		<i>No. of Shares</i>	
Mr. Chong Sik (<i>Note 1</i>)	11,797,500	23.340%	47,190,000	23.340%	11,797,500	5.835%
Mr. Chong Pun (<i>Note 2</i>)	2,500	0.005%	10,000	0.005%	2,500	0.001%
Independent Placees (<i>Note 3</i>)	–	–	–	–	151,637,790	75.000%
Other Public Shareholders	38,745,930	76.655%	154,983,720	76.655%	38,745,930	19.164%
Total	<u>50,545,930</u>	<u>100.00%</u>	<u>202,183,720</u>	<u>100.00%</u>	<u>202,183,720</u>	<u>100.00%</u>

Notes:

- These shares were held by Strategic Elite Limited (“**Strategic Elite**”), a company in which beneficially and wholly-owned by Mr. Chong Sik. Mr. Chong Sik was deemed to be interested in all the shares held by Strategic Elite by virtue of the SFO.
- These shares were held by Total Clarity Investments Limited (“**Total Clarity**”), a company in which beneficially and wholly-owned by Mr. Chong Pun. Mr. Chong Pun was deemed to be interested in all the shares held by Total Clarity by virtue of the SFO.
- Pursuant to the Placing Agreement, the Placing Agent shall ensure each of such Placees, who and whose ultimate beneficial owner(s) (as the case may be) (i) shall be Independent Third Parties; (ii) shall not, together with any party acting in concert with it/them (within the meaning of the Takeovers Code), will hold 30% (or such percentage which will trigger an obligation to make a mandatory general offer to the other Shareholders under the Takeovers Code) or more of the voting rights of the Company.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

The public float requirements under the Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 8.08 of the Listing Rules.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12 months period immediately preceding the date of this announcement, the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules. Mr. Chong Sik, the Chairman, the executive Director and the Chief Executive Officer of the Company, beneficially owns 11,797,500 Shares in aggregate, representing approximately 23.34% of the entire issued share capital of the Company as at the date of this announcement. Mr. Chong Pun, the executive Director of the Company, beneficially owns 2,500 Shares in aggregate, representing approximately 0.005% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Chong Sik and Mr. Chong Pun are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 7.27A of the Listing Rules. Save as disclosed above, no other Director are interested in the Shares of the Company as at the date of this announcement. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Leung Martin Oh Man, Mr. Lau Koong Yip and Mr. Yuen King Sum, to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Grande Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue. A circular containing, among other things, (i) further details of the Rights Issue and the Placing; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 20 December 2024.

Subject to the fulfilment of the conditions of the Rights Issue, the Prospectus Documents containing, among other matters, details of the Rights Issue, will be made available and/or despatched (as the case may be) to the Qualifying Shareholders on or before Monday, 10 February 2025. Copies of the Prospectus Documents will also be made available on the websites of the Company (www.kntholdings.com) and the Stock Exchange (www.hkexnews.hk). The Prospectus only (excluding the PAL) will be made available and/or despatched (as the case may be) to the Non-Qualifying Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Non-Qualifying Shareholders.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any dealings in the Shares from the date of this announcement 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.

It is expected that the last day of dealings in the Shares on a cum-rights basis is Wednesday, 22 January 2025, and the Shares will be dealt with on an ex-rights basis from Thursday, 23 January 2025.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers. The Company will make further announcement(s) with regard to the status of the abovementioned transactions as and when appropriate pursuant to the requirements under the Listing Rules, as appropriate.

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 (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 “Procedures in respect of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Designated Broker”	Grand China Securities, a corporation licensed to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts); type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares
“Director”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder

“Independent Financial Adviser”	Grande Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Last Trading Day”	Tuesday, 10 December 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Placing Date”	Tuesday, 11 March 2025 or such other date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Placing Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Latest Time for Acceptance”	4:00 p.m. on Monday, 24 February 2025 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements

“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	Gransing Securities Co Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements
“Placing Agreement”	the placing agreement dated 10 December 2024 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Long Stop Date”	Wednesday, 12 March 2025 (being the next Business Day after the Latest Placing Date) or such later date as the Company may announce
“Placing Period”	a period commencing from the first Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares, which is expected to be Friday, 28 February 2025, and ending at the Tuesday, 11 March 2025 or such later date as the Company and the Placing Agent may agree in writing
“Placing Shares”	all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	Collectively, the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 10 February 2025 or such other date as may be agreed by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

“Record Date”	Wednesday, 5 February 2025 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of the Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 151,637,790 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders or subscription pursuant to the Rights Issue, assuming no change in the number of Shares in issue on or before the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.29 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent.

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

Hong Kong, 10 December 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, Mr. Tsui Wing Tak and Dr. Dong Bin; and three independent non-executive directors, namely, Mr. Leung Martin Oh Man, Mr. Lau Koong Yep and Mr. Yuen King Sum.