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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF 40% EQUITY INTEREST IN TARGET COMPANY

THE EQUITY TRANSFER AGREEMENT

The Board wishes to announce that on 16 September 2022, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 40% equity interest in the Target Company at a Consideration of RMB20,000,000, subject to the terms and conditions of the Equity Transfer Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

The Target Company is a company incorporated in the PRC with limited liability. Upon Completion, the Target Company will become an associate company of the Company and their results and net assets will be accounted for using the equity method in the consolidated financial statements of the Company after Completion.

* For identification purpose only

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval under Chapter 14 of the Listing Rules.

INTRODUCTION

On 16 September 2022, the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 40% equity interest in the Target Company at a Consideration of RMB20,000,000, subject to the terms and conditions of the Equity Transfer Agreement.

THE EQUITY TRANSFER AGREEMENT

Date

16 September 2022

Parties

- (1) the Purchaser; and
- (2) the Vendor;

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell 40% equity interest in the Target Company at a Consideration of RMB20,000,000.

Consideration

The Consideration for the Acquisition is RMB20,000,000 according to the Equity Transfer Agreement shall be paid and satisfied in the following manner:

The Purchaser agrees that, within 30 days from the date of signing the Equity Transfer Agreement, it will pay the Vendor a refundable deposit of RMB2 million, being 10% of the Consideration for the transfer of 40% equity in Target Company, that is RMB2 million or other foreign currency in equivalent value to the third-party account designated by the Vendor. The refundable deposit will be held in the mutual agreed escrow account.

The Purchaser agrees that it will pay the Vendor the remaining amount of RMB18 million by way of cash; and/or by issuing bonds/debts instruments of the Company in equivalent value of RMB18 million.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prospects, potential development and the registered capital of the Target Company.

Conditions precedent to the Acquisition

Completion of the Acquisition is subject to satisfaction of the following conditions precedent:

- (a) all approvals and consents have been obtained from the Board for the Acquisition;
- (b) all necessary approvals, consents and waivers have been obtained from all government bodies (if applicable) and relevant parties for the Acquisition;

- (c) the Vendor have disclosed in writing all the assets, liabilities, interests and guarantees of the Target Company and all information relating to the Equity Transfer Agreement to the Purchaser;
- (d) the Group has been satisfied with and accepted the due diligence results for the Target Company;
- (e) the Vendor have not materially breached any representations, warranties and undertakings made in the Equity Transfer Agreement;
- (f) prior to Completion, the Vendor, and the Target Company have not violated any material terms and conditions of the Equity Transfer Agreement;
- (g) no laws or orders have prohibited any of the transactions contemplated under the Equity Transfer Agreement or the ancillary documents (if applicable); and
- (h) the Vendor and the Target Company have completed or procured to complete the equity transfer procedure of the 40% equity interest in the Target Company in favour of the Group or its subsidiary according to the instructions of the Group.

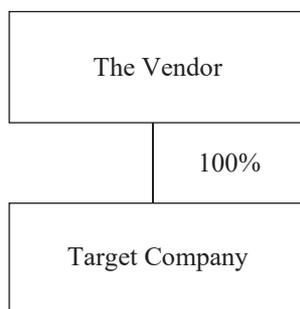
Completion of the Acquisition

Completion shall take place after the fulfilment of the conditions precedent above and the settlement of the Consideration, or such other date as the Purchaser, and the Vendor may agree in writing.

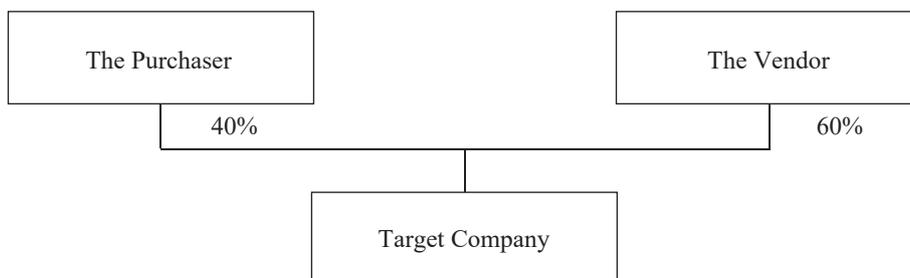
Upon Completion, the Target Company will become an associate company of the Company and their results and net assets will be accounted for using the equity method in the consolidated financial statements of the Company after Completion.

The Group structure before and after the Completion shall be as follows:

Before Completion



After Completion



INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. The Target Company has a registered capital of RMB50,000,000 and is principally engaged in property management, the management and operation of business conglomerates, clean and environmental protection management services, facility maintenance and management, e-commerce development and operation, decoration design and construction, and sale of garment and textile products.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability. The Vendor legally and beneficially owns the entire equity interest in the Target Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner(s) is an Independent Third Party.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in investment holding and the activities of the Group are manufacturing and trading garments (mainly bridesmaid dresses, bridal gowns and special occasion dresses).

It is expected that the Target Company can generate a stable and recurrent source of income to the Group. It also strengthens the assets of the Group and enables the Group to explore and widen its business prospect in the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreement including the Consideration for the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceed 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

Completion is subject to the fulfilment of the conditions precedent under the Equity Transfer Agreement. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 40% equity interest in the Target Company by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“Board”	the board of the Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday, or a day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted 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 are generally open for business in Hong Kong throughout their normal business hours
“Company”	KNT Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB20,000,000 for the Acquisition

“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 16 September 2022 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Full Wealthy Corporation Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Outlets Group Holdings Limited (奧特萊斯集團控股有限公司), a company incorporated in the PRC with limited liability

“Target Company”	Outlets Property Management (Guizhou) Co., Ltd. (奧特萊斯物業管理(貴州)有限公司), a company incorporated in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 16 September 2022

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